

# WHAT HAS REMAINED OF THE USSR

EXPLORING THE EROSION OF THE POST-SOVIET SPACE

Arkady Moshes, András Rácz (*eds.*)



**FIIA**  
REPORT

FEBRUARY 2019

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# LIST OF ABBREVIATIONS

|                 |   |
|-----------------|---|
| <b>\$</b>       | United States Dollar                                  |
| <b>AA</b>       | Association Agreement                                 |
| <b>APEC</b>     | Asia-Pacific Economic Cooperation                     |
| <b>bcm</b>      | billion cubic metre                                   |
| <b>bcm/y</b>    | billion cubic metre per year                          |
| <b>BPS</b>      | Baltic Pipeline System                                |
| <b>BTC</b>      | Baku-Tbilisi-Ceyhan                                   |
| <b>CDM</b>      | Council of Defence Ministers                          |
| <b>CEE</b>      | Central and Eastern Europe                            |
| <b>CEPA</b>     | Comprehensive and Enhanced Partnership Agreement      |
| <b>CIS</b>      | Commonwealth of Independent States                    |
| <b>CIS-Stat</b> | Interstate Statistical Committee of the CIS           |
| <b>CNPC</b>     | China National Petroleum Corporation                  |
| <b>CoE</b>      | Council of Europe                                     |
| <b>Comecon</b>  | Council for Mutual Economic Assistance                |
| <b>CORF</b>     | Collective Operational Reaction Forces                |
| <b>CPC</b>      | Caspian Pipeline Company                              |
| <b>CSCE</b>     | Conference for Security and Cooperation in Europe     |
| <b>CST</b>      | Collective Security Treaty                            |
| <b>CSTO</b>     | Collective Security Treaty Organisation               |
| <b>CU</b>       | Customs Union   |
| <b>DCFTA</b>    | Deep and Comprehensive Free Trade Agreement           |
| <b>EAACM</b>    | Euro-Asian Association for Coal and Metal             |
| <b>EAEC</b>     | Eurasian Economic Commission                          |
| <b>EAEU</b>     | Eurasian Economic Union                               |
| <b>EaP</b>      | Eastern Partnership                                   |
| <b>EBRD</b>     | European Bank for Reconstruction and Development      |
| <b>ECHR</b>     | European Court of Human Rights                        |
| <b>EFTA</b>     | European Free Trade Association                       |
| <b>ENP</b>      | European Neighbourhood Policy                         |
| <b>ESPO</b>     | East Siberia Pacific Ocean                            |
| <b>EU DCFTA</b> | European Union Deep and Comprehensive Free Trade Area |
| <b>EU</b>       | European Union  |

|                |   |
|----------------|---|
| <b>EurAsEC</b> | Eurasian Economic Community                         |
| <b>FDI</b>     | Foreign Direct Investment                           |
| <b>FSU</b>     | former Soviet Union                                 |
| <b>GDP</b>     | gross domestic product                              |
| <b>GW</b>      | gigawatt  |
| <b>ICC</b>     | International Criminal Court                        |
| <b>iFDI</b>    | inward Foreign Direct Investment                    |
| <b>IMF</b>     | International Monetary Fund                         |
| <b>IOC</b>     | International Oil Company                           |
| <b>kb/d</b>    | thousand barrels per day                            |
| <b>LE</b>      | life expectancy                                     |
| <b>LNG</b>     | liquefied natural gas                               |
| <b>mb/d</b>    | million barrels per day                             |
| <b>mt</b>      | million tons  |
| <b>mt/y</b>    | million tons per year                               |
| <b>MVD</b>     | Ministry of Internal Affairs                        |
| <b>NATO</b>    | North Atlantic Treaty Organisation                  |
| <b>NGO</b>     | non-governmental organisation                       |
| <b>NIS</b>     | Newly Independent States                            |
| <b>OGRF</b>    | Operational Group of Russian Forces                 |
| <b>OSCE</b>    | Organisation for Security and Cooperation in Europe |
| <b>PfP</b>     | Partnership for Peace                               |
| <b>PKF</b>     | Peace-Keeping Force                                 |
| <b>PPP</b>     | purchasing power parity                             |
| <b>RFE</b>     | Russian Far East                                    |
| <b>ROC</b>     | Russian Orthodox Church                             |
| <b>SCO</b>     | Shanghai Cooperation Organisation                   |
| <b>SSR</b>     | Soviet Socialist Republic                           |
| <b>TFR</b>     | Total Fertility Rate                                |
| <b>TMR</b>     | Transnistrian Moldovan Republic                     |
| <b>TPES</b>    | total primary energy supply                         |
| <b>US</b>      | United States of America                            |
| <b>UAH</b>     | Ukrainian hryvnia                                   |
| <b>UN</b>      | United Nations                                      |
| <b>UNCTAD</b>  | United Nations Conference on Trade and Development  |
| <b>UNMOT</b>   | United Nations Mission of Observers in Tajikistan   |
| <b>UPS</b>     | United Power System                                 |
| <b>USSR</b>    | Union of Soviet Socialist Republics                 |
| <b>WTO</b>     | World Trade Organization                            |



# INTRODUCTION

Arkady Moshes, András Rác

Almost three decades have passed since the dissolution of the Soviet Union. Since then, a whole new generation has grown up with no personal memory of the Soviet era. Clearly, however, the disintegration of a former superpower cannot happen in such a manner that its heritage would disappear without a trace.

The idea to study in detail what remains of the former Soviet Union emerged during a brain-storming discussion among researchers from the Finnish Institute of International Affairs in the early autumn of 2016. The research project proper started in early 2018, after we received the crucially important support of the Konrad Adenauer Foundation. A project workshop was held in Helsinki in April 2018 allowing the contributors to comment on each other's work while receiving a comprehensive impression of the project's contents. The chapters of the report were finalised in the summer and early autumn of the same year.

The aim of the project is to take stock of the process of erosion in the post-Soviet space that has been going on since the break-up of the Soviet Union in 1991. We wanted to analyse the remaining material and other structural legacies of the USSR to find out, among other things, whether re-integration of the post-Soviet space, or a part thereof, around Russia was still possible and what kind of centrifugal and centripetal forces were still at play. In other words, the intention was to assess whether it still makes sense to speak about post-Soviet space as a collective region.

A major problem to solve was, of course, how to define post-Soviet space geographically and politically and to decide which countries to include in the research sample. On the basis of both institutionalist

and constructivist arguments we decided that the Baltic states would be largely excluded from the analysis. Even though all three of them were forced to be part of the Soviet Union, they all put up fierce resistance and managed to preserve the political traditions and institutions of their interwar era of independence. Moreover, from as early as 1989 they all declared their unwillingness to be involved in any form of reformed Soviet Union or any post-Soviet integration projects. Instead, they made it clear that restoring full and uncontested national independence was their main objective. Finally, the accession of Estonia, Latvia and Lithuania to the North Atlantic Treaty Organization and the European Union in 2004 fully anchored these countries in the Euro-Atlantic world. That said, certain ties inherited from the Soviet period still play a role today, specifically related to energy, demographics and the concept of the 'Russian world,' however dubious it is. For this reason, the respective chapters dealing with these topics occasionally briefly touch upon the Baltic states as well.

Given that the Russian Federation still is and will probably remain the largest and the strongest player in the post-Soviet region and is the only potential centre of any trend towards re-integration, most chapters pay particular attention to Russia. However, the report is not structured around Russia's political effort and behaviour in the region.

Rather, and this is the main novelty of the project compared to previous studies focusing on individual countries, such as Andrew Monaghan's influential book *The New Politics of Russia* (2016) and Matthew Frear's *Belarus Under Lukashenko: Adaptive Authoritarianism* (2018), we approach the research questions from the perspective of cross-cutting issues that encompass the region as a whole. In other words, our aim was not to study how the post-Soviet states were faring almost three decades after the transition. Instead, we focus on key themes such as defence relations, energy and economic ties, as well as on various efforts to create integration structures that would again unite at least parts of the region.

In terms of timeframe, the objective was to provide an overview of the main trends and defining factors of integration and disintegration in post-Soviet space since 1991. The chapters therefore mainly follow a chronological order, starting from the late Soviet period and gradually approaching the 2010s. Given that many of the issues under study are in constant flux, and in particular that the availability and accuracy of certain data have significantly deteriorated since 2014 following the breakout of the crisis in Ukraine, no exact end date was defined for the research. Nevertheless, the authors have done their best to provide as up-to-date assessments as possible.

The Report is divided into three thematic parts. The first part concerns the structural issues of post-Soviet politics and policies. Peter van Elsuwege discusses the particularities of post-Soviet constitutional development, especially the similarities and differences and the reasons behind them. Gudrun Persson's chapter covers defence-related ties in the post-Soviet space and pays particular attention to the dominant military power of the region, Russia, as well as to the regional conflicts. Sergey Utkin examines in detail the foreign policy choices and options of post-Soviet countries after 1991, and where these choices have led them three decades later. Concluding this part of the report, Ekaterina Furman and Alexander Libman analyse in detail why various integration projects in the post-Soviet region failed to produce a cooperative body that would even come close to the model of the European Union.

The second part comprises two studies dealing with the economic ties that still exist among the countries of the former Soviet Union. András Deák gives an overview of the economic linkages between these countries, and assesses both the developmental perspectives and the limits of their complementarity from the vantage point of strong intra-regional integration. Thereafter, Marc-Antoine Eyl-Mazzega discusses in detail how the post-Soviet energy sector has developed since the collapse of the Soviet Union and demonstrates the key and still definitive importance of the structures inherited from the pre-1991 era.

The third and final thematic part of the report deals with the societal aspects of the question. Liliya Karachurina provides a detailed and statistically solid account of the demographic trends in the post-Soviet region, pointing out that many of the current definitive trends took root before 1991, and assessing the continuing presence of ethnic Russians in the successor states. Following the same logic, Veera Laine analyses Russia's political, cultural and church-related efforts to create a "Russian world" in the region. Finally, Mark Galeotti takes a closer look at a strongly under-researched aspect of the persisting ties linking the post-Soviet countries, namely those related to organised crime.

The author collective consisted of scholars based in Europe, Russia and the United States, which enabled us to work with sources, both primary and secondary, published in several languages. Complementing the published material, reference is made in some cases to personal interviews conducted by the authors, but none of these were used as a decisive source of argumentation.

This report could not have been prepared without the support of the Konrad Adenauer Foundation Office for the Baltic States and Nordic Countries, led by and represented in the project by Elisabeth Bauer. Her

enthusiasm and commitment to the research idea gave us all strong motivation. We would also like sincerely to thank our colleagues from the Finnish Institute of International Affairs, particularly Maija Salonen, whose help was invaluable in terms of organising and facilitating the opening workshop of the project in Helsinki. We are also grateful to Anna-Kaisa Hiltunen for the editing, to Joan Nordlund and Lynn Nikkanen for the language editing, and last but definitely not least to Director Teija Tiilikainen for her support and her insightful comments.

The views presented in the Report are those of the authors. Any mistakes that may remain in the text despite the best editing efforts are the responsibility of both the authors and the editors.









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# 1. THE LAW AND POLITICS OF POST-SOVIET CONSTITUTIONALISM

Peter Van Elsuwege

## 1.1 INTRODUCTION

The end of the Cold War and the disintegration of the Soviet Union not only fundamentally changed the political landscape in Europe but also raised significant constitutional challenges. Most notably, traditional features of the communist constitutional system such as one-party rule, central planning and collective ownership had to be replaced. Inspired by the experience of liberal-democratic constitutionalism, concepts such as the separation of powers, representative democracy and judicial control of fundamental constitutional rights all found their way into the constitutional order of the Newly Independent States.<sup>1</sup> This implied a renewed emphasis on legalism and the rule of law in contrast to the ideological approach to the role of constitutions during the Soviet period.

However, transitional constitutionalism is not a linear process but proceeds in the context of political evolution in a rather fragile environment.<sup>2</sup> This is particularly true in the post-Soviet space in which new constitutional frameworks had to be designed from scratch in the absence of deep-rooted experience with the rule of law. In this respect, it is noteworthy that the understanding of the ‘rule of law’ – as defined within the context of the Council of Europe and the European Union – fundamentally differs from the Soviet experience with socialist legality. The latter basically allowed any action by public officials as long as it was authorised by law. This interpretation followed the Soviet legal theory that there can

<sup>1</sup> The term ‘Newly Independent States’ does not include the Baltic States, which regained their independence on the basis of the international law principle of state continuity. See Van Elsuwege 2007, pp. 59–86.

<sup>2</sup> See Sadurski 2005, pp. 9–24.

be no legality (*pravo*) outside of statute law (*zakon*). The notion of rule by law, in Russian *verkhovenstvo zakona*, has to be distinguished from the rule of law, in Russian *verkhovenstvo prava*.<sup>3</sup>

Although superficial at first sight, this linguistic distinction is of fundamental importance in that a formalistic interpretation of the ‘rule of law’ permits authoritarian actions by governments and undermines the very essence of the concept. Moreover, it allows for the instrumental use of the constitution as a tool to achieve political objectives. Hence, formal commitment to basic constitutional principles such as the rule of law, democracy and respect for fundamental rights – which are to be found in the text of all post-Soviet constitutions – is insufficient to assess their evolution in the countries concerned.

As Rett Ludwikowski observes in his comparative study on constitution-making in the region of former Soviet dominance, “constitutions are like seedlings of plants carefully chosen from different gardens and implanted, piece by piece, into living, all the time changing, vegetation composed of legal rules, norms and institutions.”<sup>4</sup> This living, dynamic nature of constitutions implies that there is no single post-Soviet model of constitutional development. Despite the shared legacy of communism, domestic constitutional politics as well as external factors resulted in an increasingly differentiated landscape.

The aim in this contribution is to map out and shed light on the major constitutional changes and general trends in the region, while acknowledging the unique situation of each state. After a brief reflection on the general preference for presidential systems in most post-Soviet constitutions (1), the focus shifts to domestic constitutional developments in the region (2). The constitutional implications of regional actors (the Council of Europe, the EU and the EAEU) are considered next (3) and finally, the role of national constitutional courts, one of the major innovations of the post-Soviet period, is assessed (4).

## **1.2 CONSTITUTIONS IN THE POST-SOVIET SPACE: A PREFERENCE FOR PRESIDENTIAL REGIMES**

One of the fundamental issues of post-Soviet constitutional reform concerned the institutional choice between a presidential and a parliamentary form of government. Presidential systems, most of which reflect the

3 The distinction between *pravo* (law) and *zakon* (statute law) also exists in other languages and legal systems, as in the Roman *jus* and *lex*, the German *Recht* and *Gesetz* and the French *droit* and *loi*. See Burluyk and Axyonova 2018, p. 34.

4 Ludwikowski 1996, pp. 234–235.

American constitutional experience, have a directly elected president as the head of state with the power to appoint members of the cabinet (subject to their confirmation by the elected representative assembly). The head of state in most parliamentary systems, in turn, is not directly elected by the people but is rather appointed by parliament. Legislative power controls the executive in the sense that a parliamentary majority is required for the formation of a government. This implies that ministers are politically responsible to parliament, which can vote them out of office. In addition to these essentially presidential or parliamentary regimes are mixed forms of governance such as the French presidential-parliamentary system, with a directly elected president and the possibility for parliament to vote the government out of office.

The key criteria determining the position of particular countries are whether the government's survival is more dependent on the president or on parliament, and whether the president or parliament has the principal authority over the government. Neither the president nor parliament has such combined power in mixed systems. In practice, however, the constitutional reality is often more complex with various forms of semi-presidential or semi-parliamentary rule. Hence, instead of proceeding from a traditional presidential-parliamentary dichotomy, it seems more appropriate to start from a continuum ranging between the archetypes of presidential and parliamentary regimes.<sup>5</sup>

Significantly, the choice of a presidential instead of a parliamentary regime is not innocent: academic scholarship hints at a correlation between presidential systems and authoritarianism.<sup>6</sup> The personalisation of power in strong presidential regimes tends to impede democratic competition and the participation of opposition forces. At the same time, such regimes guarantee stability and allow for rapid decision-making in transitional periods. Parliamentary systems, on the other hand, are deemed to foster democratic consolidation but may be prone to political instability.

In this context, it is noteworthy that the post-communist experience of the former Soviet republics fundamentally differs from that of the former Soviet satellite states of Central and Eastern Europe (CEES). The latter almost universally preferred some form of parliamentary regime whereas a form of presidentialism was the predominant option in the post-Soviet states. There may be several explanations for this noticeable constitutional difference. First, it has been argued that the structure of the old regime elites determines institutional choice in the transition phase.<sup>7</sup> A form of

5 Shugart 1993, pp. 30–32.

6 See e.g. Linz 1990, pp. 51–69; Ishiyama and Velten 1998, pp. 217–233.

7 Easter 1997, pp. 184–211.

presidentialism was preferred when these elites remained structurally intact and experienced little internal fragmentation, as was the case in the former Soviet Union, so as to maintain access to the state's power resources. On the other hand, when the old elites had dispersed and new political actors such as opposition movements and popular fronts gained power, as was the case in the CEE countries, parliamentarism was the predominant choice. In this respect, it is noteworthy that the Baltic states, in which strong popular movements evolved at the end of the Soviet period, opted for a parliamentary form of governance whereas the Central Asian republics, which did not have such movements, installed strong presidential regimes. Second, the context of social, economic and political uncertainty after the demise of the Soviet Union provided a fertile ground for the establishment of strong presidential leadership. Third, existing models of presidentialism provided a significant source of inspiration during the process of drafting new post-Soviet constitutions. Boris Yeltsin's initial proposals for the new Russian constitution borrowed heavily from the American constitutional experience, for example. Even though not all these suggestions were eventually included in the final text of the 1993 Russian Constitution, which has been described as "a model that combines French and American features", the preference for a strong presidential regime was clear from the outset.<sup>8</sup> A similar trend could be observed in other post-Soviet states in which the newly adopted constitutions of the 1990s established semi-presidential or strong presidential regimes. Only Ukraine, the last post-Soviet country to adopt a new constitution in 1996, opted for what was called a "hybrid semipresidential-semiparliamentary" system with the President as head of state and Parliament (Verkhovna Rada) as the highest state authority.<sup>9</sup>

The constitutional drafting process in Ukraine deserves particular attention in that it illustrates quite well the societal challenges in the first years after the end of the Soviet Union. Despite the general consensus concerning the desire for independence in 1991, the Ukrainian political elite was divided on the adoption of Ukrainian state symbols such as a national coat of arms, the definition of the official language and the establishment of state institutions and structures.<sup>10</sup> This clash of identities and struggle for power resulted in the 1996 compromise constitution. Even though the Venice Commission of the Council of Europe initially welcomed the new constitution as "an important step in the establishment of the country's basic institutional setup", it soon criticised the gap

8 Ludwikowski, *op. cit.* p. 67.

9 Sharlet 1998, p. 65.

10 Wynnnyckyj 1997.

between law and practice.<sup>11</sup> In particular, the concentration of power in the hands of the president and the constant confrontation between the legislative and executive branches were deemed problematic. Ukraine witnessed several constitutional revisions in the years that followed, all of which took place against a background of tense political crisis. It is not necessary to go into the details of the various constitutional amendments: it is sufficient to point out the instability of the Ukrainian constitutional system in the post-Soviet period and the close connection between domestic political developments and constitutional changes. The 2004 revision introducing more parliamentary powers coincided with the so-called Orange Revolution. The return to a more presidential-type system in 2010 followed the election of President Victor Yanukovich, and another major round of constitutional amendments was initiated following the *Maidan* revolution of 2014.<sup>12</sup>

### 1.3 PATTERNS OF DOMESTIC CONSTITUTIONAL POLITICS

The oscillation in Ukraine between presidential and parliamentary systems of governance illustrates quite well the dynamics of domestic constitutional politics. This essentially implies attempts among the ruling political elites to consolidate their power on the basis of constitutional engineering. There are visible patterns of domestic constitutional politics in the post-Soviet space, which vary in terms of the existence of internal cleavages and rigid constitutional-amendment procedures depending on the local context.

First, presidents in countries such as Belarus and Kazakhstan quickly strengthened their powers on the basis of constitutional referenda. In Belarus, the referendum of 1996 gave President Lukashenko the power to rule by decree and to control the state budget. The 2004 referendum eliminated the term limits of the presidency.<sup>13</sup> In Kazakhstan, President Nazarbayev initiated a constitutional-reform process leading to the adoption of a new constitution in 1995 after approval following a people's referendum. Whereas the first constitution of 1993 allowed the legislature to control the executive branch headed by the President, the new version laid the foundations for an authoritarian mode of government. Under this constitutional regime, which has been described as 'super-presidential',

11 European Commission for Democracy through Law (Venice Commission) 2010.

12 Petrov 2018a, p. 92.

13 Burkhardt 2016, pp. 463–493.

the President has almost unlimited powers.<sup>14</sup> He is the guarantor of the inviolability of the constitution and the rights and freedoms of individuals. Moreover, he acts as “the arbiter ensuring concerted functioning of all branches of state power.”<sup>15</sup> Strong presidential regimes also emerged in the other Central Asian republics, albeit with certain variations. Kyrgyzstan, for instance, experimented as the only Central Asian Republic with a form of parliamentarism in the wake of the 2005 Tulip Revolution.<sup>16</sup> In the Southern Caucasus, the constitutional history of Azerbaijan stands out as an example of direct presidential interventionism. The constitution has been amended twice so far, and on each occasion there was a direct link with the succession of presidential powers. The first set of amendments, introduced in 2002, facilitated the transfer of power from President Heydar Aliyev to his son, Ilham. The second amendment of 2009 removed the limits on the number of terms a president may serve in office.<sup>17</sup> In Moldova, on the other hand, an attempt by President Petru Lucinschi to reinforce his presidential regime failed in 1999 and triggered a parliamentary response, which resulted in a constitutional amendment and the introduction of a parliamentary system in 2000.<sup>18</sup>

The ruling presidents in several other post-Soviet republics have used more subtle techniques to consolidate their power. The first example concerns the initiative of Ukrainian President Leonid Kuchma to organise a referendum in April 2000 on constitutional amendments that would significantly increase his presidential powers. Despite a positive outcome in the popular vote, the changes were never implemented because the required approval by a two-thirds parliamentary majority was not achieved.<sup>19</sup> It is noteworthy that a few years later, in 2003, President Kuchma tried to shift the balance of power from the President to the Prime Minister when he reached the second and last term of his presidency in an atmosphere of scandal. Although he formally presented these reforms as part of Ukraine’s democratisation process, some analysts perceived his initiative as an attempt to safeguard his personal interests. In particular, it has been argued that he feared criminal charges after the election of a new president and therefore decided to weaken this position even though he had consistently reinforced the President’s role when he was in power.<sup>20</sup>

14 Kembayev 2011, p. 438.

15 Article 40 of the Constitution of Kazakhstan.

16 Newton 2017, p. 185.

17 La Porte 2016, pp. 104–105.

18 Fruhstorfer 2016, pp. 368–371.

19 Gallina 2016, p. 502.

20 Protsyk 2003, p. 1087.

Constitutional politics further explain the Ukrainian constitutional reform of 2010 when President Viktor Yanukovich initiated the return to a more presidential-type regime even if he had advocated exactly the opposite before he came to power.<sup>21</sup>

In Georgia, the constitutional changes initiated in 2010 transferred powers from the President to the Prime Minister. Given that the entry into force of the revised constitution coincided with the end of Mikheil Saakashvili's final presidential term, this development has been perceived as an example of constitutional politics – albeit unsuccessful in that Saakashvili's United National Movement lost the 2012 parliamentary elections.<sup>22</sup>

The latest example of constitutional politics was the constitutional referendum in Armenia that was held in December 2015 with a view to changing from a semi-presidential to a parliamentary system of governance.<sup>23</sup> The constitutional amendments significantly curbed the powers of the President, who would no longer be directly elected by the population, in favour of the Prime Minister. This evolution was generally regarded as an attempt to consolidate the position of incumbent President Serzh Sargsyan after the end of his second and last presidential term. However, large-scale protests were held in the streets of Yerevan when a majority in parliament nominated Sargsyan for the position of Prime Minister in March 2018. Under pressure from the demonstrations, Sargsyan resigned on 23 April 2018, which paved the way for the nomination a few weeks later of opposition leader Nikol Pashinyan as the new Prime Minister. The Armenian 'Velvet Revolution' reveals the limits of constitutional politics in post-Soviet societies. Moreover, it shows that domestic constitutional developments should not necessarily be seen through the prism of anti- or pro-Russian sentiments, as has often been the case with respect to the coloured revolutions and their aftermath in other former Soviet republics such as Georgia and Ukraine.

Finally, constitutional developments in the Russian Federation deserve a special mention given that the concentration of power around President Putin took place without the adoption of a new constitution. The 1993 Russian Constitution nevertheless envisaged some formal amendments. Most of these concerned the administrative division of the Russian Federation, in other words the number of federal territories or subjects of the Federation (Article 65 of the Constitution). In general, these changes did not spark much controversy. Even the amendment on the inclusion

21 Tatarenko 2014.

22 Corso 2010.

23 The Guardian 2015.

of Crimea and Sevastopol in 2014 was not really contested in the domestic constitutional order, notwithstanding its problematic nature in light of international law. Other revisions concerned the extension of the terms of office for the President from four to six years, and for members of the Duma from four to five years (Articles 81 and 96), the abolition of the Supreme Arbitration Court (Article 127) and changes to the composition of the upper chamber of parliament, the Federation Council (Article 95).<sup>24</sup> In general, however, the stability of the constitutional framework is remarkable. This does not mean that there have been no major changes, but they are based on ordinary laws that do not affect the text of the constitution but nevertheless change the substance of the political regime. Significant examples concern the establishment of federal districts and the appointment of governors on the initiative of the President, introduced in the wake of the Beslan school siege (2004), and changes in election laws (2005) that *de facto* consolidated the dominant position of Putin's United Russia Party in the Duma.<sup>25</sup>

The Russian model thus differs from the models in countries such as Belarus and Kazakhstan on the one hand, where ruling presidents amended the Constitution to stay in power, and in countries such as Ukraine, Georgia and Armenia on the other in which constitutional amendments shifted the balance of power from the president to the prime minister. Most significantly, however, substantial changes to the institutional set-up of the political system in Russia strengthened the position of Vladimir Putin without changing the constitution. The clearest example of this is the office swap between Putin and Medvedev in 2008, which implied that the constitutional provision prohibiting more than two consecutive presidential terms (Article 81 of the Constitution) was being formally respected. Along the same lines, Putin's re-election to the presidency in 2012 was *de jure* not in breach of the constitution. In practice, however, the concentration of power transformed the constitutional regime, which is formally based upon the principle of the separation of powers (Article 10 of the Constitution) in a centralised, authoritarian political system.<sup>26</sup>

Hence, whereas constitutional developments in the post-Soviet republics differ as a result of divergent domestic circumstances, attempts at power consolidation by the ruling elites constitute the common denominator. Whether or not such attempts are successful depends largely upon the particular domestic context in every post-Soviet state. It therefore appears to be increasingly difficult to treat the post-Soviet space as one

24 For an overview of these constitutional amendments, see Petersen and Levin 2016, pp. 527–532.

25 See Lemaitre 2006, pp. 369–41; Oversloot 2007, pp. 41–64.

26 Petersen and Levin, *op. cit.*, p. 538.

homogenous group. At best, certain patterns of constitutional politics are discernible, ranging from the constitutional consolidation of strong presidential regimes established in the 1990s, with Belarus, Kazakhstan and Turkmenistan as archetypes, to the particular presidential model of Russia under Vladimir Putin and experiments with various forms of (semi-)presidentialism and (semi-)parliamentarism in countries such as Ukraine, Moldova, Georgia and Armenia. The domestic power struggle between the legislative and executive branches of government in the latter group of countries coincided with the process of national identity formation and internal cleavages concerning the foreign-policy orientation. In particular, the ambition of integration into the European Union (EU) and the largely competing model of Eurasian integration within the framework of the Eurasian Economic Union (EAEU) influenced the process of domestic constitutional development.<sup>27</sup>

#### **1.4 THE INFLUENCE OF REGIONAL ACTORS: THE COUNCIL OF EUROPE, THE EUROPEAN UNION AND THE EURASIAN ECONOMIC UNION**

Constitutional developments in the post-Soviet space cannot be disconnected from the broader regional context. In the first place, six former Soviet republics (Armenia, Azerbaijan, Georgia, Moldova, Russia and Ukraine) are members of the Council of Europe and, as such, are formally committed to respecting the core values of human rights, democracy and the rule of law. However, the true impact of this membership and the jurisdiction of the European Court of Human Rights (ECtHR) – the so-called ‘Strasbourg effect’ – is subject to discussion.<sup>28</sup> In any event, the presumption in the 1990s that accession to the Council of Europe would almost automatically entail the establishment of liberal democracies has proven to be overtly naïve. This does not mean that there has been no effect at all. Human-rights concerns can no longer be simply ignored, and judges increasingly refer to decisions of the ECtHR and other international courts even though this does not necessarily happen in a completely systematic manner. At the same time, there is a certain tension between the reasoning of the ECtHR and the constitutional traditions and practices of certain post-Soviet states. This is most visible in relation to the Russian Constitutional Court, which on several occasions threatened to ignore the ECtHR judgments when they affected Russia’s

<sup>27</sup> Petrov and Van Elsuwege 2018.

<sup>28</sup> See Mälksoo and Benedek 2017.

sovereignty and fundamental constitutional principles. One notable example is the case of Konstantin Markin, a divorced father of three minor children working in the Russian armed forces. His request for three years of parental leave was rejected by his military unit because, according to Russian law, this can only be granted to female military personnel. Whereas the Russian Constitutional Court did not find any contradiction with the principle of equality between men and women as guaranteed by the Russian Constitution, given the specific conditions of working in defence of the country the ECtHR ruled that the refusal to grant parental leave to Mr. Markin violated Articles 14 and 8 of the ECtHR that deal with the prohibition of discrimination and the right to respect for one's private and family life.<sup>29</sup> The Russian authorities reacted fiercely and suggested that ECtHR judgments should only be executed when the Constitutional Court declared the Russian law unconstitutional. This resulted in a highly controversial amendment to the Federal Constitutional Law in the Constitutional Court of the Russian Federation, giving the latter the power to declare decisions of international courts unenforceable.<sup>30</sup> In two cases, the Constitutional Court confirmed the supremacy of the Russian Constitution in relation to judgments of the ECtHR even though it also stressed the exceptional nature of disagreements and the need to find a 'reasonable balance' between the requirements of the Russian constitutional order and the ECtHR.<sup>31</sup>

The European Commission for Democracy through law, the so-called Venice Commission, plays an important role in reconciling the constitutional traditions and practices of post-Soviet states with the standards of the Council of Europe and the ECtHR. The Venice Commission was established in 1990 as the Council of Europe's advisory body on constitutional matters, and currently comprises constitutional experts from 61 states – the 47 Member States of the Council of Europe and 14 other countries including Kazakhstan and Kyrgyzstan.<sup>32</sup> The Venice Commission offers legal advice in the form of (non-binding) opinions on draft legislation or legislation already in force, upon the request of the Council of Europe Member States, its institutions or other international organisations. The Commission may also issue opinions at the request of a constitutional court or the ECtHR. Significantly, the work of the Venice Commission

29 ECtHR 2012.

30 Federal Law of the Russian Federation no. 7-KZ introducing amendments to the Federal Constitutional Law no. 1-FKZ of 21 July 1994 on the Constitutional Court of the Russian Federation, adopted by the State Duma on 2 December 2015, ratified by the Federation Council on 9 December 2015 and signed by the President on 14 December 2015. For comments on these amendments, see the Interim and Final Report of the Venice Commission, No. 832/2015, issued on 15 March 2016 and 13 June 2016, respectively.

31 ECtHR 2013 and 2011. For comments, see Kalinichenko 2018, pp. 174–176.

32 On the history and development of the Venice Commission, see Venice Commission 2018a.

is not limited to the Member States of the Council of Europe. It has, for instance, issued several opinions on the state of the rule of law and human rights in Belarus.<sup>33</sup> Since 2007, it has also established various projects on constitutional assistance, elections and reform of the judiciary in Central Asia. It has also adopted opinions with respect to constitutional developments in Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan.<sup>34</sup>

It is almost impossible to measure the precise impact of the Venice Commission, but it is generally accepted that its opinions are an important source of reference.<sup>35</sup> It is noteworthy, for instance, that the Russian Constitutional Court echoed the comments of the Venice Commission when it called for a dialogue between the ECtHR and national constitutional courts.<sup>36</sup> Moreover, post-Soviet states frequently consult the Venice Commission on their own initiative in order to receive feedback about draft constitutional amendments or reforms concerning the election code or the re-organisation of the judicial system.<sup>37</sup> The involvement of the Commission may thus facilitate the domestic acceptance of certain reforms. It could also be perceived as acknowledgement that the country is concerned about compliance with general democratic standards, the rule of law and human rights. It seems no coincidence that this option has generally, although not exclusively, been used by countries with an ambitious transformative agenda such as Georgia, Moldova and Ukraine. Reaction to the work of the Venice Commission tends to be more negative when the opinion procedure is initiated by a third party such as the Parliamentary Assembly of the Council of Europe, rather than by the countries themselves. The Russian government, for instance, heavily criticised requests from the Parliamentary Assembly related to laws dealing with election legislation, combating extremism and the status of NGOs.<sup>38</sup>

It has been argued that the impact of the Venice Commission's opinions increases when they are embedded in a more comprehensive strategy.<sup>39</sup> In this respect, reference could be made to the role of the EU as a promotor of respect for democracy, the rule of law and human rights. Whereas the EU did not play a very active role in the post-Soviet space in the 1990s, particularly in comparison to its engagement with the countries of Central

33 For an overview, see Venice Commission 2018b.

34 For the text of the opinions, see Venice Commission 2018c.

35 Hoffmann-Riem 2014, pp. 579–597.

36 Kalinichenko, *op. cit.* p. 175.

37 See, for instance, the Opinion on the amendments to the organic law on the constitutional court and to the law on constitutional legal proceedings in Georgia, which was delivered upon request by the President, the Government and the Parliament of Georgia, Opinion 849/2016.

38 Hoffmann-Riem, *op. cit.*, p. 592.

39 *Ibid.*

and Eastern Europe, the situation significantly changed after its eastward enlargement. With the launch of the European Neighbourhood Policy (ENP) in 2004 and the elaboration of a specific Eastern Partnership (EaP) in 2009, the EU offered the prospect of closer political, economic and legal relations in return for domestic reforms. This resulted in an increasingly differentiated landscape as far as its relations with its eastern neighbours were concerned. The EU concluded a new generation of Association Agreements (AAs) with Georgia, Moldova and Ukraine. It also upgraded its bilateral legal framework with Armenia and Kazakhstan through the conclusion of a Comprehensive and Enhanced Partnership Agreement and an Enhanced Partnership and Cooperation Agreement, respectively. It further seeks to increase its interaction with Azerbaijan and Belarus.

One does not need to embark on a comparative analysis of the respective agreements to see the divergent implications for the national constitutional framework of the countries concerned. In particular, the AAs with Georgia, Moldova and Ukraine set in motion the further revision of these countries' constitutions.<sup>40</sup> A clear example is the 2016 revision of the Ukrainian Constitution introducing new provisions on the independence of the judiciary, the Constitutional Court and the public prosecutor's office with a view to achieving the objectives of the EU-Ukraine AA on justice, freedom and security.<sup>41</sup> Moreover, Article 8 of the EU-Ukraine AA concerning the International Criminal Court (ICC) resulted in an amendment of Article 124 of the Ukrainian Constitution, which now unequivocally states that Ukraine may recognise the jurisdiction of the ICC. This amendment is notable in that it overruled a decision of the Ukrainian Constitutional Court from 2001 when it turned out that such recognition was unconstitutional.<sup>42</sup> In addition to instigating the textual amendments of the Constitution and related changes to the law on the Constitutional Court and the procedure for the appointment of judges, the establishment of close relations with the EU also affects the daily practices of Ukrainian judges. Even though EU law and the case law of the European Court of Justice are not directly applicable in the Ukrainian legal order, Ukrainian judges increasingly refer to EU legal principles and doctrines as a persuasive source of interpretation in their decisions.<sup>43</sup> A similar evolution is evident in Georgia and Moldova.<sup>44</sup> This form of judicial activism illustrates how foreign-policy choices serve as a catalyst for

40 Petrov 2015, pp. 241–254.

41 Petrov, 2018a, p. 95.

42 Ibid.

43 Petrov 2018b, p. 111.

44 See the contributions by Gaga Gabrichidze (on Georgia) and Mihaela Tofan (on Moldova) in Petrov and Van Elswege 2018, pp. 105–130.

constitutional change. The latest trend in this respect concerns the constitutionalisation of foreign-policy objectives. A broadly formulated clause on integration into the EU and NATO was introduced in the Constitution of Georgia as part of the 2017 revision package.<sup>45</sup> The government and the Constitutional Court in Moldova have already approved the introduction of a European integration clause, although President Igor Dodon declared that he would do ‘anything possible’ to block this constitutional amendment, which still had to be adopted by Parliament at the time of writing this contribution.<sup>46</sup> In Ukraine, President Poroshenko announced his intention to submit constitutional amendments to Parliament in order to consolidate the country’s Euro-Atlantic integration.<sup>47</sup> Hence, there is a certain convergence in the constitutional developments of Georgia, Moldova and Ukraine. In all three countries the constitutionalisation of their so-called European choice is intended to ensure that this orientation cannot simply be changed when political changes take place in the future. Although revolutionary in the post-Soviet space, this evolution follows the example of several countries from Central and Eastern Europe that introduced more or less similar European-integration clauses in their constitutions in the framework of their accession to the EU.<sup>48</sup>

The impact of the European-integration process on the constitutions of the associated countries (Georgia, Moldova and Ukraine) is quite visible, but less so with respect to the other post-Soviet republics. Notwithstanding the existence of commitments regarding legal approximation, the agreements between the EU and the non-associated post-Soviet republics did not lead to major constitutional changes. At the same time, however, members of the EAEU – Armenia, Belarus, Russia, Kazakhstan and Kyrgyzstan – are facing the constitutional implications of the process of Eurasian integration.

In particular, the issue of direct applicability in the case of decisions adopted by EAEU institutions remains controversial. In this respect, it is noteworthy that all EAEU member states adopt a rather cautious approach towards the implications of acts adopted in the context of international organisations. The Russian Constitutional Court holds “an increasingly defensive and isolationist position justified by the objective of guarding the national sovereignty and protection of the domestic constitutional

45 Article 78 of the revised Constitution provides that “The constitutional bodies shall take all measures within the scope of their authority to ensure the full integration of Georgia in the European Union and the North Atlantic Treaty Organisation”. See Constitution of Georgia 2018.

46 See Crime Moldova 2018.

47 See *President of Ukraine* 2018.

48 Albi 2005, pp. 399–423.

principles against the influence of international law.”<sup>49</sup> A similar trend is visible in other EAEU member states. Despite the provisions on respect for the supremacy of principles of international law in the Belarusian Constitution, the Belarusian Constitutional Court confirmed its right to check the compatibility of decisions of the EAEU Commission with national laws and decrees.<sup>50</sup> The case of Armenia also shows that the objective of ‘guaranteeing state, national and domestic sovereignty’ remains the priority of the national constitutional system. The Constitutional Court is unequivocal in insisting that the application of the decisions of supra-national bodies in Armenia is only possible within certain constitutional limits.<sup>51</sup> Finally, the Constitutional Council of Kazakhstan determined that ratified international treaties have only *ad hoc* superiority within the Kazakh legal system. In the case of conflict the direct application of international treaties does not imply invalidation and abolition of the respective national laws. Accordingly, the Constitutional Council, which is strongly influenced by the President, may block the implementation of any international treaty and decisions of international organisations.<sup>52</sup> Hence, the EAEU has not yet brought about formal constitutional amendments amongst its members, although the further process of Eurasian integration, and in particular the evolving case law of the EAEU Court, may bring this issue back onto the agenda.

## 1.5 CONSTITUTIONAL COURTS: OBEDIENT TOOLS OF THE RULING POLITICAL ELITES?

Apart from Turkmenistan, which has followed its own trajectory,<sup>53</sup> all former Soviet republics created constitutional courts in the 1990s. These post-Soviet constitutional courts, modelled on the Russian Constitutional Court, acquired far-reaching prerogatives, *inter alia*, the constitutional review of international agreements, laws, presidential and governmental acts, and of the validity of elections and disputes between the branches of government, as well as the authority to review complaints about the violation of the constitutional rights and freedoms of citizens.<sup>54</sup> This was a major innovation in comparison to the Soviet period, when constitutions

49 Kalinichenko op. cit., p.176.

50 Karliuk 2018, p. 155.

51 Delcour and Ghazaryan 2018, p. 140.

52 Kembayev 2018, p. 192.

53 See Newton 2017, pp. 23–31.

54 For a comparison of the institutional settings of constitutional courts in post-Soviet countries and their formal empowerment, see Mazmanyan 2015, p. 205.

did not constrain the use of state power and could not be regarded as a meaningful source of individual rights notwithstanding their enumeration in virtually all constitutions in the region. Hence, the expectation was that the newly established constitutional courts would play a defining role in transforming the Soviet constitutional culture so that the power of the political branches would be subject to effective judicial review.<sup>55</sup>

The first test case was the 1993 Russian constitutional crisis. In this context, the Russian Constitutional Court and its chairman, Valery Zorkin, played a pivotal role in declaring Boris Yeltsin's attempt to dissolve parliament unconstitutional, and later ruled on the validity of the April 1993 referendum.<sup>56</sup> At the same time, the crisis also exposed the limits and pitfalls of the Court's judicial activism in this period. President Yeltsin suspended the Constitutional Court in November 1993 and it was only in February 1995 that it could resume its activities. In this second period of its existence its rulings strongly converged with the position of the executive in so far as reference is made to the existence of "a tacit alliance between the Court and the Presidency".<sup>57</sup> Striking examples concern the Chechnya case, in which the Court upheld the constitutionality of the military intervention, and endorsed Vladimir Putin's decision to abolish the election of regional governors and the restrictive interpretation of the implications of ECHR judgments in the Russian legal order. It is noteworthy that Valery Zorkin, brought back as chief justice by Vladimir Putin in 2003, is currently regarded as a loyal ideological ally of the President.<sup>58</sup>

The fate of Russia's Constitutional Court in 1993 was not an isolated case. The constitutional court of Kazakhstan was abolished in the constitutional reform of 1995, to be replaced with a much weaker Constitutional Council. As a result, any serious judicial review on the exercise of presidential powers disappeared. President Lukashenko forced the resignation of judges in Belarus, and from 1996 onwards started appointing loyal allies. With regard to the Central Asian republics, too, the judicial independence of the constitutional bodies appeared largely declaratory in nature. In practice, the newly established presidential regimes exercised significant political control over the justice system.<sup>59</sup> Hence, more often than not post-Soviet constitutional courts are regarded as obedient tools of the ruling political elites. A case in point is the 2010 decision of the Ukrainian Constitutional Court to invalidate the post-Orange-Revolution

55 Teitel 1994, p. 169.

56 Schwartz 2000, pp. 132–136.

57 Mazmanyán, *op. cit.*, p. 213.

58 *Ibid.*

59 Newton 2017, p. 194.

constitutional amendments after President Yanukovych returned to power. According to Armen Mazmanyan, “the partisan nature of [this] decision was doubted only by the naïve”.<sup>60</sup> The Council of Europe’s Venice Commission refrained from taking a position on whether the decision was justified or not, but nevertheless considered it “highly unusual that far-reaching constitutional amendments – including the change of the political system of the country – [...] are declared unconstitutional by a decision of the Constitutional Court after a period of 6 years”. It further delivered the explicit message that “as constitutional courts are bound by the Constitution and do not stand above it, such decisions raise important questions of democratic legitimacy and the rule of law”.<sup>61</sup>

Notwithstanding their questionable reputation, the role of constitutional courts in shaping their respective countries’ post-Soviet identities should not be underestimated. This is obvious in the case of Moldova, for instance, in which the constitutional court ruled on a number of politically sensitive issues related to the official state language and the country’s foreign-policy orientation. First, the definition of the official state language goes to the heart of Moldova’s complex history and identity, with its close relations with Romania on the hand and the Soviet legacy and the influence of Russia on the other.<sup>62</sup> This duality acquired a significant constitutional dimension because Article 13 (1) of the Moldovan Constitution provides that “[t]he State language of the Republic of Moldova is the Moldovan language based on the Latin alphabet”, whereas the 1991 Declaration of Independence identifies Romanian as the official language. The Constitutional Court ruled on this issue in 2013 when it decided that the Declaration of Independence had superiority over the text of the Constitution.<sup>63</sup> This decision in favour of Romanian as the official state language has had major political ramifications. It underlines the country’s European orientation and dismisses the promotion of a separate Moldovan linguistic identity as a relic of the Soviet past. Along the same lines of argumentation, the Constitutional Court ruled in 2014 that “the Declaration of Independence marked the detachment from the totalitarian Soviet area of values and the reorientation of the new independent state towards the European area of democratic values” when it confirmed that the EU-Moldova Association Agreement complied with the Moldovan constitution.<sup>64</sup> The Court even explicitly stated that “any adverse orientation

60 Mazmanyan, *op. cit.* p. 215.

61 European Commission for Democracy through Law (Venice Commission) 2010, para. 33–36.

62 For an account of the background behind Moldova’s complex history and identity, see King 1999.

63 Decision of the Moldovan Constitutional Court No. 36 2013.

64 Decision of the Moldovan Constitutional Court No. 24 2014.

is unconstitutional *a priori*".<sup>65</sup> This conclusion implies that the ambitions of President Dodon to foster close relations with the EAEU raise significant constitutional challenges. Moldova's current observer status did not cause major concern, essentially because decisions adopted within the EAEU framework are not binding on an observer country. However, any further steps in the direction of EAEU membership will inevitably lead to incompatibilities with the EU–Moldova Association Agreement and the country's constitutional identity as defined by the Constitutional Court.

The temporary suspension of President Dodon's powers after he refused to appoint ministerial nominees and his controversial annulment of the mayoral elections in Chisinau are the most recent illustrations of Moldova's turbulent political situation. It is noteworthy that on both occasions the key players openly questioned the impartiality of the constitutional court. According to President Dodon, the Court is nothing more than "an obedient political instrument" of the government.<sup>66</sup> Andrei Nastase, who won the mayoral election in Chisinau, declared that the President of the Constitutional Court, Mihai Poalelungi, was behind the judicial decision to invalidate the result.<sup>67</sup> These public statements are quite illustrative of the lack of trust in the post-Soviet judicial system. Despite the creation of new institutions, initially constitutional courts, this remains a crucial problem in the entire region.

## 1.6 CONCLUSION

The adoption of new constitutions in this specific geopolitical context after the demise of the Soviet Union marked the beginning of a transformative process that still continues. The initial expectation that all former Soviet republics would go through a period of constitutional transition and develop along the lines of Western liberal-democratic models has proven to be overly simplistic. More than 25 years after the break-up of the Soviet Union the outcomes are rather diverse, with very strong presidential and often authoritarian regimes on one end of the spectrum and various models of semi-presidential and semi-parliamentary systems on the other. It thus seems to be impossible to identify one single model of post-Soviet constitutional development.

The domestic political context and the pre-Soviet history of each country, as well as external factors such as the influence of regional-integration

<sup>65</sup> Ibid.

<sup>66</sup> See *Deutsche Welle* 2018.

<sup>67</sup> These statements provoked a remark by the President of the Constitutional Court in which he rebutted all allegations. See Poalelungi 2018.

processes explain the increasing constitutional differentiation. The conclusion of bilateral agreements between the EU and Ukraine, Moldova and Georgia, for instance, sparked a process of constitutional revision in each of the associated countries, whereas the establishment of the EAEU challenges the interpretation of national sovereignty in the countries concerned (Russia, Belarus, Kazakhstan, Armenia and Kyrgyzstan). On top of this, internal cleavages on issues of national identity formation and foreign-policy orientation are opening up throughout the region.

At the same time, the common legacy of the Soviet period cannot be totally ignored. It seems to be no coincidence, for instance, that all post-Soviet republics score relatively badly on major global indexes of the rule of law, democracy, corruption and governance.<sup>68</sup> There are, naturally, certain differences within the region, Belarus, Turkmenistan and Uzbekistan being the worst performers and Georgia, Moldova and Ukraine achieving comparatively higher scores, be it with certain variations over time. In general, however, every country of the former Soviet Union still suffers from a lack of judicial independence and an instrumental approach to the law.

68 Burluyk and Axyonova, *op. cit.*, pp. 31–33.





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## **2. CONFLICTS AND CONTRADICTIONS: MILITARY RELATIONS IN THE POST- SOVIET SPACE**

Gudrun Persson

### **2.1 INTRODUCTION**

The Soviet Armed Forces represented one of the pillars of the great power status of the Soviet Union. In terms of nuclear weapons, the U.S. and the Soviet Union had reached parity. On the eve of the breakup of the latter the number of military personnel in the Soviet Armed Forces was estimated at 3.5 million: 350,000 troops were based in East Germany, 44,000 in Poland, 75,000 in Czechoslovakia and 60,000 in Hungary.

A brief flashback to the situation in December 1991 reveals that 61 of the 101 army divisions, 7 of the 10 air armies and 9 of the 15 air defence armies were based in the Soviet Union, outside of Russia proper. Furthermore, 44 per cent of the entire manpower of the Soviet Armed Forces was stationed outside Russia, as were 43 per cent of its tanks, 50 per cent of the strategic air force and, significantly, 28 per cent of its intercontinental ballistic missiles.<sup>1</sup>

During the 27 years that have passed since then, Moscow has tried – in various ways in different countries – to retain some of its influence, in other words to build up its military capabilities to be able to project military power beyond Russia's borders in different strategic directions. Estonia, Latvia and Lithuania immediately turned to NATO to safeguard their national security, whereas some of the other new countries – not all – have been collaborating in various multilateral organisations and bilaterally with Russia.

1 Rogov 1993.

Obviously, Russia has several means at its disposal with which to secure its influence, including soft power. The Russian language is still used in the armed forces in parts of the CIS area, and Russia sponsors military education. For instance, Uzbekistan and Russia signed an agreement in 2018 enabling soldiers of the Uzbekistan armed forces to study and attend courses at military academies in Russia for the first time in ten years. Economic means such as selling armaments at significantly lower prices are also in the toolbox. The focus in this chapter, however, is on military policy and concepts, armed forces and armed conflicts in the region.<sup>2</sup> In view of Russia's dominance in this sphere, the analysis focuses on the relationships between the member states of the Commonwealth of Independent States (CIS) and Russia.

The objective is to assess military relations following the dissolution of the Soviet Union and the demise of the Soviet Armed Forces. Hence, the chapter will contribute to the overall theme of this book in considering the military aspects of the question, if it still makes sense to speak about the post-Soviet space as a collective region.

The historical background is briefly outlined next, then the focus turns to the main bodies of multilateral cooperation in the military sphere. The bilateral dimension is also taken into consideration. Special attention is given to the impact of the wars in Georgia (2008), Ukraine (from 2014 on) and Azerbaijan–Armenia (2016). Finally, conclusions are drawn based on current trends.

## 2.2 SETTING THE SCENE

There were some initial, albeit feeble attempts to create a unified armed force within the Commonwealth of Independent States (CIS). Article six of the Belavezha Agreement of 8 December 1991 stipulates that CIS members should “keep and support under a unified command a common military strategic space.”<sup>3</sup>

In line with this objective of creating a unified CIS armed force, Air Marshal Evgeny Shaposhnikov was appointed Supreme Commander of the CIS Armed Forces in February 1992. A CIS military doctrine was drafted in early 1992, containing the proposal to create a unified, combined armed force that would serve all the CIS member states.<sup>4</sup> However, when Shaposhnikov left his position in November 1992 the Russian Defence

2 Armed forces here include the forces under the ministries of defence. Forces belonging to other ministries and agencies are not included unless explicitly stated.

3 Ispolnitel'nyi Komitet SNG (1991)

4 de Haas 2001.

Minister, Pavel Grachev, took control of a set of nuclear-weapon codes that had been Shaposhnikov's responsibility. Control over nuclear weapons was formally transferred to Russia from the General Headquarters of the Joint Armed Forces in 1993, which was formally disbanded on 15 June 1993<sup>5</sup>. The position of Shaposhnikov's successor was downgraded, and Colonel General Viktor Samsonov was appointed Chief of the United Staff for the Coordination of Military Cooperation.

Meanwhile, it became clear that the member states did not support these plans to maintain a unified military structure, and instead they started the process of creating national armed forces. Not even Russia, the *de jure* successor state of the Soviet Union and the dominant military power, was willing to preserve the CIS military structure. A substantial blow to the establishment of joint CIS forces came in May 1992 with the creation of the Russian Armed Forces. By that time, all CIS countries except Tajikistan (due to the civil war) had started to build their own national armies (see Table 1).

The reasons for this development lie beyond the scope of this analysis, but it supports the argument that a country's armed forces do not exist in a vacuum, and rather reflect the society as a whole. As historian Michael Howard observes, "The military system of a nation is not an independent section of the social system, but an aspect of it in its totality."<sup>6</sup>

5 Zagorski 1998.

6 Howard 1991.

Table 1: Manpower of the national armed forces in the CIS, 1993, 2000 and 2018.

Source: *The Military Balance*: 1993. Russia, 93:1, 93–106; 1993. Central and Southern Asia, 93:1, 134–145; 1993. Non-NATO Europe, 93:1, 66–92; 2000. Russia, 100:1, 109–126; 2000. Central and South Asia, 100:1, 158–177. 2000. NATO and Non-NATO Europe, 100:1, 35–108; 2018. Chapter Five: Russia and Eurasia, 118:1, 169–218.

|                     | 1993          | 2000         | 2018    |
|---------------------|---------------|--------------|---------|
| <b>Armenia</b>      | 20,000        | 44,500       | 44,800  |
| <b>Azerbaijan</b>   | 42,600        | 72,100       | 66,950  |
| <b>Belarus</b>      | 102,600       | 83,100       | 45,350  |
| <b>Georgia</b>      | n/a           | 26,900       | 20,650  |
| <b>Kazakhstan</b>   | 40,000 (Army) | 64,000       | 39,000  |
| <b>Kyrgyzstan</b>   | 12,000 (Army) | 9,400        | 10,900  |
| <b>Moldova</b>      | 9,400         | 9,500        | 5,150   |
| <b>Russia</b>       | 2,030,000     | 1,004,100    | 900,000 |
| <b>Tajikistan</b>   | –             | 6,000 (Army) | 8,800   |
| <b>Turkmenistan</b> | 28,000 (Army) | 17,500       | 36,500  |
| <b>Ukraine</b>      | 438,000       | 303,800      | 204,000 |
| <b>Uzbekistan</b>   | 40,000        | 59,100       | 48,000  |

Obviously, the mere numbers (Table 1) do not reveal very much about a country's military capability. However, Russia's military might – including its nuclear weapons – was and remains undisputed.

The most pressing issue in the 1990s concerned the nuclear weapons that remained in Ukraine, Belarus and Kazakhstan, although the remaining Soviet troops and military objects<sup>7</sup> in the Baltic states and East Germany were also of major concern.

With regard to nuclear capability, the initial idea of CIS control of Soviet nuclear weapons was dropped, and Russia eventually took over those that remained in Belarus, Kazakhstan and Ukraine. For a while Ukraine had been ambivalent about giving up the nuclear weapons on its territory, but the issue was resolved with some financial help from the United States and in exchange for the security guarantees in the Budapest Memorandum signed in 1994. The last remaining ex-Soviet

7 In Russian, *voennyye ob'ekty*, military installation with personnel, not a base.

nuclear warheads were withdrawn from Kazakhstan by May 1995, Ukraine by May 1996 and Belarus by November 1996.

Agreements were also reached on Soviet troop withdrawal from the Baltic states and Eastern Europe. This process was largely completed by 1994 – although it took until 1998 for the Skrunda radar station in Latvia to close. According to the former Chief of the Russian General Staff, Nikolai Makarov, the withdrawal was messy when troops and equipment returned to Russia. A lot of the military equipment was left out in the open and rusted. As he wrote: “When it was decided to begin cutting the numbers of the returning troops there was no one left to take care of the military equipment. Where the disbanded military units had been located, cemeteries of military equipment arose.”<sup>8</sup>

Another key development during the early 1990s was the signing of the Tashkent Treaty on 15 May 1992, the Collective Security Treaty (CST) that was the embryo of the later Collective Security Treaty Organisation, CSTO. The Collective Security Treaty came into force in 1994. It stipulated that a Collective Security Council should be created, consisting of the “heads of participating states and the commander in chief of the CIS Joint Armed Forces.” When this ambition failed to materialise the treaty was revised and the words about joint CIS Armed Forces disappeared.

It should also be noted that almost every CIS member had joined the NATO’s Partnership for Peace programme by 1995.

Thus, by 1995, the situation could be illustrated as below:

8 Makarov 2017, p. 348.

Table 2: Countries signing the CIS Treaty, Collective Security Treaty, and Nato PfP 1995.  
 Note: The CST was signed for a five-year period, and in 1999 Azerbaijan, Georgia and Uzbekistan decided not to continue their participation.

|                     | CIS Treaty | CST | Nato PfP         |
|---------------------|------------|-----|------------------|
| <b>Armenia</b>      | x          | x   | x                |
| <b>Azerbaijan</b>   | x          | x   | x                |
| <b>Belarus</b>      | x          | x   | x                |
| <b>Georgia</b>      | x          | x   | x                |
| <b>Kazakhstan</b>   | x          | x   | x                |
| <b>Kyrgyzstan</b>   | x          | x   | x                |
| <b>Moldova</b>      | x          |     | x                |
| <b>Russia</b>       | x          | x   | x                |
| <b>Tajikistan</b>   | x          | x   | (Signed in 2002) |
| <b>Turkmenistan</b> | x          |     | x                |
| <b>Ukraine</b>      | x          |     | x                |
| <b>Uzbekistan</b>   | x          |     | x                |

## 2.3 MULTILATERAL APPROACHES

Russia's strategy for military security in the CIS area leans on multilateral approaches on the one hand and bilateral mechanisms on the other. This section focuses on the different multilateral organisations.

### 2.3.1 Commonwealth of Independent States – formal military cooperation

The highest-level body for defence policy and defence cooperation is the Council of Defence Ministers (CDM), which was created on 14 February 1992. Its secretariat is located in Moscow. However, the Staff of this Council was dissolved in 2005 at the request of Kazakhstan, its functions being divided between the CSTO and the secretariat of the CDM.

Military cooperation within the CIS has focused over the years on peacekeeping and air defence. A CIS air-defence treaty was signed in Almaty in February 1995. However, of the original ten signatories, three countries have left – Ukraine, Georgia and Turkmenistan. The remaining

members are Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan. Uzbekistan participates in the joint air defence exercises, not as a full member but through a bilateral agreement with Russia.

### **2.3.2 CIS Peacekeeping and unresolved conflicts**

There were several armed conflicts in the area during the 1990s, which had an impact on the proposed collective defence cooperation. Russia's dominant position in peacekeeping operations in the CIS area led to questions about its real intentions. Further influencing the cooperation was the simple fact that the newly formed states were struggling primarily with their own internal development and establishing national armed forces.

CIS peacekeepers have been involved in the following four conflicts during the post-Soviet period, all of which remain unresolved and some of which erupted following Russian military intervention.

**Transnistria.** Limited fighting broke out between Russian-backed secessionist paramilitaries and Moldovan police and military forces in November 1990. The conflict intensified in March 1992, lasting until a ceasefire was established on 22 July 1992. Russian support was evident not least in the military sphere. The remaining Soviet 14th Army stationed in and around the largest Transnistrian city Tiraspol was quick to supply secessionist paramilitaries with arms, ammunition, expertise and manpower.<sup>9</sup>

**Tajikistan.** The CIS Council of Heads of State authorised a Russian peacekeeping mission in Tajikistan's civil war in 1993. Russia's 201st Motor Rifle Division was deployed in Soviet Tajikistan in 1989 after the withdrawal from Afghanistan and turned "peacekeeper" under the CIS mandate four years later. The CIS acted without any mandate-granting authority in international law. The UN accepted this pretence, fielding a symbolic mission of observers (UNMOT) alongside Russian troops in Tajikistan. This was the first Russia-led collective operation with real participation by other CIS countries. Kazakhstan, Kyrgyzstan and Uzbekistan each provided company-sized units, working alongside the then 11,000-strong 201st Division.

**Abkhazia.** The war in Abkhazia lasted from August 1992 to May 1994. Russia initially took an ambiguous stance and supported both sides, but later increased its military support of the Abkhazian part. The Abkhaz counter-offensive in summer 1993 forced almost the entire Georgian

9 Büscher 2016.

population of Abkhazia to flee. A ceasefire agreement in May 1994 ended the fighting. The CIS nominally supplied the peacekeeping force stipulated in the agreement, but the operation comprised only Russian troops. A UN Observer Mission in Georgia was to monitor the ceasefire. Abkhazia was almost entirely isolated after 1994 when Georgia, followed in 1996 by the CIS, imposed an economic embargo. Russia supported the embargo in return for Georgia's antiterrorism cooperation (i.e. against the Chechen separatists who had taken refuge in the Pankisi Gorge in Georgia).

**South Ossetia.** Russia adopted a different strategy in South Ossetia. In 1992 it forced an isolated Georgia to accept a format that included North Ossetia (in Russia) and South Ossetia (under Russian-controlled authorities, inside Georgia's territory), alongside state actors Russia and Georgia, with the OSCE in the role of observer and facilitator. This involved a Joint Control Commission and Joint Peacekeeping Forces under Russian command.<sup>10</sup>

In sum, Russia played a key role in all these conflicts, initially attempting to legitimise its military interventions as international peacekeeping.<sup>11</sup> Moscow largely failed to convince the international community about this given that the agreements were signed after Russian forces had enforced ceasefires and changed the balance of military advantage on the ground. The presence of Russian peacekeeping troops in Moldova, Abkhazia and South Ossetia cemented the conflict and created trilateral, consensus-based settlement mechanisms that empowered the separatists to block any progress in finding a solution. Thus, the Russian ground forces guaranteed the military security of the separatists.

### **2.3.3 The Collective Security Treaty Organization**

The Collective Security Treaty Organization, CSTO, was established on 7 October 2002. It currently comprises six member-states including Russia, Armenia, Belarus, Kazakhstan, Kyrgyzstan and Tajikistan, and has observer status in the United Nations. Uzbekistan joined in 2006 but suspended its participation in 2012. The member states pledge to create a 'collective security system, including the creation of coalition (collective) forces of the Organization, regional (united) groups of armies (forces), peacekeeping forces, united systems and the bodies governing them,

<sup>10</sup> Socor 2011.

<sup>11</sup> Allison 2013, p. 129.

military infrastructure.’<sup>12</sup> Its stated ambition is to coordinate foreign policy. The supreme political body of the organisation is the Collective Security Council, which consists of CSTO Heads of state. Russia is the dominant power – militarily and financially – whereas the other member states primarily provide political legitimacy. Significantly, since 2004 the member states have been able to procure arms from each other at friendly prices, which in practical terms means additional Russian leverage in the organisation.<sup>13</sup>

The CSTO has five types of forces at its disposal. Of these, three are regional groups. The first one, the Collective Rapid Deployment Force for Central Asia, established early on in 2001, is earmarked for intervention in Central Asia, probably in response to the Tajikistan civil war and the tensions around the Ferghana Valley.<sup>14</sup> The second regional group includes the Russian–Belarusian CSTO Group of Forces in the Eastern European Region (Russia – Belarus), which at the same time comprises the bilateral Union State’s (see below) armed forces: it has some joint capability. The third group is the Russian–Armenian CSTO Group of Forces in the Caucasus. The fourth type is the Collective Operational Reaction Forces, CORF, created in 2009 and consisting of around 20,000 troops. Finally, the 4,000-strong Peace Keeping Force (PKF) is a smaller mobile unit that can also be deployed in UN operations.

All these forces conduct exercises regularly in various constellations.

During the initial years of CSTO’s existence the likelihood of achieving many of the goals seemed remote and cooperation was still limited. Its development since then has been described as ‘contradictory.’<sup>15</sup> There was general agreement on the issue of counter-terrorism, but the other member states seemed to doubt Russia’s capacity for effective and impartial counter-terrorist military intervention in Central Asia and elsewhere.

The situation has been evolving in the 2010s, and the authoritarian leaders are continuously revising their views. The Arab Spring started to have an impact. The CSTO came to be seen as an instrument for obtaining Russian support – including military support – for regime security. This development is clear in spite of the events in Kyrgyzstan in 2010 when President Kurmanbek Bakiyev was ousted. The CSTO did not intervene, despite the fact that country’s new leadership had asked for its help.

<sup>12</sup> CSTO 2010.

<sup>13</sup> The Protocol was signed on 19 September 2003 in Yalta. For the original see: [http://www.mfa.kz/files/010\\_5815doe1e8984.pdf](http://www.mfa.kz/files/010_5815doe1e8984.pdf). For the latest version see: [http://odkb-csto.org/documents/detail.php?ELEMENT\\_ID=1685](http://odkb-csto.org/documents/detail.php?ELEMENT_ID=1685).

<sup>14</sup> Norberg 2013, pp. 21–23.

<sup>15</sup> Golub and Golub 2018.

Finally, it is worth mentioning that various military exercises are held within the framework of the Shanghai Cooperation Organisation (SCO). The Peace Mission drills, which are Russian-Chinese led, have become the standard form of exercise. The message behind this show of force is to make it clear who is in command, both to the West/USA and to internal or regional adversaries such as the Uyghurs in China and separatist movements in Central Asia. Conversely, the anti-terror war games concentrate on improving counter-terror techniques and related cooperation within the SCO.<sup>16</sup> Russia and China are the most frequent participants in these exercises. Three of the four Central Asian member states of the SCO – Kazakhstan, Kyrgyzstan and Tajikistan – regularly take part in the drills, albeit in different compositions.

The SCO is more of a political-economic entity with a security component, focusing on fighting “the three evils”, terrorism, separatism and extremism, whereas the CSTO purports to be a fully-fledged military and security alliance. Moreover, the SCO has two dominating actors, Russia and China, whereas Russia is the only major actor in the CSTO.

#### **2.3.4 Bilateral mechanisms**

Throughout the 1990s Russia concluded a number of bilateral military agreements with various countries in the aftermath of the Soviet break-up.<sup>17</sup>

One of the most significant of these bilateral relationships was the one with Belarus in the western direction. Belarus is strategically important for Russia in that it borders on Latvia and Lithuania. Moreover, the Russian exclave of Kaliningrad oblast, which hosts the Baltic Sea Fleet, is enclosed within Lithuania.

A Union State treaty was signed by the heads of state of Russia and Belarus in 1999, according to which they agreed to have a united defence policy and to cooperate militarily.<sup>18</sup> In hindsight, without delving too deeply into the details of cooperation, it is clear that Russia-Belarus defence relations have remained solid. In turn, current Russian military doctrine stipulates that “an armed attack on the state-participant in the Union State, as well as all other actions involving the use of military force against it,” should be deemed “an act of aggression against the Union State”, authorising Moscow to “take measures in response.”<sup>19</sup>

<sup>16</sup> de Haas 2016, p. 388.

<sup>17</sup> Persson 1995.

<sup>18</sup> Dogovor o sozdanii Soiuznogo gosudarstva 1999, article 18.

<sup>19</sup> Voennaia doktrina RF 2014.

Armenia is particularly important in the southern direction. Not only is it highly dependent on Russia for its military security, it is the only country in the CRS that has been provided with the Iskander short-range ballistic missile system, much to the concern of Azerbaijan.

Kazakhstan is a core strategic ally of Russia in Central Asia, and the two countries signed bilateral agreements on military cooperation early on. The agreement signed in January 1995 even mentioned the intention to create unified armed forces, and although this has not materialised, military cooperation between Russia and Kazakhstan has remained close.

## 2.4 WARS IN THE REGION

During the 1990s Russia considered instability in neighbouring states a threat to its own weakened state. It feared that the conflicts would escalate beyond the local framework and have a direct destabilising effect beyond its borders. Although it used some of the conflicts to exert pressure, its policy was primarily to end the wars and settle the conflicts.<sup>20</sup> This would change during the 2000s. Russia agreed at the Istanbul OSCE summit in 1999 to withdraw its forces from Moldova and Georgia, but excluded Russian peacekeeping forces from this obligation. Moscow gradually came to rely more and more on these troops, particularly given the deterioration of relations with the West in the wake of the Kosovo War of 1999. The so-called colour revolutions in the first half of the 2000s, in other words the Rose Revolution in Georgia in 2003, the Orange Revolution in Ukraine in 2004, the Tulip Revolution in Kyrgyzstan in 2005 and the subsequent Second Kyrgyz Revolution in 2010, heightened the tensions.

The emerging discussion on NATO membership for Ukraine and Georgia made the situation worse. Whereas Moldova and Georgia saw the predominantly Russian peacekeepers as *de facto* occupying forces, for Russia they served as a bulwark against NATO expansion. Russian policy became increasingly militarised.

**Russia–Georgia, 2008.** The first real sign of this militarisation was in 2008.

<sup>21</sup> The Russo–Georgian War in August was a turning point for both South Ossetia and Abkhazia. Not only did Russia win the war and was free to establish a permanent military presence in South Ossetia and Abkhazia, Moscow also recognised the areas as independent states. In doing so, Russia openly and for the first time broke its commitment to

<sup>20</sup> Fischer 2016, p. 15.

<sup>21</sup> Allison 2008.

maintain existing post-Soviet borders. It is significant that no other CIS or CSTO member has done the same, which reflects the weariness and suspicion of Russia's goals in many of the states in this region. As a direct result of this war, Georgia left the CIS a year later.

The performance of the Russian Armed Forces in the war was carefully studied in Moscow. A major military modernisation process was launched, including a richly funded re-armament programme.<sup>22</sup>

**Russia – Ukraine, 2014.** The next step under Russia's more assertive policy was to annex the Crimean Peninsula in 2014 and instigate military conflict in Donetsk and Luhansk. The *de facto* loss of Crimea was a serious blow to Ukraine: within a few weeks it lost two million of its citizens and all of its 193 military bases and installations on the peninsula, including its two naval bases.<sup>23</sup>

Russia supports separatist forces in Donetsk and Luhansk. Thus far, almost 11,000 people have died and millions have fled.<sup>24</sup>

The Russian annexation of Crimea combined with the military conflict in the east of Ukraine was a rude awakening not only in the West, but also across the whole CIS territory. Russia's military actions in 2014, coupled with the political concept of the "Russian world", *Russkiy mir*, caused serious concern amongst its partners, in particular Kazakhstan but also Belarus.

**Azerbaijan–Armenia, 2016.** The Nagorno–Karabakh conflict was the longest and the bloodiest of all following the break-up of the Soviet Union. The war was fought between 1991 and 1994 and is estimated to have cost between 22,000 and 25,000 lives.<sup>25</sup>

Russian influence in this conflict was weaker than in any of the conflicts in Transnistria, Abkhazia and South Ossetia – mainly because its troops are not present in the separatist territory. Russia played an important role in the early phases, but later on Armenia gradually assumed the function of Nagorno–Karabakh's political, economic and societal patron. Russia has close bilateral relations with Azerbaijan, is formally allied with Armenia both bilaterally and within the CSTO framework, and provides weapons to both sides.

Whereas Armenia is militarily dependent on Russia, Russian influence on Nagorno–Karabakh is more limited. The conflict escalated

22 Vendil Pallin and Westerlund 2009; Renz 2018, pp. 61–76.

23 Hedenskog 2014.

24 See e.g. Westerlund and Norberg 2016.

25 Hedenskog et al. 2018, pp. 91–93.

in April 2016 (The Four-Day War) in what was the worst outbreak of violence since the ceasefire signed more than two decades ago.

In sum, no CSTO mechanisms were involved in any of these conflicts. Nor was the CSTO involved in Kyrgyzstan in 2010, when ethnic violence erupted between the Kyrgyz people and Uzbeks, as mentioned above, or in The Four-Day War in 2016.

The inability of this multilateral organisation to act in unison when armed conflicts spark illustrates the limits of multilateral military co-operation.

## 2.5 NEW STRATEGIC DOCUMENTS

The annexation of Crimea and the military conflict in the east of Ukraine had a profound impact throughout the CIS. It was perceived as a game changer in terms of military relations. Several countries, including Russia, consequently updated their military doctrines and national security documents. Belarus, Georgia, Kazakhstan, Tajikistan, Turkmenistan, Ukraine and Uzbekistan have released new strategic plans, and in 2016 the CSTO adopted a new Collective Security Strategy extending to 2025.<sup>26</sup>

These documents reflect some of the current concerns among the political and military leadership in the countries concerned. At the same time, they serve the bureaucratic function of achieving consensus among state institutions and thereby may have a lowest-common-denominator aspect. In Russia they have been described as “what is left on the battlefield after the fight”. Whether the declared threat perception is based on real facts or on imaginary scenarios conjured up to serve the purposes of domestic politics is a fair question. What is clear, however, is that the threats – as formulated in the doctrines and strategic documents – convey useful information about the attitudes of the current political leadership, even if they do not reveal how the individual countries mentioned above will deal with them on the policy level.

According to the Russian view, the unpredictable nature of contemporary military conflicts allows less time to prepare for military actions.<sup>27</sup> One reason for this development is the increased use of non-military means. Contemporary military conflicts are characterised as the “integrated use of military force, and by political, economic, informational or other means of a non-military nature through the wide use of the

<sup>26</sup> CSTO 2016.

<sup>27</sup> Voennaya doktrina RF 2014, Articles 9–16.

population's protest potential or of special operations troops". The doctrine points to the use of various means such as hypersonic weapons, electronic warfare and UAVs. Furthermore, the Military Doctrine mentions the use of "irregular armed forces and private military companies" in military operations, as well as "indirect and asymmetrical methods".

The military doctrines of Belarus and Kazakhstan are also pre-occupied with the threat from the so-called colour revolutions and "hybrid wars". The Kazakhstan doctrine explicitly states that hybrid methods of conflict present a military threat.<sup>28</sup> With regard to the Belarusian doctrine it appears that CSTO membership had some impact: in a published draft version the use of Belarusian armed forces outside the territory of the country was prohibited. However, this immediately raised objections from Armenia, a CSTO member, because Yerevan interpreted the text as a possible breach of the collective defence commitment. Consequently, this provision was not included in the final version.<sup>29</sup>

Armenia updated its doctrine in the wake of the Four-Day War with Azerbaijan.<sup>30</sup> It replaces the Armenian military's Soviet-style "Static Defence" doctrine, and paves the way for an Armenian pre-emptive strike if an assault by the adversary is deemed to be "imminent".

Both the colour revolutions and the hybrid threats are mentioned in the CSTO Strategy. Perceptions of a hostile West, not least the US Missile Defence threat, now constitute the common denominator not only among CSTO members collectively but also individually in Russia and Belarus.

Georgia and Ukraine stand out at the other end of this spectrum. They clearly declare that Russia constitutes a threat to their national security. Both documents codify the ambition of becoming future members of NATO.<sup>31</sup>

## 2.6 THE RUSSIAN MILITARY PRESENCE IN THE CIS AREA

Moscow has the advantage of having military bases in all the strategic directions of Russia's potential war theatres. The largest base by far is that of the Black Sea Fleet in the annexed Crimea with around 28,000 troops, and Russia has established a joint inter-service force group under

28 Voennaia doktrina respublik Kazakhstana 2017, article 2.10.1.

29 Rácz 2016. The Belarusian military doctrine can be found at [http://www.mil.by/ru/military\\_policy/doktrina/](http://www.mil.by/ru/military_policy/doktrina/).

30 Abrahamyan 2017.

31 The Georgian Strategic Defence Review 2017–2020. For the Ukrainian military doctrine from 2 September 2015 see *President of Ukraine* 2018.

its command. This primarily strengthens Russia's own defence perimeter, and its air and sea power projection in the Black Sea region.

The armed formations in Donetsk and Luhansk are estimated to comprise around 34,000 troops, according to *The Military Balance*. It is impossible to establish how many of these belong to the Russian Armed Forces, but it is clear that Russia's military role in Donbas is mainly about providing advisors and senior officers to support operations, and supplying military equipment.<sup>32</sup> Although Russia denies that its troops are involved, President Vladimir Putin has openly admitted that Russian military advisors are present in Donetsk and Luhansk: "We've never said there are no people there who deal with certain matters, including in the military sphere, but this does not mean that regular Russian troops are present there. Feel the difference."<sup>33</sup>

The Southern Military District also controls three military bases abroad, namely the Russian bases in Abkhazia (7th) and South Ossetia (4th), with a total of 7,000 personnel. These military bases provide Russia with both a key lever against Georgia and a structural advantage in potential military operations in the region. Another significant Russian military presence is the 102nd Military Base in Armenia with around 3,300 soldiers. An air defence regiment and an airbase are also located in Armenia, giving Russia additional air power.<sup>34</sup>

Russia's smallest military base is to the west, in Transnistria, Moldova's separatist region. This currently consists of the Operational Group of Russian Forces (OGRF) directly controlled by Russia's Western Military District, with reportedly around 1,200 military personnel. There is also a 400-strong Russian peacekeeping contingent.

Russia requested permission to open an air base in Belarus in 2015, but Minsk refused. On the other hand, Russian pilots regularly practice in Belarusian air space, and Russia could easily redeploy its forces should the need arise.<sup>35</sup>

In the eastern direction the 201st Military Base is located in Tajikistan with around 5,000 troops, which under the current bilateral treaty with Russia can stay until 2042. There is also an Optical Space Monitoring Station in Nurek, engaged in finding and identifying objects in space.

Kazakhstan leases the Baikonur Cosmodrome to Russia – under the current treaty until 2050. To reduce its reliance on Kazakhstan, however, Russia is building the Vostochnyi Cosmodrome in the Far East.

32 However, Russian Armed Forces units were involved in the battles of Ilovaysk in 2014 and Debaltseve in 2015. See McDermott 2015.

33 President of the Russian Federation 2015.

34 Hedenskog, et. al. 2018, p. 46. See also, Makienko (ed.) 2018, pp. 106–118.

35 Moshes 2017.

A radar node of the 3rd Space and Missile Defence Army of the Russian Aerospace Defence Forces is also located in Kazakhstan as part of a joint missile attack warning system. Russia has a testing range located north-west of lake Balkhash, and an air regiment provides transportation for other Russian military installations.<sup>36</sup>

Russia has been leasing the Kant air base in Kyrgyzstan since 2003. It has been subordinated to the 14th Air Force and Air Defence Army since January 2017 when a Russian military base was established under unified command.<sup>37</sup> The 14th Air Force and Air Defence Army is under the control of the Central Military District, its roughly 500 troops mainly supporting the CSTO Collective Rapid Reaction Force. The military base also houses an anti-submarine testing centre in Karakol, a communications centre in Chaldovar and a seismic station that detects nuclear blasts. The Manas Air Base was used by the United States Air Force to support the campaign in Afghanistan between 2001 and 2014, but it is once again operated by Kyrgyz forces.

It is worth pointing out that there is no longer any Russian military presence in Azerbaijan. The contract for the lease of the Gabala radar station was not renewed in 2012, allegedly because of a substantial payment increase demanded by Azerbaijan. Russia has since built a station in Armavir to compensate for the loss of Gabala.

The Joint CIS Air Defence System still exists, but the most significant air defence is based on bilateral agreements independent of the CSTO and the CIS. The Belarusian–Russian system has been in operation since 2009 and another one involving Armenia and Russia is being developed, as is a joint regional air defence system involving Kazakhstan and Russia. These agreements give Moscow control over issues connected with the defence of the respective air space of the signatories.

The significance of these military bases is both military and political. With Russia again striving to achieve great power status in global affairs, it has to be able to project military power. Furthermore, in the aftermath of the Crimean operation, Russian President Vladimir Putin issued decrees in 2015 and 2017 enabling foreign nationals to serve under contract in the Russian armed forces – and to take part in Russian military operations abroad.<sup>38</sup> The potential future competition for personnel could raise political concerns in some countries, but it does not have a significant military impact.

<sup>36</sup> *Regnum.ru*. 2015.

<sup>37</sup> *Rossiiskaia gazeta* 2017.

<sup>38</sup> Ukaz Prezidenta Rossiiskoi Federatsii 2017.

It is worth noting with regard to the radar stations lost in 1991 that Russia has built its own by way of replacement. The bilateral air defence cooperation further strengthens its defence boundary.

## **2.7 FUTURE PROSPECTS**

The fall of the Soviet Union led not only to the creation of new states but also to a geopolitical vacuum and strong tensions regarding relations with Russia. Russia again sees the CIS in terms of 19th-century rivalry over spheres of influence. The armed forces constitute one of the instruments used to enforce this view. The defence policy has become more militarised over the past ten years.

The multilateral approach to collective security in the area has been fraught with problems. One obvious reason is that not all the states created in 1991 have the same national interests: they selectively opt out, effectively hindering the multilateral approach. Cooperation under duress obviously resulted in rising tension and suspicion in several of the original CIS members, most notably Ukraine, Georgia and Moldova. It is of significance that the Soviet legacy of ethnic tensions and the weariness of Moscow affected military relations after the dissolution.

The current trend in Russia's military relations is to work closely and bilaterally with a core group of countries to build joint capabilities and air defences.

A primary group has emerged as a military alliance in the area, namely Russia's relations with Belarus, Armenia and Kazakhstan. These countries play a key role in three strategic directions: Belarus in the west, Armenia in the south and Kazakhstan in the east/Central Asia.

Nevertheless, all these countries have developed their own sense of identity, and Moscow cannot always count on their unwavering support in the international arena. After a quarter of a century of independence they have a clearer sense of their national interests, and will insist on foreign engagement on equal terms. Armenia, for instance, regularly takes part in NATO PfP exercises in Georgia. Kyrgyzstan and Tajikistan, in turn, have close military ties with Russia given its military bases on the ground. Uzbekistan has long kept Russia at arm's length in Central Asia, avoiding binding military alliances and other relationships that might cede some aspect of its sovereignty. Recently however, military cooperation with Russia has accelerated: in October 2017 Russia and Uzbekistan held joint military exercises for the first time in twelve years.

It could be argued that the security architecture created by Russia, including instruments such as the CSTO and its military bases, are not primarily intended to guarantee stability and security to Central Asia, but are rather aimed at strengthening Russian influence.

At the opposite end of the core group are Ukraine and Georgia. They have moved from being part of a Soviet military command system to openly naming Russia as a threat. It thus seems that some of the disintegrational factors that contributed to the dissolution of the Soviet Union are still influencing the dynamics within the region.

Turkmenistan is in a category of its own. It relinquished its CIS membership in 2005, but retains observer status. Having been militarily integrated in Soviet times, Russia and Turkmenistan currently have no significant military relations.<sup>39</sup>

Looking ahead, one could state that future developments in military relations face severe challenges. On the one hand there are unresolved conflicts that are unlikely to be settled in the near future: Russia's military actions in Ukraine have added yet another complication, this time with serious repercussions in terms of relations with the West. On the other hand, however, military relations with CSTO member states have matured, and are strong within a core group led by Russia.

The influence of China is on the rise in Central Asia. Strengthening competition with Russia is to be expected, but not confrontation – the costs are too high. Consequently, when the Russian Armed Forces conducted its Vostok-18 strategic exercise in September, China was invited to take part. At the same time, the West is scaling down its military presence in Central Asia.<sup>40</sup>

With regard to the overall question addressed in this book, whether it makes sense to speak about the post-Soviet space as a *collective* region, the answer on the military dimension is “No”. The issue is much more complex. Ukraine and Georgia have clearly moved farthest away declaring Russia to be a menace. At the same time, Russia is the militarily superior power in the CIS by far and will continue to influence military relations for years to come.

39 Kazantsev 2017, pp. 67–70. See also Yermakov 2017, pp 221–236.

40 The French base in Dushanbe (Tajikistan) was closed in 2013, the American base in Manas (Kyrgyzstan) in June 2014, and the German base in Termez (Uzbekistan) in December 2015.





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### **3. NEW NATIONS – NEW INTERESTS: THE FOREIGN POLICY OF POST-SOVIET STATES**

Sergey Utkin

#### **3.1 INTRODUCTION**

Before its collapse the Soviet Union famously reformed many of its foreign policy premises, offering the world “new political thinking”, as Mikhail Gorbachev proclaimed. Gorbachev’s vision and actions, although seminal, ended in an attempted conservative<sup>1</sup> coup d’état in August 1991, and eventual failure. What was discussed and fought over in international politics before the autumn of 1991 rested on the assumption that the USSR would continue to exist as a state entity. As events unfolded in a different direction, sovereign republics abruptly faced different challenges from those the Soviet government was addressing in the world arena.

One of the unwelcome legacies of the USSR was the failing economy that pushed the republics toward painful reforms. Foreign policy tools had to be developed to overcome these weaknesses. Most of the post-Soviet countries are significantly limited in terms of resources, demographics and territory as a result of their unexpected independence. Members of the senior diplomatic services were used to representing a much bigger country. Nationalism is a strong psychological and political force, however, which is helping to shape the new narratives and the new foreign-policy strategies, among other things.

Building up new relationships with other parts of the world was a challenge, but a potentially bigger one was to rethink the ties between the former Soviet republics and to tackle the international repercussions of political conflicts in some of them. The republics, excluding the Baltic

1 The word “conservative” is used in this chapter to describe an overall preference for political traditions and choices reflecting Russia’s imperial and Soviet past.

states and Georgia, established the Commonwealth of Independent States following the Alma-Ata Declaration of 21 December 1991, recognising the principles and standards of international law and human rights<sup>2</sup>. As is often the case, abiding by the principles turned out to be harder than agreeing to them.

This chapter reviews these post-Soviet nations' foreign policy in terms of strategic options and choices, as well as the key outcomes achieved or aimed at in their relations with foreign states. Many countries have basic strategic documents that reflect their principle foreign-policy positions, but the officially adopted texts cannot reflect the reality in its entirety. In this sense, even a brief survey of the respective countries' foreign policy should include a critical overview of their realised goals and achievements. To highlight continuity and change it is necessary to consider the initial stages of policy formation, which may well establish long-term trends.

Post-Soviet states could be classified in groups based on geographical<sup>3</sup> or geopolitical<sup>4</sup> criteria. Both dimensions are important, but they incorporate only some of the facets required to shed light on the foreign and security policies of the respective countries. Each one inevitably takes these dimensions into account, but in different ways. The present analysis of the foreign-policy choices of post-Soviet countries does not cover their joining of any blocs, given that this aspect is covered in other chapters of this volume. Moreover, although such blocs may be instrumental in securing limited benefits, in many cases such benefits are not decisive. What is significant is the nature of the political systems intertwined with the preferences of the political elites. Sub-regions of the post-Soviet space are used to structure the chapter, and Russia is singled out as by far the biggest state with a presence in each one.

### **3.2 RUSSIA: COPING WITH ITS HERITAGE**

Declared the successor state to the USSR, Russia ensured the continuity of treaties signed and obligations undertaken by the Soviet Union, replacing it in international organisations, most notably the UN as a permanent member of the Security Council. President Boris Yeltsin and his supporters tried to make use of the thaw in relations with the West, which Gorbachev initiated. However, when it came to the possible intentions of the new Russia in the post-Soviet space there was no historical record available to

2 *The New York Times* 1991.

3 E.g. Batalden and Batalden 1997.

4 E.g. Popescu 2014.

be used as a guideline. Both the Russian Empire and the USSR considered separatist movements an existential threat they had to suppress. Yeltsin set a precedent in utilising separatist intentions in the USSR to free himself from the supreme authority of Soviet state structures.

Yeltsin facilitated the collapse of the USSR. This was a key political victory for him, whereas the opposition, primarily the communists but also large and influential groups in state service, saw it as a national and personal catastrophe. Russia's first and most pro-Western Minister of Foreign Affairs, Andrey Kozyrev, made this infighting shockingly clear to his foreign counterparts in December 1992 at a ministerial meeting during the Conference for Security and Cooperation in Europe (CSCE) in Stockholm: he "threatened to use force against other ex-Soviet republics and accused NATO of interfering in Russia's backyard. He described the territory of the former Soviet Union as 'a post-imperial space where Russia has to defend its interests by all available means, including military and economic ones'. He demanded an end to United Nations sanctions against Serbia and expressed Slavic solidarity with Serbian nationalists"<sup>5</sup>. In the next sitting he explained that this was not a change in Russia's foreign policy but a description of what awaited the world if Yeltsin's opponents were to win.

The Foreign Policy Concept of the Russian Federation signed by President Yeltsin in April 1993<sup>6</sup> acknowledges the "interim importance" of Gorbachev's "new political thinking" but criticises it for abstract "non-conflictual globalism" and the maintenance of an outdated view of the world order as a competition between socialist and capitalist systems. Although this was clearly a reflection of the uneasy relationship between Gorbachev and Yeltsin, the more specific message was that the new Russia would not repeat Gorbachev's mistake of being too naïve. The key foreign policy goals declared in the Concept included the termination of armed clashes and the resolution of conflicts around Russia, as well as guaranteeing full respect of human and minority rights in the "near abroad", especially among ethnic Russians and Russian-speaking people.

A further complaint was that the "formation of foreign policy in a number of CIS states is marked by an emphasised willingness to distance themselves from Russia, a characteristic of the emerging independence", as well as by territorial disputes and "a kind of allergy to anything that resembles the former dependence on Soviet structures". The resulting landscape is described as a "complex process of forming the near geopolitical surroundings of Russia, the outcome of which will depend largely

<sup>5</sup> *The Independent* 1992.

<sup>6</sup> *Diplomaticheskii Vestnik* 1993, pp. 3–23.

on our ability, by persuasion or as a last resort by force, to ensure the principles of international law, including the rights of minorities, to fight for a solid, good neighbourhood". Russia is referred to as a "great power" that has to bear "the principle burden of peacekeeping in the CIS".

The CIS is extensively discussed in the Concept as a regional organisation that Russia strongly supported, although it is assumed that the enthusiasm might not be shared by other members demanding the "flexible" and "multi-speed" development of CIS structures. The growing influence of third states in post-Soviet space was seen as a risk in terms of Russian interests on the one hand and an inevitability on the other.

The primary international security concern in the early 1990s was to secure Russia's control over the Soviet Union's entire nuclear arsenal – a move decisively supported by the West. The 1993 Concept places great importance on establishing close bonds between the EU, NATO, Western Europe and the "shaping security system of the CSCE". Russia also aimed at diverse and intensive cooperation specifically with NATO.

If it was to contribute to resolving the severe economic problems, foreign policy had to ensure the maintenance and further development of the common economic space on "former USSR territory", as well as obtaining consultative and other support from the West. Other priorities included strengthening Russia's role as a leading power in space exploration and arms exportation, while striving to reach international agreement on prohibiting the export of weapons to conflict zones.

The goals listed in the 1993 Concept under the sub-heading "Western Europe" were largely achieved in the subsequent years. They included the conclusion of an agreement on multi-dimensional cooperation with the EU (Partnership and Cooperation Agreement, 1994), accession to the Council of Europe (Russia joined in February 1996), participation in sub-regional organisations and the development of bilateral ties. It was believed among the Russian leadership in the early 1990s that Russia's active participation in regional multilateral arrangements would compensate for its economic weaknesses and make it equally or more important for Western partners than other newly independent states.

As far as "Eastern Europe", meaning the former Eastern Bloc and the newly independent states in the region, were concerned the 1993 Concept proclaimed a "completely new strategy" devoid of the "imperial arrogance and egocentrism" of the USSR. This was the message that was meant to allay the already evident worries of former allies, and to relieve Russian citizens of the burden of foreign-policy adventures. The strategic goal had to be "to avoid the transformation of Eastern Europe into a sort of buffer that would isolate us from the West". On the other hand, Russia

had to avoid being pushed out of Eastern Europe by the West. Specific tasks referring to “Eastern Europe” were purely bilateral or related to conflict resolution (primarily in Yugoslavia). The potential geopolitical risks for Russia, which shaped Russian policy discourse in the following decades, were immediately recognised but there was no clearly formulated and tangible plan to mitigate them. The principle reason for this was that Russia and other parts of the former Eastern Bloc faced similar challenges related to economic and institutional transformation. Russia was looking for financial and technical help itself, and could not become a source of help among its neighbours. Moreover, the formal diplomatic peer-to-peer relationships of the newly independent states naturally required time to take shape.

The 1993 Concept formally remained in force for the rest of Boris Yeltsin’s presidency, until 2000. It was reviewed four times in the years that followed – reflecting the changes in leadership (Yeltsin–Putin in 2000, Putin–Medvedev in 2008, Medvedev–Putin in 2013) and the consequences of the Ukraine crisis in 2016)<sup>7</sup>.

The year 1993 ended for Russia with a limited but violent civil conflict in Moscow, when President Yeltsin brought down the conservative parliament and adopted the new Constitution that remains in force a quarter of a century later. It states: the President “shall determine the guidelines of the internal and foreign policies of the State”, and “govern the foreign policy of the Russian Federation”<sup>8</sup>. The conservative mood openly expressed by the opposition-driven parliament did not soften. Conservatism, or in more general terms *realpolitik*, which is considered by actors in the area of foreign and security policy in particular to be the only feasible alternative to ensure the protection of the national interest, has been Russia’s mainstream policy for most of the time since the collapse of the USSR. Minister Kozyrev and any other liberal voices in the government were almost immediately deprived of any direct influence on hard security issues. When the military had the final word, diplomats were left to deal with the consequences.

This effect of this was most obvious in the more prolonged post-Soviet conflicts in which Russia played a role, positioning itself as a mediator but *de facto* taking sides. The proponents of this approach considered it necessary to support entities appealing for Russia’s help, framing it as “us against them”, and seeing the collapse of the USSR as unfinished business that did not give those seeking reunification with Russia a chance to secede. This inevitably resulted in tensions among a number of post-Soviet states.

7 The updates did not always appear in same the year as the events that caused them.

8 Constitution of the Russian Federation, 12 December 1993. Article 80 (3), 86 (a).

Russian efforts at conflict resolution were genuine in many respects, but were conditional upon a commitment to closer ties. The dominant vision was that after a period of time the post-Soviet states would rediscover the potential benefits of permanent cooperation with Russia. The more divergent the foreign-policy visions of the conflict-torn post-Soviet states became, the less inclined the Russian government was to facilitate the reunification of the separatist “us” with “them”.

The ghost of the Cold War re-emerged in Russia’s relations with the West on a number of occasions. It was prevalent at the Budapest Conference on Security and Cooperation in Europe (CSCE) in December 1994: Russia protested against NATO enlargement, whereas the West complained about Russia’s military support for opponents of the separatists in Chechnya, referring to “tanks and modern fighter-jets without insignia”<sup>9</sup>. All-out war broke out in Chechnya immediately afterwards, to the further detriment of the relationship.

Andrey Kozyrev resigned as the Minister of Foreign Affairs in January 1996, to be succeeded by Evgeniy Primakov, an academician and the head of the Foreign Intelligence Service in 1991–96. He emphasised the need to develop a multipolar world in which Russia would play a notable role as part of a strategic triangle with India and China<sup>10</sup>. This counter-balance to the West was not meant to be adversarial. Minister Primakov invested in fostering relations with the West, which improved at that time.

In line with Russia’s influential business representatives, the West preferred the re-election of Yeltsin in the summer of 1996 to a looming communist revanche. The First Chechen War ended with the Khasavyurt Accords in August 1996 and the withdrawal of Russian federal armed forces from the region. In May 1997 Russia and NATO signed the Founding Act that helped to resolve issues arising from any enlargement of the Alliance. President Yeltsin and Ukraine’s President Leonid Kuchma signed a bilateral treaty in the same month, which was ratified by the Russian State Duma in December 1998 after a heated debate over the fate of Crimea. By July 1997 Russian participation had turned G7 into G8. The 1999 Kosovo crisis dealt a further blow to Russia’s relations with the West. An attempt to resolve various European security concerns in a package deal was made at the OSCE Istanbul summit in November 1999 but failed over the longer term.

During his first two terms in office Vladimir Putin made efforts to form an allied relationship with the West, which were successful in part. He offered the USA much-needed support in its Afghanistan campaign

9 *Kommersant* 1994.

10 Simha 2015.

(2001), built advanced bilateral relationships with a number of European states, agreed on the establishment of the NATO–Russia Council (2002), and on the concept of “common spaces” with the EU (2003). Russia signed a visa–facilitation agreement with the EU (2006), which is still in force, and started negotiations on a new treaty. As time went on the President became increasingly sceptical about Russia’s chances of becoming a respected player in the Western team. He revealed his frustration in his famous speech<sup>11</sup> at the Munich Security Conference in February 2007: it was probably meant to be honest talk but it was understood as a declaration of Cold War. The last months of Putin’s second presidential term were marked by a US–driven campaign to recognise Kosovo and a NATO Bucharest summit putting on paper<sup>12</sup> future membership for Ukraine and Georgia. Russia has clearly seen NATO as a vehicle for strengthening the US presence in Europe and making it permanent. As far as Georgia, and especially Ukraine, are concerned this could involve the most sophisticated military facilities and equipment with direct access to vast parts of European Russia. The impression of the Russian leadership was that whatever it said or did, their concerns were increasingly ignored by the powerful and confident West.

Dmitry Medvedev’s presidency could have been an opportunity for a new beginning. Indeed, his proposals, first and foremost on European security<sup>13</sup>, were designed as such. Instead, it will be remembered for the war in Georgia, the disputed recognition of Abkhazia’s and South Ossetia’s independence, and the Arab spring culminating in the 2011 Libya campaign mainly involving Western powers. NATO intervention in Libya was facilitated by UN Security Council Resolution 1973. Russia abstained from voting following the deliberate and, in the eyes of Russian security circles mistaken, decision by President Medvedev, who probably saw it as a way of establishing Russia as an indispensable and cooperative Western ally. Putin, at that time the Prime Minister, openly spoke against the Resolution, calling it “handicapped” and “resembling calls for Crusades”<sup>14</sup>. His return to the presidency was obviously met with little enthusiasm in the West. The displeasure with Medvedev’s “interregnum” in security circles was further confirmed in an unprecedented documentary with comments from high–level military personnel openly blaming Medvedev’s alleged indecisiveness during the 2008 Georgia war<sup>15</sup>.

11 Speech and the Following Discussion at the Munich Conference on Security Policy 2007.

12 Bucharest Summit Declaration 2008.

13 Medvedev 2008.

14 Rbc.ru 2011.

15 Reuters 2012.

The 2014 Ukraine crisis further aggravated the Cold War-like atmosphere and delineated Russia's immediate environment in Europe as competing for influence. For the first time since the early 1990s a completely new<sup>16</sup> conflict involving Russia erupted in the East of Ukraine, with no end in sight. The Russian President seems to believe that giving up is not an option, and that in the longer run his policies will help Russia to secure its interests. In the meantime, the Russian government is acting as a "pivot to the East", intensively developing relations with key Asian states that do not see the events in and around Ukraine as a stumbling block.

### 3.3 EASTERN EUROPE: MAKING A CHOICE

Since the collapse of the Soviet Union, and arguably for centuries before that, the fate of Ukraine has been seen pivotal to the future of the sub-region. As US strategist Zbigniew Brzezinski, who is of Polish descent, famously claimed, "[i]t cannot be stressed enough that without Ukraine, Russia ceases to be an empire, but with Ukraine suborned and then subordinated, Russia automatically becomes an empire"<sup>17</sup>. Conservative Russian observers happily refer to these words, which they see as a manifestation of the irreconcilable divergence of interests between the West and Russia, the former determined to prevent the success of the latter by any means. Whether being an empire represents success is arguable at best, but in the conservative worldview the empire is the only form of Russia's historical existence, and on this basis Brzezinski's words could be interpreted as an outright willingness to destroy Russia. The Ukrainian nationalist movement was among the key targets of the tsarist and Soviet security apparatus. Russia and Ukraine developed a complicated but peaceful relationship that lasted for more than two decades until the 2014 crisis separated the two neighbours for the foreseeable future.

In July 1993 the Ukrainian Parliament adopted Key Foreign Policy Guidelines<sup>18</sup> that describe relations with Russia as a "special partnership" that "will to a large extent define the progressive democratic development of both Ukraine and the Russian Federation, and stability in Europe and the world". The same passage includes a pledge to counteract territorial claims and attempts to meddle in Ukraine's domestic affairs. The Guidelines specifically mention an "extremely important task" to make

16 In spite of the fact that vast regional differences in Ukraine were well known and used as one of the political instruments, for most people in and outside the conflict zone the military escalation came as an unexpected shock.

17 Brzezinski 1994.

18 Postanovlenie ob osnovnikh napravleniyakh vneshney politiki Ukrainy 1993.

both Ukraine and Russia aware of the perils of confrontation. Among regional organisations the CSCE and NATO are prioritised such that Ukraine's involvement would "gradually transform" NATO structures, eventually making them "elements of a new all-European security system compatible with the Helsinki Process". Given the changes resulting from the collapse of the USSR Ukraine's declared willingness to be neutral and non-aligned had to be "adapted to the new circumstances" and could not be seen as an obstacle to full participation in the "all-European security structure". The Guidelines confirm Ukraine's determination to become a non-nuclear state, first declared in October 1991.

Ukraine also aimed at membership of the Council of Europe, which was achieved by late 1995. Membership of European Communities "and other Western European and all-European structures" was defined as a possible future goal, "unless it would be harmful to [Ukraine's] national interests". In this sense the Partnership and Cooperation with the European Union Agreement (concluded in 1994) was the first step, to be followed by associated and then full membership. The CIS is referred to in the Guidelines as a useful consultation mechanism, mainly because it was way of dealing with the Soviet legacy.

The strategic choices made by Ukraine in the early 1990s were sustained in spite of multiple domestic turbulence, but significant adjustments were necessary. Over the course of 25 years the country had five presidents and 15 ministers of foreign affairs. President Kuchma declared the country's willingness to join NATO in May 2002. The winners of the 2004-05 Orange revolution maintained this goal until 2010, when President Viktor Yanukovich decided that a non-bloc status was best for Ukraine<sup>19</sup>. The Euromaidan of 2014 turned the tables again. The public revolt was triggered by the refusal of President Yanukovich to enter into an Association Agreement with the EU, which was eventually signed by the victors in mid-2014 and came into force in 2016-17<sup>20</sup>. Ukrainians acquired the right of visa-free travel to the EU in 2017 (Ukrainian visas for EU and US citizens were unilaterally abolished in 2005). President Petro Poroshenko declared his intention to insert the imperative of EU/NATO integration into the country's constitution. Given the outcomes of the 2014 ground-breaking crisis the appeal and significance of Western institutions for Ukraine strengthened dramatically: an all-European security structure was dropped as an unfulfilled dream, whereas relations with Russia deteriorated to a level that was considered a risk to be avoided a quarter of a century previously.

19 NATO 2015.

20 EEAS 2016.

In the case of **Belarus** its initial attempts to define its place in the world largely resembled Ukraine's priorities described above,<sup>21</sup> but most of its post-Soviet history since 1994 has been marked by the long presidency of Aleksander Lukashenko. Determined to strengthen presidential powers and to marginalise the opposition Lukashenko soon soured relations with Western institutions that accused him of violating commonly accepted norms. The Belarusian application to join the Council of Europe has been frozen since 1997. The country's leadership was on the receiving end of EU sanctions and the US reflected Western attitudes to the repression of the opposition after the presidential elections of 2006 and 2010. The authorities ordered the expulsion of Western diplomats on several occasions. The negative dynamics in the Belarus-Western relationship started to change during the Ukraine crisis, when the dramatic developments involving Belarus' neighbours helped the country to position itself as a balanced and predictable mediator. Minsk has been the venue for regular talks on Donbass since 2014.

At the same time as Belarus became relatively isolated from the West it strengthened its relations with Russia. They formed a community in April 1996, and the Union State of Russia and Belarus a year later. The Belarusian President's relationship with Russia has had many tactical ups and downs but he nevertheless remains Moscow's closest ally. Belarus also benefits from providing the key energy and goods transit route between Russia and the EU.

The 2005 Guidelines on Belarus' home and foreign policy are deliberately broad<sup>22</sup>. The document lists general principles and policy tools but does not define its relations with particular partners. The Ministry of Foreign Affairs does list regional priorities, however,<sup>23</sup> which highlight the importance of post-Soviet regional organisations such as the CIS, the Eurasian Economic Union (EAEU) and the Collective Security Treaty Organization (CSTO). Attention is paid to the broadly defined prospect of normalising relations with the EU and the US.

The President of Belarus is regarded as a sophisticated player who is using the mutual suspicion between Russia and the West to ensure his sovereignty. At the same time, the outcomes of this policy line remain ambiguous. Belarus remains the only country in the EAEU, and one of the few in the world, that has not joined the World Trade Organization, which would benefit business and future EAEU cohesion. Any formal legally-binding agreements between the EU and Belarus remain complicated

21 Snapkovskiy 2016.

22 *Pravo.by* 2005.

23 *Ministry of Foreign Affairs of the Republic of Belarus* 2018.

given the long-felt Western scepticism towards the Belarusian political system. On the other hand, Belarus' sudden unilateral visa liberalisation for a large number of countries<sup>24</sup> led to the reintroduction of irritating border checks with Russia, which has a much more conservative visa policy. The intention of the Belarusian authorities to make the country more accessible to foreigners clashes with its unchanged internal power mechanisms.

**Moldova** emerged as an independent state in the midst of political infighting around Transdnistria and the looming option of unification with Romania, which remains unexplored. Its 1994 Constitution declares “permanent neutrality”<sup>25</sup>. The foreign-policy concept<sup>26</sup> adopted by the Moldovan Parliament in 1995 could have been inspired by the Ukrainian Guidelines discussed above.

Relations with Russia, Ukraine and Belarus were highlighted as a priority that would “to a large extent define political stability and the success of political and economic reforms” in Moldova. On the other hand, Romania was seen as the country that could help Moldova to overcome “one-sided economic dependence” and facilitate its accession to the European community (obviously understood more broadly than the EU, of which Romania was not yet a member). Accession to the Council of Europe was listed as the primary goal (accomplished in 1995) and membership of the EU in the longer term. As Moldova saw it, the signing of the 2014 Association Agreement and visa-free travel in the same year were steps in this direction, even if EU membership has not yet been sanctioned by Brussels. Moldova, as Ukraine did at around the same time, declared support for the gradual transformation of NATO structures into the elements of a new European security system.

Although Transnistrian conflict is not specifically mentioned in the 1995 Concept, in recent decades it has been one of the key topics of discussion between Moldova and its foreign partners. What was commonly referred to as the easiest frozen conflict to resolve<sup>27</sup>, however, still lacks a mutually acceptable outcome.

In spite of the direct proximity and economic importance of the EU, Moldova keeps struggling with geopolitical choices and governance issues. The country's President since 2016, Igor Dodon, is exploring the possibility

24 *Belarus.by* 2017

25 Constitution of the Republic of Moldova, Article 11.

26 Postanovlenie Nr.368 ob utverzhdenii Kontseptsii vneshney politiki Respubliki Moldova 1995.

27 The hostile phase of the Transnistrian conflict was short and limited in scope. It would seem to be a question of linguistic rights rather than ethnicities. Direct communication between Chisinau and Tiraspol officials, as well as transport connections, are far from perfect but extensively normalised in comparison with other protracted conflicts.

of EAEU engagement. Moldova became the first EAEU observer state in 2018 – there had been no such status previously. The higher level of policy coordination with Russia could be interpreted as an attempt finally to resolve the Transnistria conflict. However, Dodon's ideas are vehemently opposed by supporters of European integration. Most of the country's political class is seen in the West as astonishingly corrupt, which further complicates the integration of the republic into Western institutions.

### 3.4 SOUTH CAUCASUS: ETHNIC FAULT LINES

**Georgia** in the early 1990s was in a state of domestic turmoil and at war with separatists. When former Soviet Minister of Foreign Affairs Eduard Shevardnadze was appointed leader he tried to use the relationship with Russia to resolve the separatist conflicts. As President he decided to join the CIS. In December 1993, when Georgia was in the midst of a real economic disaster<sup>28</sup>. In line with many other European countries in the 1990s, Georgia developed a partnership with NATO.

The ground-breaking change came with the Rose Revolution in November 2003 and the election of Mikheil Saakashvili as President early in 2004. Saakashvili's ambition was to reshape the country's identity and policies. He enjoyed strong support from the West, while arousing suspicion in the Russian leadership.

Georgia is aiming at NATO and EU membership, claiming that these goals are potentially attainable even if the territorial disputes remain unresolved. The example of West Germany, which joined the Atlantic Alliance in 1955 while maintaining non-recognition of East Germany, is often mentioned as a valid precedent. Georgia along with Ukraine indeed received encouragement from NATO at the 2008 Bucharest summit, and were promised future membership. The 2014 Association Agreement with the EU and the visa-free travel introduced in 2018 are also seen as stepping stones leading to full participation in key Western institutions, which would exclude even the theoretical possibility of EAEU membership.

The 2008 war strengthened these trends. When Russia recognised the independence of Abkhazia and South Ossetia the Georgian government severed diplomatic relations with Moscow and left the CIS. Some form of economic interaction and diplomatic dialogue with Russia were subsequently restored, however, when Saakashvili left the presidential office in 2013. The Georgian government's position on diplomatic relations has not changed.

<sup>28</sup> *Kommersant* 1993.

The initial formation of state policies in **Armenia** was also heavily influenced by an armed conflict. The intense phase of the Karabakh war ended in 1994 but the long-standing enmity is not even close to being resolved. Turkey, which is supportive of Azerbaijan, did not establish diplomatic relations with Armenia and blocked the Turkish–Armenian border. Armenia found itself in a unique geostrategic position. Hemmed in by two of its neighbours it had two lifelines: one passed through Iran, a country that faced heavy international sanctions most of the time, and the other went through Georgia.

Given Georgia's difficult relations with Russia the likelihood of developing an infrastructure connecting Armenia and Russia via Georgia is limited. At the same time, Armenia was never completely isolated. It enjoys the support of the vast and influential diaspora and successfully developed bilateral relations with many Western states. Whereas the relationship with Russia is important for historical, economic and political reasons, Russia's balancing act on the Karabakh issue frequently attracts criticism from the Armenian elite. Armenia is one of the founding members of the CSTO, and it had to drop the idea of entering into an Association Agreement with the EU in 2013 in order to join the EAEU. Nevertheless, in November 2017 it signed a Comprehensive and Enhanced Partnership Agreement<sup>29</sup> with the EU that did not interfere with the rules of the EAEU customs union. The country experienced a peaceful change of political leadership in 2018, which raised the question of whether the level of mutual understanding with the Russian government would be maintained. Most experts concluded that given the difficulties in the immediate neighbourhood it would be the interest of any future Armenian government<sup>30</sup>.

The Karabakh conflict meant the *de facto* loss of substantial territories for **Azerbaijan**, although *de jure* Karabakh independence remains unrecognised by UN members including Armenia. The population of Azerbaijan is three times as big as that of Armenia, its GDP (PPP) is six times bigger, and it generates revenue from its vast natural resources. In the eyes of many in Azerbaijan the imbalance constitutes the grounds for a future *revanche* through negotiation or by force. The tension between the two nations is possibly stronger and more dangerous than in any other post-Soviet crisis zone.

Azerbaijan, in line with a number of oil-rich states, is more sceptical than its neighbours about economic integration. On the military level it also prefers to avoid multilateral alliances that would in all probability remain unhelpful should the Karabakh situation escalate. For the West,

29 EU–Armenia Comprehensive and Enhanced Partnership Agreement (CEPA) 2017.

30 E.g. Shakarian 2018.

Azerbaijan is one of the sources of energy that is an alternative to Russia, and could be used to boost the diversification of supply. This strong interest<sup>31</sup> has significantly reduced the volume of Western criticism of the country's government regarding democratic standards and respect for human rights. At the same time its hereditary presidents – Heydar Aliyev and Ilham Aliyev – who benefited in the past from being in Soviet elite circles, manage to maintain stable and friendly relations with the Russian leadership. Importantly for Russia and other neighbours, Azerbaijan is one of the Caspian states co-deciding the fate of the resource-rich basin.

States of the South Caucasus enjoy a unique geographical position that they cannot exploit to the full on account of the acute conflicts that give no reason to hope for a resolution in the near future. Given the adjacent surroundings shaped by Russia's troubled North Caucasus, Iran, which is highly likely to experience growing tensions with the USA and the turbulent Middle East, the long-term future of this Eurasian powder keg will require further stabilisation efforts on the international level.

### 3.5 CENTRAL ASIA: THE CROSSROADS OF EURASIA

Contrary to multiple concerns related to radical movements and an instability spill-over from Afghanistan, Central Asian states have managed either to avoid or resolve the kind of disputes still going on in other sub-regions of the post-Soviet space. These states are often discussed in terms of unfinished political transition, although the basic structures may still successfully cope with major risks in the future. Policies are strongly influenced by leaders, who cannot remain in power forever, but this will not necessarily alter understanding of the national interest in foreign affairs.

The international environment in Central Asia is shaped by Russia and China, as well as by the frequently difficult relationships among the states and with other countries that willingly engage with the resource-rich region. China has the potential to become the dominant player. This carries both risks and opportunities, but China is more readily considered a risk.

Nursultan Nazarbayev has been President of **Kazakhstan** since before its independence. He was one of the most promising representatives of the younger generation in the Soviet leadership, and has been a key proponent of Eurasian integration as a way of uniting the efforts of core post-Soviet states struggling with many economic-development issues. Kazakhstan was therefore one of the founders of the EAEU. Nazarbayev

31 Coffey and Nifti 2018.

also understood that foreign policy for a country situated between Russia and China was inevitably a balancing act that should at best involve other power centres.

Kazakhstan's President approved a newly drafted Foreign Policy Concept in 2014<sup>32</sup>. Unsurprisingly, the country's priorities include stability in Central Asia, Eurasian economic integration, agreement on borders in the Caspian Sea, and participation in global and regional multilateral organisations. Kazakhstan is aiming at "full-scale relations" with the EU, including the prospect of visa-free travel, and both parties concluded a new Enhanced Partnership and Cooperation Agreement in October 2015<sup>33</sup>. Relations with China are described in the Policy Concept as a "comprehensive strategic partnership". A new bilateral treaty signed in 2013, which refers to Kazakhstan's relations with Russia in terms of good neighbours and allies,<sup>34</sup> is also a military alliance of sorts, given Kazakhstan's participation in the CSTO.

**Uzbekistan**, the country with the biggest population in Central Asia, recently experienced a major change of political leadership. President Islam Karimov headed the country for 27 years and gradually, after several ups and downs, stated a preference for economic and political isolationism. The Collective Security Treaty – the basis of military cooperation – was signed in Tashkent, the capital of Uzbekistan. However, President Karimov declined prolonging the Treaty in 1999 and opted instead to join the GUAM – a loose Russia-free cooperation format set up in 1997 by Georgia, Ukraine, Azerbaijan and Moldova. After a few years, however, Karimov became disillusioned with GUAM and left it as well. His relations with the West soured following violent clashes in the Uzbekistan city of Andijan in May 2005. He joined the CSTO in 2006, and then again suspended membership in 2012.

The President's successor, Shavkat Mirziyoyev, came to power in December 2016. He showed a willingness to make adjustments to Uzbekistan's policies, which now seemed to aim at more but still limited and controlled openness. Many foreign partners see this as a chance to reboot their relations with the country, as neighbours of which the previous president had been openly suspicious.

**Kyrgyzstan** could be considered the least autocratic country in Central Asia. Starting from 2005 it experienced multiple changes of political leadership, which did not bring economic success. Its first President Askar

32 Ministry of Foreign Affairs of the Republic of Kazakhstan 2014.

33 EU Delegation to Kazakhstan: 1 December 2017.

34 Ministry of Foreign Affairs of Russia 2013.

Akayev attempted<sup>35</sup> to benefit from the idea of a new Silk Road before it came into fashion as a result of Chinese efforts. China is Kyrgyzstan's big and powerful neighbour, which brings both opportunities and risks. At the expense of territorial compromise and notable political fighting, Kyrgyzstan managed to resolve border issues with China in 2002.

The relative enthusiasm demonstrated by Kyrgyzstan's leadership for different forms of post-Soviet integration could be attributable in part to a desire to counter-balance China. However, it also reflects the search for economic leverage and a generally positive assessment of the outcomes of the Soviet era. Kyrgyzstan joined the EAEU in August 2015, six months behind the founding members, which ignited worries related primarily to the role the country might play in "grey" imports from China.

**Tajikistan**, on the other hand, remains outside the EAEU framework. Its border with Afghanistan is seen by EAEU members as another security risk, hence they are in no rush to bring the country on board. Tajikistan, in turn, is trying to leave all options on the table and is assessing the possible advantages and disadvantages of membership<sup>36</sup>. The country, headed by Emomali Rahmon since 1992, has set three strategic foreign-policy goals: energy independence, breaking the communications deadlock (i.e. access to ports and other infrastructure) and food security<sup>37</sup>. Kyrgyzstan and Tajikistan are the leading recipients of development assistance in Central Asia<sup>38</sup>.

Tajikistan is ethnically and linguistically close to Iran, but this does not necessarily promote a flourishing relationship. President Rahmon seems to be increasingly concerned about Iranian influence on the economic, political and religious level<sup>39</sup>.

Kyrgyzstan and Tajikistan are CSTO members that form the southern flank of the organisation. Given the continuous instability in Afghanistan, Russia is motivated to maintain a modest but permanent military presence in the republics. The USA has expressed a similar interest, and extensively uses the Manas airbase to support its Afghanistan campaign.

The strictest political regime in the post-Soviet space, **Turkmenistan**, uses its vast natural reserves to refrain from close alliances, which resembles Azerbaijan's strategy. The change of leadership in 2006 did not alter the essence of the regime. It seems to be reviving its participation in the most loose of the post-Soviet organisations – the CIS – at a very

35 Dundich 2012.

36 Azernews 2018.

37 Ministry of Foreign Affairs of the Republic of Tadjikistan 2018.

38 *Mirovaya Ekonomika i Mezhdunarodniye Otnosheniya* 2018.

39 *Sputnik Tadjikistan* 2018.

steady pace: it chaired the organisation for the first time in 2012 and is expected to do so again in 2019<sup>40</sup>. Turkmenistan, like Kazakhstan, Russia and Azerbaijan, is a Caspian state involved in negotiations on its status that recently produced a somewhat positive result<sup>41</sup>. Its Foreign Policy Concept declares that the state is prioritising environmental and water diplomacy<sup>42</sup>.

### 3.6 CONCLUSIONS

In the third decade since their political, economic, social and ethnic “divorce”, the post-Soviet states naturally feel further apart. Each of them followed its own path of political evolution, including foreign policy. What initially looked like a similar set of challenges defined by deep transformation towards a market economy, turned out to be different and driven by “destiny” – an abundance or lack of resources, a more or less encouraging regional environment and the availability of welcoming alliances.

These post-Soviet states use their membership of multilateral institutions as a tool to serve their national interests. The different foreign-policy choices being made depend on the political regime and the immediate geographical surroundings, but what is common to them all is that they look at foreign policy as a manifestation of their sovereignty and as a way of strengthening it.

All post-Soviet states were aware of the leading role played by the West in the world arena in the early 1990s, and many attempted to benefit from cooperating with them. Over time their expectations became more realistic, as open frustration surfaced. The uneasy relationship between Russia and the West cannot be ignored by the other post-Soviet states, which try to avoid negative repercussions for themselves. Ukraine and Georgia are different in that they are already engaged in a tug-of-war to an extent that makes them believe joining the West is the only workable security guarantee for them.

Countries cannot choose neighbours, and the post-Soviet states quickly learned that many of their foreign-policy concerns related less to their political leadership and more to their immediate geographical environment. Some countries are luckier than others in this regard, but most have to deal with the fact that their neighbours are also going through difficult internal transformation. Neighbouring states may become suspicious of one another, or even adversarial, regardless of the rational conclusion

40 *Trend* 2018.

41 *BBC News* 2018.

42 Ministry of Foreign Affairs of Turkmenistan

that they would derive mutual benefit more readily from constructive cooperation than from rivalry.

Sovereignty implies the development of national elites, including in foreign policy, who proudly defend their countries' national interests. The worst possible scenario would be for them to give up the right to a hypothetical Eurasian political union. The post-Soviet regional organisations will continue to develop in a flexible, sometimes amorphous manner, leaving their members enough room for manoeuvre.





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## **4. IMITATING REGIONALISM: EURASIAN REGIONAL ORGANISATIONS AS A SOVIET LEGACY**

Ekaterina Furman, Alexander Libman

### **4.1 INTRODUCTION**

One of the most visible legacies of the Soviet Union still persistent in the political life of the Eurasian countries is a wide array of organisations for regional integration, which have been flourishing in the region since the early 1990s and remain active almost thirty years later.<sup>1</sup> Post-Soviet Eurasia is not unique in this sense and is probably comparable to various post-colonial commonwealths (such as the British and the French). However, Eurasian regional organisations go well beyond most other commonwealths in their ambitions. In fact, a persistent goal of Eurasian regionalism, which the actors involved repeatedly proclaim, is to create some sort of “Eurasian EU” – in a nutshell, an organisation with open borders allowing the free movement of people, capital and goods, with a high level of policy coordination and institutions similar to those of the European Union. This is not to say that all post-Soviet countries have always embraced this idea, and certainly not that they would be willing to implement it: on the contrary, even the most pro-integrationist powers such as Kazakhstan put very clear limits on how far the integration should go. Nevertheless, politicians from Eurasian states have been willing to engage in repeated integration games for three decades, during which time agreements have been signed and goals proclaimed that serve as milestones on the way to a “Eurasian EU”.

Clearly, the Eurasian states did not manage to create their own EU analogue. Even the Customs Union of 2010 fell far short of European

<sup>1</sup> Furman, Rácz, and Ushkalova 2013, pp. 255–268.

integration.<sup>2</sup> This is not surprising: the EU is and will probably remain a unique case in the universe of regional organisations in terms of its actorness and policy impact. Nevertheless, such organisations are the most visible sign of the promotion of the post-Soviet space as a specific region in world politics. Even if they have little policy impact, as long as they attract sufficient attention from politicians and the general public they will strengthen the perception of the former Soviet Union as a distinct area comprising countries that belong together in some sense.<sup>3</sup> It is therefore necessary to understand how and why these organisations evolved if one wishes to explore the surviving legacy of the Soviet Union in Eurasia.

The aim in this chapter is to study the evolution of the Eurasian model of regionalism, and more specifically to shed light on the specific institutional forms its member states have chosen. We consider the imitation of regionalism in the broader context of the imitational regimes that emerged in most Eurasian countries. These polities, which on the formal level resembled the institutions of advanced democracies, for the most part relied on informal practices that safeguarded the power of the autocratic elites. We suggest that the nature of these imitational regimes affected the way in which post-Soviet regional organisations developed and the integration results they achieved at various stages of their evolution. This, in turn, had an effect on the extent of interdependence and commonality among Eurasian countries. We consider the current situation in light of the pre-1991 state.

#### **4.1.1 Why Eurasian states were unable to create their own EU**

Three former Soviet republics signed the Belavezha Accords officially disbanding the Soviet Union on 8 December 1991. Only two months later, on 7 February 1992, members of the European Community signed the Maastricht Treaty, which was the cornerstone in the establishment of the European Union and a new step in the development of European integration. These two events – the fragmentation of the Soviet Union and a major step towards European integration – almost coincided. On an official level the Belavezha Accords were perceived as a tool for maintaining the integrated economic and social space of the Soviet Union by means of international regional-integration initiatives, which over time came closer and closer to the blueprint of the EU (in the form of the

2 The EU has a developed supranational decision-making mechanism, a strong court systematically promoting an integration agenda, regulatory power in numerous policy fields, substantial authority in terms of protecting the internal market (including antitrust), and a Common Security and Defense Policy. The Customs Union, on the other hand, has no elements of political and security integration, much more limited regulatory powers and a much weaker essence of supranationality (if any at all). On measuring the extent of integration in regional organisations see Hooghe et al. 2017.

3 Libman, and Vinokurov 2012.

Commonwealth of Independent States, CIS). The irony of post-Soviet integration is that it did not start out to *integrate* the region it comprised, but rather emerged as a by-product of its *disintegration*. Still, the point of time at which Eurasian regionalism emerged made reference to the EU as a blueprint and its emulation a natural choice for post-Soviet countries.

The close economic and social ties between the Eurasian countries in the 1990s appeared to form a solid basis for the development of a regional-integration initiative. The main function of this initiative was to preserve – and possibly to build upon – existing connections such as cooperation between enterprises and a common infrastructure, as well as to resolve issues associated with the Soviet legacy of interdependence including safeguarding pension payments to citizens of the new independent states and the mutual recognition of university degrees, for example. Whether regional integration following the EU example (including specific governance mechanisms and a specific sequence of steps towards regionalism) would preserve or re-establish the economic, political and social ties severed by the collapse of the Soviet Union remains an open question, however. There are several reasons for arguing that this is unlikely.

To start with, post-Soviet countries in Eurasia were already very highly integrated economically and socially at the onset of their independence, and it was essentially a matter of preserving existing connections rather than building new ones. The European project was not built on such extensive ties, nor was it about maintaining a particular mode of interaction. Eurasian regionalism did not have a technocratic stage of development when it was ignored by the public, which made the implementation of initiatives much easier: from the very beginning it was very highly political because it was part of the major phenomenon that concerned all post-Soviet countries, in other words the collapse of the Soviet Union.

Second, the post-Soviet space is characterised by a high level of economic and political asymmetry. Russia has the lion's share of resources, military potential and population, but also (especially in the early 1990s) sufficient bureaucratic capacity to govern regional organisations. High asymmetry makes it particularly difficult to design an appropriate decision-making scheme: if voting rights are more fairly allocated the hegemon fears losing its influence within the given integration structure, and even in bilateral relations with a concentration of power in the hands of the hegemon, smaller countries are concerned about becoming even more highly dependent.

Third, the shadow of the past also affected *how* the interaction among Eurasian countries was traditionally organised. Regionalism almost

coincided with the former space of the Soviet Union,<sup>4</sup> which was governed through a clearly hierarchical structure. Major decisions were made in Moscow and other territories either complied or negotiated (sometimes successfully) with the Kremlin. Following the collapse of the USSR it was a non-trivial task for the elites to make the transition from this model of relations to the equitable dialogue that is inherent in the EU model. Thus, Boris Yeltsin was irritated when Azerbaijani President Abulfaz Elchibey insisted on using a translator in the negotiations in the early 1990s.<sup>5</sup> A further source of friction was the firm conviction of the Russian elites that they fully understood the processes going on in other Eurasian countries. Consequently, they ignored the need to study political developments in what was referred to as the “near abroad”, and frequently misjudged the direction in which the politics of the new independent states were going. In addition, in its imperial past the space in which Eurasian integration occurred (with boundaries determined by the Soviet Union and to a large extent earlier by the Russian Empire) included highly heterogeneous countries.

Finally, the authoritarian nature of the political regimes of the key Eurasian countries (which became more pronounced over time) is a major problem in terms of regionalism. Authoritarian regimes find it much more difficult to delegate power to supranational bodies, and to constrain their autonomy in any way: bureaucrats and elites may perceive even self-imposed constraints as a sign of weakness of the incumbent. Such regimes also lack credibility in terms of commitments: because it is easy for them to reverse their policy decisions, other countries are less likely to trust them. Although some Eurasian organisations managed to overcome this problem, for others it remained a key obstacle. Somewhat paradoxically, for instance, the implementation gap in organisations comprising countries with a lower level of economic interdependence was narrower, basically because their members were less concerned that other countries would abuse this dependence and were more willing to go further with establishing functioning regional-integration institutions rather than merely discussing it. This, as one of the co-authors of this chapter has shown,<sup>6</sup> is one of the reasons why the Customs Union of 2010 (with much looser economic ties between its key members – Russia and Kazakhstan – than in the 1990s and early 2000s) was more successful than

4 The main exceptions are the Baltic states, which have never been involved in any Eurasian regional-integration project. Turkmenistan declared itself an associated member of the CIS in 2005. Turkmenistan and Ukraine did not ratify the CIS Charter either, although they did ratify the Treaty on establishing it. Georgia left the CIS in 2009.

5 Furman and Abasov 2001.

6 Libman and Vinokurov 2018, pp. 334–364.

its predecessors established by virtually the same set of countries. The authoritarian nature of the Eurasian states, combined with their strong interdependence inherited from the Soviet era, required them to become less interdependent first in order to advance regionalism.

In sum, creating a “Eurasian EU” was a task the countries of the post-Soviet space were unlikely to accomplish from the start. At the same time, for decades they successfully managed to imitate such a union, in other words they systematically engaged in integration rhetoric and rituals that appeared to be directed towards its creation, but they never succeeded in implementing this regional-integration approach in practice. Below we discuss the evolution of this imitational regionalism and how it changed over time.

#### **4.2 THE 1990s: WHY AND HOW THE EURASIAN STATES DECIDED TO IMITATE THE EU**

The hopes observers expressed about democratisation in post-Soviet states in the early 1990s quickly vanished. Although most countries in post-Soviet Eurasia adopted the political institutions of advanced democracies (elections, multiple political parties and constitutions proclaiming the separation of powers between the executive and the legislative, for instance), political practices typically did not echo the transplantation of these formal institutions. As a result, post-Soviet Eurasia became the domain of what is frequently referred to as “electoral authoritarian regimes”.<sup>7</sup>

In the view of the authors of this chapter, the most important characteristic of these regimes is the *systematic imitation* of democratic practices. There are elections, for example, but they are manipulated so as to ensure the success of a particular group, although this manipulation does not necessarily take the form of direct falsification. Systematic imitation emerged for two reasons: as a result of biased perceptions and ideas about how democratic political systems work,<sup>8</sup> and as a conscious attempt among ruling elites to stay in power at the same time as achieving democratic legitimacy. The reference to legitimacy is significant here: it was essential for the newly independent states to look like and to be perceived as recognised democratic governments. However, being a European democracy as far as the elites and, to some extent, the population of these Eurasian countries were concerned, also implied being part of the European Union – a regional organisation focusing on economic and

7 Furman 2009, pp. 3–15; Schedler 2002, pp. 36–50.

8 Furman 1996, pp. 42–61.

political integration and the free movement of trade, capital and labour (the development of which was boosted in the 1990s after Maastricht).

Given that joining the EU was not an option during that era (enlargement towards Central and Eastern Europe had yet to happen), post-Soviet countries opted to develop their own analogue to European integration in the form of Eurasian regionalism. There is a major difference, however. The main goal for the European countries was to integrate their economies and societies. The logic of regionalism for the Eurasian countries, on the other hand, is best summarised as follows. Existing economic, social (and even psychological) ties pushed them towards regional integration. The nature of their political regimes, based on imitation of the rules and practices of so-called civilised democratic countries encouraged them to pursue a particular integration project in terms of design, goals and structure – one that resembled the European Union. However, as with the imitation of democracy on the domestic level, the interest of the elites in rent-seeking and power and the lack of knowledge about how regional integration is supposed to function<sup>9</sup> prevented the implementation of this project. Thus, regionalism in Eurasia was imitational in nature.

The narratives of Eurasian regionalism, used by the Russian elites during that period, were also imitative. The CIS treaties and the general discussion during that era highlight two goals of the organisation: the need to ensure a “civilised divorce” among the former USSR republics by reducing any tension associated with the division of common property and responsibilities, and developing a common economic space connecting the new independent states, based on the European experience. In 1997, Tatiana Valovaya, who was responsible for interaction with CIS bodies in the Russian presidential administration, described the future of the CIS in terms of the following dilemma: “are we going to follow the way of the British Commonwealth of Nations, an organisation that is not useless, but lacks a solid economic foundation? Or is our guide the European Union, which is moving towards full-scale economic, currency and political union?”<sup>10</sup> As the head of administration at the Executive Secretariat of the CIS, Aleksandr Shevchenko, clearly stated in the same year: “from the first days of its existence, the CIS in many respects followed the example of the European Union”.<sup>11</sup> Even those who questioned the wisdom of blindly copying the EU, as the then Executive Secretary of the CIS Boris

9 This, again, could be seen as part of the Soviet legacy: most of the politicians and bureaucrats who witnessed the beginning of regionalism in Eurasia were former *nomenklatura* officials (and some were members of the Soviet *intelligentsia*), with a very limited and often ideologically biased understanding of the inner workings of European regionalism.

10 Valovaya 1997.

11 Shevchenko 1997.

Berezovsky did in 1998, referred only to two models of regionalism – the EU and EFTA.<sup>12</sup>

From the perspective of the Eurasian elites, the advantages and disadvantages of economic integration were evenly balanced. On the one hand, as pointed out in the previous section, the close economic ties between the Eurasian states made the fragmentation of the common economic space extremely costly (at least in the short term) and probably exacerbated the generally difficult economic situation in most of the countries concerned. On the other hand, the fragmentation in itself was instrumental in achieving two major goals: rent-seeking (e.g., protectionist support of privileged enterprises and massive public investment in the new infrastructure the independent states needed) and nation-building (requiring clear separation from the former metropolitan power rather than integration). Hence, actively pursuing an integration agenda was unlikely to be attractive to many post-Soviet elites. This, again, strengthened their interest in imitation rather than true, functioning regional integration.

The first institutions of Eurasian regionalism, as mentioned in the introduction, emerged from the collapse of the Soviet Union and were, to a large extent, a reaction to the fragmentation of the single state rather than an outcome of any design. Thus, several republics signed the Economic Community Treaty as early as in October 1991, and whereas some of these already saw themselves as independent states, others intended to remain part of the USSR. The main integrated institution of 1992–1993 was the Rouble Zone – an informal monetary union based on the de-facto control by the Russian Central Bank of the rouble – the former Soviet currency still used in most post-Soviet republics. During this period, some observers (in both Eurasia and the West) hoped that the Rouble Zone would herald a new integration format, but in the end the disagreements among the post-Soviet states precluded such a development.<sup>13</sup>

From 1993 onwards the imitational approach towards regionalism became increasingly predominant. In a nutshell, it is characterised by three common features:

- The regular signing of agreements and treaties by countries that fail to implement them later (and arguably did not intend to implement them in the first place);
- Chaotic sequences of agreements that do not necessarily follow a clear path of integration, are duplicative and significantly overlap,

<sup>12</sup> Berezovsky 1998.

<sup>13</sup> Pomfret 2002, pp. 37–47.

and the content is determined by the short-term preferences of the particular incumbent rather than general integration logic;

- Adherence to rhetoric and institutional forms borrowed from the European Union without due consideration of their relevance to post-Soviet Eurasia.

For example, in 1993–1994 the CIS countries signed the following agreements: the CIS Economic Union (September 1993); the CIS Free Trade Area (April 1994); and the CIS Payment Union (October 1994). Even though the original CIS treaty included provisions related to abolishing customs duties, the same objectives were set out in the frameworks of the first Customs Union (1995–1996) and the Eurasian Economic Community (EurASEC, 2000), which included only a sub-set of CIS countries. The language of EU regionalism is easily recognisable in the CIS treaties (even the idea of a Payment Union was borrowed from the European integration experience). The Customs Union and the EurASEC also clearly take European regionalism as a benchmark in terms not only of the sequence of integration steps, but also of governance institutions and forms of interaction. There is an even more striking example: the post-Soviet states established the Euro-Asian Association for Coal and Metal (EAACM) in 1993, clearly resembling the setting up of the European Coal and Steel Community (although unlike the latter, the EAACM did not produce any results apart from a series of financial irregularities discovered by the auditors in 2000, it was poorly funded and it was ultimately abolished in 2005).<sup>14</sup>

The regional integration organisations that existed in Eurasia during this period produced little in the way of policy output and failed to achieve any meaningful economic or political integration across countries. At the same time, however, they served the important purpose of imitation, creating an illusion of vibrant regionalism in line with European standards and bringing Eurasia closer to the developed world. The imitation also served a number of further goals. Given that regional integration remained a popular concept in many Eurasian countries, political leaders such as Belarusian President Alexander Lukashenko could use it to strengthen their regimes and to brand any opponents “enemies of integration”. Again, this is a specific Soviet legacy, driven by widespread nostalgia on the one hand and the existence of a large number of people with relatives and friends in other post-Soviet countries interested in maintaining open borders on the

<sup>14</sup> Vinokurov and Libman 2017.

other.<sup>15</sup> The integration rhetoric essentially furthered protectionist goals, allowing domestic lobbying groups to secure access to rents.<sup>16</sup>

#### **4.3 THE 2000s: THE LIMITS OF IMITATION AND RESHAPING THE GLOBAL WORLD ORDER**

Although the idea of integration into the global community of democratic nations was one of the main sources of legitimacy for post-Soviet regimes in the early 1990s, over time it lost its appeal in quite a few of them, including Russia. The economic growth in the region starting in the early 2000s increased the level of self-confidence among Eurasian authoritarian regimes. The economic hardships of the 1990s weakened public confidence in the concepts of democracy and a market economy;<sup>17</sup> and as a result the elites in the post-Soviet countries relied less and less on them for self-legitimation.

The evolution of Putin's regime in Russia (which is of special significance for this analysis) is particularly telling. When Putin came to power as the designated successor of Boris Yeltsin in the early 2000s he immediately positioned himself as offering an alternative to the unstable 1990s, namely an era of political and economic stability. The Yukos deal in 2003 marked the end of the pro-market-reform agenda, and since then the Russian economy has slowly but surely moved in the direction of an increasing public-sector presence and renationalisation. Putin lost his original willingness to cooperate with the West, and became more and more open in his criticism, specifically for not recognising Russian interests. This culminated in his famous Munich speech of February 2007. In sum, although the imitation of democracy was an attractive strategy used by the Russian regime in the 1990s to achieve legitimacy, by the second half of the first decade of the 2000s it had become equally important to achieve equal standing with the West and to be recognised as a sovereign power with a respected sphere of influence. This, again, strengthened the legitimacy of the regime in the eyes of the public, and probably reflected the intrinsic goals of the Russian elites.<sup>18</sup>

Thus, in light of Russia's regime evolution in the 2000s, the old approach seemed less attractive. Instead, regionalism assumed a new meaning among the Russian elites – a marker of great power status and of a

<sup>15</sup> Drakokhrust and Furman 1998.

<sup>16</sup> Yevstigneev 1997.

<sup>17</sup> Neundorff 2010, pp. 1096–108.

<sup>18</sup> Sokolov et al. 2018.

privileged Russian sphere of influence. Analysis of the rhetoric of Russian intellectuals and politicians on the topic of Eurasian regionalism reveals a very specific underlying worldview.<sup>19</sup> In the eyes of Russian decision makers and experts, the world is divided into several competing blocs attempting to restructure the global economy and world politics. This worldview could also be seen as a legacy of the past – this time of the Cold War. For a global power to participate in this competition it needs its own bloc of loyal allies. Eurasian regionalism could serve as such a bloc, thereby ensuring Russia's status as a global power. However, if it is to be recognised by other powers the bloc has to follow the same global blueprints: the only blueprint known to the Russian elites and intellectuals was the EU.<sup>20</sup> Furthermore, if the objective is to gain respect and to achieve equality with Western powers it would seem only logical to use a similar institutional design. Hence, the Eurasian integration bloc ought, in the eyes of the Russian elites, to emulate the EU – and not only on a purely rhetorical level.<sup>21</sup>

In other words, whereas Russia and other post-Soviet countries sought to establish a Eurasian EU in the 1990s as part of a general tendency to imitate Western institutions, Russia sought to establish a Eurasian EU in the 2000s so as to be recognised by the West as an equal power. This Eurasian EU could not have been purely imitational: a powerless and defunct organisation could hardly expect recognition from foreign partners or serve as a real marker of Russian influence. Russia's goal thus became to establish a functioning Eurasian EU, but the real goal of economic integration in this case still remained secondary. Russia's foreign-policy focus was directed less towards the Eurasian countries and more towards the West and, in particular, the EU. One could speculate that Russia's purpose in supporting the Eurasian EU was not so much to integrate with the Eurasian states as to develop its relations with the West.<sup>22</sup> This also happened because the extent of EU activism in the post-Soviet space had increased substantially since the 1990s. EU involvement in the European Neighbourhood Policy and the Eastern Partnership was much heavier in post-Soviet Eurasia. Although the EU presented this involvement as purely value-driven, Russian elites, given their general worldview,<sup>23</sup> perceived it as a case of geopolitical struggle for power and encroachment into

19 Libman 2017.

20 Libman 2012.

21 On the attitudes of the Russian elites towards Eurasian regionalism, see also Furman and Simon 2014.

22 See Meister 2015.

23 Morozov 2005.

Russian interests. From this perspective, creating a functioning regional organisation could provide a viable alternative to the EU.<sup>24</sup>

Thus, the approach towards Eurasian regionalism changed substantially in the second half of the first decade of the 2000s. Instead of creating purely imitational institutions, Eurasian countries (and Russia in particular) sponsored regional organisations with real policy impact and authority. The Eurasian Development Bank established in 2006 was the first example of this new wave of institutions: unlike its predecessor (the Interstate Bank), which lacked funding and a real agenda, it received substantial resources from member states and became a functioning institution of development financing. There was a more substantial leap forward in 2010 when the trilateral (Russia, Belarus and Kazakhstan) Customs Union (CU) came into existence. Although essentially following the same agenda as its predecessors of the 1990s, unlike them the CU was implemented. In particular, it managed to abolish customs duties and remove internal customs borders, as well as to delegate decision-making on trade issues to a single supranational body – the Commission of the CU (and since 2011 to the Eurasian Economic Commission, EAEC).

The EAEC is a good example of how the new institutions of Eurasian regionalism were constructed during the era under discussion. On the one hand, the very name of the organisation suggests a clear link with the European blueprint – the EU Commission. In terms of design, the EAEC Board closely resembled the EU Commission in its constitution – with individual ministers representing particular spheres of integration (such as trade, antitrust and agriculture). However, unlike its predecessor agencies such as the EurASEC, the EAEC was endowed with a very large bureaucracy (of over 1,000 people). EAEC decisions within its sphere of competence are enshrined into the national law of member countries and do not require additional national acts to come into force.<sup>25</sup>

At the same time, Russia intensified its efforts to ensure that the CU was perceived as a counterpart of the EU. In fact, Russian leadership explicitly called for a dialogue between the CU and the EU (which at that time met with a lot of reluctance from the EU bureaucracy). The CU advanced its integration agenda: first it established the Common Economic Space (liberalising the movement of people and capital), and in 2015 it became the Eurasian Economic Union (EAEU) with an ambitious integration agenda

24 Delcour and Kostanyan 2014.

25 See: Eurasian Economic Commission 2014. This does not imply that all the provisions of the *EAEU treaties* are automatically implemented by member states: on the contrary, the EAEC keeps a catalogue of existing implementation issues (see: <https://barriers.eaeunion.org/>). The decisions of the *EAEC Board* can be overruled by the *EAEC Council*, which includes *ex officio* deputy prime ministers of each member country. However, if the EAEC Council does not overrule the decision, the acts of the EAEC become part of the national law without further actions of the member states.

and two additional members – Kyrgyzstan and Armenia. Between 2010 and 2015 Russia put substantial effort into ensuring that the countries in the shared neighbourhood of Russia and the EU joined the CU. This was particularly important because the Deep and Comprehensive Free Trade Agreement (DCFTA) became the EU's main integration instrument. Given that it is impossible for members of a customs union to negotiate a free-trade agreement unilaterally, Eurasian countries joining the CU would immediately lose the opportunity to sign the DCFTA: making them join was thus a ploy to keep them in Russia's orbit.<sup>26</sup>

Russia's policy appeared to be successful in the case of Armenia, which decided in 2013 not to join the DCFTA and instead to become part of the CU and the EAEU (which did not happen until 2015). In the view of some observers the Armenian decision was directly influenced by pressure from Russia. Others are more circumspect, however, pointing out that Armenia did not have many policy options other than to follow Moscow's lead: it was dependent on Russia both economically as the main investor in its economy and politically as a guarantor of security because of the risk of war against Azerbaijan and the blockade at the border with Turkey.<sup>27</sup> However, there is general consensus among analysts that the key objective for Russia was to ensure Ukraine's membership of the CU. As the DCFTA negotiations between Ukraine and the EU progressed in 2013, Russia did not hesitate to use coercive measures: it intensified its border controls vis-à-vis Ukraine in the summer, thus damaging Ukrainian companies doing business with Russia and showing its potential to impose economic sanctions if Ukraine joined the DCFTA. The subsequent decision of Viktor Yanukovich to stop DCFTA negotiations was encouraged through a sizeable Russian loan.

Thus, the general aspiration of Russia in the second half of the first decade of the 2000s for the West to perceive it as an equal power was one of the reasons why Eurasian regionalism evolved into a functioning organisation in some respects. At the same time, its desire for EU recognition of Eurasian regional organisations forced Russia to adopt a kind of Eurasian EU, adhering even more closely to EU blueprints. This policy led to a paradoxical outcome: by design, EU-like regional organisations constrain their members. The CU and the EAEU are no exceptions: on occasions, Russia's position in the EAEC and even Russian domestic legislation are overruled by the supranational bureaucracy.<sup>28</sup> Russia accepted this to ensure that the CU and the EAEU remained functioning – thereby

26 Libman and Obydenkova 2018.

27 Ter-Matevosyan et al. 2017; Hayrapetyan 2015.

28 Vinokurov 2018.

serving larger geopolitical objectives regarding relations with the West. It is also ironic that the most functional (although naturally still limited) EU analogy in Eurasia emerged precisely when Russia's stance towards the EU turned confrontational rather than cooperative (and precisely because of this transformation of Russian foreign-policy goals).

The analysis thus far has focused specifically on Russian goals and objectives. Although there were similar developments in some other Eurasian states (with the emergence of much more open, consolidated autocracies), few of them took a strong anti-Western stance. Imitational regionalism, however, was not necessarily restricted to Russia-centric organisations: the GUAM (Georgia, Azerbaijan, Ukraine and Moldova) group, established in the 1990s, proclaimed the ambitious objectives of economic and political integration, but in reality this was limited to rhetoric that drew attention to the issue of frozen conflicts and Russia's role in this context.<sup>29</sup> As far as the other states were concerned, the more likely the CU and the EAEU were to become functioning regional organisations, the more difficult was the choice for countries preferring the imitational approach: they either had to commit to the new regional organisations (ideally receiving some payback in the form of explicit and implicit Russian subsidies, as Belarus did) or to distance themselves from regionalism.

The countries that remained active in Russia-centred Eurasian regionalism (Belarus, Kazakhstan, Armenia, Kyrgyzstan and, to some extent, Tajikistan) were driven by a complex mix of objectives vis-à-vis regional integration. On the one hand, it was essential for most of them to protect their national sovereignty on both the practical and the symbolic level. This limited the form of regionalism: as we have pointed out, Kazakhstan rejected even limited forms of political integration in the EAEU. It also determined its governance: whereas the CU Commission used a weighted voting scheme skewed in favour of Russia, for example, each country in the EAEC has an equal vote, and smaller countries also insisted that all management positions should be filled based on the equal representation of all countries). On the other hand, these active countries attempted to reap practical economic or non-economic benefits from regionalism: access to Russian transportation and pipeline systems (Kazakhstan); access to the Russian labour market (Kyrgyzstan and Armenia<sup>30</sup>); military security guarantees (Armenia); cheap finance through the Eurasian Fund of Stabilization and Development and bilateral credits (Belarus and Tajikistan); benefits from the redistribution of customs duties across CU/

29 Vinokurov and Libman 2017.

30 As well as, potentially, Tajikistan, if it ever joined the EAEU.

EAEU members (Armenia and Kyrgyzstan); privileged access to Russian oil exports (Belarus); and continuing as an entry point for Chinese consumer goods en route to post-Soviet markets (Kyrgyzstan).

Finally, we do not claim that Russia is the only force behind the EAEU and the CU: Kazakhstan played an equally important role, strongly supporting the implementation of the CU in 2010. Moreover, although the Russian logic of geopolitical competition with the West is not applicable to Kazakhstan, some of the motives are similar: the Kazakhstani leadership pursues the clear objective of ensuring that the country is perceived as a significant actor in global politics. Numerous Kazakhstani initiatives, including the OSCE and Islamic Conference presidencies, EXPO in Astana in 2017 and the Conference on Interaction and Confidence-Building Measures in Asia initiated by President Nursultan Nazarbayev, also fit into this agenda. Even the name Eurasian Union was suggested by Nazarbayev in 1994. The development of the CU as a functioning organisation (rather than a pure imitation) could also be attributed to the same logic.

#### **4.4 AFTER 2014: THE END OF IMITATION?**

The 2014 crisis in Ukraine marked a twofold change in the development of Russian foreign policy: from the complex search for partnership and occasional criticism of the West towards open confrontation. Therefore, seeking recognition by the West and copying Western institutions as a tool for enhancing legitimacy became less attractive.

Thus, the idea of a Eurasian EU should also be less interesting for the Russian leadership, which indeed seems to be the case. The EAEU treaty is already backing off in comparison with the CU on a number of significant institutional issues (such as reducing the role of the EAEU Court).<sup>31</sup> Although the member countries still formally reach the agreed milestones of regional integration (such as the new Customs Code and the common market for medical products), the content of the new agreements is much more vague and implies a lower level of intergovernmental policy coordination.<sup>32</sup> At the same time, the EAEU is slowly but surely disappearing from the rhetoric of the Russian leadership. In 2011, according to one of his programmatic newspaper articles published before the elections,<sup>33</sup> Putin considered the Eurasian Union a crucial element of Russian foreign policy, also emphasising its potential to become part of a greater European

31 Dragneva 2016; Karliuk 2016; Kembayev 2016.

32 Vinokurov 2018.

33 Putin 2011.

project based on more intensive cooperation with the EU. In his 2018 address to the nation, however, he was much more eager to focus on Russia's military capabilities, and barely mentioned the EAEU.<sup>34</sup>

At the same time, Russia seems to be returning to the domain of imitational regionalism, although focusing on different blueprints – China rather than the EU. The Chinese Belt and Road Initiative is based on very different premises than the EU approach: it is a flexible structure rather than a well-defined organisation and puts more effort into the implementation of specific projects than into developing common norms and rules. The idea that projects should take precedence over norms was already prominent in Russian rhetoric in 2014–2015.<sup>35</sup> In 2014, Russia initiated negotiations between the CU (later the EAEU) and China on the interface between the EAEU and the Silk Road Economic Belt. These negotiations led to the establishment of a trade treaty in 2018, which nevertheless falls short of a free trade agreement and merely contains a number of trade-facilitation measures. At the same time, Russian rhetoric seems to refer more and more frequently to the rather opaque idea of a Great Eurasian Partnership – a flexible structure (not unlike the Belt and Road) connecting different countries of Eurasia. Given the current economic and political potential of Russia, as well as confrontation with the West, this Partnership is unlikely to be implemented, yet it features in the rhetoric of Russian leaders.<sup>36</sup>

None of the smaller Eurasian countries seem to follow Russia's confrontational approach towards the West. It would thus seem that they are unlikely to embrace the new type of Russian integration rhetoric (although interaction with China within the framework of the Belt and Road is important for many of them). At the same time, the current situation in Eurasia hardly leaves any space for new integration projects in addition to the EAEU and the EU-led DCFTA. The only exception appears to be Central Asia, where there is some evidence of growing activism among member countries concerning a sub-regional integration initiative: even in this case, however, thus far there is no evidence of specific projects.

34 Putin 2018.

35 Libman et al 2016.

36 Tsvetov 2017.

## 4.5 CONCLUSION

In sum, Eurasian regionalism has been through three developmental phases. The predominance of imitational regimes in the 1990s aroused the interest of Eurasian countries in imitating the Eurasian EU to demonstrate that Eurasia was following global patterns – while at the same time precluding it from becoming functional. Russia's desire for the West to treat it as an equal and its concerns about the expansion of the ENP motivated the transition to a new approach in the 2000s. This was a form of regionalism that still mimicked the EU, so as to be recognised by the West, but which was based on a much higher level of functionality: not to be dismissed as irrelevant by potential Western partners and readily allowing Russia to forge binding relationships with the Eurasian countries. The success of the CU and the EAEU could be seen as a product of this phase of development. Russia finally seems to have returned to integration rhetoric since 2014 and is now using China (and not the EU) as a benchmark.

Eurasian regionalism, itself a legacy of the Soviet past, was shaped throughout its development by various other real or ideational legacies of the USSR that explain the choices these countries made related to regional integration. Such legacies include the symmetric distribution of resources and bureaucratic capacity, the need to accommodate intensive economic and social ties between countries, the development of imitational regimes leading to imitational regionalism in the 1990s, and the return to Cold War thinking, which played an important role in how Russian elites shaped the country's foreign policy in the 2000s.

We are not suggesting that the EAEU is likely to become powerless or to disappear in the years to come. On the contrary, the lack of political attention could be conducive to implementing low-level bureaucratic goals such as the harmonisation of standards. The EAEU has already achieved a substantial level of integration, and in the face of bureaucratic inertia is likely to stay at this level.

At the same time, we suggest that both of the goals post-Soviet (and in particular Russian) leaders pursued while supporting regionalism in Eurasia in its “EU-like” form, namely demonstrating an ability to follow the same path as the European nations (in the 1990s) and confirming Russia's great power status (in the 2000s), are unlikely to have an influence on Russian foreign policy in the future.

What does this analysis imply with regard to the main research question addressed in this volume, namely what remains of the Soviet Union almost thirty years after its collapse? First, the existence of the post-Soviet regional organisations indicates that Eurasia still, to some extent,

perceives itself and is perceived as a single region in world politics. The boundaries of this region are blurred, as several countries try to avoid being characterised as “Eurasian” (Ukraine, Moldova and Georgia) and limit their level of participation in Eurasian regionalism or remain outside it.<sup>37</sup> Second, Eurasian countries are still economically and socially linked. These linkages, unsurprisingly, weakened during the post-Soviet era, partly because of the imitational nature of Eurasian regionalism and partly as an unavoidable consequence of constructing new independent polities, but they have certainly not disappeared. Examples include the vibrant labour migration from Central Asia and Armenia to Russia, and the continuing vital role of Russian foreign direct investments in many Eurasian countries. In many cases the persistence of these ties is much more an outcome of bottom-up processes as economic and social actors maintain their contacts, than of the top-down process of formal international regional integration. In some cases, however, Eurasian regionalism as discussed in this chapter contributed to it as well: the visa-free regime between most of the CIS countries is conducive to labour migration, for example. In other cases, new economic ties emerged from the old legacies.

The political regimes currently in place in most Eurasian countries have evolved from the regimes that emerged after the collapse of the Soviet Union (although some countries departed – or attempted to depart – from this tradition). At the same time, it should be borne in mind that Eurasia comprises countries that differ fundamentally in terms of economic development, history before incorporation into the Russian Empire or the USSR, and culture. This heterogeneity should lead naturally to very different trajectories of political and economic development.

37 Kazakhstan, on the other hand, highlights its status as a “Eurasian” country, although it focuses less on the post-Soviet Eurasia and more on its position in the middle of the Eurasian continent: the alternative for Kazakhstan would be to be perceived as part of the Islamic world or the Middle East, which does not appear to be attractive to its leadership.











## 5. THE ENERGY SECTOR OF THE POST-SOVIET REGION AND ITS INTERCONNECTIONS

Marc-Antoine Eyl-Mazzega

### 5.1 INTRODUCTION

The Soviet Union was an energy giant, ranking first in 1989 in terms of its share of world primary energy supply. Several common characteristics of the Soviet energy system can be identified.<sup>1</sup> Firstly, it consisted of a system of energy dependencies among the different territories and SSRs. Following the state electrification plan of the 1920s,<sup>2</sup> many hydroelectric dams were built all over the Soviet territory alongside thermal power plants, and regional power supply systems were developed. Russian gas was progressively exported via Ukraine (preferred over Poland, which was not trusted) to the Warsaw Pact countries from 1949 onwards, and to Western Europe from the late 1960s. The commissioning of different phases of the Brotherhood gas pipeline system from 1967 onwards marked another milestone in developing Soviet gas exports to Western Europe. With the development of the pipeline infrastructure, gas was then used in Ukraine, Belarus and Russia not only for industry, where it replaced oil and partly replaced coal, but also for the residential sector. As a consequence, Ukraine consumed 119 bcm of gas in 1990 (ranked 3rd in the world), including 91 bcm of Russian gas, and Russia consumed 490 bcm (ranked 2nd in the world) that same year. Russian oil was supplied to Western markets mainly via the Baltic ports and via the Druzhba oil

1 Gustafson 1989; Zumer 1989; International Monetary Fund 1991.

2 GOELRO (Государственная комиссия по электрификации России), or State Commission for Electrification of Russia. Supervised by Lenin, it was initiated and implemented in the 1920s and 1930s, with the Soviet territory divided into several regions with the objective of achieving complete electrification in order to foster industrial and social development.

pipeline system through Ukraine and Belarus from 1964. Soviet oil exports increased rapidly and reached 215 million tonnes per year (mt/y) in 1989, representing 35% of total output.

Another characteristic was inefficiency in producing and consuming equipment and technologies: in the 1970s and increasingly in the 1980s, oil, gas and coal production absorbed over 40% of the total industrial investment budget, while many of the energy-intensive industries were not energy efficient and also faced a sharp decline in productivity.<sup>3</sup> Overall, energy policies had been predominantly supply-side-driven, with little or no focus on savings or efficiency on the demand side. Policies were centrally planned and designed, with little attention paid to varying technical or resource base constraints.

Thirdly, Soviet oil and gas exports were only oriented in the Western European direction: Asia was absent from the Soviet oil and gas export map and no pipeline or power infrastructure linked the Russian or Central Asian territories to China or other Asian countries.<sup>4</sup>

Lastly, the Soviet economy became increasingly dependent on oil and gas exports in the 1980s in order to keep its system afloat, to the extent that energy exports represented about 65% of hard currency earnings in the Gorbachev era. The system was also dependent on specific Western equipment imports that it could not produce, such as large diameter pipelines, pumps and compressors.<sup>5</sup> Soviet oil production peaked in the mid-1980s at slightly over 600 mt, before plummeting to 360 mt in the mid-1990s (just under 6 million barrels per day (mb/d) as oil prices had fallen sharply since the early 1980s).

This chapter examines the transformations that took place in the former Soviet Union's energy sectors and their interconnections, with a focus on Russia, Ukraine, Belarus, Azerbaijan, Armenia, Kazakhstan, Uzbekistan and Turkmenistan. The analysis starts by focussing on the role of energy in the economy of these independent states in order to set the scene. It then moves on to analyze how the newly-independent states organized their energy sectors and whether there is a Soviet imprint or legacy. In the third part, the chapter assesses how countries managed their mutual energy interdependences, what kind of strategies were implemented, and to what extent the old connections are still in place. Lastly, the analysis turns its attention to the international trade of hydrocarbons to ascertain whether new patterns have emerged, and the degree to which the Soviet export system is still in place.

3 Ermolaev 2017.

4 Henderson and Mitrova 2016.

5 Central Intelligence Agency 1982.

## 5.2 THE ROLE OF ENERGY IN THE ECONOMIES OF THE FORMER SOVIET UNION

### 5.2.1 The energy and electricity mix

Russia's energy mix still relies largely on gas (the share of which has increased slightly at the expense of coal and oil), on oil and nuclear, as well as coal and hydro beyond the Urals. Kazakhstan still relies on coal for the most part, which represents 50% of total primary energy supply (TPES – equivalent to total primary inland energy demand), yet the share of coal has decreased as gas has expanded at a quicker pace, with oil still at 20% of TPES; Belarus still relies predominantly on gas, followed by oil; Uzbekistan remains a country where gas is predominant, representing about 90% of TPES.

A noticeable change occurred in Ukraine: coal represented 31% of TPES in 2010 but only 20% in 2016, while gas held a 40% share of TPES in 2010, down to 35% in 2016. This is a result of the externally driven price increases since 2006 and is also a consequence of the 2014 regime change, the war with Russia and loss of coal production facilities, as well as the related economic recession. Nuclear and renewables have largely made up the difference. Ukraine's gas demand has diminished by 75% since 1991, down to 32 bcm in 2017, primarily due to the closure of the energy-intensive industries.

Overall, from 1990 to 2017, coal consumption for power generation and industry fell sharply in Ukraine, and to a lesser extent in Russia, but not in Kazakhstan where coal in power generation has increased by 25% over the past 15 years as about 72% of electricity generation is coal-based.

Natural gas use for power generation has expanded in Russia, Azerbaijan, Belarus, Armenia, Uzbekistan and Kazakhstan. Gas remains the main fuel for residential sectors (heating and cooking) in almost all former Soviet republics, with a few exceptions such as Kazakhstan and Belarus.<sup>6</sup> Relatedly, the use of oil for power generation has practically been discontinued in most of the former Soviet republics.

Since the collapse of the Soviet Union, new nuclear power plants have been commissioned in Russia (with 35 reactors currently in operation), yet new construction plans in Ukraine (15 reactors currently in operation) did not materialize. In both countries, the share of nuclear in power generation has increased, representing around 17% of power generation in Russia and 55% in Ukraine in 2017. Rosatom is currently building a nuclear power plant in Belarus, while Uzbekistan signed an agreement in October 2018 for the construction of two reactors by 2028.

6 See EU4Energy.iea.org.

Non-hydro renewable energy sources are at an embryonic stage in most of the former Soviet republics. Following supportive policies, significant development nonetheless exists in Ukraine with over 1.5 gigawatts (GW) installed as of April 2018, and in Russia, which has set an objective to develop 5.5 GW of renewable energy capacity by 2024, compared to 1 GW currently, and several projects in Kazakhstan, for example.

### 5.2.2 Energy consumption and energy intensity

Energy consumption in all former Soviet republics fell sharply during the 1990s in particular, before picking up again, driven by electricity demand as the situation stabilized after the post-Soviet transformation shock and the economy gradually recovered. The Soviet Union had been extremely energy-intensive (the amount of energy that is used to produce a unit of added value), but following the economic collapse of the 1990s, the scale of energy consumption per Gross Domestic Product (GDP) largely decreased. The sharp improvement in energy intensity since the fall of the Soviet Union resulted from the economic recession, which led to a steep decrease in energy demand. Yet in spite of these improvements, Turkmenistan, Ukraine, Uzbekistan, Kyrgyzstan, Kazakhstan, Russia and Moldova (ranked in declining order of energy intensity) were still among the top 20 most energy-intensive countries in the world in 2014.<sup>7</sup>

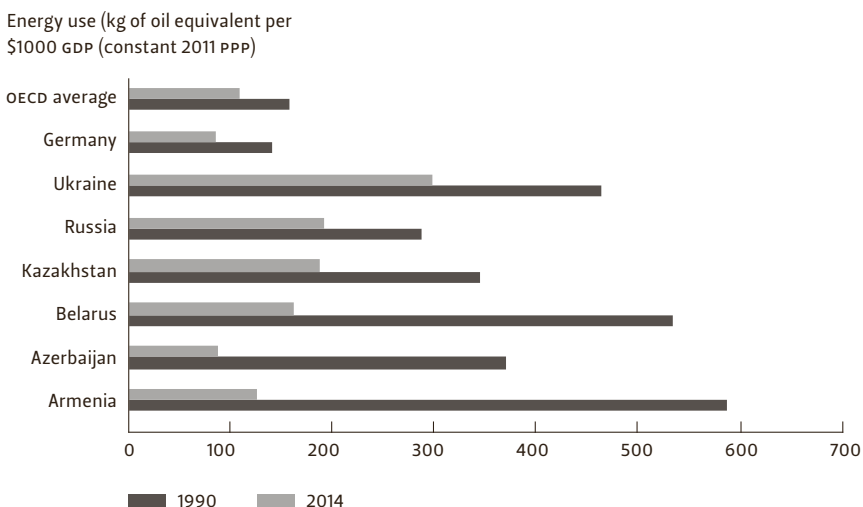


Figure 1: Evolution of energy intensity in a selection of former Soviet Union countries and comparison with developed economies

Source: World Bank

<sup>7</sup> See EBRD 2017.

In most cases, the improvement in energy intensity has not resulted from energy-efficiency policies. Soviet energy policies were heavily supply-side driven, and that bias continued throughout the 1990s and 2000s up until today. Whispers of change occurred at the end of the 2000s as energy import costs had been soaring and with the restructuring of industry sectors, the remaining companies had the capacity to invest and borrow in order to modernize their equipment. In Russia's power sector, modern, highly efficient combined thermal heat and power plants were commissioned as Russia was concerned about the sharp increase in electricity consumption and feared that generation capacity would be insufficient.<sup>8</sup> This also enabled the closure of ageing, inefficient power plants, although many of the remaining operating fleet have been in operation for well over 30 years.

Energy efficiency has slowly entered the energy policy debate in Russia and Ukraine, culminating in ambitious targets set by President Dmitry Medvedev in 2008 and 2009: reducing the energy intensity of GDP by 40% by 2020 compared with 2007. However, Russia's efforts have largely stalled since 2014 in the context of the economic recession and rouble depreciation. Belarus, where the economy is dominated by state-owned companies, has made a policy effort, while Ukraine is expected to show progress as a result of widespread international support received since 2014, coupled with its Energy Community Treaty membership.

The untapped potential in Ukraine is large: Figure 2 shows that in 2015, Poland and Ukraine had an equivalent energy consumption, yet Poland's GDP was five times higher and its population 20% smaller, although both countries had very similar patterns by 1990.

8 International Energy Agency 2014.

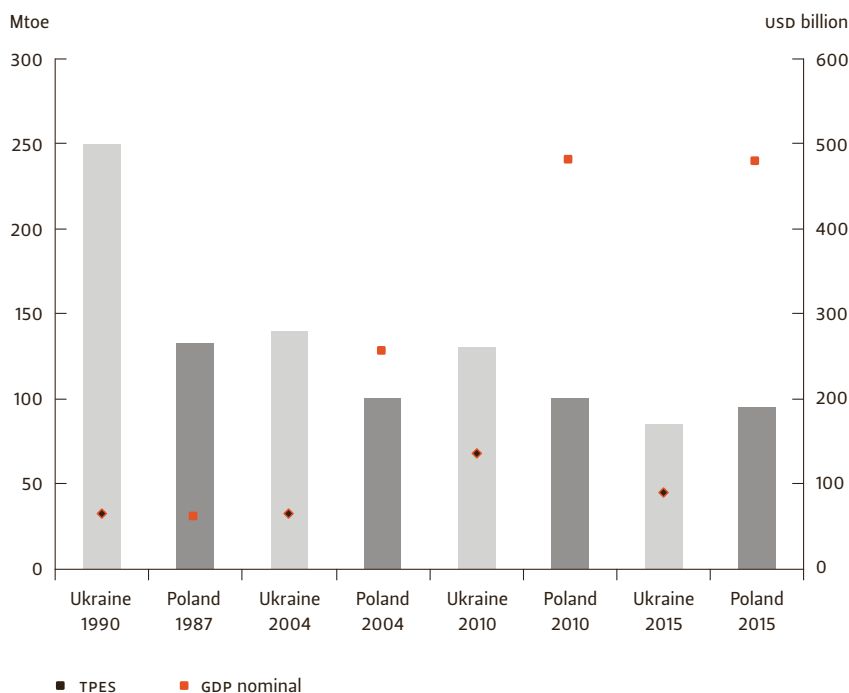


Figure 2: Comparison of Poland's and Ukraine's TPES and GDP, 1989–2015

The residential sector of former Soviet Union countries can be divided into two categories: very large old Soviet building stock, which is poorly insulated and highly inefficient and usually connected to a centralized heating system, and new apartment blocks built since the 1990s. Centralized district heating systems are facing three fundamental challenges: ageing and inefficient infrastructure with massive losses; lack of viable business schemes that could lead to modernization investments and improve the quality of service; and overcapacities, as a consequence of disconnections and the switch to individual solutions, such as those in new buildings.

The sharp fall in energy consumption has led to a corresponding decline in greenhouse gas emissions of about 30% on average since 1990, yet Russia remains one of the world's most polluting countries (ranked 4th). Russia has signed, but not ratified, the Paris Agreement.

### 5.2.3 Tariffs and metering

The Soviet economic system relied on the principle of heavily subsidized, practically unlimited and non-metered fossil fuel supplies. Following the breakup of the Soviet Union, the system of very cheap energy supplies

was maintained for social reasons and because the newly independent economies became barter economies as hyperinflation was making monetary transactions futile. Once the economies stabilized towards the end of the 1990s, the priority was to collect payments and deploy meters, at least for industrial consumers.

Two groups of countries could then be identified: those dependent on fossil fuel imports, notably from Russia, and those that had the resources to be self-sufficient. The dependent countries faced recurring payment crises (notably Ukraine, Belarus, Moldova, Georgia, and Armenia) and in the early 2000s were forced to progressively raise industrial prices to market levels (Ukraine, Moldova) alongside residential tariffs (Moldova and Georgia, while Ukraine only raised prices noticeably from 2014). Armenia, Belarus and Kyrgyzstan did not want to impose changes with such severe social and economic implications. As a result, Russian companies, notably Gazprom, progressively took over their energy infrastructure, in terms of gas transmission and distribution and power generation/distribution, for example. Ukraine and Belarus proved to be special cases due to the mutual energy interdependence that existed with Russia: both were 100% dependent on oil and gas imports from Russia, yet Russia needed their transmission infrastructure to export its oil and gas resources.

As a consequence, electricity and gas for the retail segment have been heavily subsidized in all of the former Soviet republics, yet at different levels and in different timeframes. Georgia, Moldova and Ukraine are clearly the three countries with tariffs that currently best reflect market levels – yet with social redistribution mechanisms still in place as the bulk of the population cannot afford to pay such tariffs. Turkmenistan stands out as, until June 2017, it provided free water, gas and electricity for its population.

The social and economic challenges of subsidized energy supplies have also been on the Russian agenda. In 2006, the Russian government decided to change regulated tariffs to export netback levels by 2011 yet never implemented the change, and in 2013 a decision was taken to freeze regulated tariffs as of July 2014 and limit their increase to the level of inflation.

Overall, the challenge of changing to market-based prices must not be underestimated. Adjusting tariffs to account for the rise in dollar prices and for the depreciation of the currency proved to be politically and socially fraught, notably in Ukraine, where regular democratic elections were held and where increasing heat supply tariffs was a very sensitive issue. Moldova and Georgia were the first, however, and Ukraine always attempted to gain time in its yearly negotiations with Russia. Since 2014, Ukraine has largely cut all direct gas consumption subsidies.

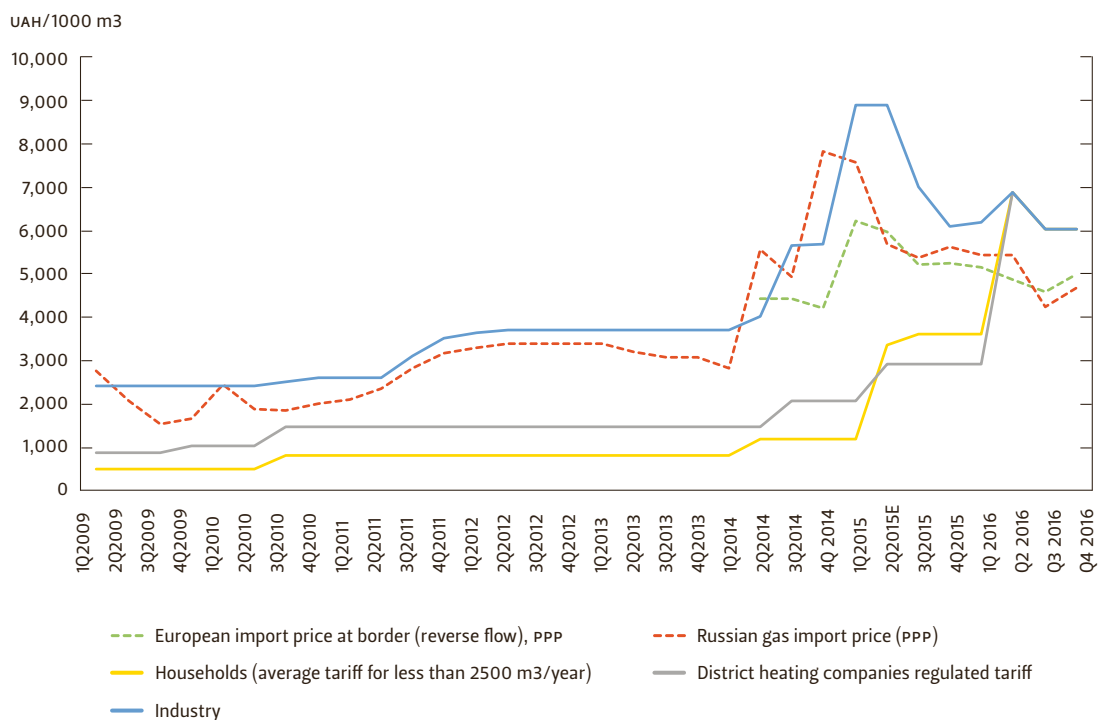


Figure 3: Evolution of regulated gas prices in Ukraine, 2009–2016

A common feature emerged in all of these post-Soviet economies: the market segmentation between the residential sector, with low prices and poor revenue collection and a social obligation to ensure supplies no matter what, and the industry sector, with higher prices corresponding to full supply costs (import costs + transport and distribution costs). When industrial consumers piled up debts, these could be offset with asset takeovers or cut-offs.

Lastly, these price distortions and segmentations of the gas markets have had a major impact on the political economy of these countries. They have served as drivers of state capture and predation, which relies on the ability to control the gas supplies to the industrial segment and of well-connected individuals to divert heavily subsidized gas for the residential sector to the industry sector. Ukraine's 2014 political leadership change and the new, transparent and effective management put in place within Naftogaz has certainly helped to contain this system for the most part. For example, gas demand for the residential sector in Ukraine fell from 16.8 bcm in 2013 to 11.2 bcm in 2017. This is not wholly attributable to the termination of gas diversion schemes, but a substantial part of it is.

The battle to completely remove such schemes is still being fought with the regional gas distribution companies, however.<sup>9</sup>

#### **5.2.4 Hydrocarbon production**

Last but not least, there has been a clear transformation from the Soviet era in terms of fossil fuel production levels. A combination of foreign and private sector investments (in Azerbaijan, Russia, and Kazakhstan), rising oil prices, new technologies and field expertise, supportive fiscal rules and new managers succeeded in putting hydrocarbon production back on a virtuous growth path.<sup>10</sup>

Putin's election as President marked the start of a nine-year period of rising oil prices, topping levels seen in the early 1980s. In addition, he managed to implement tough fiscal reforms as companies benefitted from rising prices and revenues. Russia's liquids production reached 11.34 mb/d in 2016 and 2017, approaching the Soviet level. Kazakhstan's oil production has also been rising, from a low of 0.43 mb/d in 1994 to 1.72 mb/d in 2017, as has Azerbaijan's, up from 0.167 mb/d in 1996 to a peak of 1 mb/d in 2010, before declining to around 0.8 mb/d in 2017.

The Soviet dependency on Western technologies has largely been overcome for conventional oil resources, and Russian steel mills are able to produce much of the equipment needed for conventional oil sector developments. Yet Western technologies are still needed for the safe and efficient development of hard-to-recover resources such as those deep offshore and in the Arctic, for tight oil, as well as for specific equipment for LNG terminals and efficient turbines for thermal power plants.

In the gas field, Russia's production has remained steady at around 630 bcm/y, yet changes were twofold: Gazprom has been successful in opening up new production sites in the Nadym–Pur–Taz region and Yamal peninsula regions (Zapolarnoe and Bovanenkovskoe respectively), as production from legacy fields has declined. Moreover, Gazprom's share of total production has been declining, from a near monopoly position to around 63% in 2017 as other competitors have developed their market share, notably Novatek and Rosneft.

Ukraine managed to stabilize its output at around 20 bcm/y, and Azerbaijan became a significant gas producer as associated gas and new offshore gas fields were developed. The same goes for Kazakhstan, where the giant Karachaganak oil and gas field was further developed in the 2000s and where associated gas production from Tengiz in particular has been rising. Turkmenistan remains a special case: deprived of market

9 Kyiv Post 2018.

10 Gustafson 2012.

outlets, its gas production decreased sharply in the 1990s. The growth trend observed in the 2000s, driven by exports to Russia, was reversed when Gazprom ended its trading schemes involving Turkmen gas, before picking up again when supplies to China were started (see next chapter). Uzbekistan, which has the largest population in Central Asia, has seen a mild yet steady growth in gas production.

A common trend in these oil and gas producing countries is their continued economic dependence on fossil fuel resources production and exports, amounting to about 35% of Russia's budget revenues in 2017; 40% of Azerbaijan's GDP and 90% of its exports; and about 30% of Kazakhstan's GDP. This generates huge economic vulnerabilities from oil price fluctuations as the fall in oil prices from the end of 2014 until mid-2016 illustrated: Russia and Azerbaijan went into recession, while Kazakhstan's GDP remained positive by a very thin margin.

A fundamental issue is these countries' ability to diversify their economies and develop the non-oil and gas economic sectors. Russia's share of oil and gas in its budget revenues has declined in recent years to about 42% (from 52% in 2013), but much of this is not related to the development of new economic activities. Kazakhstan has recently accelerated preparations for a process of large-scale privatizations. In Russia, following his re-election in 2018, President Putin has set some new strategic economic targets which, if realized, alongside a major oil and gas sector tax reform (the so-called 'fiscal rule'), could reduce the country's exposure to oil market fluctuations.<sup>11</sup> It remains to be seen whether the political economy of regimes in the region can make such a diversification successful.

### 5.3 THE RESTRUCTURING OF THE ENERGY SECTORS

After the breakup of the Soviet Union, each newly independent state was faced with the choice of how to restructure its energy sector. The Soviet system had been organized in terms of sectoral ministries for electricity, pipelines, oil and coal. Conversely, since the dissolution of the Soviet Union, leading producing countries in the region have set up ministries which ultimately have oil, gas, electricity and coal under the same umbrella, as in Russia, Kazakhstan and Ukraine, for example.

Another post-Soviet characteristic is the creation of integrated oil and gas companies: Naftogaz in Ukraine (responsible for oil and gas production, transmission, distribution, and imports), KazMunaiGas in Kazakhstan, and Socar in Azerbaijan. In Russia, only Gazprom emerged

11 Eyl-Mazzega (ed.) 2018b; The World Bank Group 2018.

as an integrated company that handles production, transmission, distribution, and exports, as does Turkmenigas in Turkmenistan. Separate state-owned entities have been established for oil transportation in Russia (Transneft) or for gas transportation in Kazakhstan (KazTransGas).

The Russian oil sector was initially privatized to a large extent following the breakup of the Soviet Union, before being progressively taken back under state control through Gazpromneft, and particularly through Rosneft's expansion via various strategic acquisitions (Yukos, TNK-BP, Bashneft). There are only two major private producers left in Russia, Lukoil and Surgutneftegas, as Rosneft now produces almost half of the country's oil and has become one of the world's largest producers.<sup>12</sup>

The creation and expansion of such vast state-owned companies was justified partly by social, financial and strategic objectives: ensuring stable and subsidized supplies for the population, jobs and regional development; channeling dividends into the budget; and realizing strategic political or geopolitical projects. Yet they also became a tool for the capture of these companies' assets, financial flows or resources via inflated procurement contracts or direct theft, as the management was appointed by the Head of State or required his consent. Under Leonid Kuchma's two terms (1994–2005), Naftogaz became a state within the state, financing political campaigns, enriching cronies and subsidizing selected industries. Gazprom was partly privatized under Rem Vyakhirev and Viktor Chernomyrdyn, before President Putin changed the company's management.<sup>13</sup>

Murky intermediaries such as Itera, Eural Trans Gas or RosUkrEnergo flourished as ruling elites and the management of state-owned companies set up schemes whereby they would capture and share part of the rents stemming from differences in price levels at the expense of the different state companies and, ultimately, the respective country's taxpayers.<sup>14</sup> In the schemes involving Turkmenistan, Russia and Ukraine from the late 1990s until 2009, Gazprom and Naftogaz were the losers, while the hidden shareholders of the intermediary companies were the winners. Such schemes have come to an end, however, as the intermediaries were gradually forced out of business, yet a major weak point in the transparent management of state-owned companies in the regions remains the procurement segment, where contracts can easily be inflated and awarded to preferred suppliers.

Several factors have been driving change in this context as a whole. National oil and gas companies needed to become more transparent as

<sup>12</sup> Gustafson 2012.

<sup>13</sup> Clover 2013.

<sup>14</sup> Balmaceda 2004; D'Anieri 1999.

they sought to access foreign credit and financial markets and establish partnerships with Western international oil companies (IOCs). Combined with the need to develop new, more complex and costly reserves (in Russia's unconventional plays, Russia's Arctic territory or offshore, or in Kazakhstan's or Azerbaijan's offshore) while mature fields have been progressively depleting, the fall in oil and gas prices in 2009, and especially since the end of 2014, has pushed these companies to seek to develop new partnerships with Western companies, or to create favourable conditions for production agreements to be extended and for new investments to be secured.

The partnerships with IOCs have not always run smoothly, however. As several projects involving these IOCs did not produce the expected results, the governments in Russia and Kazakhstan, for example, sought to restrain their activities and to force them to engage in partnerships involving their national oil and gas companies, and to pay more taxes. The Kazakh government, for instance, inserted KMG into key oil and gas projects and entered into several tax disputes. Russia no longer resorted to Production Sharing Agreements, putting Gazprom and Rosneft at the centre of partnerships with foreign companies instead, and inserting Gazprom into Shell's Sakhalin project, for example.

Last but not least, Ukraine is a special case: since 2014, under pressure from the IMF, EU, and EBRD, and as part of its Energy Community Membership obligations, Naftogaz has been progressively transformed and restructured. It has lost its import monopoly, agreed to unbundle the gas transmission functions and give up its import monopoly, and has adopted Western corporate governance standards.

Finally, the electricity sectors of former Soviet Union countries have undergone different processes with varying stages of liberalization and types of market structure. Overall, state-owned companies remain dominant in most of these countries' power generation segments (InterRAO in Russia, Energoatom in Ukraine, Belenergo in Belarus, Uzbekenergo in Uzbekistan, and Azerenerji in Azerbaijan), as well as dispatch and transmission segments. A remarkable development took place in Russia, where major foreign investments were attracted in the power generation and distribution segments (notably Finnish Fortum, Germany's EON, and Italy's Enel).

## **5.4 MANAGING THE MUTUAL GAS INTERDEPENDENCIES WITHIN THE FORMER SOVIET UNION AREA**

The Soviet gas supply, transmission and export system was designed and operated on the assumption that it would remain integrated. From 1991 onwards, this system was divided into several parts within the boundaries of the newly independent states, with new legal entities set up that would take responsibility for the maintenance, management and operation of the infrastructure. This happened against a backdrop of hyperinflation, the demonetization of transactions, weak state institutions, and criminalization. The challenges were manifold, starting with metering at the border and setting up new legal entities and commercial relations. As an example, no gas meters have been installed as yet in Ukraine on the pipelines entering Ukrainian territory from Russia. Metering takes place in Russia, in the presence of both companies' technicians.

Russia found itself dependent on the Baltic countries for a large part of its oil exports (as well as Ukraine and Belarus), and on Ukraine for its gas exports. Kazakhstan was dependent on Russia for its oil exports and on Turkmenistan for its gas exports, as was Azerbaijan. Central Asia and the South Caucasus turned into a knot of intricate relations for electricity and gas supplies. Most of Ukraine's gas needs had to be met by imports from Russia or Central Asia, and the same went for Belarus. Moreover, the Russian united national power system (UPS) was connected to all of its neighbours, running in synchronous mode with the power systems of Ukraine, Kazakhstan, Belarus, Azerbaijan, Georgia, Mongolia and Uzbekistan.

This knot of mutual interdependencies had the potential to be highly conflictual. While it led to political tensions and numerous supply disruptions, the 1990s were characterized by mutual arrangements put in place and no real attention was paid to reorganizing this non-cash system where debts were piling up.

This changed during President Putin's first two terms in office. He was intent upon pursuing several goals at the same time: controlling Russia's oil and gas exports; diminishing Russia's dependence on transit countries; increasing export capacities and outlets; and, lastly, maximizing Russia's rent and economic benefits in developing new export routes and optimizing sales and export mechanisms. Putin developed the Baltic pipeline system (BPS), linking Russia's producing regions with two new ports in the Gulf of Finland, Ust-Luga (700 kb/d) and Primorsk (1.5 mb/d capacity), thereby reducing oil volumes in transit through the Druzhba pipeline. In the 2000s, Gazprom developed the Yamal-Europe

gas pipeline to Poland and Germany, the Blue Stream pipeline across the Black Sea to Turkey, and the Nord Stream pipeline directly connecting Russia and Gazprom's largest customer, Germany. In Belarus, Armenia and Kyrgyzstan, Russian state-owned companies took over large parts of the local energy sector, as these countries had huge debts and sought to enjoy privileged energy pricing.

Russia's determined strategy was also marred by failures. Gazprom failed to take over Ukraine's gas infrastructure, and its attempt to build a second Yamal-Europe pipeline system, via Slovakia, or along the same route also failed. Neither the Burgas-Alexandroupolis oil pipeline project from Bulgaria to Greece nor the planned Samsun-Ceyhan oil pipeline through Turkey succeeded, Surgutneftegaz did not manage to take over MOL in Hungary, and Russia was unable to buy the Mazeikiu refinery in Lithuania in 2006. Putin also cancelled the 63 bcm/y South Stream pipeline project to Bulgaria in 2014.

Yet the Kremlin has a good chance of success when it comes to building the 55 bcm/y Nord Stream 2 pipeline on the seabed in the Baltic (unless it is halted by US sanctions), and the TurkStream pipeline in the Black Sea (with two strings with a throughput capacity of 15.5 bcm/y each, connected to Turkey). When operational, these pipelines will dramatically reduce Ukraine's role as a transit country for Russia. Ukraine still handled about 93 bcm of Russian gas in transit in 2017, down from over 120 bcm in the 2000s, leading to a surge in hryvnia transit revenues as the transit tariff is in dollars and the hryvnia has depreciated sharply since 2014. This has brought some temporary relief for Naftogaz, fuelling unprecedented profits and a \$3.9 billion dividend payment to the Ukrainian budget in 2017.<sup>15</sup> Trilateral negotiations involving Russia, Ukraine and the European Commission over the post-1st January 2020 use of the Ukrainian gas transmission system by Gazprom, when the current contract ends, got underway in July 2018 amid heightened tensions.<sup>16</sup>

Russia's gas exports have been a foreign policy tool in its neighbourhood for many years. Russia sought to negotiate prices and discounts in return for political or economic concessions, on the one hand, and when there was a dependence on oil and gas transit, for cheaper transit conditions on the other. This proved to be conflictual in the case of Belarus (frequent oil and gas supply crises), Georgia (in 2006) and especially Ukraine, with two gas crises occurring in January 2006 and January 2009. These winter crises were generally triggered by a mix of disputes over commercial and patronage schemes and exacerbated by geopolitical

15 Naftograz Group 2017.

16 Eyl-Mazzega 2018a..

factors – a rapprochement with NATO and the EU – and elections that brought reformers to power. Ultimately, all former Soviet republics buying Russian gas pay a market price. Belarus, Armenia and Kyrgyzstan, which have benefitted from a discount as Customs Union countries, did not pay the export tax.

The contractual framework also changed: intergovernmental agreements used to frame these commercial transactions on a yearly basis, with new negotiations taking place in the middle of winter, and with prices and tariffs being negotiated between heads of state in a highly political manner. This changed as relations shifted to long-term contracts with prices and tariffs set by formulas.

Russia's clients did not remain inactive. Following the 2014 crises triggered by Russia's annexation of Crimea and the conflict in Ukraine's Donbas, Kyiv took decisive steps to end its dependence on Russian gas imports. With support from the European Commission, technical and regulatory steps were taken to access gas from EU markets via reverse flows, thereby completely terminating Russian gas imports at the end of 2015 and fully integrating itself into the European gas market. Ukraine also stopped supplying electricity to the annexed Crimea in 2016. Not surprisingly, however, countries enjoying relatively privileged oil, gas and electricity supplies from Russia did not try to diversify away from the latter, as was the case with Belarus and Armenia.

Lastly, one needs to mention the Eurasian Economic Union and its plan to establish a single energy market (the exact timing is still unknown, but the Treaty mentions a single electricity market by 2019 and a single gas and oil market by 2025).<sup>17</sup> In principle, this would enable the unrestricted transportation of coal, gas, oil and electricity across the single market. In reality, infrastructure bottlenecks, real or artificial, affecting rail freight or pipeline capacities, are expected to restrict this potential freedom of movement.

## **5.5 INTERNATIONAL TRADE: TAPPING ASIAN MARKETS**

The Soviet energy export system was geared towards Central and Western Europe. The most important change that has occurred since the collapse of the Soviet Union is that several states have developed new oil, gas and coal export outlets to Asian countries, not least with the support or direct participation of China, as well as to the Middle East.

<sup>17</sup> Zemskova 2018.

### 5.5.1 Russia developing routes for oil and gas exports to China

Russia exported about 0.25 mb/d of oil to China in 2008, and ten years later Russia has become the largest external oil supplier to China, with about 1.2 mb/d exported on average in 2017 and 1.36 mb/d in Q1 2018. Overall, Russia's crude oil exports to China currently account for about 23% of Russia's total crude oil and products exports. The main export channel to China is the 4857-kilometre East Siberia Pacific Ocean (ESPO) pipeline, which was commissioned in 2009 and is being further expanded: the system has a direct spur to China and one that connects to the Kozmino seaport terminal. In addition, Rosneft is doing swaps with Kazakhstan to increase its oil exports to China. The ESPO system will also facilitate the delivery of more oil to two Russian refineries, Komsomolsk and Khabarovsk, and a new refinery (Far Eastern Petrochemical Company), which Rosneft and ChemChina intend to build near Vladivostok.

Russia also started electricity exports to China just after the breakup of the Soviet Union, and cross-border exports have been increasing since then alongside coal exports from new mines developed in East Siberia.<sup>18</sup>

Pursuing its goal of diversifying gas export markets and benefitting from the booming Asian gas markets, notably driven by China's growth in demand and imports, tapping new gas reserves located in East Siberia and the Yamal peninsula, and fostering regional development in the Far East, in the 2000s Russia laid out a strategy aimed at developing its liquefied natural gas (LNG) and pipeline export potential towards the Asia-Pacific region. The implementation took a long time, but it is finally happening: following the liberalization of LNG exports, Novatek, a private company, developed the Yamal LNG terminal, a 16.5 Mt/y gas export project together with Total and CNPC. In spite of US financial sanctions and a harsh environment, the terminal was commissioned on time. A second project nearby, Arctic 2, is currently being developed and could take a final investment decision in the next two years. Gazprom has been developing several LNG export projects in addition to Sakhalin-1, which is already operational (in Vladivostok, again on Sakhalin and in the Gulf of Finland), but no investment decision has been made as yet.

Gazprom has been more successful in developing the Power of Siberia pipeline system towards China. Following a landmark gas supply contract signed in 2014 between Gazprom and CNPC, the first 2200-kilometre section is currently being built, aiming to be operational by 2020. The pipeline system will ultimately be 3000 kilometres long and carry up to 38 bcm/y of gas to China. This pipeline is a game changer for Russia, China and for global gas markets as it will enable Gazprom to sell 20% of

<sup>18</sup> Henderson and Mitrova 2016.

its total gas exports to China, while also enabling the latter to reduce the use of coal and limit the increase of its LNG imports, which have been soaring in recent times. While Russia has been successful in developing these exports to China, there are no equivalent projects for other Asian consumers, such as Japan or India, with the result that Russia's export strategy to the region has actually been concentrated on China only.

#### **5.5.2 Kazakhstan: still highly dependent on Russia, but opening to China**

Facing an almost 100% oil transit dependency on Russia as a legacy of the Soviet Union, and in preparation for the commissioning of the Caspian offshore Kashagan field, Kazakhstan had plans to develop a Caspian transportation system to ship part of its oil via the Caspian Sea to Azerbaijan and feed it into an expanded Baku–Tbilisi–Ceyhan (BTC) pipeline. Yet that has never materialized. Instead, Kazakhstan opted for the cheaper alternative of expanding the 1500-kilometre Caspian Pipeline Company's (CPC) pipeline capacity (linking the Tengiz field to the Russian Black Sea port of Novorossiysk) to 67 Mt/y, thereby still strengthening its dependence on Russian transit. The counterbalancing strategy has involved bringing in more foreign investors in its upstream, including Chinese, in order to mitigate geopolitical risks and attract finance.

As Kazakhstan's oil production has been increasing, the country has sought to tap new markets and profit from the booming Chinese market at its Eastern border. Over the course of the 2000s, a 2228-kilometre pipeline was built in several sections from Atyrau to Alashankou by KMG and CNPC. Its capacity is currently 20 Mt or 0.4 mb/d. Exports picked up at first before falling again as Kazakhstan oriented its oil westwards (including oil produced by Chinese majors, which received better terms in exporting it to global markets rather than to China) and faced production limitations. The bulk of Kazakhstan's gas exports (around 17 bcm/y) are currently geared towards Russia, but the country's growing export capacity in the coming years will enable it to start gas exports to China via a newly commissioned pipeline linking up with the Central Asia–China system – up to 10 bcm/y.

#### **5.5.3 Azerbaijan: new oil and gas routes to Turkey and the EU**

Shortly after gaining its independence, Azerbaijan's strategy was to attract international oil companies (including Russian companies) to develop its complex and costly offshore resources. Initial offshore gas discoveries were neglected, however, as oil was the target.

Azerbaijan used to rely on the Soviet-era Baku–Novorossiysk oil pipeline, as well as on tanker shipments to Russia in order to export the bulk of its crude oil to markets. After independence, the country first developed the Baku–Supsa oil pipeline (operational in 1999, 833 km, 0.145 mb/d capacity) and, with Western support, the Baku–Tbilisi–Ceyhan (BTC) pipeline (operational in 2006, 1768 km, 1 mb/d capacity, currently loaded at 70%).

As of 2006, production from the Shah Deniz gas and condensate field enabled the first gas exports to Turkey via a new South Caucasus pipeline (692 km), crossing Georgia to Turkey and having the capacity to ship around 9 bcm/y of Azeri gas to both countries (later augmented to 25 bcm/y). Deliveries to Turkey are scheduled to start in 2018 (up to 6 bcm/y) and larger exports to the EU are expected at the end of 2019 (up to 10 bcm/y). A dedicated, 3500-kilometre-long new transport infrastructure is being constructed, the so-called Southern Gas Corridor, which links the Sengachal terminal near Baku to Italy via the upgraded South Caucasus gas pipeline, the 1841-kilometre TANAP pipeline through Turkey, and the 878-kilometre TAP pipeline through Greece and Albania to southern Italy.

#### **5.5.4 Turkmenistan: opening to China and Iran**

Turkmenistan's gas industry dates back to the Soviet period, yet the discovery of the massive Galkynysh Gas Field in the mid-2000s propelled the country into the ranks of the world's top five gas resource holders. In the 2000s, Turkmenistan and Russia had plans to expand Turkmen gas shipments to Russia via the Soviet-built Central Asia–Centre gas pipeline system (5 pipelines, 90 bcm/y capacity) through Uzbekistan and Kazakhstan, by building another pipeline along the coast of the Caspian Sea that would have further increased export capacity. The plans never materialized, however. Yet following commercial disputes with Gazprom, whose own gas resources were developing while demand for its gas was stagnating both in Russia and abroad, Gazprom ended its gas imports in 2009. By that time, Turkmenistan had already signed large supply contracts with China for up to 65 bcm/year of Turkmen gas by 2020 for 30 years (partly from fields developed by CNPC and partly from gas supplied by Turkmengas), while the Chinese would fund, provide the equipment for, and construct a new mega gas transportation system to China. The latter is the 3666-kilometre-long Central Asia–China gas pipeline system, which was commissioned in 2009 and has undergone expansion since then, with the potential of carrying up to 85 bcm/y. This proved critically important for Turkmenistan's attempt to diversify its export revenues,

especially since Iran has turned out to be a problematic customer. Hence, China is now the first importer of Turkmen gas.

Further export diversification options remain uncertain, but the country was finally able to restart gas exports to Russia. It aims to develop the TAPI pipeline (1814 km, 33 bcm/y, \$10 billion) through Afghanistan to Pakistan and India, yet after several years of preparations and in spite of an official construction kick-off ceremony, the prospects for the project are largely uncertain. Turkmenistan has also been engaged in negotiations with Azerbaijan, Turkey and the European Commission over supplying gas via a Trans-Caspian gas pipeline that would cross the Caspian Sea and turn Azerbaijan and Georgia into transit countries for Turkmen gas onwards to Turkey and the EU. This project has never made fundamental progress, however, for economic, political and commercial reasons.

#### **5.5.5 Uzbekistan: opening to China**

Last but not least, Uzbekistan was the first former Soviet country to supply pipeline gas to China back in 2012. The country let Lukoil develop several of its gas fields yet, in the face of increasing domestic demand, Uzbekneftegaz had dramatically decreased gas exports to Russia and had to postpone the ramping up of gas deliveries to China under a framework agreement signed in 2010. The tiny volumes exported to neighbours have varied in past years. Yet following successful gas exploration and upcoming new gas developments, the state-owned company has signed a commitment to supply 10 bcm/y to China by 2020. Total gas production reached 56.4 bcm in 2017 and is almost entirely absorbed by domestic consumption. In terms of oil, the country faces a slow decline in production, resulting in petrol shortages and prompting the country to raise imports from Kazakhstan and Russia and build a new refinery that will be able to meet the country's jet fuel needs.

### **5.6 CONCLUSION**

The most important Soviet footprint in the region's energy sectors includes the poor energy intensity record, the supply-side-driven energy policies, the struggle with regulated tariffs and social energy re-distribution policies, the slow pace of ageing infrastructure modernization and replacement, opportunities for predation, capture and corruption stemming from the energy sectors, as well as the strong dependency of several oil and gas producers on oil sector tax revenues. Azerbaijan and, to a lesser extent, Russia and Kazakhstan, did not manage to revert

to their rentier state economies and are thus vulnerable to oil and gas market fluctuations.

Changes have been taking place, however, namely the shift to market-based price levels for the industry sector, large foreign investments attracted in Kazakhstan and Azerbaijan, as well as in Russia, and serious energy sector reforms that are being implemented in Georgia, Moldova and Ukraine as part of their Energy Community memberships.

Ukraine and Georgia were able to critically reduce their dependency on gas supplies from Russia, and Azerbaijan on transit via Russia for its oil and gas exports. Kazakhstan remains dependent on Russia for its oil exports. Belarus, Armenia, and Kyrgyzstan remain largely dependent on Russia for their energy supplies and have sold large parts of their strategic energy infrastructure. Ukraine still relies on transit revenues from Gazprom. Overall, Russia remains the dominant oil supplier for all net importing countries in the region.

Lastly, the most spectacular changes seen in the past 20 years are the development of new export routes to China from Russia, as well as Kazakhstan and Turkmenistan. Beijing has thus largely benefitted from the breakup of the Soviet Union, which was an opportunity to foster its energy security, diversify its own oil and gas imports away from maritime routes, and develop its investments in the post-Soviet countries.





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## 6. ADHESIVE AND CENTRIFUGAL FORCES IN THE POST-SOVIET ECONOMIC SPACE

András Deák

### 6.1 INTRODUCTION

The disintegration of economic blocs or countries always results in a sharp decrease in economic interaction between their past constituencies. These trends may vary regarding their speed, magnitude, nature, and the degree to which different countries are affected. The decline may last decades and have a sizeable underlying inertia. Hence, the main question concerns the way in which these disintegrative trends are managed, whether the partners can find alternative forms of cooperation, and whether the future development can counterbalance the centrifugal forces.

Accordingly, the likely professional hunch regarding the current economic trends in the post-Soviet space would be an ongoing gradual decline in cooperation. ‘Only’ 27 years after the dissolution of the Soviet Union, any other outcome of this research would constitute a major surprise. Nonetheless, there are many forms and variations of decline, which is why the quantitative research has to be supplemented by a cautious and in-depth interpretation. What are the structural drivers, models of development and growth in the region? Are there any alternative powers of gravity? Do the countries try to suppress disintegrative trends, and how do they overcome their consequences? What role do the political considerations and the integration projects play? Looking beyond the statistics may provide a more justified view of where this long-lasting trend may lead, and what kind of sustainable cooperation can be formed between the post-Soviet countries in the years to come.

This chapter provides an overview of the economic interlinkages between post-Soviet countries and their major trends. Section one briefly outlines key economic drivers within the region since the early 1990s. Section two delves into the statistics of the issue, relying primarily on foreign trade indicators as the most reliable and accessible sources, but also foreign direct investments (FDI) and, where applicable and relevant, labour movements and financial transfers. The third section discusses the role of post-Soviet integration projects and simultaneously the issue of alternative gravity centres, like the EU and China. The chapter concludes by sharing some thoughts on the integrability of regional countries.

## **6.2 THE SPECIFICS AND DYNAMICS OF THE POST-SOVIET ECOSPHERE**

There are two conventional views on post-Soviet economic cooperation. The one with the stronger political-macroeconomic focus interprets regional ties as a Soviet legacy, where value chains and industrial ties inherited from Soviet Union times prevail. According to this view, this cooperation is doomed to decline since, with Soviet technology becoming increasingly obsolete, countries are turning to other, lucrative markets. Politics may slow down this process by making financial sacrifices, but in the longer run structural drivers point towards disintegration.<sup>1</sup> The other view, based more distinctly on corporate strategies, looks at the region as a whole. Foreign multinationals, car makers, agricultural and pharmaceutical producers, and banks do not enter Russia, Kazakhstan or Ukraine separately. They establish their assembly lines for a handful of regional markets due to similar cultural segmentation of demand, lower customs levels, infrastructural and geographic proximity, or simply to gain access to bigger markets. For emerging local companies, foreign expansion almost always starts by entering the neighbouring countries through trade or investments. According to this discourse, some regional ties are normal and can be exploited with synergies, opening up possibilities for a new kind of regional cooperation.<sup>2</sup>

Elaborating on this scene, we have some ‘strange species’ in this region, like Belarus, which created its ‘long survival story’ with a partially upgraded, but unreformed economy.<sup>3</sup> Preserving its Soviet industrial patterns, it launched a brutal export offensive based on the CIS area and

<sup>1</sup> Aslund 2013.

<sup>2</sup> Deuber and Romanova 2015.

<sup>3</sup> See Ioffe and Yarashevich 2011.

achieved relatively high growth rates. Belarus still conducts more than 60% of its foreign trade with post-Soviet countries, and its share of total intra-regional turnover grew from 7.3% to 23.5% between 1994 and 2016.

Consequently, when one examines post-Soviet economic cooperation, it is reasonable to treat the region as a particular ecosphere with the local countries or corporations as its subjects. Each subject accommodates to its surroundings, implementing its strategy in a post-Soviet sphere that plays various roles in different contexts. Some may coexist with this environment, some have moved to the borderlands and only partially depend on it, while the larger subjects can even try to transform the place where they live. The totality of these strategies coupled with a good deal of path dependency constitute the region and determine its future patterns. Accordingly, it is important to take stock of these peculiarities, and identify some of the paradigms of the given ecosphere.

1. Russia has a monolithic share among the post-Soviet economies. In 2017 it represented 75.3% (IMF data at current prices) of the regional GDP, up from 67% in 1992.<sup>4</sup> The second-ranked Kazakhstan had a mere 7.9%, despite steadily catching up after the Soviet breakup. For comparison purposes, it is like a European Union, where the 19 Eurozone countries (in 2016 their combined share was 72.9%) create a single entity and form an economic region with the other 9 EU members. The post-Soviet regional set-up is concentrated around Russia, independently of Moscow's ambitions or policies.
2. The regional growth rate lags behind the global rate, as these countries could not establish a sustainable model for catching up. Between 1992 and 2016, annual average growth rates were 2.2% within the post-Soviet area versus the global 3.7%. What is more, the post-Soviet recovery from the 2008–09 crisis was even more sluggish. The average annual regional weighted growth between 2008 and 2016 represented 1.3%, two percentage points below the global level. All of this suggests that old cooperation patterns still retain some of their relevance, and have not been replaced by new mechanisms and development drivers.
3. The only means of relative prosperity has been through hydrocarbon exports. If we add Belarus to the group of net energy exporters (from the macroeconomic point of view this is justified since its economic

4 In terms of data sources, unless indicated otherwise, under post-Soviet space I have included the 12 former Soviet countries (not the Baltic states). I have used IMF World Economic Outlook and World Bank data for GDP and general macroeconomic indicators. For foreign trade and some intra-regional comparisons, I have referred to CISstat, which does not include data on Turkmenistan and Uzbekistan. In this regard, unless indicated otherwise, post-Soviet (or alternatively CIS) foreign trade includes only 10 countries. The foreign trade data for Georgia after 2009 has been supplemented with data from the national statistical provider. FDI data has been collected from UNCTAD and some expert and national providers. Other sources are indicated in the text.

growth has a slightly positive correlation with oil price hikes due to Russian implicit subsidies<sup>5</sup>), the average performance of the six energy exporters exceeds one of the importers on a GDP PPP per capita basis almost threefold (17,198 USD vs 6273 USD in 2015). Hydrocarbon exports are strongly disintegrative in terms of regional cooperation. While in the short run they may provide a certain complementary impetus between exporters and importers due to high regional energy intensities and price hikes, in the medium and longer run exports go to the advanced economies outside the region. Furthermore, rent revenues from oil and gas push elite mindsets towards less cooperative outcomes, where national economies can stand alone and complex value chains in manufacturing and processing industries and services are less important.

4. Power legitimization through economic growth and prosperity have not become an exclusive priority in the region. While in Western developed countries elite legitimization tends to rely heavily on economic performance, regional political systems often pursue nation building and/or great power agendas in order to maintain their social support. While in some cases local elites opted for economic consolidation instead of national self-identification (Belarus in the 1990s and early 2000s) or could pursue these policies in parallel (Kazakhstan), these two trends often substitute each other. The wish for economic consolidation provided the most efficient stimulus for integration efforts by far.
5. The state remains a key actor in most of these countries independently of its capabilities. Paternalistic expectations are high in these societies, while dirigist solutions and heavy reliance on state ownership, when applicable, remain popular among the elites. At the same time, market reforms and liberalization are rare occurrences in the region (a partial exception being Georgia). These features correlate well with the more authoritarian political systems of the energy exporters, while leading to permanent economic and social imbalances in other countries (namely Ukraine, Kyrgyzstan, and Moldova).

Although these characteristics paint a gloomy, inward-looking picture of the post-Soviet space, the regional megatrend had been one of liberalization and gradual opening until the 2014 sanctions and protectionist shifts in Russia. The combined foreign trade of the CIS countries (except Turkmenistan and Uzbekistan) grew 8.3 times between 1994 and 2014, twice as fast as global trade. Eight countries from the region joined the

5 According to the IMF, the 2015 oil price drop had a modest but negative impact on Belarusian GDP growth, ranging between 0 and 0.5 per cent. IMF Staff Report – Belarus 2015, p. 8.

WTO with significant liberalization commitments. The level of foreign direct investments caught up to the lowest level of the CEE range on a per capita basis after 2005 in the more developed countries, like Russia and Kazakhstan (UNCTAD). Keeping in mind the relatively slow average GDP growth and the low initial basis, the openness of these economies has grown significantly since the late Soviet years. This is natural given that the Soviet Union was a closed entity, only loosely connected to the world economy. After 1991, in the midst of the Soviet economic collapse, these countries were only able to find markets, capital and modern know-how outside the region.

At the same time, local economic setups have only partially evolved into export-driven models. Unlike the new EU member states from CEE, where foreign trade/GDP indicators have doubled or tripled and had risen above 150% (except in Poland and Latvia) by 2016, the post-Soviet average remained around 80% (World Bank). Foreign multinational companies have never acquired system-building characteristics in the local economies. While they could acquire significant shares in some sectors, the backbone of national performance was provided by companies with domestic owners and by state-owned actors. Foreign multinationals engaged the region primarily driven by different motivations from those in the CEE countries. In the latter case efficiency-seeking, and access to a low-wage, educated workforce above all, constituted the primary objective, while in the post-Soviet space resource- and market-seeking considerations remained dominant.<sup>6</sup> Apart from the quasi-unreformed Belarus and Turkmenistan, the region's economies constitute various kinds of hybrid capitalist formations, where the mental and policy patterns of Socialism remain relatively strong, while the most fundamental systematic and institutional transformative steps have been taken and are effective.

Intra-CIS economic relations have to be examined on the basis of these ambiguous fundamentals. With the exception of Belarus and some smaller states, economic opening meant that intra-CIS relations gradually lost their importance within external ties. The regional share of intra-CIS turnover in total foreign trade decreased from 34.5% to 19.1% between 1994 and 2016. This did not indicate a decrease in absolute terms on the current USD basis, as the total trade volumes grew almost three-fold. Compared to local combined GDPs, the share of intra-CIS trade has retained much of its share today, and in some cases it may even have increased since the early 1990s. This comes as no surprise given the high level of barter trade within the region, and particularly the artificially low energy prices until the late 2000s. These price rises influenced the data

6 This hypothesis was also positively tested by broad surveys among companies in four CIS countries. See Kudina and Jakubiak 2012.

tremendously both at the total foreign level, and at the intra-CIS trade levels in particular.

Given the economic collapse in the 1990s and the determined search for alternative markets, the fall in regional cooperation during the first decade was understandable. What is more noteworthy is that the intra-CIS trade share was unable to grow thereafter during the years of recovery and high growth in the 2000s: it constituted 27.8% in 2000 and only 21.5% in 2008. During this period, there was an opportunity to establish new forms of regional cohesion, and revitalize former value chains and sectoral cooperation. Nonetheless, economic consolidation brought a further decrease in post-Soviet trade and FDI flows, and external ties proved to be more sustainable than intraregional ones. A good explanation for this is the intensive growth in the global economy. The decade preceding the financial crisis was the Golden Age of the world economy. An abundance of capital in advanced financial markets pushed Western FDI to semi-peripheral, emerging markets. High growth rates implied rising raw material prices, creating favourable conditions for energy and metal exports, and boosting local mining sectors. Between 2000 and 2007, Russian hydrocarbon exports increased by 42.5% in volumetric terms, Azeri oil production tripled, while Kazakh production doubled. During these years, external markets were in pretty good shape, explaining some of the decline in intra-CIS shares.

In this regard, the years after 2008 are particularly interesting. The fall in the intra-CIS share in total trade decelerated significantly, decreasing from 21.5% to just 19.1% between 2008 and 2016. The main decrease occurred in 2014, with the Russia-Ukraine conflict clearly playing a considerable role. Nonetheless, some symptoms emerged before 2014. After the financial crisis, the risk appetite for emerging markets decreased considerably. Post-Soviet energy production also started to plateau: Russian export volumes grew by just 13.8%, Kazakh oil production by 23.6% until 2017, while Azeri drilling started to gradually decline. This is a strong indication that the region is reaching the limitations of its extensive growth. It does not mean that high prices could not boost the region again temporarily. What it does mean is that regional countries cannot increase their production much further, their production costs will likely rise through reserve substitution, and these two factors will imply less rent and budgetary income measured at constant oil and gas prices in the years to come.<sup>7</sup>

2014 may constitute another milestone in terms of Russia's shift towards import substitution and a more protectionist stance. While this

7 A more detailed analysis of Russia is provided by Gustafson 2012.

trend has emerged in the wake of Western sanctions and Moscow's counter-sanctions, the liberalization agenda had been losing ground prior to the Ukrainian crisis. The implementation of the WTO rules remained rather isolated and did not expand into a wave of economic liberalization, as in China. The protectionist agenda has long been propagated at the level of the Kremlin primarily by Sergey Glazyev, senior advisor to the President. Given the protectionist *Zeitgeist* even in the Western hemisphere, it is reasonable to say that protectionism will remain a major temptation in the post-Soviet space, and it remains to be seen how it will affect intra-regional cooperation.

### **6.3 THE STEPPING STONES OF DECLINE**

Foreign trade is the most accessible and reliable indicator of regional cooperation. As Table 3 shows, the share of intra-CIS trade fell in all ten of the countries under study, apart from Tajikistan (for which, along with the Caucasus Republics, the base year of 1994 is somewhat misleading because of their respective armed conflicts). Nonetheless, the magnitude of decline is rather different from country to country. Belarus, and to a lesser extent Armenia, retained their heavy reliance on CIS markets, namely Russia to an overwhelming degree. Intra-CIS foreign trade is less concentrated in the case of Tajikistan and Kyrgyzstan, for which Kazakhstan constitutes their biggest export outlet and the second largest source of imports. In all of the other cases, the significance of the CIS decreased gradually with some fluctuations.

Table 3: The share of intra-cis trade in external trade, 1994–2016, % \*

Source: cisstat, Geostat

\* Complete data unavailable for Turkmenistan and Uzbekistan;

\*\* data for years after 2009 from Geostat.ge

|                   | 1994 | 1996 | 1998 | 2000 | 2002 | 2004 | 2006 | 2008 | 2010 | 2012 | 2014 | 2016 |
|-------------------|------|------|------|------|------|------|------|------|------|------|------|------|
| <b>Azerbaijan</b> | 53.2 | 39.6 | 37.8 | 20.9 | 23.3 | 25.4 | 26.0 | 7.2  | 14.4 | 10.8 | 9.4  | 16.0 |
| <b>Armenia</b>    | 59.6 | 35.4 | 27.7 | 20.8 | 26.7 | 24.7 | 28.6 | 30.0 | 28.0 | 29.6 | 28.8 | 30.3 |
| <b>Belarus</b>    | 64.0 | 66.2 | 68.6 | 65.5 | 62.4 | 63.4 | 54.9 | 56.0 | 56.8 | 58.2 | 59.1 | 60.9 |
| <b>Georgia**</b>  | 78.9 | 45.0 | 34.8 | 34.7 | 40.4 | 39.4 | 38.8 | 33.7 | 32.6 | 31.7 | 31.3 | 28.9 |
| <b>Kazakhstan</b> | 59.6 | 60.3 | 43.1 | 36.6 | 32.2 | 31.1 | 26.9 | 26.2 | 26.2 | 25.2 | 23.7 | 28.5 |
| <b>Kyrgyzstan</b> | 65.8 | 65.5 | 49.4 | 48.3 | 45.8 | 51.6 | 52.1 | 54.0 | 50.1 | 53.5 | 49.7 | 42.3 |
| <b>Moldova</b>    | 72.0 | 64.0 | 52.5 | 42.9 | 45.1 | 46.0 | 38.6 | 36.4 | 34.9 | 34.6 | 28.5 | 23.8 |
| <b>Russia</b>     | 23.9 | 23.2 | 21.8 | 18.6 | 16.9 | 18.3 | 14.7 | 14.5 | 14.6 | 14.8 | 12.7 | 12.5 |
| <b>Tajikistan</b> | 31.3 | 49.6 | 49.6 | 64.0 | 50.5 | 44.3 | 41.2 | 44.1 | 44.8 | 45.0 | 45.6 | 50.1 |
| <b>Ukraine</b>    | 64.0 | 58.1 | 44.3 | 43.9 | 38.2 | 38.5 | 39.4 | 37.6 | 40.5 | 38.9 | 29.7 | 19.3 |

The first factor worth examining is energy trade, as it constitutes the primary reason for decline. In the case of Azerbaijan and Kazakhstan, the drop is most likely connected to the rise in their oil production. With Astana heavily and Baku excessively dependent on hydrocarbon exports, the bulk of their production goes outside the region,<sup>8</sup> so their performance can easily be attributed to this single fact. This may also be true of Russia, although it has a more complex relationship in this matter due to its role as a major supplier of gas and oil to the region.

Nonetheless, CIS energy trade has a high level of price responsiveness, and high energy prices may trigger a robust downward trend in trade volumes. In 2003, at a time of low energy prices, 43% of Russia's exports to the CIS consisted of mineral fuels. Given the low gas and, in the case of Belarus, low oil export prices, these shares are comparable to the extra-CIS levels (the respective share for non-CIS exports was 59.5%). This went up to 55.3% (72.7%) by 2011, only to plummet by 2017 to 33% (63.4%). Nonetheless, while Belarusian and Armenian imports remained flat in terms of volume, Moldovan imports fell substantially and Ukrainian imports shrank even further, with the result that its consumption of oil and gas has practically halved during the last 15 years. The transformation

8 In 2017, 89.5% of Azeri and 69.3% of Kazakh exports were mineral fuels. In the Kazakh case, only 4.4% of all mineral exports went to the CIS.

from low prices and high volume trade to global pricing had a negative effect on turnover. Soft pricing still plays a considerable role in keeping Russian exports to Belarus and Armenia high.

Besides and partly because of the shrinking share of energy in Russian exports, the product structure of Moscow's foreign trade within the CIS remains relatively 'evenly distributed'. It does not have a distinguished profile, hinting at the existence of complex value chains. This is in marked contrast to its non-CIS turnover. Russia's energy supplier status vis-à-vis other, European and Asian countries is well-reflected in its trade statistics: almost two-thirds of its exports consist of fuels and more than half of its imports comprise machinery and transport equipment (Figure 4). At the same time, the Russian CIS trade structure does not have the same trenchant features of division of labour. Due to the decreasing share of energy, little complementarity has remained in the intra-CIS trade structure. It looks more like trade between entities of similar economic setups. While this does not exclude the existence of some verticality of particular sectors, successful integrations are based on broad complementarity and/or complex value chains, penetrating the whole economy. This might impose a considerable constraint on future deepening of cooperation between the parties.

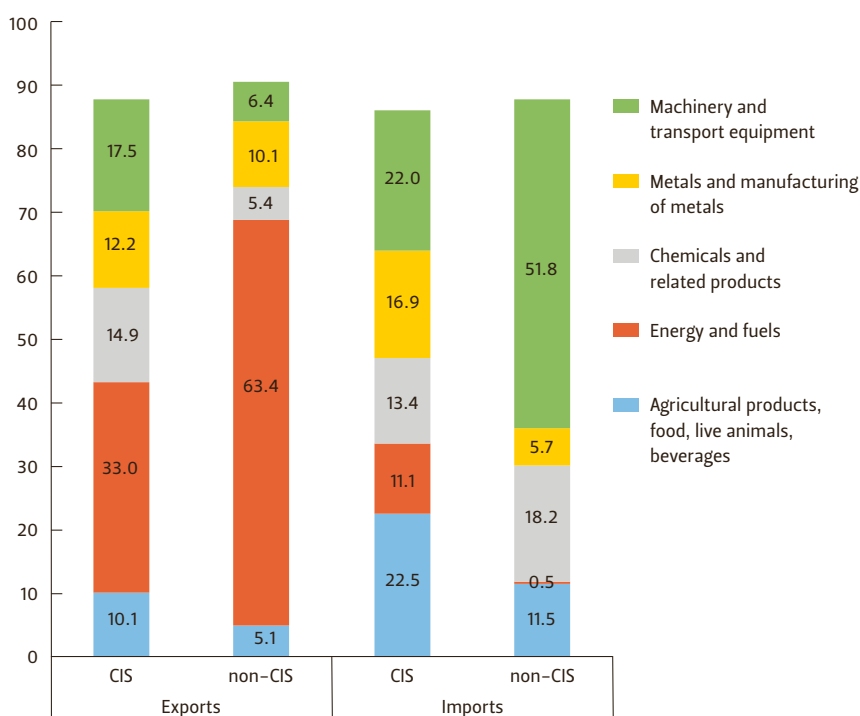


Figure 4: The product structure of Russian foreign trade with CIS and non-CIS countries in 2017, %.  
Source: Russian Customs Service

Another surprising phenomenon is the distribution of intra-CIS trade between countries. Normally when a system falls apart, the relations between its smaller and distinct entities suffer more than those with its bigger units. Nonetheless, as shown in Table 4, it was not Russia that was boosting its share within post-Soviet trade, but Kazakhstan and Belarus. The Kazakh data, as well as the steep decline in Ukrainian proportions can be partly attributed to their respective rise and fall in GDP shares. The Belarus data is somewhat misleading, as its intra-CIS trade almost completely covers Russia (above 85%). Furthermore, the relative rise in shares of EAEU members between 2005 and 2016 may be a result of trade diversion due to the customs union (as indicated later in this chapter).

The relatively low data for Russia, especially if compared to Moscow's significantly higher share in post-Soviet GDPs, raises some doubts regarding the business underpinnings of its reintegration efforts. Despite all of the integration measures at the political and macroeconomic level, it was unable to boost its role as the centre of trade within the region. This is likely and primarily a consequence of Moscow's political conflicts and economic statecraft policies, and the use of trade embargoes within the region. Most notably, bilateral trade with Ukraine, once a major constituency of intra-CIS relations, fell by 74.2% between 2013 and 2016. Meanwhile, Russian trade ties with EAEU members or in politically neutral cases have remained intact or have even deepened, as was the case with Belarus and Kazakhstan.

Table 4: The distribution of CIS foreign trade between 10 countries, 1994–2016, %  
Source: CISstat

|                   | 1994 | 2005 | 2016 |
|-------------------|------|------|------|
| <b>Azerbaijan</b> | 1.6  | 2.0  | 2.1  |
| <b>Armenia</b>    | 0.7  | 0.6  | 1.2  |
| <b>Belarus</b>    | 7.3  | 15.5 | 23.5 |
| <b>Georgia</b>    | 0.8  | 1.2  | 2.1  |
| <b>Kazakhstan</b> | 8.3  | 10.4 | 13.4 |
| <b>Kyrgyzstan</b> | 0.9  | 0.8  | 1.8  |
| <b>Moldova</b>    | 1.8  | 1.2  | 1.1  |
| <b>Russia</b>     | 50.2 | 43.8 | 44.5 |
| <b>Tajikistan</b> | 0.7  | 0.9  | 1.5  |
| <b>Ukraine</b>    | 27.7 | 23.6 | 11.0 |

Another important issue is inward foreign direct investments (iFDI) and their trade creation. Given the methodological and reporting problems, it would be difficult to identify FDI flows on a bilateral, or even on an intra-regional basis. Suffice it to say that according to the Russian Central Bank, the combined level of the CIS in Russian outward FDI was ranked in only 21st place on a nominal basis – an obviously absurd figure. Hence Table 5 presents only combined iFDI levels on a per capita basis, in an attempt to map out some possible ways in which foreign investments affected post-Soviet trade levels. As mentioned above, average post-Soviet iFDI levels remain moderate, suggesting that new value chains did not fundamentally reshape the economic landscape. Energy exporters tend to have higher iFDI stocks and this may play a role in changing economic orientations. Turkmenistan is the most radical example of how Chinese gas investments boosted iFDI and created a new and exclusive trade relationship in less than a decade (in 2017 83.6% of Turkmen exports went to China, and the Russian share in its foreign trade was 3.7%). However, in the case of the other countries, there are no convincing indications that iFDI influences trade and interconnects the subjects.

Table 5: Inward FDI stock per capita levels for the post-Soviet countries, 1997–2016, USD  
Source: UNCTAD FDI Statistical Database

|                                   | 1997–00 | 2001–04 | 2005–08 | 2009–12 | 2013–16 |
|-----------------------------------|---------|---------|---------|---------|---------|
| <b>Azerbaijan</b>                 | 330.0   | 667.1   | 1,050.4 | 951.1   | 2,079.6 |
| <b>Armenia</b>                    | 92.3    | 254.9   | 793.7   | 1,571.6 | 1,551.0 |
| <b>Belarus</b>                    | 107.0   | 178.9   | 425.7   | 1,211.6 | 1,878.9 |
| <b>Georgia</b>                    | 111.8   | 285.2   | 1,030.3 | 2,121.9 | 3,185.0 |
| <b>Kazakhstan</b>                 | 494.1   | 1,129.8 | 2,575.9 | 5,787.0 | 7,260.4 |
| <b>Kyrgyzstan</b>                 | 78.0    | 100.2   | 179.0   | 371.0   | 703.0   |
| <b>Moldova</b>                    | 71.9    | 164.3   | 409.9   | 763.3   | 877.0   |
| <b>Russian Federation</b>         | 126.8   | 577.2   | 1,995.6 | 2,930.8 | 2,446.2 |
| <b>Tajikistan</b>                 | 17.7    | 30.5    | 67.1    | 164.6   | 232.0   |
| <b>Turkmenistan</b>               | 174.5   | 329.6   | 760.7   | 2,948.0 | 5,549.3 |
| <b>Ukraine</b>                    | 60.8    | 146.6   | 677.2   | 1,218.6 | 1,194.5 |
| <b>Uzbekistan</b>                 | 22.7    | 36.2    | 73.8    | 210.8   | 293.7   |
| <b>Post-Soviet average (12)</b>   | 140.6   | 325.0   | 836.6   | 1,687.5 | 2,270.9 |
| <b>New EU-member average (11)</b> | 898.3   | 2,326.6 | 5,720.8 | 7,408.0 | 7,828.9 |
| <b>Baltic states average (3)</b>  | 866.8   | 2,360.2 | 5,899.7 | 7,648.1 | 9,413.9 |

## 6.4 THE EURASIAN ECONOMIC UNION AND ITS POTENTIAL CHALLENGERS – THE EU AND CHINA

The Eurasian Economic Union (EAEU) is a grand project to reintegrate certain regional countries, replaying the EU integration roadmap. It currently has five members – Russia, Belarus, Kazakhstan, Kyrgyzstan and Armenia. In 2010 the three former countries ‘recreated’ the customs union, and in 2015 they established the Eurasian Economic Union, formally introducing the common market with the ‘four freedoms’ (movement of goods, capital, services and labour) within it. The Union aims to abolish administrative and non-tariff barriers from trade and other movements, creating a single market by 2025.

There are several doubts regarding the future of the EAEU, addressed in greater detail in Part One. The weightiest argument concerns the fate of the Eurasian Economic Community (EurAsEc) between 2000 and 2010, which ended in total disarray. This was due to the fact that the EurAsEc applied the Russian tariff regime as the common external tariff, which was significantly higher than those in many other member countries. Hence, the EurAsEc raised significant barriers in and caused trade diversion from Central Asian states to Russia. At the same time, given the CIS free-trade arrangements, EurAsEc members could enter each others' market even before, providing no extra benefit for non-Russian producers from the customs union. Consequently, EurAsEc members did not apply the common tariff regime at their external borders in full but only selectively, causing a chain of trade wars within the region and ending up preserving internal customs practices.

The failure was instructive when establishing the EAEU. Obviously, Russia had to offer the other EAEU members some preferential access to its markets. This has been achieved by making three modifications. First, while the Russian tariff regime was taken as the basis for common external tariffs again, Moscow joined the WTO in 2012. This reduces unweighted (weighted) average tariffs, and common tariffs will decrease accordingly from 11.5% (13%) in 2011 to 7.9% (5.8%) by 2020. Consequently, even if tariffs may have risen moderately since 2015 for Kazakhstan, Armenia and Kyrgyzstan, by 2020 they will erode back close to their former national levels. In this regard, the region remains on the path of economic opening.

Second, the abolishment of non-tariff barriers is far more important than the decrease in the already diminishing customs tariffs. According to surveys and an econometric analysis conducted by the Centre for Integration Studies of the Eurasian Development Bank in 2015, non-tariff barriers amounted to 39.8% ad valorem in Kazakh exports to Belarus, 14% of the value of its exports to Russia. Lower, but dimensionally similar values were published for other directions.<sup>9</sup> The bulk of the trade disputes since 2015 have been related to these non-tariff barriers, primarily referring to different technical, sanitary and phytosanitary standards. Enhancing access to the Russian market would compensate for the temporary Kazakh, Kyrgyz, and Armenian loss on the tariff issue and provide them with long-term advantages. The major problem here is that the effective Soviet system of standards (GOST) stipulates mandatory technical regulations, while the WTO's agreements apply SPS and TBT regulatory mechanisms, based on much more flexible voluntary principles. Most of the regional countries, including Russia, Kazakhstan and Belarus accepted

9 Vinokurov et al. 2015.

legislation calling for adherence to the EU's SPS regulations. This would eliminate many of the current health and safety standard problems and enhance competitiveness both within the EAEU and outside. At the same time, the conversion is proceeding slowly and the establishment of the EAEU has created new problems, raising the issue of harmonization between the five members. Another option in order to speed up standardization would be the use of mutual recognition agreements (MRAs) regarding each other's mandatory technical regulations. As the example of the EU shows, both of these practices may take decades, perhaps even between entities sharing a common past.<sup>10</sup>

The third issue among Russia's economic offer is the broadening of the customs union to a common market with four freedoms. Obviously, these issues and the related risks were the major short-term motivations for some countries, most notably for Kyrgyzstan and Armenia to enter the EAEU. Given that the EAEU provides free movement of labour for members' citizens, both countries received legal guarantees of free work migration to Russia and Kazakhstan. As Table 6 shows, remittances from Russia make a considerable contribution to local GDPs in the case of Armenia, Moldova and Uzbekistan, while they are essential constituencies in Kyrgyzstan and Tajikistan. Those who joined the EAEU are equipped with some legal guarantees that these transfers remain largely free of labour force regulations.

Table 6: Net remittances from Russia and their share in the respective GDPs of post-Soviet countries, 2013–17, bln USD, %  
Source: IMF, CBR

|                        | Net remittances |      |      | Remittances/GDP |       |       |
|------------------------|-----------------|------|------|-----------------|-------|-------|
|                        | 2013            | 2015 | 2017 | 2013            | 2015  | 2017  |
| <b>Armenia</b>         | 1.41            | 0.66 | 0.69 | 12.67           | 6.25  | 5.97  |
| <b>Kyrgyz Republic</b> | 1.69            | 1.06 | 1.82 | 23.04           | 15.87 | 25.41 |
| <b>Moldova</b>         | 1.18            | 0.48 | 0.43 | 14.78           | 7.89  | 5.32  |
| <b>Tajikistan</b>      | 3.59            | 1.97 | 2.38 | 42.21           | 25.07 | 32.70 |
| <b>Ukraine</b>         | 2.83            | 0.97 | 0.58 | 1.58            | 1.07  | 0.53  |
| <b>Uzbekistan</b>      | 6.10            | 2.55 | 3.56 | 10.57           | 3.83  | 7.43  |

<sup>10</sup> Tarr 2016.

With the exception of Russia, the EAEU amounts to the integration of the more interdependent countries within the CIS. Nonetheless, its integration levels remain far below the indicators of the European Union. In 2013, only three countries within the EU had more non-EU trade than intra-EU turnover (the UK, Malta and Greece), and the average share of intra-EU trade was 62%. At the same time, as can be seen in Table 3, only the Tajik and Belarusian intra-CIS trade levels exceeded 50% in 2016, and a major proportion of the respective national economic interests lay outside the CIS or EAEU. Hence, the EU may be a false benchmark both regarding expectations and as a future model for development.

There have been two major enhancers of EAEU progress to date. First, the formation of the EAEU went hand-in-hand with liberalization and global economic integration efforts. Russia's WTO accession was a major game changer in the odyssey of post-Soviet economic integrations, while the future conformity with WTO/EU SPS standards would also mark a step towards the global competitiveness of local industries. Hence, if the EAEU were to become a facilitator of regional liberalization and potentially add some extras within its borders, it could preserve its role as a sizeable institutional entity in Eurasia. This effort has been further underlined by the recent EAEU trade policy offensive and conclusion of a free trade agreement with Vietnam, another cooperation agreement with China, and attempts to sign similar treaties with Iran and Serbia. Putin also offered free trade agreements to a number of partners in the name of the EAEU, such as Turkey and the EU. These measures and declarations to a great extent aim to broaden recognition of the EAEU and raise its prestige. Consequently, their substantive parts have to be viewed with some caution at this point, and all the more so when considering that trade liberalization goes against Moscow's current turn towards import substitution and protectionism. This may also become a major challenge for the EAEU. Theoretically, Moscow cannot raise its customs tariffs so easily because of its WTO and EAEU membership. Nonetheless, the protectionist stance may endanger the implementation of past EAEU commitments regarding trade facilitation or could make this process much more complex vis-à-vis other members.

The negative results of Moscow's protectionism can be counter-balanced by the EAEU's other enhancer, through access to the relatively big Russian market and even more importantly to Moscow's concessions and subsidies. In this regard, the EAEU can also be seen as a quasi-Comecon,<sup>11</sup>

11 The Council for Mutual Economic Assistance (Comecon) was an economic organization that existed between 1949 and 1991, established by the Soviet Union and the Eastern Bloc countries. While Comecon functioned as a way of dismantling Western economic influence within the Soviet Bloc, the Eastern European communist countries often used it as a channel for requesting additional Soviet aid and economic concessions.

where the major rationale for member countries is to establish an enhanced dialogue with Russia and monetize its goodwill. This happens on a permanent basis with Armenia and Belarus, which receive low-price energy. Moscow also pledged development aid and preferential investments to Kyrgyzstan, and maintains security guarantees and access to the arms market in the case of Armenia.

Despite all of these dedicated efforts on the part of Russia, past experiences show that an integration trajectory cannot be maintained beyond certain limits by relying exclusively on ad hoc subsidies and sectoral cooperation. In this regard, the future of the EAEU lies in the abolishment of trade and other barriers and the member states' adherence to the rules. In this respect, the Russian 'counter-sanctions' since 2014 on a wide range of agricultural and food products from Western countries posed a major test. None of the member states joined the ban. This goes against the common trade policy principle, according to which all similar decisions should be taken at the EAEU level. Legally, the problem can be resolved by strictly applying the rules of origin agreement concluded within the CIS and in force in all EAEU countries. At the same time, local exporters in Belarus and potentially in other member countries slipped through these loopholes and re-exported Western products to Russia as domestic ones. Moscow had to react with the same technical and sanitary measures, repeating the problems that had arisen with the EurAsEc.

The analysis of EAEU achievements in the last three years is further complicated by the major economic fluctuations caused by the 2014 crisis in Ukraine, sanctions, and the drop in the oil price.<sup>12</sup> Nonetheless, one of the major issues concerning measurement relates to the way in which the EAEU rearranges the regional ties with alternative centres of economic gravity. On the Western frontier, the EU and its neighbourhood policy posed a challenge to Russian reintegration efforts, while in Central Asia China has become a huge magnet. Besides the EAEU, approximation to these economic entities is the driver that could change the post-Soviet inertia and may have a decisive role in the future of the region.

12 Vinokurov (2017) provides a positive assessment for the first couple of years.

Table 7: EU and CIS shares in Georgian, Moldovan and Ukrainian foreign trade, 1995–2017, %

Source: National statistical providers

\* Ukrainian data after 2014 excludes Crimea and the conflict zones of Eastern Ukraine

|                 |            | 1995 | 1997 | 1999 | 2001 | 2003 | 2005 | 2007 | 2009 | 2011 | 2013 | 2015 | 2017 |
|-----------------|------------|------|------|------|------|------|------|------|------|------|------|------|------|
| <b>Georgia</b>  | <b>CIS</b> | 40.2 | 38.6 | 39.2 | 37.1 | 37.0 | 41.8 | 35.9 | 30.4 | 32.4 | 34.7 | 29.6 | 32.8 |
|                 | <b>EU</b>  | 18.8 | 19.7 | 22.8 | 25.3 | 28.6 | 23.6 | 28.0 | 27.9 | 26.7 | 26.3 | 28.7 | 26.7 |
| <b>Moldova</b>  | <b>CIS</b> | n/a  | 59.3 | 47.2 | 47.0 | 46.4 | 43.0 | 37.4 | 35.8 | 35.5 | 32.8 | 25.4 | 23.0 |
|                 | <b>EU</b>  | n/a  | 31.1 | 43.9 | 42.1 | 42.9 | 43.8 | 46.9 | 45.8 | 45.1 | 45.6 | 53.3 | 54.9 |
| <b>Ukraine*</b> | <b>CIS</b> | n/a  | 49.1 | 42.5 | 42.0 | 37.8 | 39.1 | 39.6 | 39.0 | 42.0 | 35.6 | 24.2 | 19.8 |
|                 | <b>EU</b>  | n/a  | 27.9 | 30.4 | 32.1 | 36.0 | 32.0 | 33.0 | 29.3 | 29.0 | 31.2 | 37.5 | 41.3 |

As shown in Table 7, in the case of the three EU DCFTA countries, CIS–EU competition tends to be in favour of the European Union. CIS shares from total foreign trade fell in all three cases and these decreases were intense, especially in Moldova and Ukraine after 2014. The EU grew in importance, although this was expected and partly the result of its enlargement from EU15 to EU28. In the case of Moldova, one can speak about some sort of European orientation, albeit in a highly peripheral role. This was the only country out of the three EaP states that could compensate for the loss of its CIS trade in the European markets.

In the case of Georgia and Ukraine, the combined CIS and EU shares cover only around 60% of total foreign trade, painting a more fragmented picture without clear trade policy profiles. Paradoxically, Georgian exports to the CIS grew substantially after Tbilisi exited the organization in 2010. Given this setup, it is highly questionable as to what kind of benefits strict adherence to the EU *acquis* may provide if less than 24% of Georgian exports go to the Union. The case of Ukraine cannot be separated from its conflict with Russia and loss of major industrial centres. Foreign trade statistics between 2013 and 2017 very tellingly reflect these changes. It remains to be seen how the country will overcome the shock and whether it can enter the European markets in the longer run.

Nonetheless, all three countries would need decades of robust growth and catching up in order to enhance economic convergence with the EU. Unfortunately, there is little evidence that economic development could be maintained in a macroeconomically stable manner. Without such development, these countries may be stuck with their current status. Free trade with the EU without improving local competitiveness may have

disadvantageous effects and could fall short of society's expectations. In such an environment, nostalgia for Soviet markets would remain a basic ideological and economic asset in the hands of Moscow, permanently challenging the adherence and integrity of institutional ties with the EU.

Optimally, the EU and CIS market segments are complementary and can diversify local exports substantially. The CIS still represents markets for declining industrial sectors, especially in the Ukrainian case, can absorb agricultural and food surpluses from Georgia and Moldova, and may serve as a stepping stone for entering the post-Soviet space for EU investors in light industry or some manufacturing branches. Meanwhile, EU markets may save local economies from pro-cyclical crises stemming from Russia and still sweeping through the whole region, as happened in 1998 and 2014. Hence, the rivalry between Russia and the EU and the strict and short-term optionality between the EAEU and EU DCFTA was rather damaging from the economic point of view.

The coexistence of China and CIS/Russia in Central Asia has been softened by the lack of solid institutional optionality. While Moscow actively propagates the EAEU among these countries, China has not elaborated a similar integration pattern, and economic relations largely remain at the bilateral level. At the same time, the lack of visible conflicts masks an even more rapidly changing landscape and shifts in economic orientations. As depicted in Table 8, China is a major trade partner in these countries, and became the biggest by far in Kyrgyzstan, Tajikistan and Turkmenistan. Chinese influence is not restricted to trade, however: it actively seeks access to local energy resources, invests in related sectors, acquires ownership through local value chains, especially in retail or light industry, and provides loans and infrastructure construction capabilities under the label of the Belt and Road Initiative.

Table 8: The foreign trade of Central Asian countries with China and the CIS, 2016, bln USD, %<sup>13</sup>  
Source: CISstat, Observatory of Economic Complexity

|                        | Kazakhstan | Kyrgyzstan | Tajikistan | Turkmenistan | Uzbekistan |
|------------------------|------------|------------|------------|--------------|------------|
| <b>Total (bln USD)</b> | 62.11      | 5.57       | 3.93       | 11.83        | 24.31      |
| <b>CIS (%)</b>         | 28.5       | 42.26      | 50.08      | n/a          | 34.81      |
| <b>China (%)</b>       | 13.62      | 48.48      | 44.79      | 45.04        | 14.52      |

13 Data from this region is highly contradictory, especially as far as Tajik, Kyrgyz and Uzbek providers are concerned. This might be partly due to the different registration of product flows for statistical and customs purposes. It is particularly true for Kyrgyz and Uzbek gold and precious metal ore exports, providing up to 40% of the respective flows.

The Chinese influence in the region has general characteristics similar to those of its penetration in Africa and Latin America. Beijing is successful in engaging smaller and more vulnerable subjects. As far as the two smaller Central Asian countries are concerned, suffice it to say that China produces their respective annual GDP in less than six hours. The loyalty of the local elites can be bought relatively easily and even the smallest offers in terms of development aid can boost these countries substantially.

The landscape becomes more balanced due to the more diversified external relations of the two regional majors, Kazakhstan and Uzbekistan. In Kazakhstan, China's role has been growing much more gradually than in the other cases. The reasons for this are manifold. Kazakh oil reserves lie in the Western part of the country, in the Caspian Basin, very far away from Chinese industrial centres. Furthermore, the Kazakh oil industry had been largely established and consolidated by the start of Chinese engagement in the mid-2000s. Moreover, the Kazakh leadership pursues a multi-vector foreign and foreign economic policy, where Chinese investments could have only a limited role. Accordingly, Chinese FDI amounted to only 14.8 bln USD (around 7% of the total, or around 10% if Hong Kong is added), primarily concentrated in transportation, mining and finances. In the case of Uzbekistan, the country remained closed and hardly accessible for any foreign investments and with little export potential. The former feature may change due to the rotation in the presidential position, if it were accompanied by some change in economic policy.

What is Russia's stake, and how does the EAEU relate to the challenges posed by the EU and China in the respective regions? It is widely believed that the EAEU confronts Western and Chinese penetration in different ways in the member states. This has been achieved by mutually exclusive integration projects between the EU and EAEU and underlined by Russia's deliberate efforts to articulate the EAEU's position regarding Beijing's initiatives. The member states try to retain their autonomy in external economic policy as far as possible: Armenia signed a Comprehensive and Enhanced Partnership Agreement with the EU in February 2017, and Astana objected to premature Russian statements on several occasions in the name of the EAEU and demonstratively expressed its wish to maintain its independence within the legal frames. Multi-vector reflexes are also present on the other side: in May 2018 the Moldovan president successfully applied for observer status within the EAEU.<sup>14</sup>

From a more analytical angle, Moscow's challenge is much more complex. First, it has to deliver on its past pledges and abolish trade barriers within the EAEU. The fate of EurAsEc permanently haunts the

14 The status of this action remains unclear since it needs internal approval and implementation by other constitutional entities.

EAEU initiative and if the project fails to provide some benefits for the parties, its erosion will be inevitable. Moscow's rush for international entrenchment of the EAEU, and the attempts to push for recognition in the EU and globally have been made in part to prepare for these negative outcomes. Second, Russia also has to take a position in the liberalization/protectionism dilemma. At this point, it still seems to be easier to keep the EAEU together with a moderate liberalization agenda. The experiences with Russian counter-sanctions, with partners taking considerable distance from Moscow, are highly indicative in this regard. The problem in this respect is that an opening up of the economy has become the less favourable choice in Moscow.

Table 9: Russian exports to and imports from major regions of the world, 2005–17, mln USD, %  
Source: Russian customs statistics

| Exports                | 2005      | 2007      | 2009      | 2011      | 2013      | 2015      | 2017      |
|------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Total (mln USD)</b> | 241,451.7 | 351,928.2 | 301,666.5 | 516,480.9 | 525,976.3 | 343,511.8 | 357,766.8 |
| <b>CIS (%)</b>         | 13.5      | 15        | 15.5      | 15.4      | 14.1      | 13.1      | 13.4      |
| <b>EU (%)</b>          | 55.2      | 55.7      | 53.3      | 51.6      | 53.7      | 48.2      | 44.6      |
| <b>APEC (%)</b>        | 12.4      | 12.2      | 15        | 17.9      | 18.9      | 22.8      | 24.1      |
| Imports                | 2005      | 2007      | 2009      | 2011      | 2013      | 2015      | 2017      |
| <b>Total (mln USD)</b> | 98,707.5  | 199,753.1 | 167,348   | 305,604.5 | 315,297.5 | 182,902.3 | 227,464.2 |
| <b>CIS (%)</b>         | 19.2      | 15        | 13        | 14.7      | 12.4      | 11.6      | 10.9      |
| <b>EU (%)</b>          | 44.2      | 43.7      | 45.1      | 41.7      | 42.6      | 38.4      | 38.2      |
| <b>APEC (%)</b>        | 25.6      | 31.9      | 30.9      | 33.8      | 34.6      | 37.9      | 40.3      |

Third, and most importantly, Russia will represent its own economic interests within the EAEU and regarding CIS countries. As Table 9 shows, the CIS countries' share has been decreasing consistently and substantially in the last decade. The CIS region provides roughly just one-tenth of Russian foreign trade and minuscule proportions of FDI. This is in sharp contrast to Russian foreign policy priorities, where the region is designated as the most important area of Moscow's interests. While the Kremlin certainly channels significant funds for these objectives, and

state companies may sidetrack their normal business activities, limits are imposed. Hence, it is reasonable to say that CIS and EAEU policies cannot stray too far from mainstream foreign economic policies and definitely cannot contradict them for a prolonged period of time. In the event of conflicts, Moscow will likely not harm its own business groups and self-serving interests. Russian foreign policy has to be adapted to structural economic processes from time to time.

## 6.5 CONCLUSION

The forms of economic integration in the post-Soviet states are relatively low. At the current stage, the common market, represented by the EAEU, is 'state of the art' regional integration, with reasonable doubts regarding its future potential and capabilities. At the same time, the alternative integrative mechanisms in the region are also rather humble: the EU offers its Eastern partners free trade with legal approximation. The former is definitely loose cooperation in the age of global liberalization of trade, while implementation of the latter certainly exceeds local capacities. China does not try to integrate regional countries, but establishes bilateral ties and acts according to its interests. Chinese influence transforms the regional balance without harbouring transformative ambitions. In such a landscape Russia can maintain some of its economic leverage given its relative strength because of the lack of competition.

No swift change is to be expected in these respects. The post-Soviet region has a *sui generis* integrability problem. Political elites are intertwined with local businesses, corruption is rampant, the regional average TI Corruption Perception Index ranking is 123 out of 180, with all regional countries above 100 apart from Georgia and Belarus. Foreign companies enter the region in order to access its resources and tap local demand, but not in order to set up complex value chains and establish production capacities with high human added value. The gradual erosion of the region's weight in the global economy, the low competitiveness, and all the concerns regarding the decline of local processing industries are clear indications of this trend. The region will likely also reach its limitations of extensive growth in hydrocarbon production in the coming decade. The end of this megatrend, stretching from the 1960s through the collapse of the Soviet Union until today, may serve as the last wake-up call for local economic policies.

Given the lack of development drivers and complex, vertically integrated value chains, the local economies provide little complementarity

for strong integration. They remain rent-seeking systems based on some sectoral cultures and their export potential. In such an environment, economic integration may prove useful, but limited in its scope. As the experience of APEC demonstrated, economic cooperation is possible on the basis of a system of dense bilateralism, without supranational integration mechanisms. The move away from multilateralism could be further accentuated by the current shift in the region's economic focus towards the Asia-Pacific region.

This might change the standard business culture and economic behaviour of the region and Russia. Currently, much of the post-Soviet region distances itself from Europe in terms of foreign trade, FDI, and economic cooperation. Russian and Central Asian business cultures more closely resemble those in the Asia-Pacific region, where political ramifications are still important for business, megadeals with complex verticalities are present, state companies provide the negotiation benchmarks and business goes beyond economics. In this regard, the current regional business cultures may remain as they are, with no change from outside to be expected.









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## 7. DEMOGRAPHY AND MIGRATION IN POST-SOVIET COUNTRIES

Liliya B. Karachurina

### 7.1 INTRODUCTION

Demographic trends do not change overnight. Hence, the characteristics of mortality and fertility that were manifested in the late Soviet period were preserved in most of the republics even after the collapse of the USSR, when they became independent countries. Migration processes have had an increasing influence on the general population dynamics. For some (eastern) countries, these processes began to serve as a ‘valve’, allowing ‘superfluous’ (for the labour market) members of the population to exit, and, at least slightly, correcting the explosive population growth. For other (western) countries, migration has served as a stabilizer of the population, experiencing simultaneously both the effects of natural population decline and population ageing. This chapter is devoted to the analysis of demographic processes in the new independent states after the collapse of the USSR. It provides answers to the key demographic questions: whether and how the trends in population dynamics, mortality, fertility and migration have changed in the republics of the former USSR over the past 30 years.

It should be realized that any analysis of demographic statistics after the collapse of the USSR is seriously hampered both by the asynchronous nature of population censuses (being undertaken in different years), and by various principles applied when estimating the migration and thus the overall population balance. For example, the migration statistics of Armenia in the 1990s estimated the number of migrants according to transport statistics, while the statistics for Moldova allocate repatriates,

in addition to traditional emigrants and immigrants. A number of countries do not publish the population balance, while others (primarily Turkmenistan and Uzbekistan) publish very limited demographic statistics. Hence, in some cases, the estimates are indicative.

## **7.2 THE DEMOGRAPHIC SITUATION BEFORE THE COLLAPSE OF THE USSR**

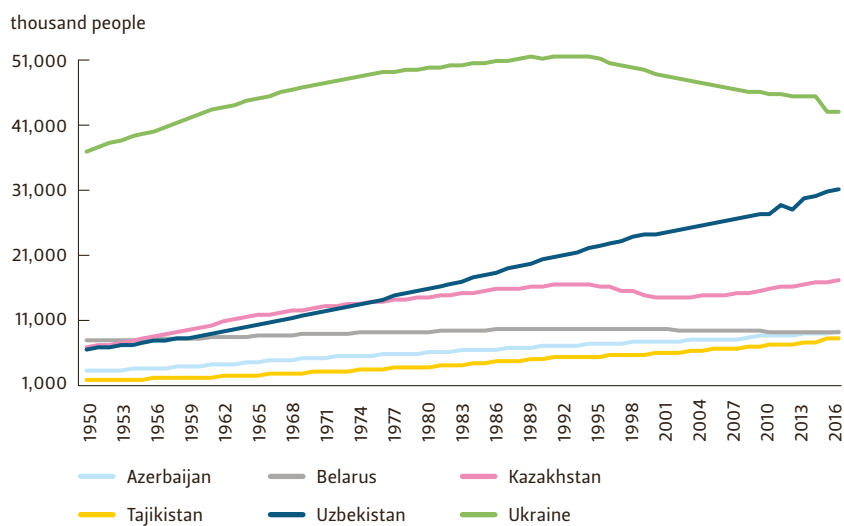
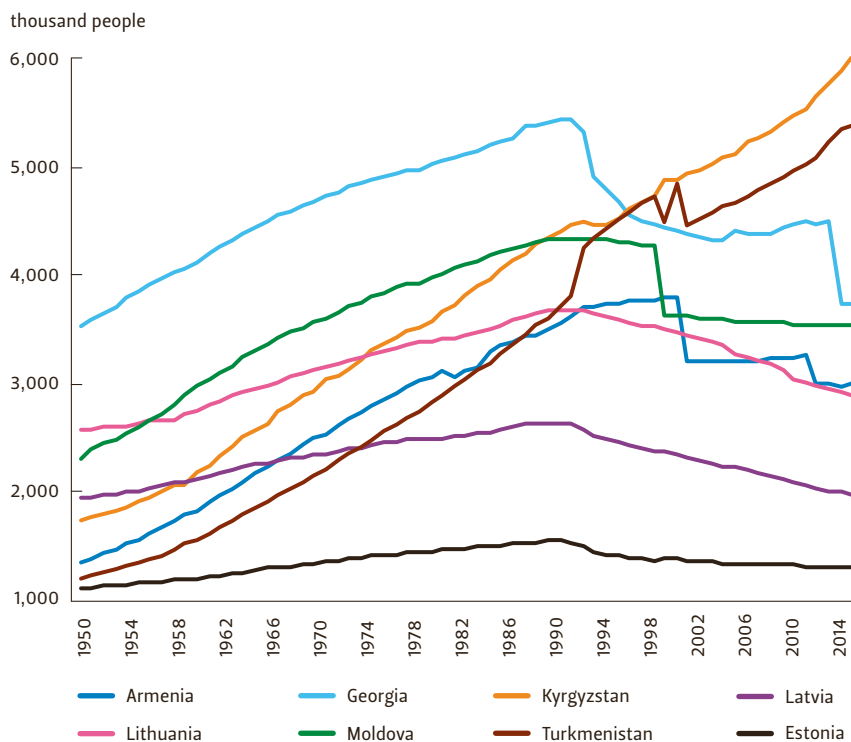
The last Soviet census took place just before the collapse of the Soviet Union on January 12, 1989, and in this sense it has become a milestone in the analysis of the demographic situation ‘before’ and ‘after’ the dissolution. The census recorded 286.7 million inhabitants.<sup>1</sup> If a similar census were conducted today, 30 years later, and including each former republic of the USSR independently, the estimate would be about 295 million people (according to the current statistical data<sup>2</sup>).

Hence, the population of this huge area (once denoted by the expression ‘one sixth of the Earth’) has officially increased. However, this growth has been accompanied by simultaneous stratification: the republics of the western part of the former USSR, as well as Armenia and Georgia, experienced population decline during the entire period under review, while the republics of Central Asia, Kazakhstan and Azerbaijan witnessed population growth. Long-term trends in population dynamics as early as the 1960s clearly indicated that, at the turn of the 1990s, the western republics of the USSR would face depopulation, while the eastern republics would enter a phase of active and sustainable population growth (Figure 5). The reason for this lies in the (timewise) different start of the demographic transition in the republics of the USSR.<sup>3</sup> Although urbanization, a decrease in mortality and, subsequently, a decrease in birth rates began in the western republics much later than in many European countries, this still occurred much earlier than in South Caucasus, and even more so than in Central Asia.

1 *Demoscope Weekly* 2018g.

2 Population Reference Bureau 2018.

3 For more on the demographic transition, see Vishnevsky 1976.



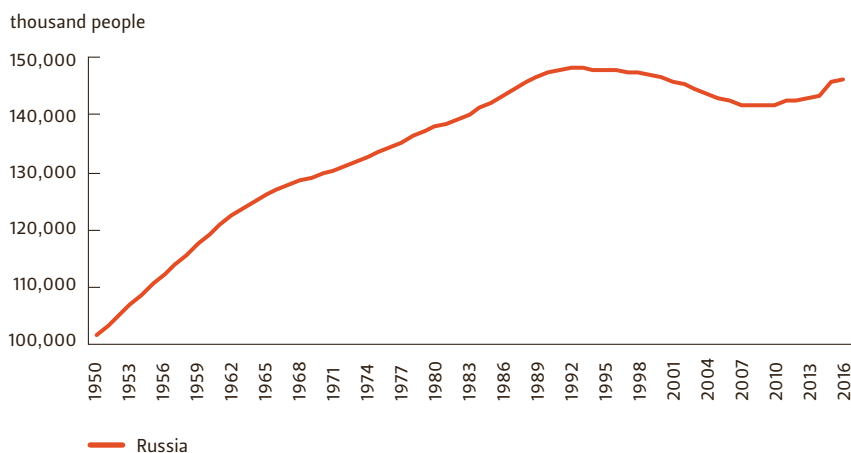


Figure 5: The population of the republics of the former USSR on 1 January, 1950–2016, thousands of persons

Source: *Demoscope Weekly*

As a result, on the eve of the collapse of the USSR, the differences between the republics concerning the majority of demographic indicators were highly significant. For example, in terms of life expectancy, the difference was 7.37 years (between Armenia and Turkmenistan) for men, and 7.97 years for women (Belarus and Turkmenistan). In terms of the total fertility rate, the values varied from 1.92 in Ukraine to 5.08 in Tajikistan.<sup>4</sup> Generally speaking, these differences could be attributed to the ‘west-east’ dichotomy, but in reality, there was no distinctly homogeneous ‘west’ and ‘east’ for most of the demographic indicators.

The accumulating differences in the reproduction regimes in the post-war period caused significant changes in the ethnic structure of the population of the USSR. By 1989, the share of the Central Asian republics in the natural increase in the population of the USSR had reached one-third; between 1959 and 1989 the population of its titular nation<sup>5</sup> grew 2.6–3-fold, the Ukrainian population 1.18-fold, the Belorussian population 1.26-fold, and the Russian population 1.27-fold (Tables 10). The second consequence of the differences in reproduction regimes was the further divergence in the age composition of the republics.

<sup>4</sup> *Demoscope Weekly* 2018e.

<sup>5</sup> Peoples whose nationality determines the name of the countries concerned.

Table 10: Contribution of certain republics to the natural growth of the population of the USSR, 1959–1989, %  
Source: Zahkarova 1991

| Republic                    | The share of the republics in the natural growth of the population of the USSR for each period, % |           |           |
|-----------------------------|---|-----------|-----------|
|                             | 1959–1969   | 1970–1978 | 1979–1989 |
| USSR                        | 100   | 100       | 100       |
| including:                  |   |           |           |
| RSFSR                       | 43.8  | 35.2      | 33.0      |
| Ukraine                     | 14.8  | 11.6      | 7.3       |
| Belarus                     | 3.8   | 3.1       | 2.6       |
| Moldova                     | 1.9   | 1.9       | 1.8       |
| Kazakhstan                  | 9.1   | 10.7      | 10.8      |
| Republics of Central Asia   | 16.7  | 26.9      | 33.6      |
| Republics of South Caucuses | 8.2   | 9.1       | 9.6       |
| Baltic States               | 1.7   | 1.5       | 1.3       |

### 7.3 GENERAL PARAMETERS AND TRENDS IN POPULATION DYNAMICS BY COUNTRIES

Data on the natural population change shows that between 1990 and 1993 there was a transition from growth to depopulation in Russia, Ukraine, and Belarus (and also in the Baltic countries), as well as in Moldova somewhat later. In Georgia and Armenia, the natural growth significantly decreased, although it did not become negative. The western republics of the former USSR experienced a natural population decline due to the deformations in the age structure of the population that occurred during the entire 20th century under the influence of the migration outflow to the periphery of the USSR, World War II (and, consequently, the decrease in the number of children born), and the transformation in reproductive behaviour. In some years and in some countries (Russia and Belarus), this was fully or partially offset by the growth in migration. In Ukraine, and especially in Moldova, natural loss was combined with migration loss. In Armenia and Georgia, a small natural inflow was accompanied by a significant migration loss.

Conversely, in Central Asia the natural growth remained positive (albeit decreasing) during the whole period. The reasons for this are initially very high parameters of natural growth (by the time of the collapse of the USSR), which being an evolutionary component never decreases instantly. The young age structure of the population contributes to both low mortality and high fertility. It was also reinforced by the migration of the Russian-speaking population (with an older age structure) from the Central Asian republics, which led to the higher concentration of the titular population, which was younger and characterized by a higher birth rate. Hence, natural growth continues to play a major role in the demographic balance of the republics of Central Asia, as was the case in the 1980s and 1990s.

The overall dynamics of the population in the respective countries was affected by different capacities and the often multidirectional effects of natural and migratory processes. Several groups of countries can be distinguished by the nature of their population dynamics for the period 1990–2016:

- countries with a decline of more than 10% in relation to the population of 1990: Armenia, Georgia, Moldova, and Ukraine;
- countries whose population declined by no more than 10%: Belarus and Russia;
- a country whose population increased by 7% (Kazakhstan);
- countries with significant (more than 30%) population growth: Azerbaijan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan.

In total, there was a population decrease in nine out of 15 countries in 1989–2016, while in six countries the growth that had started earlier continued (Figure 5). During this period, the population of Tajikistan increased almost 1.7-fold, Uzbekistan 1.6-fold, Turkmenistan 1.5-fold, and Kyrgyzstan and Azerbaijan 1.4-fold. In effect, these countries ensured the total population growth in the post-Soviet area, as mentioned at the beginning of the chapter.

The collapse of the USSR as a political event did not significantly affect the evolutionary demographic processes, but its indirect influence was noted in the form of postponed births and changes in timings, and the increase in mortality due to ‘additional’ stress factors. Furthermore, the collapse of the USSR has changed the nature and power of migration and the role of the migration component in the overall population dynamics of the new countries.

Another important aspect concerns the shifts that occurred in the age structure of the population. In those countries where birth rates are low, and reproduction has either been below or just about at the replacement level for a long time, the proportion of the elderly has significantly increased. This leads to demographic ageing of the whole population and its working proportion, and places an increasing demographic burden on the working age population. On the other hand, in Central Asia and Azerbaijan, where the number and share of young people have significantly increased, the share of the working age population has decreased, and the concentration of the rural population, the demographic burden of children on the population of working age, and the demand for social infrastructure for children have all increased.

### **7.3.1 Features of mortality and fertility in 1991–2015**

The dynamics of the birth rates in the western countries of the former USSR has long been close to the patterns of the developed countries globally. The long-term fertility decline, which began for real generations of Russians,<sup>6</sup> as well as for Ukrainians<sup>7</sup> even before the First World War, generally continued throughout the 20th century, despite short-term periods of growth. By the end of the 20th century, in addition to the evolutionary determinants, the decrease in the birth rate in the western countries of the former Soviet Union was also facilitated by structural factors, namely the low number of women of reproductive age, including the most active reproductive age. It was also suggested that the general stagnant atmosphere in the USSR in the 1980s slowed the evolution of the procreative behavioural pattern of the population that was developing in European countries, and which later accelerated, with a delay in Russia and other countries of the western part of the former USSR.

As a result, in 1997–2001 in Russia, in 1999–2002 in Ukraine and Armenia, and in 2002–2005 in Belarus and Moldova, the lowest values of the total birth rate of conditional generations (TFR) for each of these countries were recorded (Figure 6).<sup>8</sup> Very few countries in the world had a lower birth rate than the western countries of the former USSR (Figure 7). The most significant and most rapid drop was in Moldova. Unlike women in Russia or Belarus, generations of Moldovans born in 1960 (real generations) continued to reproduce. But then, having started to decline later

6 Vishnevsky (ed.) 2006.

7 Steshenko 2010.

8 In demography, the term 'conditional generation' is an abstract construct which implies that during its lifetime the intensity of demographic processes equals the one that is observed in a given year. People of different ages living in this particular calendar year are considered as belonging to the same generation. For more on this, see Medkov 2003, p. 149.

than in the other western republics, the birth rates in Moldova dropped sharply and to lower values than in the neighbouring countries. Today, Moldova has the lowest birth rates in the post-Soviet area, being additionally deprived of the opportunity to conduct an active pro-natalist policy per se.

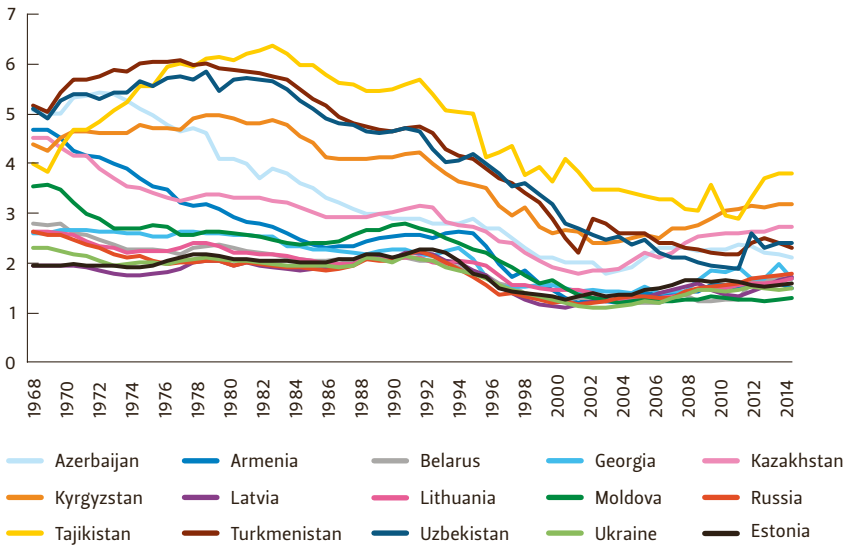


Figure 6: Total fertility rate, 1958–2015, ‰  
Source: *Demoscope Weekly* 2018e.

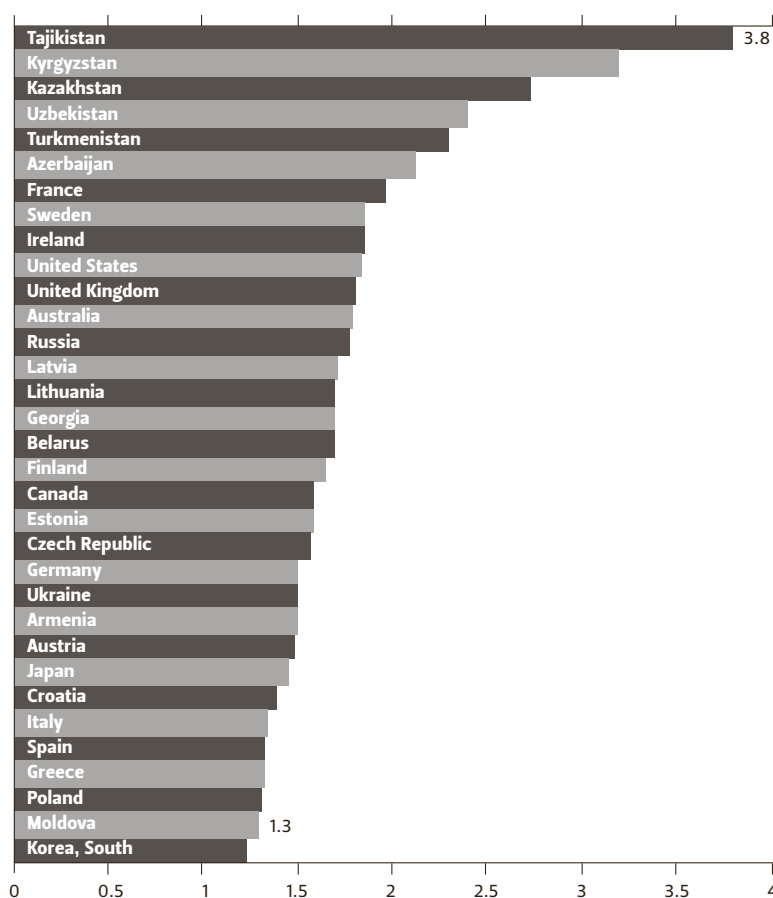


Figure 7: The total fertility rate in the countries of the former USSR in comparison with certain developed countries of the world, 2015, ‰

Source: *Demoscope Weekly* 2018e, 2018b.

Since the beginning of the 2000s, the TFR has exceeded its minimum level and is growing in all countries of the western part of the former USSR. However, both the current level of TFR for conditional generations (1.7–1.8 in Belarus, Georgia and Russia, 1.5 in Ukraine and Armenia, 1.3 in Moldova) and the final birth rate for real (not conditional) generations indicate that the populations of these countries are not reproducing.

The model of the two-child or even one-child family (as in Moldova) is now dominant in the western countries of the former USSR. However, it must be acknowledged that this situation has persisted for quite a long time. The real changes are associated not so much with the number of children in families as with the change in the age profile of the birth rates (Figure 8), with squeezing the interval between the births of children of neighbouring birth orders.

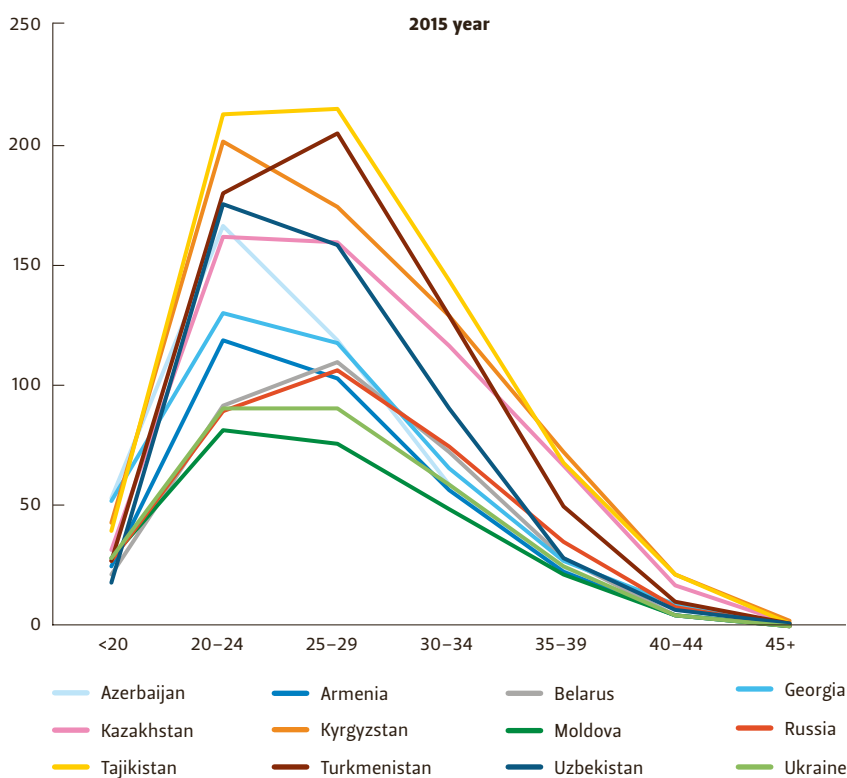
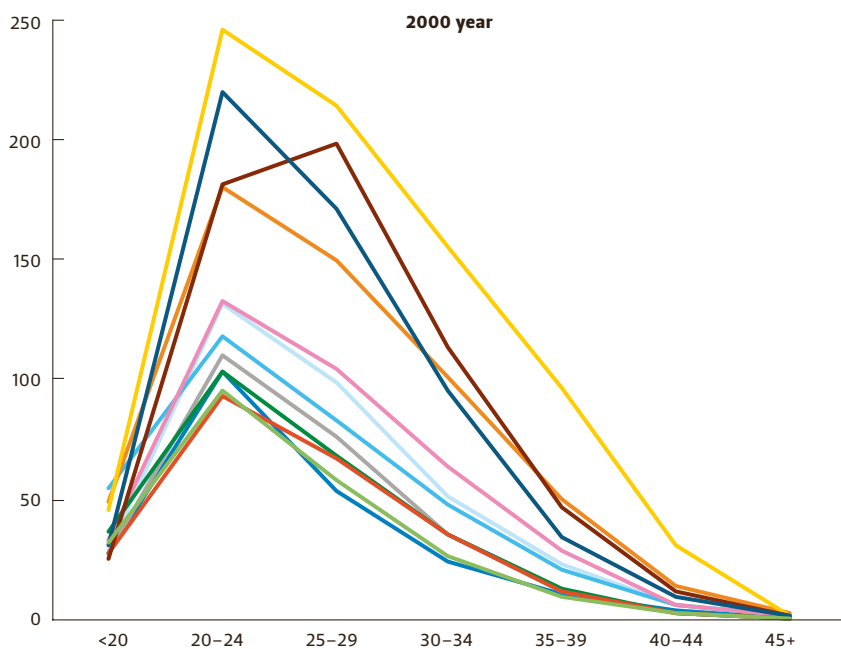


Figure 8: Age profile of the birth rate, 2000 and 2015  
Source: *Demoscope Weekly* 2018c.

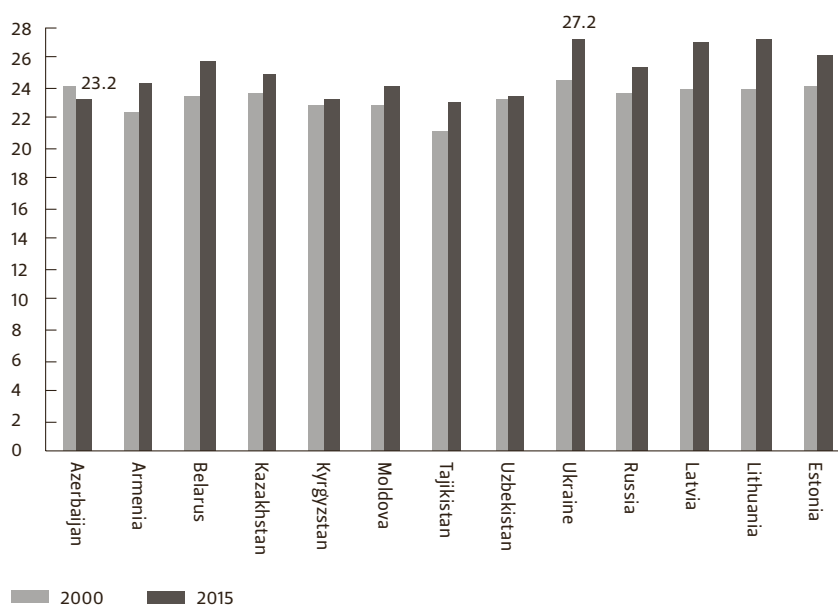


Figure 9: Average age of mother at birth of first child, years  
Sources: CIS Statistical Committee 2017; *Demoscope Weekly* 2018a.

In Tajikistan, Turkmenistan and Uzbekistan, the TFR was more than 4 in 1989, which predetermined significant reserves for its reduction. In Kyrgyzstan, which during the latter years of the USSR differed from the other Central Asian republics in its share of the Russian-speaking population, the TFR was lower, albeit still high. In the 1990s and 2000s all of the republics in Central Asia, except for Kyrgyzstan, were quite actively reducing the birth rates. In the 2010s, this trend was replaced by new growth. The birthrate of conditional generations in Kyrgyzstan was the least affected: since 2010 it has been stable at the ‘more than three births’ level. Since the early 2000s, the birth rate in Kazakhstan has also been growing steadily.

The average age of a mother at the birth of the first child has now increased everywhere, except for Azerbaijan. Yet in the Central Asian countries, unlike the western countries of the post-Soviet area, this increase is small (Figure 9), since with fewer children being born (the birth rates are really decreasing) no noticeable changes in the age patterns of fertility have occurred. These countries are now in the stage of demographic transition, during which the rejection of the birth of children of higher orders naturally leads to some rejuvenation of fertility.

The life expectancy (LE) curves in the republics of the former USSR fluctuated significantly (Figure 10), having increased and fallen several times. A steady trend in the annual increase of the LE for both men and

women is not shown by any of the republics of the former USSR. It is difficult to say with any certainty what has exerted a negative effect on the indicator: the general Soviet mentality, the unified principles of the healthcare system, the lack of active self-protective behaviour, the high volumes of consumption of strong alcoholic beverages, or the large imprint imposed by the modern state on the economy and social infrastructure. In general, a growth in life expectancy – if it occurs – signals important changes in all spheres of society, and in this sense is an informative indicator overall, not only of demographic development.

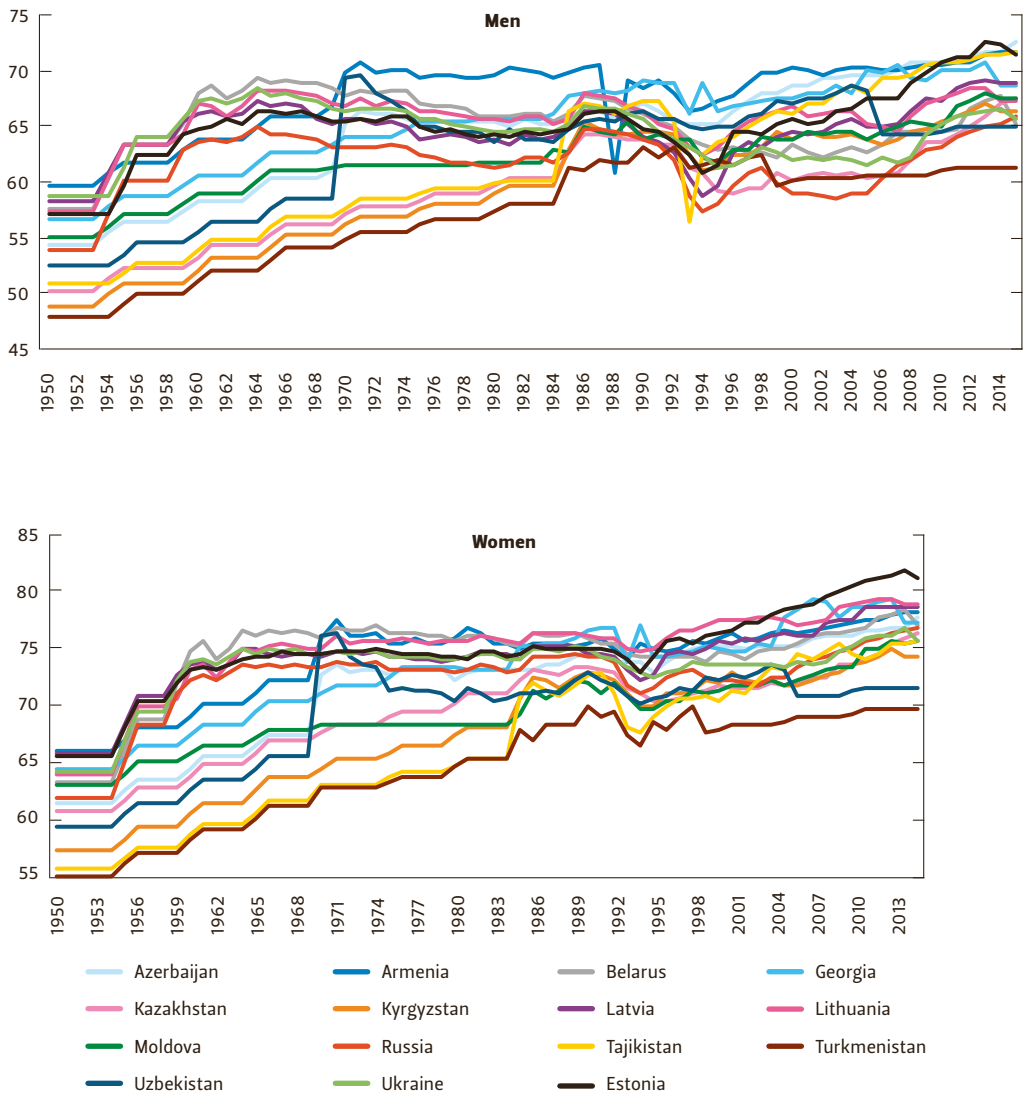


Figure 10: Life expectancy at birth, 1950–2015, years, men, women  
Source: *Demoscope Weekly* 2018d.

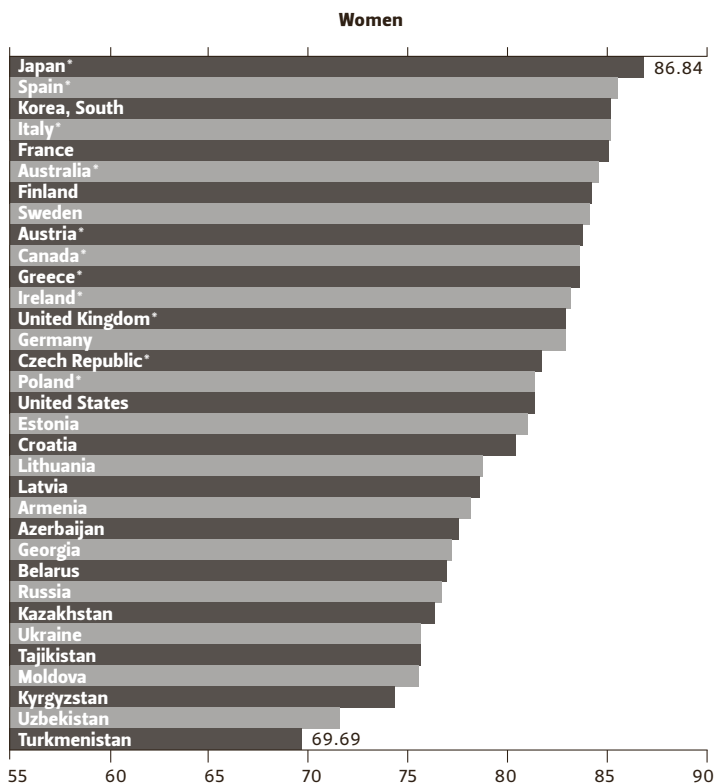
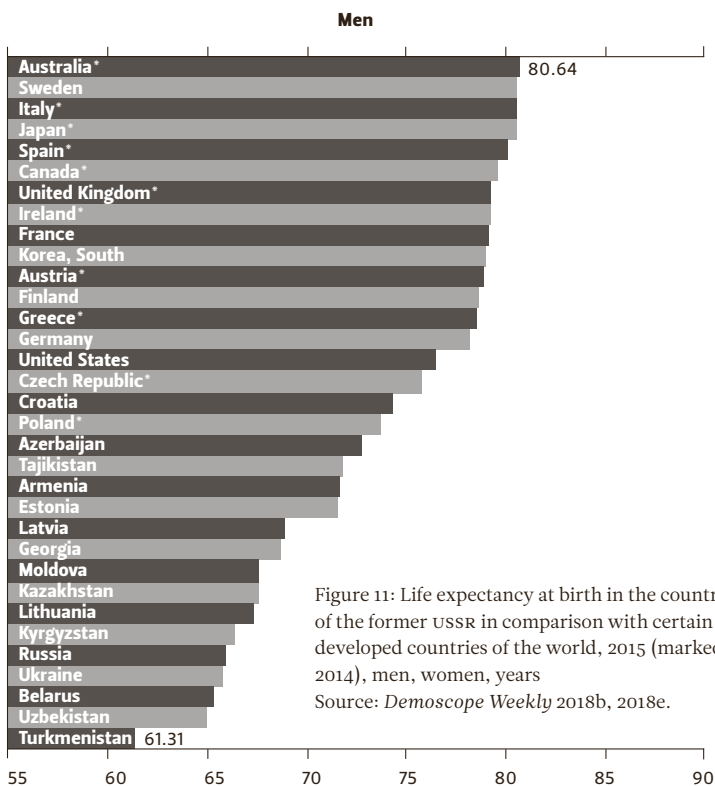
The mortality statistics after the collapse of the USSR reveal a number of common features: deterioration in the quality of recording deaths, especially infant deaths, in the 1990s, followed by improvement since the 2000s; and the impact of migration processes and changes on the ethnic composition of the population. For example, the increase in emigration of men of working age from the countries of Central Asia reduced the mortality of men of corresponding ages, while the departure of the Russian-speaking population with an older age structure from Kyrgyzstan contributed to the increase in LE.<sup>9</sup>

Similarly to the Soviet period, the republics of the former USSR are still at different stages of epidemiological transition. In accordance with the classic works,<sup>10</sup> the stages of epidemiological transition are determined by the structure of causes of death and life expectancy. After accession to independence in almost all of the republics, despite the logic of the forward movement of the epidemiological transition, mortality rates deteriorated. LE and the average age of death from the main causes of death were decreasing almost everywhere until 1994–1995, and in some places even until 2003–2005. Later, LE showed a restorative and subsequently real growth. Nowadays there are almost maximum parameters of LE in the majority of countries of the former USSR for the entire Soviet and post-Soviet history. For men, they came very close (Belarus, Ukraine, Turkmenistan, Uzbekistan) to or even exceeded the values observed during the anti-alcohol campaign of the 1980s. For women, almost everywhere, except for Turkmenistan and Uzbekistan, they have reached the maximum for the post-war period. However, LE for all studied countries is still lower than in the developed countries of the world (Figure 11). Meanwhile, female LE in the countries of the former USSR is generally closer to that of developed countries than male LE. Everywhere, apart from the Baltic countries, the difference in the LE of men and women is almost the highest in the world.

Differences between the countries of the former Soviet Union in 2015 (not taking into account the Baltic countries) were 11.39 years for men (between Azerbaijan and Turkmenistan), and 8.51 years for women (between Armenia and Turkmenistan). Hence, the range of LE increased in relation to 1989.

9 Denisenko (ed.) 2011, p. 148.

10 Omran 1977; Olshansky and Ault 1989; Horiuchi 1999.



Some common characteristics were revealed during the course of the epidemiological transition when examining the overall picture of mortality in the republics:

- The proportion of deaths from external causes (accidents, murders, suicides, etc.), although declining, remains high in many republics of the former USSR in comparison with the developed countries of the world<sup>11</sup> (it is traditionally low and therefore has hardly decreased in the countries of the Caucasus and in Tajikistan<sup>12</sup>). This reflects major general problems and significant reserves in reducing mortality, especially among men of active working age. The contribution of the reduction in mortality from external causes to the growth of LE in Russia in 2003–2013 was 2.56 years for men and 0.95 years for women.<sup>13</sup> Among the republics in which such data is available, Belarus and Russia have achieved the greatest success in reducing mortality from external causes. In Kyrgyzstan, Moldova and Tajikistan, mortality from respiratory diseases has significantly decreased (Figure 12).
- The proportion of deaths due to infectious diseases – a key marker of the initial stages of epidemiological transition<sup>14</sup> – is also declining, but in Kyrgyzstan, Tajikistan, Russia, and Ukraine it is still significantly higher than in the developed countries.
- The reduction in mortality from external causes and infectious diseases is accompanied by a natural increase in mortality from diseases of the circulatory system and neoplasms. But in the countries of Central Asia, mortality from neoplasms still remained in third place in the list of key causes of death up to recent years (after diseases of the circulatory system and external causes), whereas in the countries of the South Caucasus and the Baltics, Ukraine, and Moldova, neoplasms have long taken second place both for men and for women. On average, people die earlier from external causes than from neoplasms. Therefore, a significant part of the population in the countries of Central Asia and (until recently) men in Russia, Belarus and Kazakhstan effectively ‘did not survive’ up to the age of mortality as a result of neoplasms.

Hence, the different structure of mortality, even when analyzed by enlarged classes, shows different age models of mortality for different countries of the former USSR. Unlike the situation in regard to fertility, the

11 Data for Uzbekistan and Turkmenistan is not available.

12 In Tajikistan, there are currently very high mortality rates from undetermined causes of death.

13 Zakharov (ed.) 2017, p. 228.

14 Omran 1977.

country differentiation in terms of mortality divides countries into eastern and western less clearly.

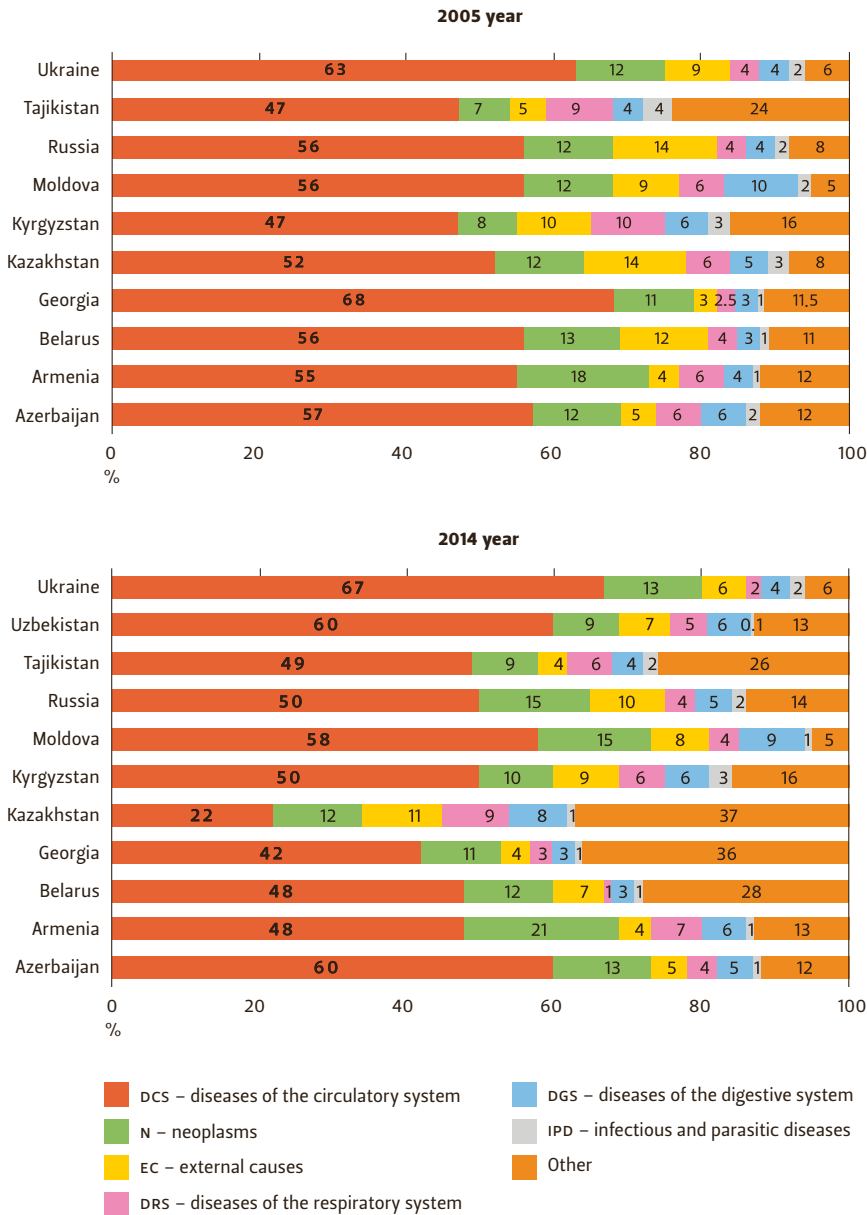


Figure 12: Distribution of deaths by main causes of death\* in the countries of the former USSR, 2005 and 2014, %  
 Sources: Shcherbakova 2016; State Statistics Committee of the Republic of Uzbekistan; death rates by causes of death in Georgia, National Statistics Office of Georgia.

The division of countries into western and eastern is observed in child and infant mortality. In particular, since 2000 infant mortality has made the greatest contribution to the growth in LE in the countries of Central Asia, in contrast to the western countries of the former Soviet Union. For example, in Kyrgyzstan between 1999 and 2009, almost 50% of the increase in life expectancy for men and 40% for women occurred at the age of one to five years.<sup>15</sup> At the same time, infant mortality (up to one year) even reduced LE in the countries of the former USSR. Modern parameters of infant mortality reveal significant differences between the countries of the former USSR (Figure 13). In the best-performing countries (Belarus, Russia), it has already approached or even surpassed the average European values. In the countries of Central Asia, it still remains very high, and in all of the republics except Kyrgyzstan it is higher than the world average. Kazakhstan, the countries of the South Caucasus, and Moldova occupy intermediate positions between the western (excluding Moldova) and the eastern part of the former USSR. In all of the countries of the former USSR, but especially in Central Asia, there are significant reserves for the reduction in infant mortality, primarily due to the reduction in mortality from infectious diseases, the shift of deaths to the early neonatal age, and the widespread introduction of screening during pregnancy for early detection and treatment of pathologies.

<sup>15</sup> Denisenko (ed.) 2011, p. 158.

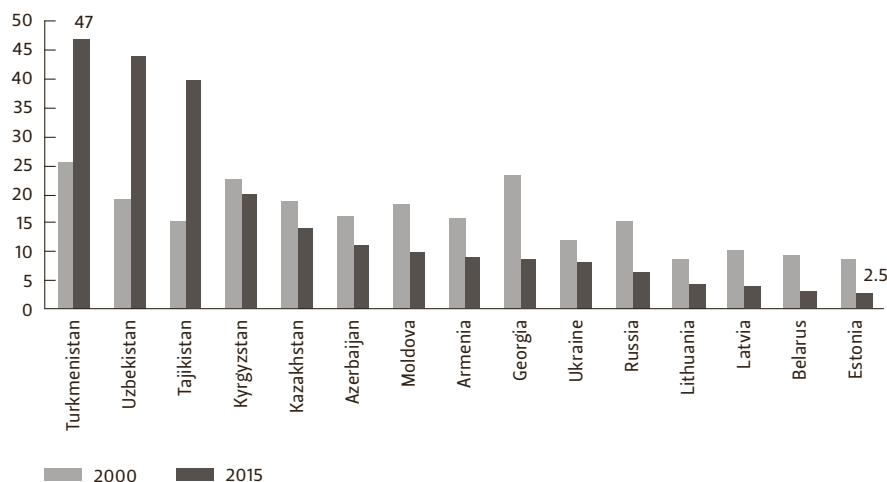


Figure 13: Infant mortality rate in the countries of the former USSR, 2000, 2015, ‰  
Source: *Demoscope Weekly* 2018f.

In addition to the reasons outlined above, the differentiation in the rates of fertility and mortality between the republics of the former USSR is influenced by the respective share of the rural and urban population, the age and ethnic composition of the population, and the migration processes. The progress in mortality rates is also affected by the development of healthcare, its financing, health expenditure as a percentage of each country's GDP, the promotion of a healthy lifestyle, and the introduction of healthy habits, diet and so forth, which is impossible without an increase in the level of population well-being.

## 7.4 TRANSFORMATION IN MIGRATION PROCESSES

Unlike natural processes (fertility, mortality), migration changes quickly and regularly in response to political and socio-economic signals. This explains why the 1990s were a period of forced migration in the post-Soviet area, while in the 2000s the emphasis shifted to permanent migration,<sup>16</sup> the deeper reasons for which were not so much political as economic. In the 2010s, the main emphasis was on labour migration, while in recent years, this has unfortunately been supplemented once again by forced migration (from Ukraine).

In general, in a very short period of time, migration flows have changed from internal (intra-union) to external. This transformation was

<sup>16</sup> Long-term migration, or migration to a permanent place of residence.

accompanied by a change in the rules of entry and departure, migration accounting, the establishment of the procedure for acquiring citizenship and other possible statuses in each of the countries. Migration between the republics of the former USSR became latent to a very large extent due to open borders in most of the territory of the former Soviet Union; constant changes in the legislation of countries in matters directly and indirectly related to migration, and the lack of a coordinated migration policy in the CIS and Baltic countries; corrupt officials and police; institutional barriers to obtaining documents; or for individual economic motives.

However, despite the fact that with the collapse of the USSR, the population of each of its republics was able to participate in transnational circulation (both as emigration and immigration countries) for the first time in almost 70 years, the potential for expanding the list of migrant partners was not realized. The contribution of the former Soviet republics both in terms of arrivals and net migration<sup>17</sup> in Russia throughout all the years since the collapse of the USSR prevails and amounts to 90–95%. In other republics, it is also very large, but declining. The growing importance of temporary labour migration contributes to the gradual expansion of the circle of countries with which the republics have close migratory contacts. Moreover, the importance of Russia as the main migration partner for all of the countries of the former USSR<sup>18</sup> has apparently begun to decline. Residents of Ukraine and Moldova are now actively participating in relocation to Italy, Spain, Portugal, Israel, Germany, Poland, and also to the Czech Republic and Hungary. Citizens of the Central Asian republics are not only heading towards Russia, but also to Kazakhstan. The countries of the South Caucasus have also formed connections with the United States and France.

As a result, according to available data in 2011–2014, the share of the CIS countries among the arrivals decreased in Azerbaijan<sup>19</sup> from 94.6% to 73.2% compared to 2000–2010, and in Ukraine from 83% to 58.7%.<sup>20</sup> In terms of emigration from Azerbaijan, the CIS countries reduced their importance from 96.7% to 84.7%, and in Ukraine from 61.5% to 41.6%. But for the residents of Belarus, Kazakhstan, and Russia the significance of the CIS as an area of entry has even increased.<sup>21</sup>

In general, the evolution of the migration in the area of the former USSR remains largely unclear, as countries are reluctant to publish information

17 I.e. in long-term migration.

18 Possibly with the exception of the Baltic states.

19 Statistical Committee of the Republic of Azerbaijan 2018.

20 State Statistical Service of Ukraine 2018.

21 Denisenko and Chudinovskikh 2018.

about the migration situation, the migration balance and migration patterns. People involved in migration remain ‘in the shadows’, since the relocations are most often conducted without any official legitimization of departure. In actual fact, migration flows are shaped by several ‘corridors’: permanent migration, temporary labour migration, and sometimes humanitarian migration. Statistical information about different types of flows in almost all countries of the former USSR is not gathered by one department, the received information is fragmentary and incomplete, and the very concept of ‘migratory movement’ has numerous temporal and registrational connotations, which makes comparisons unreliable.

#### **7.4.1 Migration balance of long-term migration**

The statistics on migration growth (net migration) as they are reported only reflect the approximate scales of migration. The data presented in Table 11 suggests that in terms of international migration as a whole (that is, not only with the countries of the former USSR), a significant and growing net increase was experienced only by Russia. However, during this time, Russia has corrected or even significantly altered the migratory flow accounting. The last time it was conducted was in 2011. Starting from this year, all migrants registered in the country in a place of permanent residence (as before) and in a place where they are considered to be staying temporarily for a period of more than nine months are regarded as immigrants. At the end of the registration period, these persons are automatically regarded as having left the country. Yet apparently, these departures often do not take place at all.<sup>22</sup> As a result, while Russia began to grow in migratory terms due to temporary migrants, not only the arrivals, but also the departures became statistically significant.

It must be recognized that in the international net migration, the out-flow to countries ‘further afield’ is seriously underestimated. Emigration flows are poorly recorded everywhere in the countries of the former USSR, so more accurate information on emigration is usually obtained from the statistics of entry countries rather than those of departure.<sup>23</sup>

22 See Chudinovskikh 2016.

23 Denisenko 2012.

Table 11: Net migration of the countries of the former USSR in terms of international migration (left) and in terms of migration with the CIS countries (right), 2000–2015, thousands of persons

\* data on net migration with the CIS countries for 2011–2015 is not available;

\*\* only according to the data for 2000, 2010 and 2014

Data on Turkmenistan is not available.

Sources: Data gathered from national statistical agencies.

|                     | International migration |           |           | Migration with CIS countries |           |           |
|---------------------|-------------------------|-----------|-----------|------------------------------|-----------|-----------|
|                     | 2000–2005               | 2006–2010 | 2011–2015 | 2000–2005                    | 2006–2010 | 2011–2015 |
| <b>Azerbaijan</b>   | –15.9                   | 2         | 8.1       | –17.1                        | 0.8       | 4.7       |
| <b>Armenia*</b>     | –147.9                  | –173.5    | –110      | –44.3                        | –18.6     |           |
| <b>Belarus</b>      | 35.8                    | 41        | 65        | 53.2                         | 37.8      | 54.8      |
| <b>Georgia*</b>     | –216.8                  | –121.3    | –33.2     |                              |           |           |
| <b>Kazakhstan</b>   | –241.4                  | 68.2      | –22.3     | –104                         | 27.1      | –31.3     |
| <b>Kyrgyzstan</b>   | –140                    | –199.6    | –66       | –126.1                       | –197.9    | –65.9     |
| <b>Moldova</b>      | –28.9                   | –20.9     | 3.3       | –23.3                        | –21.5     | –4.3      |
| <b>Russia</b>       | 545.8                   | 1,019.9   | 1,436.3   | 742.5                        | 996.4     | 1,338.8   |
| <b>Tajikistan</b>   | –56.2                   | –37.1     | –12       | –56                          | –37.1     | –12       |
| <b>Uzbekistan**</b> | –57.1                   | –39.7     | –38.5     |                              |           |           |
| <b>Ukraine</b>      | –147.4                  | 75.5      | 141.2     | –14.6                        | 68.8      | 100.7     |

The dynamics of net migration, obtained within the CIS, shows that throughout 2000–2010, only Russia and Belarus experienced a net increase. Azerbaijan, Kazakhstan and Ukraine demonstrated unstable dynamics, and their migration balance with the CIS countries was both positive and negative. Armenia, Kyrgyzstan, Moldova, Tajikistan, as well as, apparently, Uzbekistan and Turkmenistan were characterized by a net outflow. The parameters of Russia's migration growth seem very high at first glance, but in relation to the population, this is not the case. The coefficient of migration growth in Russia in exchange with the CIS countries has never exceeded the 2.00‰ limit, which is only slightly higher than the corresponding coefficient for Belarus, and in comparison with the top-entry European countries appears rather modest.<sup>24</sup>

24 For comparison purposes, in Germany, the migration growth rate in 2015 was 5, in the UK 4, Norway 7, and Austria 6.

The migratory exchange for permanent residence between remote and poorly connected republics of the former USSR is gradually dying out. Significant flows of permanent migrants link Moldova with Russia and Ukraine, Kyrgyzstan, Uzbekistan and Turkmenistan with Russia and Kazakhstan, and the South Caucasus republics with Russia. Relatively close ties remain between the Slavic republics. Russia continues to play an important role in the area of the former USSR in long-term migrations.

It cannot be argued that Russia became the centre of migration in the post-Soviet space precisely and solely as a result of the collapse of the USSR. A turning point in the migration exchange with the republics occurred in 1975 when Russia experienced a net increase for the first time during a long period. In 1976–1980, 87% of the population of the former USSR settled in Russia, being redistributed by migrations between republics, 85% in 1981–1985, and 72% in 1986–1990.<sup>25</sup>

After the collapse of the Soviet Union, the process strengthened, but Russia's migration growth increased to a large extent due to a drop in the volume of migration flows from Russia to the CIS and the Baltic republics, rather than due to the growth of arrivals from there. A peak in arrivals to Russia was noted in 1994, after which a steady decline began. The decline was attributable to the change in the number of constraining factors (in Russia) and push factors (in the republics), which will be discussed below. Throughout this time, the share in the Central Asian direction was steadily increasing. The decrease in long-term migration was also affected by the increase in the impact of temporary migration.

Permanent migrations can be identified as such only to a certain extent, since temporary migrants registering in the country for 10 months, for example, clearly come under the statistics of permanent migration. The demographic composition of long-term migrants has also changed: in the flow directed to Russia the share of elderly and young migrants is growing. In the first case, this is partly a consequence of the difference in retirement age – which is earlier in Russia compared with other countries of the former USSR – and partly as a result of the 'Compatriots' programme.<sup>26</sup> In the case of young migrants, it is probably a matter of enhancing the attractiveness of acquiring an education in Russia.

Forced migration deserves special attention. Immediately after the collapse of the USSR, flows of forced migrants from a number of newly independent states moved mainly towards Russia, and to Ukraine and

25 Zayonchkovskaya 1993.

26 The state programme facilitating voluntary resettlement into the Russian Federation of compatriots living abroad entered into force in Russia in 2007. Its goal was to stimulate and steer the process of resettlement, to promote the socio-economic development of Russia's regions, and to help resolve demographic problems, above all in territories of priority settlement, by attracting people to reside permanently in the RF. See Ministry of Internal Affairs 2018.

Belarus to a lesser extent. The total number of forced migrants registered in Russia in 1992–2001 amounted to 1612 thousand people.<sup>27</sup> By the second half of the 1990s, the capacity for forced migration from the states of the South Caucasus and Central Asia was largely exhausted, and migration from Kazakhstan could be considered ‘enforced’ only conditionally. The Russian–Ukrainian conflict of the mid–2010s brought the problem of forced migration back onto the agenda. At the beginning of 2015, 237,800 people were registered in Russia as having received temporary asylum, while at the beginning of 2016 they numbered 313.7 thousand, and 249.3 thousand on 1 October 2016. Hence, the increase in the number of people granted temporary asylum in Russia in 2016 declined in relation to 2015.<sup>28</sup> This provides hope that in the future, unless the situation deteriorates once again, the number of people in this category will decrease as they are settled in Russia (obtaining Russian citizenship), return to Ukraine, or reorient to other migration destinations.

#### **7.4.2 Temporary labour migration**

In the early 2000s, temporary labour migration in the area of the former USSR began to increase sharply and replaced long-term migration to a certain extent. In addition, temporary migration is considered one of the preliminary stages for permanent migration today. The growth in temporary migration in the post-Soviet area went hand in hand with a general increase in the dissemination of temporary forms of migration around the world.

The main countries for the entry of labour migrants are Russia, Kazakhstan to a lesser extent, and Azerbaijan locally. The procedure for obtaining work permits has repeatedly changed in Russia and Kazakhstan. Nevertheless, problems relating to the legalization of labour migrants remain partly unresolved. The attractiveness of Russia or Kazakhstan for labour migrants is primarily a reflection of the difference in economic status and employment opportunities in these countries and countries of exit (CIS countries for the most part), while legalization is largely determined by migration legislation and mechanisms that ensure its functionality.

Between 2015 and 2017, about 4 million migrants indicating ‘work’ as their objective were registered in Russia according to the Central Bank for Accounting of Foreign Citizens. It is estimated that another 0.5 to 1 million people are already working, having entered for private or tourist purposes.<sup>29</sup> The main suppliers of labour migrants are Uzbekistan, Tajikistan and

<sup>27</sup> Mkrtchyan 2002.

<sup>28</sup> Florinskaya and Mkrtchyan 2016.

<sup>29</sup> Demintseva, Mkrtchyan and Florinskaya 2018, pp. 10–11.

Kyrgyzstan. The legalization of migrants from Kyrgyzstan, Kazakhstan, Belarus and Armenia is greatly facilitated, as these countries are part of the Eurasian Economic Union (EAEU). But people from Kazakhstan are not traditionally attracted to Russia for the purposes of labour migration.<sup>30</sup> The presence of workers from Belarus, Armenia, and especially Kyrgyzstan is growing. At the same time, it is shrinking for Moldova and Ukraine, as residents now have a legal alternative to work in the EU countries.

In the 1990s, especially during the first half of the decade, migration in the post-Soviet space was mainly determined by stress factors, with forced migrants from a number of emerging 'hot spots' moving to Russia, Ukraine, and Belarus. By the end of the 1990s, other, more 'normal' factors began to emerge and increase in significance: in their migration decisions people began to focus on 'weighing' the benefits and costs of migration (work opportunities, buying or renting housing, etc.), and the prospects for children.

Factors such as opportunities for a sober assessment of the potential of departure and entry countries; a revaluation of the significance of the Russian-speaking population in the newly independent states and opportunities for using the Russian language; the adaptation of Russian and Russian-speaking people to new living conditions in the republics; a reduction in the migration potential of the Russian-speaking population in the republics; strict legislation in the countries of entry; and the intensification of migrantophobia, as well as other 'push' and 'pull' factors, all contributed both to the transformation of migration forms (for example to the growth of temporary migration) and to the decrease in the volume of permanent dislocations within the CIS.

The key determinants of both 'pushing' and 'pulling' are economic. Although the growth rates of the Russian economy have been and remain low, and are lower than in a number of post-Soviet countries, Russia's socioeconomic indicators are much higher than in the former Soviet republics. Namely, the difference between per capita incomes and wages, and unemployment indicators creates a 'difference of potentials' between countries, reflected both in permanent and temporary labour migration. In addition to the Baltic countries, only Belarus and, in part, Kazakhstan could compete with Russia in some social positions (Table 12). The crises of 2009–2010, as well as the current one, did not change the situation radically as the CIS countries were affected no less than Russia. In the context of temporary labour migration, crises have contributed to the fact that the already weak and dependent economies of the Central

30 Sadovskaya 2013; Alekseenko, Aubakirova, and Sarsembaeva 2011.

Asian countries were confronted with the ‘export’ of unemployment and could not resist it.

Table 12: Some indicators of the socio-economic development of the post-Soviet countries, 2000–2015\*

\* The study does not discuss the impact of the economic downturn in Russia observed since 2014.

\*\* 2014 data

\*\*\* 2012 data

Sources: The World Bank; Rosstat

|                     | Number of unemployed according to ILO methodology, % of economically active population |      |      |      | GNI per capita, taking into account the purchasing power parity in current international prices, \$ us |        |        |        | The actual final consumption of households by purchasing power parity per capita, (Russia = 100) | Gini Coefficient, % |
|---------------------|--|------|------|------|--|--------|--------|--------|--|---------------------|
|                     | 2000   | 2005 | 2010 | 2015 | 2000   | 2005   | 2010   | 2015   | 2011   | 2015                |
| <b>Russia</b>       | 10.4   | 6.6  | 6.8  | 5.3  | 6,650  | 11,540 | 19,860 | 24,060 | 100  | 41.2                |
| <b>Azerbaijan</b>   | 13.9   | 8.5  | 6.5  | 5.9  | 3,340  | 6,280  | 14,690 | 17,100 | 55   | ...                 |
| <b>Armenia</b>      | 12.1   | 9.1  | 21.3 | 19.3 | 2,380  | 4,970  | 6,890  | 9,090  | 48   | 27.7**              |
| <b>Georgia</b>      | 10.4   | 12.7 | 14.4 | 10.3 | 2,690  | 4,410  | 6,390  | 9,350  | ...  | ...                 |
| <b>Belarus</b>      | 0.9  | 0.9  | 1.1  | 0.5  | 5,970  | 10,000 | 15,600 | 17,550 | 76   | 27.6                |
| <b>Moldova</b>      | 6.6  | 6.0  | 5.8  | 2.9  | 1,870  | 3,300  | 4,150  | 5,410  | 37   | 29.7                |
| <b>Ukraine</b>      | 10.1   | 6.8  | 6.8  | 8.1  | 3,690  | 6,380  | 7,550  | 7,850  | 52   | 24.3                |
| <b>Kazakhstan</b>   | 15.1   | 9.6  | 6.6  | 5.7  | 7,350  | 12,920 | 17,110 | 23,550 | 75   | 27.8                |
| <b>Kyrgyzstan</b>   | 8.5  | 9.0  | 9.9  | 9.0  | 1,550  | 2,030  | 2,560  | 3,310  | 23   | 20.8                |
| <b>Tajikistan</b>   | 11.4   | 11.6 | 11.7 | 11.1 | 900  | 1,470  | 2,550  | 3,360  | 20   | ...                 |
| <b>Turkmenistan</b> | 3.9  | 3.9  | 4.0  | 3.8  | 3,970  | 5,380  | 8,920  | 15,030 | ...  | ...                 |
| <b>Uzbekistan</b>   | 8.2  | 8.1  | 8.0  | 7.8  | 1,950  | 2,730  | 4,280  | 6,200  | ...  | ...                 |
| <b>Latvia</b>       | 13.4   | 10.0 | 16.3 | 8.6  | 8,010  | 13,700 | 17,800 | 24,400 | 91   | 35.5***             |
| <b>Lithuania</b>    | 13.6   | 8.5  | 14.5 | 8.2  | 8,300  | 14,330 | 19,740 | 27,610 | 109  | 35.2***             |
| <b>Estonia</b>      | 11.6   | 6.9  | 14.1 | 6.1  | 9,070  | 15,870 | 20,460 | 28,090 | 91   | 33.2***             |

Other important determinants of migration in the post-Soviet space include:

**A single linguistic area.** Knowledge of the Russian language among citizens of the CIS countries plays an important role in the formation of the Russian migration vector. After the collapse of the Soviet Union, almost all newly formed sovereign countries adopted laws on the status of their 'titular' languages and the Russian language. But over time, the situation began to flatten out: the ideological dogma was replaced by a more pragmatic attitude towards the Russian language, although its usage, for example in schools, was greatly reduced. Today, Russian is recognized as a state language only in Belarus (along with the Belarusian language); in Kyrgyzstan and Kazakhstan, Russian is considered official (with legal restrictions); and in Tajikistan and Moldova as 'the language of interethnic communication'. In other republics of the former USSR, the Russian language has the status of 'foreign', but in most cases it is quite widespread. However, even in the republics where the Russian language has a high status and is used officially, the inability to communicate in the titular language seriously impedes promotion in public service and building a career, as in Kazakhstan, for example.

**Reassessment of the significance of the Russian-speaking population in the newly independent states.** The rapid departure of the Russian-speaking population in the 1990s left labour niches that had previously been occupied. Concern about this situation was stronger in those republics with a higher proportion of Russians and titular nations in the population. Above all, the situation was discussed in Kazakhstan and Kyrgyzstan. For example, among those who left Kazakhstan in 1996–2004 (over 15 years of age), 26% had a technical education, 21% pedagogical, 10% economic and medical, and 6.5% architectural and construction related. As a result, the number of doctors, engineers, and educators was significantly reduced, and 'continuity in the system of higher and secondary special education was lost'.<sup>31</sup> With the recognition of economic interests as the main determinant of the development, the pressure on the Russian-speaking population in some of the countries began to weaken.

31 Sadovskay 2009, pp. 286, 288.

**Adaptation of the Russian-speaking population to new living conditions in the republics.** During a long period of existence within the USSR, Russians occupied the leading positions in the republics. This was due both to ideological attitudes and norms and, as a rule, to a higher level of education and qualifications.<sup>32</sup> After the collapse of the Soviet Union, Russians and representatives of other non-titular peoples faced the need to adapt to the new economic and psychological realities. Some of them migrated in the 1990s. For those who stayed, there was a gradual reassessment of values (weighing the pros and cons in Russia and in those places where they were currently residing, as mentioned above), and a process of getting used to the new conditions. In particular, the data on Kazakhstan shows that many Russians in big cities were able to take up those niches that the local population did not apply for and to feel comfortable with them. Ideas of departure are linked to children and their probable education in Russian universities.

**Decrease in migration potential and ageing of the Russian-speaking population in the republics.** Migration processes, the demographic characteristics of the remaining Russian-speaking population (ageing and below-replacement reproduction), and assimilation significantly narrowed the migration potential of the republics of the former USSR. The repatriation of the Russian and Russian-speaking population began long before the collapse of the Soviet Union and embraced all non-Slavic countries.

During the entire post-Soviet period, the Russian population suffered particularly significant losses in active fighting in the 1990s in the republics of the South Caucasus and Tajikistan (Table 13).

32 Brusina 2001; Vitkovskaya 1993; Karachurina 2013.

Table 13: Change in the number of Russian and titular nations in the republics of the former USSR, from 1989 to censuses at the turn of the 2010s, thousands of persons

\* Without eastern counties and Bender municipality

\*\* A census was not conducted in Ukraine at the turn of the 2010s.

\*\*\* National composition of the population of Turkmenistan according to Joshua Project estimates; the results of the 2012 population census have not been published.

\*\*\*\* Censuses in Uzbekistan were not conducted, estimation for 01.01.2013 according to Materials of the State Statistics Committee of the Republic of Uzbekistan No. 01 / 2-05-05 / 3-50 of May 12, 2014, Yu. N. Tsiryapkina, 'Uzbekistan: language practice and self-identification' (on the example of field research in Fergana), *Tomsk Journal LING and ANTR*, 2015, 3 (9).

Sources: According to the national population censuses of statistical agencies

| Countries                    | Number of Russians according to the 1989 census | Number of Russians according to national censuses | Number of the title population according to the 1989 census | Number of titular population according to national censuses |
|------------------------------|---|---|---|---|
| Russia                       | 119,865.9                                       | 111,016.9 (2010)                                  | 119,865.9   | 111,016.9 (2010)  |
| Belarus                      | 1,342.1   | 785.1 (2009)                                      | 7,904.6   | 7,957.3 (2009)  |
| Moldova                      | 562.1   | 111.7* (2014)                                     | 2,794.7   | 2,068.1* (2014)   |
| Ukraine                      | 11,355.6  | 8,334** (2001)                                    | 3,7419.1  | 37,541.7** (2001)   |
| <b>Total</b>                 | <b>133,125.7</b>                                | <b>120,247.7</b>                                  | <b>167,984.3</b>  | <b>158,584.0</b>  |
| Azerbaijan                   | 392.3   | 119.3 (2009)                                      | 5,805.0   | 8,172.8 (2009)  |
| Armenia                      | 51.62   | 11.9 (2011)                                       | 3,083.6   | 2,961.8 (2011)  |
| Georgia                      | 341.2   | 26.5 (2014)                                       | 3,787.4   | 3,224.6 (2014)  |
| <b>Total</b>                 | <b>785.1</b>                                    | <b>157.7</b>                                      | <b>12,676.0</b>   | <b>14,359.2</b>   |
| Kyrgyzstan                   | 916.6   | 419.6 (2009)                                      | 2,229.7   | 3,804.8 (2009)  |
| Tajikistan                   | 388.5   | 34.8 (2010)                                       | 3,172.4   | 6,373.8 (2010)  |
| Turkmenistan                 | 333.9   | 165*** (2010)                                     | 2,536.6   | 4,011.0*** (2010)   |
| Uzbekistan                   | 1,653.5   | 809.5****(2013)                                   | 14,142.5  | 24,858.2**** (2013)   |
| <b>Total</b>                 | <b>3,292.5</b>                                  | <b>1,428.9</b>                                    | <b>22,081.2</b>   | <b>39,047.8</b>   |
| Kazakhstan                   | 6,227.5   | 3,797.0 (2009)                                    | 6,534.6   | 10,098.6 (2009)   |
| Latvia                       | 905.5   | 557.1 (2011)                                      | 1,387.8   | 1,285.1 (2011)  |
| Lithuania                    | 344.5   | 176.9 (2011)                                      | 2,924.3   | 2,561 (2011)  |
| Estonia                      | 474.8   | 326.2 (2011–2012)                                 | 963.3   | 902.5 (2011–2012)   |
| <b>Total</b>                 | <b>1,724.8</b>                                  | <b>1,060.2</b>                                    | <b>5,275.4</b>  | <b>4,748.6</b>  |
| <b>TOTAL</b>                 | <b>145,155.5</b>                                | <b>126,691.5</b>                                  | <b>214,551.5</b>  | <b>226,838.2</b>  |
| <b>TOTAL, WITHOUT RUSSIA</b> | <b>25,289.6</b>                                 | <b>15,674.6</b>                                   | <b>94,685.6</b>   | <b>115,821.3</b>  |

By the end of the 2010s, there were less than 16 million Russians in the CIS and Baltic countries, and possibly even less taking into account the fact that we do not have up-to-date data on some of the republics. At the same time, the titular population of the republics of Central Asia, as well as Kazakhstan and Azerbaijan, had increased significantly.

The intensification of migrantophobia in entry countries and the increasing complexity of the legislation therein also affect the decision-making processes of potential migrants. If in the 1990s the migration legislation of Russia was quite liberal,<sup>33</sup> after the 2000s it began to change with a certain regularity. The adoption of a fairly strict law 'On the Citizenship of the Russian Federation' (No. 62-FZ of May 31, 2002) was followed by the adoption of a number of softening amendments to it and the start of the State 'Compatriots' Programme from 2007. Approximately the same path was followed by Kazakhstan. It is incredibly difficult to follow the nuances of regular law enforcement changes for potential migrants. Procedural intricacies stimulate additional corruption opportunities. Naturally, all of these factors also affect the migration mood in societies.

## 7.5 CONCLUSION

The development of demographic processes in the post-Soviet area demonstrates that a long existence within a single system determines the laws of the development to some extent even after 30 years. In particular, no matter how the geopolitical, economic and social conditions in the countries of the former USSR have changed, in the migratory sense they are largely 'tied' to each other. It may be argued that migration processes are still connecting the post-Soviet region. However, the modern form of migration processes would not be possible were it not for the profound differences in the demographic behaviour of the population of the former Soviet republics.

When it comes to demography, diverging trends between countries of the Soviet Union started well before the dissolution of the latter; in fact, differences between the western and eastern republics (the latter meaning Central Asia and Azerbaijan) were visible as early as the 1960s in terms of reproduction rate, as well as average life expectancy. These trends resulted in significant changes in the ethnic composition of the Soviet Union even before 1989, with the share of titular nations increasing a lot faster in Central Asia than in Russia or Ukraine.

33 The migration policy of the first 'Russian decade' attempted to meet the challenges of forced migration.

These trends were further strengthened by the dissolution of the Soviet Union: demographic indicators significantly worsened in the western part of the post-Soviet region, as well as in Armenia and Georgia, while other countries experienced population growth. The ethnic composition of the post-Soviet countries was further changed by the mass emigration of ethnic Russians back to Russia, mainly in the 1990s.

Regarding this particular aspect, the research revealed that the numbers of ethnic Russians living in countries of the former Soviet Union have sharply decreased in the past three decades. While in 1989 more than 25 million ethnic Russians lived in these countries, by the 2010s their numbers had dropped by nearly ten million, down to 15 million. The main reasons for this sharp decline included emigration back to Russia, assimilation, the lower fertility rate and, not least, higher natural mortality, due to the fact that remaining Russians belong to older age cohorts on average. As there is no reason to believe that these trends will change, the presence of ethnic Russians in countries of the former Soviet Union is likely to gradually lose its significance as a cohesive force in the region.

The position of the Russian language as a *lingua franca* is different, however. Although in the 1990s the previously prioritized role of the language decreased significantly in line with the establishment of new states and identities, pragmatic considerations have still played a strong role in the preservation of the Russian language even throughout the 2010s. Although Russian is recognized as an official state language only in Belarus and Kyrgyzstan in addition to the respective titular languages, it still serves as a language of international and inter-ethnic communication in the other post-Soviet countries as well.

Hence, all in all, one may conclude that while demographic differences in the post-Soviet region are increasing and the number of ethnic Russians living in the successor states is sharply decreasing, migration patterns, as well as the important role of the Russian language still serve as strong cementing factors in the region as a whole.





/8



## 8. THE 'RUSSIAN WORLD' AND THE ORTHODOX CHURCH IN THE POST-SOVIET SPACE

Veera Laine

### 8.1 INTRODUCTION

In recent years, it has become evident that the Russian state has borrowed religious-conservative rhetoric in its attempt to enhance the unity of the 'Russian World'. Strengthening the cooperation with the Russian Orthodox Church both domestically and in the foreign policy sphere, the state wishes to portray itself as a global guarantor – and defender – of traditional, spiritual values. This chapter argues that religious bonds, even if they are truly important for many of the citizens of the post-Soviet space, are insufficient when it comes to holding the 'Russian World' together. First, the 'spirituality' that the Church and the political elites underline often reflects cultural affection rather than the personal religiousness of an individual, and second, the relationship between the Russian Orthodox Church and the national churches may turn into a conflict. Most importantly, the concept of the 'Russian World' in itself has acquired irredentist meanings after 2014, and can no longer work as a unifying feature in the post-Soviet space.

After the dissolution of the Soviet Union, the religious revival of the post-Soviet space was actively discussed in scholarly circles. Even in the late 1990s and early 2000s, religion was deemed to fill the ideological vacuum left by the demise of communism. To some extent, it did: as Pål Kolstø points out, the share of 'believers' in the former Soviet republics was soon higher than in the Western countries. However, in general, nationalism emerged as a stronger force to fill the vacuum, which was reflected in emerging religious national assertiveness in the former Soviet

Union countries: many post-Soviet countries soon formed national religious institutions, or aspired to do so.<sup>1</sup>

The Russian Orthodox Church (ROC) is a national Church of the Russian Orthodox people and the main Church institution of Russian Orthodox eparchies abroad. During the past decade at least, the Russian Orthodox Church has aimed at increasing its status internationally. Alexander Agadjanian explains that the position of the ROC has gradually evolved into ‘a claim representing a growing moral majority in Russia and beyond’. Simultaneously, the Russian state has begun to stress the traditional ‘spiritual-moral’ value orientation as the key unifying feature of the Russian nation. Agadjanian suggests that the ‘tandem wave’ of religious and political global moral conservatism is part of a global *Kulturkampf*, targeting the typified Western liberal ethos.<sup>2</sup> The cooperative relationship between the state and the ROC has characterized Russian history for centuries, as the rulers of the secular power have enjoyed the support of the leaders of the spiritual power both domestically and abroad. The Soviet state ideology embraced atheism as a part of the official doctrine, and the Church faced severe repressions. Yet in the late Soviet era, key figures of the Orthodox Church were used as the Kremlin’s mouthpiece abroad. Today, amid growing tension in international politics, the state and the Church have found common ground in their attempt to portray spiritual bonds as the core of unity, not only for the Russian people, but within the ‘Russian World’.

This chapter discusses the spiritual ties between the post-Soviet countries and the way in which the Russian state has attempted to make use of them. First, the evolution and connotations of the Russian World (*russkiy mir*) concept will be elaborated: how it has been applied in Russia’s political discourse, and whether or how it is different from the parallel concept of ‘Holy Rus’ (*svyataya Rus*), crucial for the Russian Orthodox Church. The connections of individual post-Soviet countries to this ‘spiritual’ Russian World will then be briefly discussed, focusing on those countries that have a strong tradition of Orthodox belief and/or close ties with the Russian Orthodox Church. Finally, the chapter analyses the question of how the Russian state, with support of the Russian Orthodox Church, has aimed at politicizing the spiritual bonds between the post-Soviet countries. The possible factors challenging this process will be discussed in the concluding section.

1 Kolstø 2000, pp. 53–56; 60–64.

2 Agdjanian 2017.

## 8.2 THE 'RUSSIAN WORLD' AS A POLITICAL CONCEPT

The concept of the 'Russian World' (*russkiy mir*), used in the Russian political discourse for over 25 years, has become an important tool in Russia's politics in the post-Soviet space. Most often, the concept refers in one way or another to Russians (Russian-speakers) who live outside the borders of the Russian Federation, or the Russian diaspora, but it has a broader meaning than the concept of 'compatriot' (*sootechestvennik*).<sup>3</sup> The latter entered the Russian political discourse in the early 1990s when Boris Yeltsin's administration realized that their hopes for deep integration within the CIS countries – as well as their hopes for establishing dual citizenship in those countries – had started to crumble.<sup>4</sup> Hence, the focus of the compatriot discourse has always been on Russians in the 'near abroad', in the countries of the former Soviet Union, and not so much on 'global' Russians who emigrated to other parts of the world (but who, nevertheless, can be interpreted as belonging to the Russian World).

The diversity of the Russians living outside today's Russian Federation effectively makes it impossible to approach them as one group. In the discourse of the Russian state, that diversity is not really considered, but it does downplay the idea of Russians abroad as a potential 'soft power' instrument of the state. The 'soft power' interpretation leans on the perception that Russians living abroad are useful for the Russian state politically, which also explains why the discourse on compatriots (and defending their rights) has a weak linkage to Russian (re-)migration policies: since the early 1990s, Russians abroad have not been encouraged to move back to Russia. But, as Mikhail Suslov points out, the political leverage of compatriots is limited: they are "not a stick but rather scattered legos, requiring much ingenuity to connect them together and attach to the Kremlin's purposes". In other words, the idea of a 'mental' Russia that extends beyond the borders of the Russian Federation has considerable symbolic power but is complicated to use politically. Conservative historian Boris Mezhuev describes the Russian World as "capital which cannot be rejected nor spent".<sup>5</sup>

In many contexts, the Russian World refers to a 'mental landscape', something more abstract than a command of the Russian language, place of birth, or (previous) citizenship. On the one hand, there is a tendency to define belonging to the Russian World as something voluntary: many see it as a 'community' with which one can identify, even without having

<sup>3</sup> Zevelev 2016.

<sup>4</sup> See e.g. Tolz 1998.

<sup>5</sup> *Rossiya v global'noy politike* 2018, pp. 2–3, 135.

a connection to the Russian state in the strict sense.<sup>6</sup> However, on the other hand, connecting the idea of the Russian World to the territory as a ‘Russian civilizational space (*prostranstvo*)’ also points to the imperial understanding of power: the Russian ‘state-civilization’ is the one uniting and defining the Russian World. The Russian World is a conceptual tool, given various meanings in different situations. As John O’Loughlin et al. put it, “[...] the term has no fixed and essential meaning. Rather, it is a geopolitical speech act that either works or does not for individuals, both inside Russia and outside its borders”.<sup>7</sup> From the point of view of the post-Soviet countries outside Russia, the popular resonance of this ‘geopolitical speech act’ remains a critically important issue.

Mikhail Suslov explains the (post-Soviet) evolution of the concept in three periodical stages, where the first, emerging in the 1990s, was used to describe the ‘Russian archipelago’, the network of the Russian-speaking population in the Western countries. Russians abroad were interpreted as ‘alternative Russia’, perhaps even ‘better’ in the sense that they could influence the population living within the borders of Russia proper with their knowledge and potentialities. After the so-called Orange Revolution in Ukraine in 2004, the concept started to characterize Russia’s ‘soft power’ abroad. In this sense, the direction of the desired influence was reversed. At the same time, the idea of a ‘sphere of influence’ was embedded in the meanings of the Russian World.

After 2009, the Russian World concept started to adjust to the civilizational discourse of the ‘new conservatives’, which the state had also begun to exploit. The discursive change to connect the meanings of the Russian World to the idea of ‘re-collecting Russian lands’ preceded the actual manifestation of this geopolitical interpretation, namely the annexation of Crimea in 2014.<sup>8</sup> Aleksei Miller says that to those who first came to know the term in 2014, it is a “concept of Anschluss”.<sup>9</sup> In the 2010s, the Russian World has thus been “re-territorialized as an irredentist and isolationist project” which portrays Russia as an alternative, non-Western model of modernity. According to Mikhail Suslov, the concept is even becoming an all-embracing ideology, suggesting that Russia is or should be politically and geographically bigger than the Russian Federation.<sup>10</sup> Simultaneously with the process that Suslov describes, the discourse within the Russian state and the political elites has emphasized

6 Ibid., pp. 125, 127.

7 O’Loughlin, Toal and Kolosov 2016.

8 Suslov 2018.

9 *Rossiia v global’noy politike* 2018, p. 128.

10 Suslov 2018, p. 330.

the traditional ‘spiritual–moral’ values as the core of the Russian national identity. As will be shown below, the growing significance of ‘spirituality’ in Russian domestic and foreign policy has also tied the concept of the Russian World more closely to the concept of Holy Rus.

### 8.3 ‘SPIRITUAL’ RUSSIANNES: ‘HOLY RUS’

The concept of Holy Rus (*svyataya Rus’*) stands for the spiritual connection between ‘all Russians’, but is most commonly used to describe the bonds between Russian, Ukrainian, and Belarusian people. For example, in 2009, in his speech given at the third assembly of the Russian World Foundation, Patriarch Kirill defined those three countries as forming the Holy Rus. He explained that the Russian Orthodox Church realizes its spiritual mission (*pastyrskaya missiya*) among those nations that “consider Russian spiritual and cultural tradition as the basis of their national identity”, and added that in this regard, it also includes Moldova as a part of the Russian World.<sup>11</sup> The Patriarch stressed the sovereignty of countries that belong to the Russian World, and described the relations between these countries as a partnership.

The Holy Rus concept is close to the Russian World concept in the way that it stresses the spiritual unity of the (Russian) Orthodox people, and is less defined with regard to actual territory or states. The concept of canonical territory, then, is used more specifically to point to the territory on which the Church operates. In principle, canonical territory would show the boundaries of the power of a certain Church, but today, several Churches coexist in many areas. The Statutes of the Russian Orthodox Church limit the jurisdiction of the Russian Orthodox Church to including “persons of Orthodox confession living on the canonical territory of the Russian Orthodox Church in Russia, Ukraine, Byelorussia, Moldavia, Azerbaijan, Kazakhstan, Kirghizia, Latvia, Lithuania, Tajikistan, Turkmenia, Uzbekistan and Estonia and also Orthodox Christians living in other countries and voluntarily joining this jurisdiction”.<sup>12</sup> In practical terms, the Russian Orthodox Church seems to equate its canonical territory to the whole post–Soviet space, including, for example, the religiously mixed or secular Baltic states Latvia and Estonia and Catholic Lithuania, but excluding Georgia and Armenia. Georgia has a long tradition of its own Orthodox Church (which will be further discussed below), independent from the Moscow Patriarchate. Armenia, being one of the most

11 Internet Journal of the Russian Orthodox Church 2009.

12 Wasmuth 2014.

ancient Christian countries, has its own national religious institution, the Armenian Apostolic Church.

However, the concept of canonical territory also includes those living in other countries but *voluntarily* joining the Church jurisdiction. In this sense, individual choice becomes important, as is the case with the Russian World concept. In September 2014, Patriarch Kirill once again explained his views on the Russian World by stressing that it is “not a political concept”, but a civilizational one, and that the Russian World is “a spiritual, cultural, and value-based dimension of a human personality”. In the same address, the Patriarch explained that even non-Slavic persons can belong to the Russian World if they embrace the cultural and spiritual basis of that world as their own – and, moreover, that those who speak Russian and identify as Russians might not belong to the Russian World if they live according to other principles and traditions.<sup>13</sup>

As mentioned above, the Russian state discourse has portrayed the idea of traditional ‘Russian values’, distinctly different from the (material and secular) values of the West, as a key feature of the Russian World. The increasing emphasis on the national-conservative line of thought as legitimizing national politics follows a global trend of stressing national sovereignty and national-conservative values in a situation where national identities and institutions risk losing some of their status,<sup>14</sup> and, accordingly, Russian political discourse has portrayed its “defence of traditional values” as a global mission. President Vladimir Putin has described Russia’s future mission as an “Orthodox power” (*pravoslavnaya derzhava*).<sup>15</sup> In 2016, Russian Foreign Minister Sergei Lavrov explained that the Russian World is “part of our Foreign Policy doctrine of protecting compatriots, promoting the ideals and values of the ‘Russkiy Mir’ and representing our multinational culture”.<sup>16</sup> Hence, the Russian World is understood – within the Russian political establishment – primarily as a value community that sees the Russian state as a defender of those values.

#### 8.4 ‘SPIRITUAL BONDS’ WITHIN THE POST-SOVIET SPACE

In general, the post-Soviet space is highly diverse religiously. In the following, I will briefly discuss the ‘spiritual ties’ within the post-Soviet space in those countries that have (or have had) close ties with the Russian

13 Internet Journal of the Russian Orthodox Church 2014.

14 See e.g. Cooley, A., ‘Countering Democratic Norms’, *Journal of Democracy* 2015 (26: 3), pp. 49–63.

15 Meeting of the ‘Valdai’ international discussion club 9.9.2013.

16 *Gazeta.ru* 2016.

Orthodox Church – omitting the Baltic states, however, which are often considered culturally distanced from the post-Soviet space. Nor will Armenia be discussed here, as its religious stance is rather clear and independent from Moscow. While the five Central Asian countries are still home to many ethnic Russians,<sup>17</sup> their religious landscape is dominated by Islam, which is why they are also omitted from the discussion.

#### **8.4.1 Russia**

In post-Soviet Russia, the Orthodox faith is intertwined with the Russian national identity and functions as one of the key frames for ‘Russianness’. At the same time, the country has always been home to several other confessions and religious groups. Since 1997, the federal legislation has acknowledged four traditional religions, Christianity, Islam, Buddhism and Judaism, all having equal status. However, the primacy of Orthodoxy is clearly articulated in this law as well as in several other documents.<sup>18</sup>

While a firm central religious policy is still absent, it is clear that the influence of the Russian Orthodox Church (ROC) has recently increased in Russian domestic policy. The close relationship between the ROC and the state in its current form seems to have benefitted both institutions domestically. The ROC has gained a more visible if not directly privileged status among other traditional religious communities, which it can use to influence political decisions and law-making. In addition to that, it has been guaranteed certain material benefits. The state, for its part, enjoys strong ‘spiritual’ and ‘moral’ support from one of the most trusted institutions<sup>19</sup> in the country. Today, the politicization and even securitization of the conservative-traditional values in the Russian official discourse<sup>20</sup> has increased the references to ‘spirituality’, which has duly reinforced the Church as a moral and political force within society. At the same time, the ‘Orthodox realm’, consisting not only of key actors in the Russian Orthodox Church but also Orthodox businessmen, politicians, film directors and the like, produces ideological content for the Kremlin’s ‘ecosystem’.<sup>21</sup>

Around 70 per cent of the Russian population identify with the Orthodox faith. According to a Levada poll conducted in June 2017, over 50 per cent of Russians describe themselves as very or somewhat ‘religious’,

17 On the shares of the (ethnic) Russian population in the post-Soviet countries, see Table 13.

18 Fagan 2013, pp. 3–17; Federal’nyi zakon ‘O svobode sovesti i o religioznykh obyedineniyakh’ 1997.

19 In September 2017, 48 per cent of respondents said they trust the Church. Levada Center Press Release 2017a.

20 Østbø 2017.

21 Laruelle 2017.

and the share has gradually increased since 2014.<sup>22</sup> However, Levada researchers note that the result is indicative of collective social norms rather than the personal feelings of the respondents. ‘Religiousness’ in this sense does not translate into the active practice of religion. For example, only a small minority observe fasting or regularly attend church services. In a PEW survey, 52 per cent of Russian Orthodox participants said that their religious identity is a matter of ‘national culture or family tradition’, whereas 35 per cent stated that it is a matter of ‘personal faith’.<sup>23</sup>

#### **8.4.2 Ukraine**

The religious landscape in post-Soviet Ukraine is very complex. More than half of the population describe themselves as religious or as ‘believers’, a clear majority of whom are Orthodox. Less than ten per cent of the population, residing mainly in the western and central parts of the country, are adherents of the Greek Catholic Church. Alongside these main religions there are several smaller religious communities in the country.<sup>24</sup>

Since the breakup of the Soviet Union, schisms between (and within) communities have affected the number and functions of the Orthodox Churches in the country. Today, a total of three Orthodox Churches exist in Ukraine. In 1992, the then Kiev Metropolitan of the Ukrainian Orthodox Church of the Moscow Patriarchate Filaret (Denysenko) clashed with Russian Church leaders, and went on to found his own Church – the Ukrainian Orthodox Church of the Kievian Patriarchate. At the time, Ukraine’s political leadership, and President Leonid Kravchuk in particular, supported the newly emerged Church and saw it as a welcome alternative, independent from Moscow.<sup>25</sup> The Ukrainian Orthodox Church of the Moscow Patriarchate continued to exist, and has been headed by Metropolitan Onufry (Berezovsky) since 2014. The smallest of the three churches is the Ukrainian Autocephalous Orthodox Church, originally established in 1921 and existing in exile from the 1930s until the 1990s, which sees itself as the true successor of the Orthodox Church of the Kievan Rus’.

For the Orthodox world, only the (formally autonomous) Ukrainian Orthodox Church of the Moscow Patriarchate is legally recognized, whereas both ‘national’ Orthodox churches remain canonically unrecognized. In terms of the number of affiliated communities, the Ukrainian Orthodox Church of the Moscow Patriarchate is by far the biggest with

22 Levada Center Press release 2017b.

23 PEW Research Centre Publications 2017.

24 See e.g. Vasiutynskyi 2018.

25 Kolsto 2000, pp. 68–69.

over 12,000 communities altogether, the Ukrainian Orthodox Church of the Kievian Patriarchate being the second (4,921), and the Autocephalous Orthodox Church remaining rather marginal (1,188).<sup>26</sup> In a study conducted in 2016, 65 per cent of respondents across Ukraine (Crimea and occupied parts of Donbas excluded) identified themselves as Orthodox. Of them, 25 per cent stated they were adherents of the Ukrainian Orthodox Church of the Kievian Patriarchate, 15 per cent of the Orthodox Church of the Moscow Patriarchate, 1.8 per cent of the Autocephalous Church, while 21 per cent said they were ‘just Orthodox’ – not wanting to specify an attachment to any particular Church.<sup>27</sup> From the point of view of ‘spiritual’ belonging to the Russian World, the diversity of views reflected by the poll is crucial. On the one hand, these answers illustrate the relatively strong sympathy with the Ukrainian Orthodox Church of the Kievian Patriarchate in comparison to the Moscow Patriarchate, but, on the other hand, they show that not everyone wishes to choose between the two.

Even before the war began in Ukraine’s Donbas in 2014, the Ukrainian Orthodox Church of the Moscow Patriarchate had been discussing the possibilities of wider autonomy from Moscow, but this developed no further. At the start of the conflict in Ukraine in 2014, the Russian Orthodox Church was rather cautious in its public statements and Patriarch Kirill made concessions to the Ukrainian clergy to keep them under the Moscow Patriarchate’s influence. The parishes in Ukraine make up approximately a third of all parishes of the Russian Orthodox Church, and losing even a part of them would constitute a serious financial defeat.<sup>28</sup> Moreover, it would obviously signify a great loss of prestige. However, as Aleksey Makarkin writes, the conflict revealed the limits of the influence of the Russian Orthodox Church: it could not contribute to a peace-building process in a situation where political powers were colliding.<sup>29</sup>

In recent years, it has indeed been the political leadership – rather than the Church representatives – who have taken the initiative to strengthen the status of the ‘national’ Orthodox Church. In April 2018, President Petro Poroshenko, supported by all of the factions of the Ukrainian parliament, the Verkhovna Rada, put forward an initiative to create an autocephalous national Church through pleading this directly from the Archbishop of Constantinople Bartholomew I. The endeavour was nothing new, as President Viktor Yushchenko had already made a similar request.<sup>30</sup>

26 Vasiutynskyi 2018, p. 141; see also *Gazeta Wyborcza* 2018.

27 Vasiutynskyi 2018, pp. 141–144.

28 The future of the Church property has already been disputed in the media, see e.g. *Gazeta.ru* 2018.

29 Makarkin 2014.

30 *Kommersant* 2018a.

According to the Moscow Patriarchate, only the Russian Orthodox Church would be entitled to guarantee the autocephaly, which would then have to be approved by the other Orthodox leaders. The Ukrainian political leadership supports the opposing interpretation of the Patriarchate of Constantinople, which maintains that it holds the exclusive right to make the final decision on the matter.<sup>31</sup>

In October 2018, the Patriarchate of Constantinople announced that it no longer considers Ukraine a part of the canonical territory of the Moscow Patriarchate by revoking the Synodal Letter of the year 1686. The statement indicates that Bartholomew I is ready to prepare the official document, *tomos*, to confirm the autocephalic status.<sup>32</sup> The Moscow Patriarchate reacted to the announcement by cutting off all ties with Constantinople. At the time of writing, it seems clear that Ukraine will be granted autocephaly, but the practical details remain unclear: How would the new Church be organized, who would lead it, and to what extent would the parishes currently following the Moscow Patriarchate join the new, national Orthodox Church?

As the ROC is the spiritual home to approximately 150 million Orthodox believers, the recognition of the autocephalic Ukrainian national Church is a matter that concerns the entire Orthodox world, not just political and religious leaders in Ukraine and Russia. For the committed Orthodox believers, the canonical recognition of the church is principally important, as it is the only guarantee of the spiritual authority of the Church. In light of recent developments, it is nevertheless important to remember that even if some Ukrainians do feel strongly about the national Church, that certainly cannot be assumed to be the case for all of those who identify themselves as Orthodox.

All in all, the outcome of the clash may well be decisive for the whole notion of the 'spiritual' Russian World.

#### **8.4.3 Belarus**

In Belarus, the religious landscape is mixed. Historically, religion has been the means to divide the population: after the third partition of Poland in 1795, all Roman Catholics were counted as Poles, and all Orthodox believers as Russians – regardless of the language they spoke.<sup>33</sup> Ever since the Church reform in 1839, the Orthodox Church has been the most significant religious community in the country in terms of membership. Today, around 60 per cent of the population say they are believers, and of them,

<sup>31</sup> *Nezavisimaya gazeta* 2018.

<sup>32</sup> *Kommersant* 2018b.

<sup>33</sup> Kolsto 2000, p. 65.

a clear majority (around 70 per cent) identify themselves as Orthodox. Around 14 per cent of those who consider themselves religious belong to the Roman Catholic Church, while Protestants make up one per cent of the believers.<sup>34</sup> However, the trend has been that the number of adherents of the Catholic and Protestant Churches is growing quickly (they also attend religious services more actively than the Orthodox population).<sup>35</sup> Still, the share of those who do not consider themselves religious in any way is relatively high, up to 40 per cent.

Among the religious communities, the Belarusian Orthodox Church, belonging to the Moscow Patriarchate, has an institutional primacy in the country. It is considered an integral part of the canonical territory of the Russian Orthodox Church. For example, in 2009, Patriarch Kirill stated that Belarus is “a native land for all of us, and it is part of Holy Rus, historical Rus”.<sup>36</sup> Neither Belarusian nor Russian political or religious leaders have truly challenged this view, even though the war in Ukraine made the ROC discourse more cautious in its references to the Holy Rus or Russian World.

President Aleksander Lukashenko, who once reportedly described himself as an “Orthodox atheist”,<sup>37</sup> has been in favour of close cooperation with Orthodox Church leaders. For example, in May 2014, Lukashenko stated that the state and the Church act together, and that the Church has a ‘colossal’ role in the life of Belarusian society. He also added that the Church is actually not separate from state affairs.<sup>38</sup> According to Nelly Bekus, the ideology of the Belarusian state has included three basic values since the 1990s: strong presidential power, a socially oriented economy, and Christian – “or, to be precise, Orthodox” – values. The state ideology has been renewed and discussed several times, but the main values prevail.<sup>39</sup>

Portraying the country as straightforwardly Orthodox is a political choice of the state leadership rather than a reflection of the current reality. The religious diversity of the country also partly explains why the Belarusian Orthodox Church does not act as a unifying factor for the whole society in a similar manner to national Orthodox churches in some other post-Soviet states. Yet what is more important, it is in the interest of the state that the Church does not act as a proactive institution: the clear

<sup>34</sup> Kutuzova 2013.

<sup>35</sup> Wilson 2012, p. 132; Bohdan 2012.

<sup>36</sup> Bykovskij 2017.

<sup>37</sup> Wilson 2012, p. 133.

<sup>38</sup> Interfax.by 2014.

<sup>39</sup> Bekus 2010, pp. 211–220.

position of the Church under the Moscow Patriarchate means stability for the Belarusian political leadership as well.

#### **8.4.4 Moldova**

A clear majority of Moldovans, around 90 per cent, identify themselves as Orthodox.<sup>40</sup> There are two patriarchates in the country, the Moldovan Orthodox Church under the rule of the Moscow Patriarchate, to which 80 per cent of Moldovans say they belong, and the Bessarabian Orthodox Church that separated from the Moscow Patriarchate in 1992 in order to follow the Romanian Orthodox Church, to which 13 per cent of Moldovans adhere.<sup>41</sup> Both patriarchates have been recognized canonically and enjoy autocephalous status.<sup>42</sup> In a public opinion poll conducted in 2018, the respondents viewed both Churches very positively: 65 per cent regarded the Moldovan Orthodox Church favourably, while for the Romanian Orthodox Church the share was 57 per cent.<sup>43</sup>

In general, the value orientation in society is conservative, and religion as such is perceived as important. In a poll conducted in November 2015, 91 per cent of respondents stated that religion is a value that is either important or very important for them. However, the Orthodox identity does not necessarily translate into active participation in Church activities. In November 2014, 68 per cent said they go to church “less frequently” or not at all, 17 per cent “at least once a month”, and 14 per cent “often”.<sup>44</sup>

Moldova’s president since December 2016, Igor Dodon, has close relations with the religious leaders of the country, who, for their part, do not hesitate to comment on politics. The priests of the Moldovan Orthodox Church have taken a clear pro-Russian stance in foreign policy. For example, Orthodox bishop of Balti Marchel Mihaescu has criticized Moldova’s deeper integration with the EU by stating that Europe “wants too much in return” for the money it has given: “It [Europe] demands that we pay with our souls, that we alienate ourselves from God. This is not acceptable”.<sup>45</sup>

The current political leadership of the country is pro-Russian, and the Moldovan Orthodox Church generally backs their policy. However, as Vladimír Baar and Daniel Jakubek note, the national identity in Moldova is divided between ‘Moldovanism’ and ‘Romanianism’, and this antagonism

40 Valcov et al. 2017, p. 43.

41 Center for Insights in Survey Research (IRI) 2018, p. 61.

42 Baar and Jakubek 2017.

43 IRI 2018, p. 24.

44 IPP Internet data searches 2018.

45 Higgins 2016.

will remain in the future.<sup>46</sup> The two Orthodox Churches in the country do not seek independence from either Moscow or Bucharest, nor are they challenged by any ‘national’ Orthodox patriarchates, but the national identity question may have an effect on the balance between them in the future.

#### **8.4.5 Georgia**

The Georgian Orthodox Church is one of the oldest in the world. It is a source of national identity, and the most trusted institution in the country. It was the only national Orthodox Church that was retained throughout the Soviet era as autocephalous.<sup>47</sup> After the dissolution of the Soviet Union, the Church quickly became one of the institutions contributing to the national unity of the country. In a PEW research poll, 93 per cent of Georgians stated that religion was very or somewhat important for them – the highest figure in that specific poll among all participating post-Soviet countries.<sup>48</sup>

Political analyst Ghia Nodia explained that even though the Church was seen as ‘outdated’ before 1991, it quickly regained credibility and status as the national Church after independence. The shift in attitudes was connected to President Zviad Gamsakhurdia’s emphasis on (ethnic) national movement, during which, Nodia says, “the concept that real Georgians are Orthodox Christians spread really fast”.<sup>49</sup> Today, Patriarch Ilia II of Georgia is a highly respected figure in the country, and the Church has often functioned as a stabilizing force in politically divisive times. However, traditionalist and reformist views are competing within the Church, and as the Patriarch is 85 years old, the question of finding a successor who would be accepted by society as well as the Church is becoming increasingly significant.<sup>50</sup>

In light of the long tradition, there is a strong mutual understanding of the canonical territory between the Russian Orthodox Church and the Georgian Orthodox Church. In the Russian–Georgian war in 2008, the Church leaders from both countries took a clear anti-war position and, especially at the beginning of the war, the Churches were practically the only institutions keeping the communication line open.<sup>51</sup> The mutual understanding has certain limits, for example, with regard to the

<sup>46</sup> Baar and Jakubek 2017, pp. 89–90.

<sup>47</sup> Kolstø 2000, pp. 70–71.

<sup>48</sup> PEW Research Center Publications 2017.

<sup>49</sup> BBC News 2013.

<sup>50</sup> Funke 2014.

<sup>51</sup> Makarkin 2011.

breakaway republics of Abkhazia and South Ossetia. The Russian Orthodox Church recognizes the regions as belonging to the canonical territory of the Georgian Orthodox Church, but nevertheless provides funds for the South Ossetian and Abkhazian Churches and educates their priests.<sup>52</sup>

The Georgian Orthodox Church stresses the conservative, traditional values and, for example, an anti-gay message similar to that of the Russian Orthodox Church, but it does not portray Russia(n state) as the guarantor of those values. In this sense, Georgia, despite being religious, traditional and Orthodox, is not part of the Russian World or the Holy Rus: its spirituality relies on the distinctive Georgian national identity. For this reason, and because of Georgia's long history of being religiously independent, Moscow does not challenge the institutional setting. Attempts to influence religious or political moods in Georgia would need to take place through the Georgian Orthodox Church, not by challenging its position.

## **8.5 RUSSIA'S WAYS TO POLITICIZE THE SPIRITUAL RUSSIAN WORLD**

In the Russian state discourse, the diversity embedded in the Russian World concept, or the heterogeneity of Russians living abroad, is not taken into account. Rather, the state's interpretation of the concept relies on the idea of 'spheres of influence' and perceives the Russian World as a community of people who, if not loyal to the Russian state, nonetheless share the traditional values the Russian state is pursuing. At the foreign policy level, the concepts of the Russian World and the Holy Rus have merged in their anti-Western tone. Both the political and the religious leadership in Russia continue using them despite the fact that, particularly after 2014, the meanings attached to these concepts have become irredentist for other post-Soviet countries. The ROC has tried to act cautiously concerning the political conflicts in the region, but when obliged to take a stance, it inevitably regards the unity of the Holy Rus as more important than any state sovereignty.<sup>53</sup> There have been direct attempts to influence foreign political decisions by using 'spiritual' unity reasoning: For example, the Russia-led integration projects, mainly the Eurasian Economic Union (EAEU), have been presented as culturally and spiritually more 'suitable' and 'adjusted' for countries such as Moldova (in whose case the Orthodox priests have been applying this discourse in particular).<sup>54</sup>

52 Stratfor Assessments 2011.

53 See e.g. Petro 2018, p. 224.

54 Calus and Kosienkowski 2018.

At an institutional level, the Russian state utilizes certain mechanisms to enhance the unity of and the solidarity within the Russian World. By a presidential decree in 2007, a foundation named after the Russian World was established, the main task of which is to cultivate the Russian language and culture abroad. The activities of the foundation could be (and have been) compared with those of similar cultural initiatives, such as Goethe Institutes dedicated to the German language and culture abroad.<sup>55</sup> Another such state institution, the Federal Agency for the Commonwealth of Independent States Affairs, Compatriots Living Abroad, and International Humanitarian Cooperation, more commonly known as *Rossotrudnichestvo*, was founded in 2008 and functions under the Ministry of Foreign Affairs. The spectrum of its activities is broader than that of the Russian World Foundation, ranging from international development aid programmes to the maintenance of historical monuments abroad, for example. Both institutions aim at nurturing the Russian language and culture abroad, and the latter specifically focuses on strengthening the ties between the CIS countries and compatriots abroad. These institutions have a significant role in upholding the symbolic power of the Russian World concept, and the Russian media habitually refers to them as ‘soft power’ instruments.

The funding of both institutions has been fluctuating according to the state budget situation as well as political priorities. According to the director of the Russian World Foundation, Vladimir Kochin, its budget was around 6.8 million US dollars in 2016, but as of then they expected a 6% cut to funding for 2017, and a 6–8% cut again in 2018.<sup>56</sup> The bulk of the funding comes from the Ministry of Education. *Rossotrudnichestvo* receives more substantial funding, but the diversity of its listed activities is correspondingly broader. According to media sources, the funds allocated to the organization from the federal budget amounted to 54.6 million dollars in 2017, with 51.8 million dollars earmarked for 2018.<sup>57</sup>

State instruments like the Russian World Foundation and *Rossotrudnichestvo* promote ‘Russian values’ and seek to work for the benefit of the national interest of Russia abroad, but the efficiency of their work is hard to measure. In the work of these organizations, ‘spirituality’ might not be the primary concern, but they do rely on the shared, traditional values of the Russian World in their material and activities. In addition, the Russian Orthodox Church and the Russian World Foundation signed a cooperation agreement in 2009. Moreover, the ROC is the only

55 E.g. Aleksei Miller makes this comparison. See *Rossiya v global'noy politike* 2018, p. 127.

56 Rbc.ru 2017.

57 Rbc.ru 2018.

religious organization with representatives on the Foundation's governing board.<sup>58</sup>

The Russian Orthodox Church, for its part, is a credible moral authority not only in Russia but also in the former Soviet Union countries. What makes the Church more 'efficient', perhaps, than the soft power institutions of the Russian state in promoting unity within the Russian World is its own motivation to conduct foreign policy in the region. Nicolai N. Petro explains that for the Russian Orthodox Church, "the term Russky mir is God's project, since it is by God's design that these nations were baptized into one civilization". In the ROC's perception, the Russian World is a far more important concept than national sovereignty, and conflicts within the Russian World – such as the war in Ukraine – are, by nature, civil wars.<sup>59</sup>

However, the ability of the Russian Orthodox Church to assist the Russian state in keeping the Russian World together is limited, as the currently unfolding schism in Ukraine has shown. More importantly, the Russian state might have certain reservations towards the Church, for which reasons it prefers to fund its foreign policy activities through the state institutions.<sup>60</sup> Following a Byzantine ideal, the ROC aims at "state-society symphonia", which would allow the Church and the state to "spiritually coordinate their service to the society"<sup>61</sup> – but in practice, the political establishment has been assiduous in keeping most of that coordination to itself. Despite the mutually beneficial relationship thus far, there are reasons for both the state and the Church to be mindful of the limits of their cooperation. As Boris Knorre explains, "the state must refrain from using the Church as a conspicuous instrument of foreign and domestic policy", just as the Church "must avoid being instrumentalised".<sup>62</sup> The war in Ukraine has shown that the foreign policy objectives of the Russian state and the ROC do not always coincide.

## 8.6 CONCLUSION

In recent years, the Russian state has started to apply the rhetoric of religious, conservative values as the unifying feature of the Russian World. This civilizational discourse has been essential for the Russian Orthodox

58 O'Loughlin et al. 2016, p. 751.

59 Petro 2018.

60 Rbc.ru 2016.

61 Petro 2018, p. 219; Fagan 2013, pp. 39–41.

62 Knorre 2018, p. 111.

Church, as it sees the Russian World as a common spiritual heritage of the peoples historically living in the area. Today, the Russian state presents itself as a defender of conservative, spiritual-moral values in the globalized world, and does so with the moral support of the ROC. Both the state and the ROC interpret the Russian World as a concept that extends beyond the borders of Russia proper, that is, to the area of the former Soviet Union.

However, the attempts to keep the post-Soviet space together with this 'spiritual' approach face several challenges. First, the Russian state discourse does not take into account the complexity of religious and national identity. Almost all of the surveys referred to in this chapter note that the religious attitudes of an individual remain extremely difficult to grasp. The fact that people identify as Orthodox does not necessarily indicate that they practise their faith. The actual commitment among the population to the 'spiritual' unity of the Russian World – or the Holy Rus' as the Church portrays it – is hard to evaluate. While the role of truly devoted Orthodox believers in the post-Soviet societies should not be underestimated, their share might not be as considerable as the Russian Orthodox Church (or the Russian state) wishes to portray. In a similar manner, the institutional trust towards the Church should not be taken at face value. In Russia, for example, the great trust expressed towards the Russian Orthodox Church might be more indicative of (passive) acceptance instead of commitment, as views on the desired and suitable role for the church in society are much more diverse. The problem is partly methodological but might also signal a certain 'Soviet legacy', the conformist manner to perceive the role of an individual in society, or the preference for identifying with the (assumed) majority.

Second, the key concept of the common foreign policy, the Russian World concept, has become 'tarnished' in the eyes of post-Soviet countries since 2014. By annexing Crimea, the Russian state manifested its will and ability to interpret the Russian World as an irredentist foreign policy project instead of 'mental' Russianness. Even earlier, the concept as a foreign policy tool was of limited use because the meanings attached to it were vague, but particularly after 2014, any 'return' to the non-territorial and 'constructive' meanings<sup>63</sup> does not seem likely or even possible. Despite the negative connotations of the concept and suspicion towards those using it in the post-Soviet space today, both the Russian state and the ROC continue exploiting it because they consider it essential to the civilizational discourse. In other words, the friction between national sovereignty and the Russian World cannot be evaded, which is now also being demonstrated in the struggle over a national Orthodox Church in Ukraine.

63 This was suggested by Aleksei Miller. See *Rossiia v global'noy politike* 2018, pp. 127–8.

In Ukraine, the ROC initially attempted to prevent the political conflict from evolving into a religious one, but did not succeed. Moreover, the peacemaking efforts of the ROC rest upon its perception of the Holy Rus, which, when used in parallel with the concept of the Russian World, has become attached to Russian political irredentism and thus cannot serve as a basis for creating mutual understanding in the post-Soviet space.





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## 9. ORGANIZED CRIME IN THE FORMER SOVIET UNION

Mark Galeotti

### 9.1 INTRODUCTION

Answering the question of whether a more or less united organized crime world of the former Soviet Union still exists is a methodologically challenging task, mostly due to the obvious shortage of reliable primary sources. The fact that the organized crime world of the Soviet Union received very limited scholarly attention from the West and was not publicly researched at all in the East, for evident political reasons, poses another significant hardship. Hence, it is not easy to define a solid starting point for a comparative analysis of the post-Soviet situation.

The present research relies on those factors and parameters that form the basis of existing scholarship, such as, first, the organizational models of criminal groups and, second, the fundamentals of their socialization and behaviour. A third research perspective is the territorial aspect, namely analysing the limitations and extent of the initial ‘all-Sovietness’ of recruitment and operations, and how the national (i.e. ethnicity and territory-based) background has become increasingly dominant.

### 9.2 SOVIET ORGANIZED CRIME: RATS IN THE WALLS

The striking lack of visibility of organized crime through most of the Soviet era meant that Western scholarship largely assumed it was non-existent, or at least irrelevant.<sup>1</sup> This was far from the truth. Rather, it was to a large

<sup>1</sup> The particular exceptions were émigré scholars such as Valery Chalidze, and the evidence available in Gulag memoirs.

extent hidden within the corrupt relationships between the Communist Party and state officials, and the entrepreneurs of the informal economy, who were poised to emerge in the 1980s when Mikhail Gorbachev's reforms unwittingly unleashed them, through his anti-alcohol campaign, economic liberalization and subsequent political democratization. Together, they provided the gangsters with a ready market, the means to launder their new earnings, and freedom from the controls of a state which was in collapse.<sup>2</sup>

This was an underworld that was local in structure, but national in culture. Despite easy characterizations of the Communist Party as a 'Soviet mafia', there were no national or even wider underworld structures beyond corrupted regional elites, which do not really fit the criteria of organized crime.<sup>3</sup> Nonetheless, sometimes it was possible to discern national-level activities, such as gatherings of kingpins to resolve disputed issues. In 1991, for example, such a *skhodka* was held precisely to decide how to respond to the potential collapse of the Soviet Union (they reached no firm decisions, which is in itself a telling sign of those chaotic, unpredictable times).

The reason why it was possible for the gangsters to even emerge was that, particularly as a legacy of the Gulag era, there was a strikingly coherent, Soviet-wide criminal culture, the *vorovskoi mir*, or 'thieves' world'. It had an essentially homogenous code of behaviour, its own slang, visual tattoo language and also its own mechanisms for enforcing agreements and resolving disputes.<sup>4</sup> To a large extent, this was mediated through the underworld social elite of the *vory v zakone* ('thieves in law', best rendered as 'thieves within the code'), who represented the judges, shamans, cultural leaders and role models of the *vorovskoi mir*. While there were some ethnic and regional variations on the theme, especially in the Caucasus and Central Asia, the overall culture, with its modes of organization and operation, was strikingly common across the USSR, permitting the easy movement and assimilation of criminals from region to region, and cooperation between groups.

2 This is explored further in Galeotti 2018, pp. 97–108.

3 True organized crime can be considered a continuing enterprise, separate from traditional and legal social structures, within which a number of persons work together under their own hierarchy to achieve power and profit for their private gain, through illegal activities. Circles of corrupt officials share many of these characteristics, but they are within, not separate from official authority structures.

4 Varese 2001; Serio 2008; Galeotti 2018.

### 9.3 THE 1990s: THE EMERGENCE OF NATIONAL UNDERWORLDS

The dissolution of the USSR and consequent creation of new states triggered three, often competing processes in the evolution of the region's underworld. The first was 'nationalization'. Suddenly, national borders appeared across existing turfs and smuggling routes. Old structures of local government and control began to reinvent themselves, often repudiating existing deals and relationships, especially with actors now deemed 'foreign', and in an effort to elevate their own clients and allies. Indeed, simply the ability to operate in non-Russian languages suddenly gained greater primacy and now mattered more than before. Taken together, these processes tended to mean that existing gangs simply redefined themselves, switching from 'Soviet' to local, and somewhat comparable to the way in which national elites reinvented themselves, from Party stalwarts to new-generation patriots.

Second, the 1990s also witnessed deliberate attempts at empire-building, whether the phenomenon concerned the so-called 'Varangians' (*Varyagy*) from European Russia seeking to assert their control over the Russian Far East and Ukraine, or a more general bid by Russian gangs to capture sources, routes and markets abroad through force and alliance. In the main, this involved not so much the physical elimination of local gangs and migration of Russians as the attempt to integrate the former into larger Russian networks, but in a decidedly subordinate manner. The Baltic states, for example, were early targets, relatively small yet well-placed for operations in northern Europe, and the 'Varangians' were also quick to move into eastern Ukraine, Moldova, and northern Kazakhstan, areas with substantial ethnic Russian populations.

Third, much network-building reflected not conquest and coercion, but market integration. There were often good, practical reasons for organized crime groups in the FSU to cooperate. For example, Ukraine, Belarus and Moldova provided entryways to the lucrative Western European markets for Russian gangs. Central Asia likewise provided access to the opiates of Afghanistan. Cooperation across borders became widespread, facilitated by the common language and code of the Soviet *vorovskoi mir*. Whereas it sometimes led to the formation of wider, formalized cross-border groups and networks, at least as often it simply entailed the formation of strong trading relationships between still autonomous market actors.

Throughout the 1990s, the second, 'Imperialist', model proved unsustainable. Even smaller, non-Russian gangs could often leverage local advantages to resist attempts at conquest. In the Baltic states, in particular,

the presence of Russian (and Chechen) gangs became a symbol of continuing foreign domination, and a tacit alliance of indigenous gangs and local security forces quickly managed to tame the Russians.<sup>5</sup> Even where the response was less dramatic, however, the Russians often found themselves unable to maintain their initial gains. The gangs of Ukraine's Donbas increasingly came to look towards Kyiv for opportunities and protection, even while gladly trading with their Russian neighbours, while the Kazakh security forces quickly made it clear that appearing to be a Muscovite fifth columnist was bad for a criminal's health.<sup>6</sup> Instead, nationalization and market integration shaped the FSU underworld.

#### 9.4 VARIETIES OF VILLAINY

As a result, there are clear signs of divergence within what had been a relatively homogenous Soviet underworld, to a large degree reflecting the differentiation of political and economic systems within the region. Russia's underworld, for example, is dominated by a number (estimates vary, but generally range from six to twelve) of typically very loose networks. Rather than being subject to strong central control, they are formed of autonomous local groups linked together by a common interest and, often, overlapping territorial and business interests. Overall, however, it is clear that the Russian underworld has accepted a social contract imposed by Vladimir Putin's regime, which sets the limits when it comes to acceptable behaviour. Criminals will be criminals, and face the usual risks of arrest and imprisonment, but the moment they appear to be a challenge or embarrassment to the state, then they are treated as such. Hence, high-profile criminal leaders can operate with apparent impunity, until the moment that the state decides they have become a problem. When, in 2007, the so-called 'Night Governor' of St. Petersburg, Vladimir Kumarin (also known as Barsukov), leading light of the city's dominant Tambovskaya crime grouping, was deemed to be inconvenient for fellow Peterburgian Vladimir Putin, a force of 300 police commandos was sent to arrest him. This was an act of law-enforcement overkill clearly intended to remind the underworld that it operated at the Kremlin's sufferance. This is not a country that can neatly be labelled a 'mafia state', not least because there is a clear ideological and nationalistic dimension to Putin's agenda, with the gangsters neither wholly controlled by the state nor

5 This was evident in a number of cases in which the police were able to have a major impact. See: e.g. Saar and Markina 2004.

6 In a conversation with a Kazakh KNB security officer in Almaty in 2008, the author was told that "we simply had to make it clear: you could be a gangster, but you had to be a patriotic one".

dominating it. Nonetheless, it is a kleptocracy, in which organized crime is once again beholden to a corrupt elite, reminiscent of late Soviet times.<sup>7</sup>

Conversely, Ukraine may be a sluggishly-reforming state and Belarus still an autocracy, but in each case, their gangs are still to a considerable degree moulded by the economic opportunities of working with their Russian counterparts, in a dynamic relationship reflecting changing market realities. The local gangs have contacts and freedom of movement, but the ‘Varangians’ tend to have the money and the opportunities to maximize those advantages. The Russian Solntsevo network, for example, long maintained a relationship with the criminal-political ‘Donetsk clan’ from which former Ukrainian President Viktor Yanukovich drew much of his support. What Taras Kuzio has called his ‘neo-Soviet mafia state’ may have fallen<sup>8</sup> – although Ukraine is still a long way from being truly purged and reformed – but in any case, the 2014 ‘Revolution of Dignity’ and undeclared Russian war in the Donbas would seem at first glance to have done little to change the fundamentals as far as the criminals are concerned. The Donbas war has not, for example, substantially affected westward flows of heroin through south-eastern Ukraine (drugs represent 70% of all smuggling through Ukraine, according to the State Customs Committee<sup>9</sup>), demonstrating that the Ukrainian gangs handling the final leg of smuggling into Europe are still willing to work with their Russian counterparts. Indeed, the tit-for-tat sanctions regimes in place following the worsening of Moscow’s relations with the West have also made Belarus an increasingly important hub for smuggling goods into Russia and laundering money out.

Nonetheless, these relationships are pragmatic, rather than enforced. The gangs of Belarus and Ukraine work with the Russians when and because it suits them. A number of gangs in western Ukraine, for example, are now reorienting themselves, cutting ties with the Russians not for economic reasons but because they fear such connections may attract greater adverse official attention. According to conversations with Ukrainian law enforcers, this has not triggered any kind of retribution from their former Russian allies.<sup>10</sup> In short, despite the presence of gangs with very close links to Russia, the underworlds of Ukraine and Belarus are independent.

In Kyrgyzstan, Armenia and Moldova, however, a combination of economic and political weakness and limited opportunities has kept

7 Dawisha 2014.

8 Kuzio 2011.

9 Organized Crime Observatory 2015, p. 37.

10 According to conversations in Kyiv, December 2017.

indigenous organized crime groups relatively weak and primitive. As a result, their underworlds have been more prone to being dominated by foreign – largely but not exclusively – Russian groups. In Moldova, for example, Russian and Romanian influence is evident in the underworld. In Kyrgyzstan, where there is a marked overlap between criminal organizations and radical Islamist movements conducting illegal activities to raise funds, there is also concern about the replacement of influence from Russia with that of larger criminal-religious-political groups in Tajikistan and Uzbekistan.<sup>11</sup> That said, this does not mean that there has been outright ‘colonisation’ of these countries’ underworlds by outsiders. Instead, the foreigners seek to work through local allies and clients, who remain the only fishes within their small ponds.

By contrast, in Georgia – a country long almost synonymous with corruption and the underworld – the government’s successful expulsion of most of the Georgian *vory v zakone* following the 2003 ‘Rose Revolution’ means that while organized crime continues to exist, it is relatively fragmentary and in the shadow of corrupt officials and business figures.<sup>12</sup> The die-hard *vory* fled, especially to Russia and Europe, and with them the complex network of contacts and shared understandings that linked them with their criminal brethren abroad. The new generation of organized crime is much more national in form and interests, more closely connected with the rising Georgian political and business elite than with networks in Russia.

If reform brought ‘nationalization’ to Georgia, the irony is that in the other nations of Central Asia<sup>13</sup> and in Azerbaijan,<sup>14</sup> authoritarian government and rent-seeking control of the economies had much the same effect. In these nations, organized crime exists largely at the sufferance of predatory local and/or national elites.<sup>15</sup> Beyond drug trafficking, which has a weight all of its own because of the profits it generates, gangs are in many ways confined to a subservient role to the state, again as in Soviet times. Thus, despite much attention now being paid to a real, but largely over-stated ‘crime-terror nexus’, organized crime is largely an annex to the other activities of corrupt officials.<sup>16</sup>

11 Kambarov 2015; Marat 2007.

12 Slade 2012.

13 Although it may be worth noting that in recent years the pattern in Kyrgyzstan has begun to resemble that of its Central Asian neighbours, with growing control over the drug trade in particular by figures within the elite.

14 Safiyev 2015.

15 Giragosian 2009.

16 De Danieli 2014.

Finally, the level of organized criminality in many of the various unrecognized states and regions of the FSU such as the Transnistrian Moldovan Republic (TMR), South Ossetia and Abkhazia tends to be high.<sup>17</sup> Their status is apt to mean a lack of legitimate economic opportunities, especially due to sanctions, and consequently less of an incentive to play by the rules. These regions thus become hubs for smuggling, often as deniable turntables for gangs in their patron state – Russia. In most cases, the gangs therefore echo their leaderships in looking to Russia for political and criminal allies, economic opportunities and guidance. If the model of the TMR can be generalized, however, over time this diminishes, as underworld elites and businesses become more directly incorporated into their upperworld counterparts, forming more coherent, resilient and autonomous pseudo-national economies.

After the 1992–93 Georgian–Abkhaz war, for example, Abkhazia underwent a purge of Georgians that also drove out the Georgian Sukhumskaya criminal grouping that had been locally dominant.<sup>18</sup> The irony is that the Sukhumskaya had worked very well with Russian gangs, acting as middlemen with the rest of the Georgian underworld. In their place emerged a local criminal network that, while including many ethnic Russians, is arguably more independent than ever because of its close ties to the region’s elite as well.

Crimea can also effectively be considered another of these pseudo-states and, ironically enough, it has already made quite a rapid start on this process with the post-2014 political settlement. While ‘Varangians’ have moved into the peninsula, they have been forced to deal with local gangs, especially the ‘Bashmaki’ and the ‘Seilem’ groups, not least because of the patronage of a Crimean administration heavily recruited from the region’s business–criminal elite.<sup>19</sup>

## 9.5 THE EURASIAN (CRIMINAL) ECONOMIC UNION?

Despite the divergent paths different national underworlds have taken, however, and the extent to which they have also forged connections with markets and sources outside the FSU, there would seem to have emerged a specific and distinct regional, Eurasian criminal marketplace. Within it, alliances are particularly dense, transactions are often strikingly frictionless, and communications easy. Putin may be having trouble turning

17 The exception would be Nagorno–Karabakh, perhaps both because of its lack of smuggling opportunities and also due to the fact that it is virtually under a form of martial law.

18 Slade 2013, p. 99.

19 Galeotti 2014.

his dream of a Eurasian Economic Union into a truly working reality, but have the criminals stolen a march on him?

Obviously, the main reason is the self-interest of the criminal actors concerned. Operating transnationally is a necessity for some, an advantage for almost all. For example, beyond embezzlement from respective states, the criminal activity with the greatest turnover is narcotics, most notably the trade in Afghan heroin. Around a third of the total Afghan opiate export passes through the so-called 'Northern Route' via the fsu, a proportion that is rising.<sup>20</sup> The source is to the south; the main markets are Russia (which has the world's highest consumption per capita) and Western Europe, with China and cocaine-for-heroin swaps with Latin American gangs steadily growing too.<sup>21</sup> Given that the cheapest and safest routes are by land, by definition almost all of this trade will be cross-border. Given the challenges involved in trying to drive supply routes through hostile and alien territories, what has emerged instead are chains of loosely-allied gangs responsible for handling individual stages of the process. A gang in Uzbekistan may acquire opium from Afghan warlords and sell it to Kazakhs to refine into heroin, which would then be traded to a Russian gang which might sell it on the streets or move it all the way to Europe itself, but which more likely would sell it on to another gang in turn, as the drugs travel to wealthier regions and countries. These supply chains link Europe and other markets with Afghan and Central Asian gangs in relationships which can become routinized. In the main, however, they are temporary, and characterized by a pervasive lack of trust between the parties, only overcome by an awareness that each link profits most by the chain remaining intact. Nonetheless, the result is a series of pragmatic business relationships binding gangs across the fsu.

Likewise, although in most money laundering cases the aim is ultimately to move funds into the most secure jurisdictions of North America, Europe and sometimes the Middle East, there is clear evidence of circles of reciprocal financial cooperation across the fsu. Recent high-profile cases such as the so-called Russian laundromat (which saw more than \$20 billion washed on its way out of Russia especially through Moldovan banks), and the infamous Magnitsky case (where financial institutions in Kyrgyzstan played a pivotal role in moving \$230 million in tax fraud profits) have emphasized the importance of these intra-Eurasian flows of dirty money, at least to 'pre-wash' the funds before they move further afield.<sup>22</sup> However, these major cases are only one part of much wider

20 UNODC 2018.

21 According to successive US State Department International Narcotics Control Strategy Reports and, in a rare example of agreement, Russian Interior Ministry annual assessments.

22 See e.g. OCCRP 2017; Luhn 2013.

illicit financial networks and flows, operating through not just banks but the operating funds of companies, intricate debt structures, and direct transfers of legal and illegal goods. In the words of a Europol financial crime analyst, “the region is just swirling with dirty money, flowing over borders as if they did not exist”.<sup>23</sup>

These relationships are facilitated by the continued use of Russian as a regional lingua franca of the underworld, just as in the upperworld,<sup>24</sup> and the remnants of the coherent culture of the Soviet *vorovskoi mir*. While, as will be discussed below, its culture is increasingly anachronistic, its ways, modes of behaviour and rituals do still have some power among the older generation of gangsters, who are still dominant within the regional underworld. Finally, the relative ease of moving across borders (as well as the poor controls over many crossings) also encourages this flow of money, goods and people. The Eurasian Customs Union (which creates a free trade zone incorporating Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia) and the presence of numerous visa-free regimes (only citizens of Georgia and Turkmenistan need one to travel to Russia, for example) add a further practical logic to the continuance of this underworld market identity.

One aspect of this is the considerable ethnic interpenetration, the result of Soviet and pre-Soviet migrations, as well as the pressures of disparities in employment supply and demand. As Andrei Yakimov has said, “the post-Soviet space still exists as a bloc in phantom form – a ‘migration space’”.<sup>25</sup> From the ethnic and linguistically Russian citizens of Kazakhstan and Ukraine, through the Central Asian labour migrants of Russia, to those displaced by the Donbas war, the nations and thus underworlds of the fsu are still threaded together by ethnic ties than cross political borders. Nonetheless, there are several serious challenges affecting this regional market identity and criminal space that are already making it less and less important.

### **9.5.1 The Russian hub versus decentralized supply chains**

The Soviet legacy, both infrastructural and psychological, as well as the initial dominance of its gangs, meant that Russia started with a disproportionately central role in the underworld of the fsu. After all, in 1991, when the Soviet Union was dismembered, it accounted for half its total population, almost three-quarter of its area, and a GDP per capita second

23 Conversation, The Hague, 2013.

24 This may be a declining factor, but just as the importance of trade with Russia is a good index of continued tolerance for the use of Russian in official circles, much the same can be said of criminal ones. Liu, Roosevelt and Wilson Sokhey 2017.

25 Yakimov 2018.

only to Kazakhstan.<sup>26</sup> According to one scholar at the Russian Ministry of Internal Affairs (MVD) Academy, as a result, “just as the Soviet Union was on paper a federation of equals, but in practice an empire ruled from Moscow, so too was the criminal milieu which survived it”.<sup>27</sup> This was hyperbole, but understandable.

Russia was, after all, where ambitious criminals would seek to go, not least helping to explain the particular multi-ethnicity of its underworld. Failing that, it was where ambitious criminals would look for allies, patrons and backers. It was the hub for criminal trafficking of goods and services of every kind. Furthermore, its gangs had funds, often more than they knew what to do with, and so in the early 1990s they also often assumed the role of investors and lenders within the fsU’s underworld. In 1994, Viktor Ilyukhin, chair of the parliamentary Security Committee, claimed that organized crime controlled 55% of capital in Russia and 80% of all voting stock, while another estimate had it controlling 15–25% of Russia’s banks.<sup>28</sup> Again, while the detail is questionable, the underlying point is not: for a time, the Russian gangs were extravagantly rich, and this made them the most attractive partners in the region.

This would not last forever, however. The 1998 financial crisis, while weathered by those gangs with significant assets in non-rouble form, nonetheless brought an end to the era of ‘cheap illegal money’. In addition, other countries’ economies stabilized and underwent their own privatization campaigns, which similarly enriched the gangsters with political connections, and which tended by definition to be locals. Ukraine underwent a similarly flawed privatization programme, especially during 1995–98 for example, and Kazakhstan from 1993. In the short term, this stretched the criminals’ treasuries, but as they were able to exploit, plunder and often re-sell those assets to a new, emerging oligarch class, they reaped the profits. Furthermore, as the heroin trade across the fsU also matured, more and more groups began to be able to take advantage of it and acquire independent wealth. By the 2000s, the age of the Russian gangs as illegal financiers to their neighbouring underworld was all but over.

More broadly, while Russia still looms large, over time new routes and connections have been forged which bypass Russia, some even stretching outside the fsU, such as Afghan heroin flows into China via Kazakhstan, and smuggling routes to and from Turkey via Georgia and Azerbaijan. Even in Ukraine and Moldova, in tandem with wider processes of seeking to align themselves with Europe, national underworlds which once saw

26 Pak 2016.

27 In an unpublished internal paper, dated 1994, seen by the author in 2011.

28 Ilyukhin made these comments to the *ITAR-Tass* news agency on 13 May 1994. For the other estimate, see *Nezavisimaya gazeta* 1997.

the greatest advantage in acting as middlemen for Russian gangs or on trans-Russian routes, are increasingly seeking to diversify their businesses. Moldovan criminals today, for example, are more likely to smuggle counterfeit and untaxed cigarettes and other commodities from Ukraine, or bought in from countries outside the fsU such as Turkey, China and India, than Russian goods.

This relates primarily to goods, of course. Russia remains disproportionately significant in the provision of criminal services in the region, from money laundering to cybercrime. For instance, until its apparent disappearance in 2007 (almost certainly to reinvent itself with a lower profile as a series of other sites), a notorious online outfit called the Russian Business Network provided not just secure platforms for an estimated 60% of all cybercrime in the fsU, but for three-quarters of all securely hosted criminal sites used for selling goods and coordinating activities across the region.<sup>29</sup> Russia remains a disproportionately significant cryptomarket for sales of drugs and other services.<sup>30</sup> However, as this is a global market, the Russians themselves are keen to develop markets in more affluent regions than the fsU. While Russian cybercriminals became the service providers of choice for the world's criminals, from breaking into police databases for the Japanese Yakuza to moving dirty money for Australian gangsters, this pivot towards new clients inevitably left their older ones in some cases looking for new suppliers.<sup>31</sup>

### 9.5.2. Bandits versus businessmen

To an extent, this last point reflects the ascendance in many countries of the fsU of more entrepreneurial and globally-minded underworld leaderships. In Russia, Ukraine and some other countries, the dominant organized crime figures are no longer old-school Mafiosi steeped in the lore of the *vorovskoi mir*, but a new generation of criminal businessmen. They typically have a portfolio of interests stretching from the wholly illegal to the essentially legitimate, and do not necessarily identify themselves with the underworld. This is a younger generation, not just less socialized by the Soviet experience, but also more likely not to have spent lengthy stints in prison, with the shadow socialization that implies. When the balance of risk and reward indicates illegal business, so be it, but they have no qualms about operating in the legitimate sector, too. Rational – if morally-challenged – actors, they are businesspeople operating in environments where there are too few legal, practical and social barriers to

29 Warren 2007; conversation with Russian police analyst, Moscow 2015.

30 Demant et al. 2018.

31 *The Economist* 1999; McCombie et al. 2009.

operating in illicit sectors. As a result, they are motivated less by custom, traditional alliances and a sense of common community, but purely by the needs of the moment.

Polled in 1995, only 5.1% of Russians surveyed thought that honesty, ability and hard work were the way to prosperity; 44.2% cited illegal speculation and 20.4% money laundering.<sup>32</sup> While times have changed, it was nonetheless this era, in which the path to success was seen as winding through crime, albeit essentially business-oriented rather than ‘street’ crime, that created this new generation of gangsters. In Russia, they are known as *avtoritety*, ‘authorities’, in contrast with the more thuggish and obvious *bandity*. They tend to be risk-averse, eager to develop status and security within legitimate political and economic circles, and actively shun and disparage the old ways of the *vorovskoi mir*. In the words of one, “the old guys, the bandits, they thought their real lives were the ones in [prison], that what mattered was the thief’s code. That’s just stupid. Me, I’m happy to make sure I never get sent to a [labour] camp”.<sup>33</sup>

Whether *avtoritety* or *bandity*, however, the new generation of criminals are, in many ways, less different by far from their counterparts in Europe and North America than their predecessors. The code of the *vorovskoi mir* is now largely ignored; the complex language of tattoos and the criminals’ distinctive argot have lost their exclusivity. There are still gangsters calling themselves *vory v zakone*, especially Georgians and others from the Caucasus, but what was once a mark of broad authority within the underworld, requiring a consensus based on the individual’s record of rigid adherence to the code, is now effectively a vanity title. *Vory v zakone* ‘crown’ their friends and cronies with little heed to anyone else’s opinion, and the title consequently means nothing.

Even in those countries of the region where less developed or more constrained underworlds are dominated by more traditional criminals, the criminal element no longer seek to assert cultural separation from mainstream society, but try to blend in instead, engaging with upper-world politics and society, seeking power but also legitimacy and security. In the process, the old *ponyatiya*, or understandings, which provided not just a common conceptual language across the borders of the FSU but also mechanisms to resolve disputes and miscommunications, have broken down.

Of course, the gangsters of post-Soviet Eurasia are still different from those of Europe, China or the Americas, shaped by the rather different political, economic and law enforcement environments in their home

32 These poll results were reported by the *Interfax* news agency on 21 July 1995.

33 From a conversation with the author, 2014.

countries. However, as the underlying systems evolve centrifugally, moving away from the old Soviet model, so too do their underworlds. For criminals now motivated by rational self-interest and economic opportunity rather than tradition, this means that they only cooperate within the fsu and the bounds of the old *vorovskoi mir* when it is absolutely to their perceived advantage. In short, as new opportunities emerge outside the region, they have no reason not to pivot to seize them.

### 9.5.3 Command and control versus supply and demand

Hence, as the bonds of common identity and shared culture recede, market relationships come to the fore. Who ‘runs’ this market? Back in the 1990s and 2000s, the Russian networks, especially Moscow’s Solntsevo (which had powerful allies and clients in Ukraine and Moldova, as well as a strong role in the regional drug trade) and St. Petersburg’s Tambovskaya (which was also strongly connected in Belarus and had alliances with gangs in the Caucasus) were able to exert disproportionate influence. They may not have been able to control the market, but they could to an extent set the common rules and enforce them.

With the relative power of Russian gangs in decline now, and no other structures able to assume a leadership role, it is increasingly clear that simple market economics rather than organizational power is shaping this underworld phenomenon. The barriers to market entry are falling, with Russians unable to control what happens in local underworlds. In 2018, for example, a major *skhodka*, or godfathers’ summit, was held in Erevan, with reportedly 600 Armenian criminals in attendance to address pressing concerns, from disputes between gangs to how to respond to the change in government.<sup>34</sup> What was striking was that while they conducted their gathering *po-Russkiy*, ‘Russian-style’, whereas once representatives of Russian gangs that had interests involved would have been present, this time none were. Even where the apparent forms of a *vorovskoi mir* that once enshrined Russian cultural superiority within the fsu’s underworld are still present, they no longer embody the same hegemony.

More importantly, there are growing practical reasons to build bilateral connections and agreements without a Russian role, and to develop markets and suppliers outside the fsu. Often this is a question of opportunities. Commerce Turkey and Azerbaijan, for example, has encouraged a reorientation of the latter’s criminals to the south, and talk of new Turkey-Azerbaijan-Georgia-Iran trade highways is likely to only strengthen this trend. Likewise, in western Ukraine, and Moldova,

34 Sputnik-Armenia 2018.

groups have been taking advantage of the liberalization of controls with the European Union likewise to orient themselves in that direction.<sup>35</sup>

There are also risks associated with close ties to Russia. Since 2011, the US Treasury has been using its powers under Executive Order 13581 to target specific organized crime ‘kingpins’ for asset freezes. The extent to which criminals associated with Russia – whatever their ethnicity – are facing particular pressure has not gone unnoticed.<sup>36</sup> This makes them toxic as partners and associates, and it is clear that the targeted individuals have been much less able to work outside Russia. More recently, as Moscow has become increasingly assertive within what it considers its ‘zone of privileged interests’ – the FSU with the exception of the Baltic states – and as its worsening relations with the West and occupation of Crimea have led to economic sanctions, this has raised new concerns about criminal cooperation with the Russians.

Besides, the Russian gangs themselves are in many cases abandoning their old focus on the FSU. In particular, China’s role as an as yet under-developed criminal market will prove especially important. Early fears in Moscow that Chinese gangs would ‘colonize’ Central Asia or the Russian Far East (RFE) through mass legal and illegal migration have proved exaggerated and groundless. However, Russia’s Far Eastern Federal District has an area of 6.2 million square kilometres, but a population of just 6.3 million as of the 2010 census – half of the city of Moscow’s – and a regional GDP of \$62 billion. Meanwhile, China’s three neighbouring Manchurian provinces, Heilongjiang, Jilin and Liaoning, together have a population of almost 110 million and a GDP of \$821 billion. From the small-scale shuttle traders bringing cheap food and goods to major investment projects, China has become increasingly important to the RFE, something that, despite some nationalist concerns, most local authorities and businesses have welcomed.

The economic disparity has a force of gravity all of its own, however, which is also evident in criminal connections. Chinese gangs cooperate with their Russian counterparts in smuggling people, drugs and other goods, not least looting Siberia’s natural resources, from timber and endangered species to fish and gold. Beyond that, however, the Chinese gangs are both physically present in border cities such as Vladivostok, Khabarovsk and Blagoveshchensk, but also – and much more importantly – a growing source of investment in illegal, as well as legal businesses in the RFE. As a result, local gangs increasingly seek to orient themselves towards the Chinese market and the gangs who control access to it. Not only

35 Consider, for example, the case of Moldovan kingpin Ion Druta – also known as Vanea the Writer, wanted for arranging an attempted contract killing in Bucharest. OCCRP 2014.

36 For a discussion on this campaign, see *In Moscow’s Shadows* 2013 and 2011.

does this alter the old balances of wealth and power – the ‘Easterners’ are getting wealthier and more able to resist the ‘Varangians’ from European Russia – but it also brings with it new market rules and political assumptions: what matters in Moscow is less important at least for some criminals in the RFE than what happens in Beijing.

Indeed, the Chinese are not unique. Japanese organized criminals, having initially cooperated with Russian gangs in such areas as trading methamphetamines for stolen cars, have begun investing and setting up their own operations along Russia’s eastern coast, notably in the fishing and banking sectors. Nor is this confined to Russia. Chinese gangs are also active in Kazakhstan, for example, while Romanian criminals are now ensconced in Moldova.<sup>37</sup>

## 9.6 CONCLUSION

It is increasingly anachronistic to talk about ‘post-Soviet organized crime’, as since 1991 the underworlds of the various states of Eurasia have taken different trajectories, often determined above all by the nature and involvement of the state. Even the role of Russian gangs – or rather, gangs from Russia – is by now much less dominant. While they have not integrated organizationally, however, a Eurasian criminal market space has emerged, one that stretches beyond the borders of the former Soviet Union (fsu). Within this, Russia still exerts a considerable gravitational force as a crucial source, destination, and transit zone. Nonetheless, there is increasing differentiation, and the emergence of new routes and markets, especially concerning China, will likely make the ‘post-Soviet’ label less and less meaningful.

The experience of the underworlds of the fsu supports the notion that the current experience of organized crime worldwide is characterized by what has been called ‘glocalization’, simultaneously globalizing yet at the same time (re-)affirming their particular, local characteristics.<sup>38</sup> The initial coherence of the post-Soviet underworld was the result of a shared legacy both of criminal culture and political and economic systems, reinforced by the salience of the Russian gangsters.

Over time, however, the political, economic and criminal characteristics of the post-Soviet states have diverged, and with them the interests and cultures of the gangsters. As crime became nationalized – in the sense of demonstrating national characteristics – the coherence of the fsu as a

37 Nurgaliyev et al. 2014.

38 Hobbs 1998.

criminal market space came to depend on interests rather than sentiment and cultural hegemony. As a new generation of criminals has arisen, for whom the customs of the *vorovskoi mir* are an anachronism and for whom political legitimacy and economic advantage are paramount, it has become clear that although alliances with the Russians remain important for many, new considerations have arisen.

In particular, the unity of the former Soviet underworld is being split three ways by the rise of China, the opportunities of Europe, and the continuing dynamism of the Russian underworld. More generally, there is a genuine globalization at work. Alexander Cooley and Jason Sharman's work on transnational corruption in Central Asia,<sup>39</sup> the emergence of non-Russian gangsters around the world, the universality of illicit money laundering, and the penetration of the FSU by external underworld interests, all emphasize the degree to which these legal and illegal economies now operate in global contexts. Russian and other regional criminal actors are welcome to engage in these economies, but they must pay to play, and not assume that traditional connections, a shared culture and history or a lack of alternatives continue to ring-fence the region.

Overall, then, it is clear that the identity of the post-Soviet space as a distinctive unit is increasingly historical, and there is little likelihood of this process reversing itself. The *vorovskoi mir* is dead; the 'Eurasian Criminal Economic Union' under pressure; and the respective national underworlds of Eurasia are, like their host nations, to be considered on their own terms, not as remnant fragments of an integrated Soviet legacy.

39 Cooley and Sharman 2015.









# CONCLUSION: WHAT HAS REMAINED OF THE FORMER SOVIET UNION?

Arkady Moshes, András Rác

The Soviet Union ceased to exist in December 1991. However, even though *de jure* it disappeared, its nearly seven-decade existence has left its mark on the region as a whole. While the fifteen republics that composed the former Soviet Union differed from each other in terms of ethnicity, religion, culture, level of development and in numerous other factors, the Soviet Union as a unified framework had a strong homogenizing effect on all of these differences. Hence, it is hardly surprising that many still refer to the former Soviet republics collectively as the ‘post-Soviet region’, due to similarities and interconnections that characterized the period which ended in 1991.

The main objective of the present Report has been to assess how appropriate it still is to speak about this region as a complete, unifying, or at least largely recognizable entity now, nearly three decades after the dissolution of the Soviet Union.

The three Baltic states, that is Estonia, Latvia and Lithuania, were excluded from the analysis, primarily due to the fact that their accession to the European Union, NATO and the eurozone have made all three of them integral and inseparable parts of political Europe, contrary to the other twelve former Soviet republics. For this reason, the Baltic states are referred to in the Report only when necessary to enhance understanding of the overall framework of the analysis.

Regarding the other twelve states, the Report selected nine themes, and looked at them from the perspective of how strong the connections and similarities are that still exist between countries of the former Soviet Union. The main findings confirm that the question of whether it is still

justified to speak about the post-Soviet region as a somewhat united entity is indeed legitimate.

In terms of constitutional structures, as Peter van Elsuwege points out, nowadays a highly diverse picture can be observed in the post-Soviet space. Divergence started as early as the adoption of the new constitutions in the successor states after the dissolution of the former Soviet Union and has manifested in the emergence of highly different political systems, ranging from strong presidential and authoritarian systems to semi-presidential and semi-parliamentary ones. The internal dynamics of the development of the constitutional systems has also demonstrated considerable variability: some countries have become significantly more authoritarian, like Azerbaijan, Belarus and Russia itself did, while others have been on a reverse track, having gradually shifted from a strongly presidential system to a less authoritarian one, as happened in Ukraine or in Moldova.

Diverging trends are likely to continue, particularly because external factors, such as the influence of regional integration processes, foster further constitutional differentiation. For instance, the conclusion of bilateral association agreements between the EU and Ukraine, Moldova and Georgia sparked a process of constitutional revision in each of the associated countries, whereas the establishment of the EAEU challenges the interpretation of national sovereignty in the participating countries (Russia, Belarus, Kazakhstan, Armenia and Kyrgyzstan).

Regarding military and defence ties, Gudrun Persson argues that Russia perceives the CIS region as its own zone of influence, and military power constitutes a key tool for exercising this influence. However, multilateral approaches to defence cooperation brought only limited results, mostly due to the diverging national interests of the post-Soviet countries. The CSTO has thus far failed to provide collective security for its member states, as the crises in Kyrgyzstan and Armenia have demonstrated, although from 2016 onwards new attempts have ostensibly been made to achieve gradual consolidation of the organization.

In view of the inadequacy of an all-inclusive multilateral approach, Russia has opted for a differentiated, dominant bilateralism. The core group of Russia's partners in defence cooperation consists of Belarus, Armenia and Kazakhstan as they play a key role in the three main strategic directions: Belarus to the West, Armenia to the South and Kazakhstan towards Central Asia and the wider East. The second, considerably looser cooperation group is composed of Tajikistan and Kyrgyzstan, where Russia maintains bases and elements of military infrastructure on the ground. However, these facilities, as well as the CSTO mechanisms, can be seen

more as tools for exercising Russian influence there than as providers of security and stability for these allies of Moscow.

While Uzbekistan has long maintained distance from Russia in terms of defence, 2017 brought the first joint Russian–Uzbek military exercise since 2005, indicating a trend of gradual approximation. Meanwhile, compared to the other four Central Asian countries, Turkmenistan constitutes a notable exception, as the isolated country has no meaningful military relations with Russia.

Despite this complex network of defence ties, the main reason why the post–Soviet space can no longer be handled as a collective region in terms of defence policy lies in the open opposition of Georgia and Ukraine to Russia. Although both paid a high price, Tbilisi and Kyiv denounced Russia as a menace, and keep pursuing a defence policy openly oriented against Moscow. Notwithstanding this situation, in the foreseeable future Russia will uphold its military dominance in the CIS region, and will continue the militarization of its foreign policy, maintaining and exploiting unresolved conflicts, preserving its military presence, and strengthening the CSTO. It is also very likely that Russia will use this multilevel dominance to slow down the disintegration of the region, particularly in security and defence.

The picture is similarly diverse in terms of foreign policy. As Sergey Utkin writes, every post–Soviet country has had its own separate path of political evolution, and this included foreign policy as well. Depending on the political regime and the immediate geographical surroundings, differing foreign policy choices have been and are being made. The strongest similarity is that all of these states regard foreign policy as a manifestation of their sovereignty, and as a way to strengthen it. Sovereignty implies the development of national elites, including in foreign policy, who are motivated to defend their country's national interests. This even applies to those countries that have the heaviest dependence on Russia in terms of security and defence, such as Belarus and Armenia.

Membership in various multilateral institutions and integration projects is no different, as it is also merely a tool for serving national interests. Therefore, the least likely scenario would be for the post–Soviet countries to give this up for the sake of a hypothetical Eurasian political union. This also implies that the post–Soviet regional organizations will continue to develop as flexible, sometimes amorphous frameworks, leaving their members enough room for manoeuvre.

Although all post–Soviet countries were faced with similar challenges initially, such as the transformation to a market economy, both the challenges and the responses to them subsequently turned out to be highly divergent. In the early 1990s, all post–Soviet states intended to strengthen

cooperation with the West in order to foster their own transition and to benefit from closer ties both politically and economically. Over time, the expectations became more realistic, in addition to the fact that the increasingly uneasy relationship between Russia and the West could not be ignored by other post-Soviet states, if they tried to avoid negative repercussions for themselves. This is different for Ukraine and Georgia, which have already become embroiled in a tug-of-war with Russia to an extent that makes them believe that institutionally joining the West would be the only workable security guarantee for them.

Various Russia-led integrational projects in the post-Soviet region were analyzed by Ekaterina Furman and Alexander Libman, who concluded that the development of these projects had three distinctly different phases. In the 1990s, in parallel with the strong focus on the West, most post-Soviet states had become interested in imitating a kind of 'Eurasian EU', in order to demonstrate that the region follows the global patterns. In reality, however, they had no intention of giving up even parts of their sovereignty for the sake of any integration, so cooperation remained at an intergovernmental level.

The situation changed in the 2000s, when Russia, clearly the most powerful country in the region, sought to be treated as equal to the European Union. In line with this intention, the development of Russia-led integration projects also gained significant momentum. This resulted in a much higher level of functionality, concerning mostly the Customs Union and the Eurasian Economic Union. However, since 2014, Russia has reverted to its original integrationist ideas, but using China and not the EU as a benchmark instead, and has further intensified the development of its main project, the EAEU. The results already achieved, including the fact that some elements of the EAEU have reached the supranational level, are likely not only to be preserved, but even developed further – partly because of Russia's political will to do so, and partly due to pure bureaucratic inertia. One needs to point out, however, that the EAEU no longer intends to integrate the region as a whole. Instead, it is geographically a much narrower, albeit deeper form of cooperation, while other post-Soviet countries – primarily Ukraine, Georgia and Moldova – have been pursuing fundamentally different integration projects and declared the goal of joining the EU.

András Deák argues that economic factors are also key to understanding why no integration similar to the European Union has emerged in the post-Soviet region. The level of economic integration in the post-Soviet states is relatively low. Even when it comes to Russia, despite all of its rhetoric about the importance of the area for its interests and thus in

contrast with its declared foreign policy priorities, the share of the CIS in the country's foreign trade and FDI has been significantly decreasing in the last decade. In order to upgrade the EAEU cooperation to a functioning common market, single market or even monetary union as planned, the parties should intensify their cooperation drastically, which is unlikely to happen.

No swift change is to be expected in this regard. The post-Soviet region has a *sui generis* integrability problem. Political elites are intertwined with local businesses, while corruption is rampant. Besides, given the lack of development drivers and the presence of complex, vertically integrated value chains, the local economies provide little complementarity for strong integration. Hydrocarbon exports constitute another factor un-conducive to closer regional cooperation. While in the short run they may provide some complementary impetus between exporters and importers due to high regional energy intensities and price hikes, in the medium and longer run the exports go to the advanced economies outside the region.

At the same time, the alternative integrative mechanisms in the region are also rather humble: the EU offers its Eastern partners free trade with legal approximation, but the implementation suffers from several drawbacks. The question of China as a potential alternative to Russia is slightly more complex. On the one hand, China is a major trade partner for many CIS countries, and it has become by far the biggest one in Kyrgyzstan, Tajikistan and Turkmenistan. Moreover, Chinese influence is not restricted to trade. China actively seeks access to local energy resources, invests in related sectors, acquires ownership through the local value chains, especially in retail or light industry, and provides loans and infrastructure construction capabilities under the label of the Belt and Road Initiative. On the other hand, China does not try to integrate regional countries, but establishes bilateral ties and acts according to its own interests. In such a landscape, Russia can maintain some of its economic leverage given its relative strength, mostly because of the lack of any meaningful competition.

Significantly less change has taken place in the field of energy. According to Marc-Antoine Eyl-Mazzega, the most significant and lingering Soviet footprint in the region's energy sector includes the poor energy intensity record, the supply-side-driven energy policies, the struggle with regulated tariffs and social energy re-distribution policies, the slow pace of ageing infrastructure modernization and replacement, opportunities for predation, capture and corruption stemming from the energy sector, as well as the strong dependency of several oil and gas producers on oil sector tax revenues. Azerbaijan and, to a lesser extent,

Russia and Kazakhstan did not manage to revert to their rentier states economies and are thus vulnerable to oil and gas market fluctuations.

Added to this, Kazakhstan remains dependent on Russia for its oil exports as well. Furthermore, Russian influence has become even stronger in Belarus, Armenia and Kyrgyzstan, which not only remained dependent on Russian energy supplies, but have also sold large parts of their strategic energy infrastructure to Moscow. While Ukraine and Georgia were able to critically reduce their dependency on gas supplies from Russia, Ukraine still strongly benefits from transit revenues from Gazprom. In turn, Azerbaijan was successful in decreasing its dependence on Russia in terms of transiting its oil and gas exports. However, all in all, Russia remains the dominant oil supplier to all net importing countries in the region.

Certain shifts have been taking place, however. For example, there has been a move towards market-based pricing for the industry sector in the whole region. Large foreign investments have been taking place in Kazakhstan, Azerbaijan, as well as in Russia, and serious energy sector reforms are underway in Georgia, Moldova and Ukraine as part of their Energy Community membership. Lastly, the most spectacular changes seen in the past two decades are the development of new export routes from Russia, Kazakhstan and Turkmenistan to China. In this sense, Beijing has largely benefited from the breakup of the Soviet Union, as it was able to foster its energy security, diversify its oil and gas imports, and develop its investments in the post-Soviet countries.

In terms of demography and migration, as argued by Liliya Karachurina, the long existence within a single system keeps determining the paths of development to a certain extent even three decades later. Diverging demographic trends within the region started not in 1991, but a lot earlier. This applies particularly to the reproduction patterns, determined by mortality and fertility rates, where differences between the western and eastern successor countries of the former Soviet Union are very significant. Another highly visible and centrifugal trend is the spectacular decrease in the number of ethnic Russians in the post-Soviet region. The reasons for this are manifold, ranging from mass emigration in the early 1990s to gradual assimilation and the change of national identity in the subsequent decades. As a result, the presence of ethnic Russians as a connecting factor in the region has clearly been losing the importance it once had. Labour migration, however, is still a factor that connects the post-Soviet space as countries with higher fertility rates remain a source of migrants.

Regardless of how the geopolitical, domestic political, economic and social conditions have changed in the twelve countries under study, in terms of labour migration they are still closely connected to each other.

The important point is that these contemporary migration trends would no longer exist if the very political, economic and other differences between the post-Soviet countries were non-existent. In other words, the still close migration-related ties are actually a result of the increasing differences within the region.

The influence of Russia's soft power, and particularly of the Russian Orthodox Church, is weakening. As pointed out by Veera Laine, the Russian state borrows the religious-conservative rhetoric in its attempt to enhance the unity of the 'Russian World'. Strengthening the cooperation with the Russian Orthodox Church both domestically and in the foreign policy sphere, the state wishes to portray itself as a global guarantor – and defender – of the traditional, spiritual values. However, this resonates a lot less in other post-Soviet countries than the Russian Orthodox Church or the Kremlin would like to portray.

This is particularly so because the Russian state discourse does not take into account the complexity of religious and national identity. In the cases of Ukraine, Belarus and Georgia, being Orthodox is a part of national identity and cultural tradition and does not automatically imply loyalty to Russia. Besides, many people who declare themselves Orthodox do not practise regularly (or often even at all), which decreases the influence of the ROC. Added to this, although protecting conservative values is a key element of the Russian World concept, the very idea has become 'tarnished' in the eyes of many post-Soviet countries since 2014. This is well demonstrated by the Ukrainian Orthodox Church's struggle to achieve autocephaly from the Moscow Patriarchate, which, if successful, will deliver a severe blow to the influence of the Russian Orthodox Church and, by implication, also to that of the Kremlin.

When it comes to the lesser known, and evidently under-researched question of connections in terms of criminal ties, according to Mark Galeotti, the initial coherence of the post-Soviet underworld was the result of a shared legacy both of criminal culture and political and economic systems, reinforced by the salience of the Russian gangsters. Over time, however, the political, economic and criminal characteristics of the post-Soviet states have diverged, and with them the interests and cultures of the gangsters. As crime became nationalized – in the sense of demonstrating national characteristics – the coherence of the former Soviet Union as a criminal market also diminished. Moreover, a new generation of criminals has emerged, for whom the old code of conduct – the so-called *vorovskoi mir* – is an anachronism, and for whom political legitimacy and economic advantage are paramount. Hence, it has become clear that although alliances with the Russians remain important

for many, the orientation of criminal gangs has changed and become diversified as, along with the Russian underworld, China and Europe have also become directions and cooperation channels. As a result, one may conclude that the identity of the underworld of the post-Soviet space as a distinctive unit is becoming increasingly historical, and there is little likelihood of this process reversing itself. The *vorovskoi mir* is defunct, and the respective national underworlds of Eurasia should, like their host nations, be considered on their own terms, not as remnant fragments of an integrated Soviet legacy.

All in all, one may conclude that while traces of the Soviet Union's seven decades are still very much in evidence and are far from disappearing, the remnants of the common heritage reveal themselves differently depending on the field. In terms of political ties, Russia-led integration efforts managed to hold together just a handful of countries in the region, and even they interact within a lot less integrated framework than the one formed by the Soviet Union. Even in the field of defence, where the CSTO is supposed to constitute a close military alliance, the crises in Kyrgyzstan and Armenia demonstrated that in reality the organization faces serious coherence problems. Inherited post-Soviet bonds are also rapidly weakening in terms of demography and church-related connections.

Changes are taking place much more slowly in terms of the economy and energy, as the region is still largely dominated by the Russian Federation, although the strengthening presence of China is posing an increasingly serious challenge to this privileged position, particularly in Central Asia. Another weakening factor is the low level of internal economic interconnectivity that seriously limits the integration potential of the EAEU. Regarding energy security, Russia has remained a dominant player, both as a supplier and, to a lesser extent, as a transit country but, as mentioned above, no longer throughout the whole post-Soviet region. All in all, divisions inside the region are widening, and although Russia is still a dominant player, it is no longer able to exercise this power over the whole region.

A post-Soviet legacy still exists, manifested among other things in the similarly relatively poor scores of all of these countries in major global indexes on the rule of law, democracy, corruption and governance. However, these inherited similarities bind the region together mostly in the eyes of external observers, while not generating much internal coherence. The economy and energy are the only two sectors where most of the region is still closely tied together, but Ukraine, Georgia, and Moldova are evidently ebbing away from Russia, and Turkmenistan and Azerbaijan are also decreasing their dependencies on Moscow. Even though migration

ties are still strong, these connections are actually a result of the increasing economic differences between the countries; in other words, migration connections are not integrating factors, but indicators of the gap in the levels of economic development.

The main question addressed by this Report has been whether it is still reasonable to speak about the post-Soviet space as a united region. Based on all of the factors described above, in all probability the answer is that, factually, it is less and less justified to approach the region as a single entity, particularly when it comes to politics, security and defence-related issues, as well as demographic and social connections. Disintegration has progressed rather far and is continuing. However, inherited similarities between these twelve countries are still easy to detect, while economic and energy ties are significant. In all likelihood, considerable time will have to elapse before it will be possible to conclude that the 'post-Soviet space' has become relegated to history in the same way as the Soviet Union itself.

However, irrespective of the speed of the continuing erosion, political implications are evident even at this point. Since the area is continuing to disintegrate, and there are no apparent factors or powers to stop or reverse this process, the time may be ripe to admit that post-Soviet countries deserve an increasingly individually-tailored approach, that any attempts to group them together in expectation of positive spillover and regional synergy will be futile, and that cooperation with them – or in some cases preventing instability – will require their purposeful inclusion in other regional formats, which will have nothing to do with the residual concept of post-Soviet space. Indeed, the more external actors shape the outcomes of constitutional, socio-economic and political-security developments in the area, the less temptation there will be universally to rely on Russo-centrism in practical policy.



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# **WHAT HAS REMAINED OF THE USSR**

## **EXPLORING THE EROSION OF THE POST-SOVIET SPACE**

Almost three decades have passed since the dissolution of the Soviet Union. In the meantime, a whole new generation has grown up with no personal memory of the Soviet era. However, the disintegration of a former superpower cannot happen in such a manner that its heritage disappears without a trace.

The aim of this report is to take stock of the process of erosion in the post-Soviet space that has been going on since the break-up of the Soviet Union in 1991. The authors analyse the remaining material and other structural legacies of the USSR to find out, among other things, whether re-integration of the post-Soviet space, or a part thereof, around Russia is still possible and what kind of centrifugal and centripetal forces are still at play.

The authors approach the research questions from the perspective of cross-cutting issues that encompass the region as a whole. The aim is not to study how the post-Soviet states are faring almost three decades after the transition. Instead, the focus is on key themes such as defence relations, energy and economic ties, as well as on various efforts to create integration structures that would again unite at least parts of the region.

The report is divided into three thematic parts. The first part concerns the structural issues of post-Soviet politics and policies. The second part comprises two studies dealing with the economic ties that still exist among the countries of the former Soviet Union. The third part deals with the societal aspects of the question. /