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RUSSIA AT THE TURN OF THE 21ST CENTURY: RECONSTRUCTION OF POWER

For centuries, the goal of Russian statehood, irrespective of the actual political system, was to play a superpower role and modern Russian political thinking is strongly attached to this tradition. Starting from the 14th century, the power status of Russia derived from its territorial conquests in all possible directions. Equally important were Russia's spheres of influence and maintaining control over them. Russia as a power experienced crises, yet it was a large country and its size shaped Russia's specific national awareness with superpower and imperial ambitions.[1] Recently that power image was undermined by the collapse of one of Russia's superpower incarnations, i.e. the Soviet Union. The Russian state was defeated in its global primacy struggle against the US and the Western world. The Cold War ended with its collapse, which resulted in unprecedented political and territorial losses.[2] At the same time, Russia was unable to compete against Western powers, the US in particular. The Russian Federation emerged from the ruins of the Soviet Union and assumed its international role as its legal successor.

The new state was long associated with the presidency of Boris Yeltsin. Yeltsin inherited the *perestroika* political doctrine of Mikhail Gorbachev that outlined how medium-size and small countries should be approached. Freedom of political choice which excluded interference in international affairs of any sovereign state, was tantamount to Moscow's backing away from involvement in costly agreements and establishing troublesome alliances, and from the Brezhnev doctrine. However, it was difficult for Russia to define its new role in international relations. It was a challenge as Russia's political transformation and its high economic and social costs were not conducive to construing a clear and coherent vision of that role.[3]

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[1] Cf. M. A. Smith (1995), *Russia's State Tradition,* Camberley.

[2] Cf. M. Smoleń (1994), *Stracone dekady. Historia ZSRR 1917-1991,* Warsaw-Cracow.

[3] More in: T. Łoś-Nowak, *Rosja: między dawną a przyszłą wielkością,* in: T. Łoś-Nowak (ed.) (1995). *Postzimnowojenna Europa: ku jedności czy nowym podziałom?,* Wrocław, pp. 25-33; J. Bratkiewicz (1995), *Kryzys cywilizacyjny w Rosji. Jego implikacje dla stosunków polsko-rosyjskich,* "Sprawy Międzynarodowe" No. 2, pp. 89-106.

RUSSIA IN THE END OF THE 2OTH CENTURY: A LOST BATTLE FOR CENTRAL AND EASTERN EUROPE

The first important test for the newly-established Russian state was to maintain influences in the zone encompassing not only the territory of the former Soviet Union, but also the Comecon and the Warsaw Pact countries. Their areas were commonly referred to as the "near and far abroad".

After democratic revolutions initiated in 1989 in Central and Eastern Europe, Russia "clashed" with a new reality after almost fifty years of its rule in that part of Europe. The new situation needed a new strategy. It was not easy as basic priorities of Russian domestic and foreign policies needed to be revised. In the beginning, Russia's situation seemed to be favourable as its relations with the West and especially US-USSR relations were successful. Moscow's position on arms race and disarmament was promising. Its policy toward reuniting Germany and its neutral approach to democratic reforms in Central and Eastern Europe were also important. At the time when the Russian Federation and the Commonwealth of Independent States were emerging, the Euro-Atlantic community analysed possible scenarios of further developments and the potential snowball disintegration of the Soviet Union was perceived as unbeneficial. Leaving nuclear weapons in the hands of several states implied lack of effective control. The West wanted Moscow to control the states involved.[4]

Despite thorough changes in the geopolitical and political structure of the Russian state, at the beginning of the 1990s its national interest still consisted in pursuing imperialistic goals. The basic goal was to strengthen Russian statehood which, in Russia, was synonymous to restoring its superpower status. Once the Russian state was strengthened, in the opinion of Moscow, it could re-win its place of the main player in reintegration processes, especially in Central and Eastern Europe. Regaining the role of the security patron of smaller states was to cover up Russia's internal weaknesses. Representatives of Russian authorities took every opportunity to underline the need to defend interests of their state and its people. Though such attitudes are quite common among other states, in the case of Russia the main threat consisted in its national interests being interpreted as those of a superpower state. For the first time in seventy years, to say the least, Russia could pursue an open policy toward its nearest neighbours. Meanwhile, Moscow's political elites perceived Russia as a country abandoned by its allies due its decline. Threats were exaggerated, both those resulting from rapid changes in the international situation and those born by the feeling of historic defeat. In this context, the isolation if not seclusion of Russia which sought a new identity, could have negative consequences for Europe as a whole.[5]

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[4] More in: A. Horelick (1990/1991), *US-Soviet Relations Threshold a New Era,* "Foreign Affairs" No. 1, pp. 51-69; G. F. Kennan (1990/1991), *Communism in Russian History,* "Foreign Affairs" No. 1, pp. 168-186; K.H. Kamp (1991), *Die Sicherheit der sowjetischen Atomwaffen,* Baden-Baden.

[5] More in: A. Andrusiewicz (1994), *Mit Rosji*, Vol. 1-2, Rzeszów; K. Dziewanowski (1995), *Polityka w sercu Europy*, Warsaw, p. 99.

Withdrawal of Russian military troops from East Germany (former GDR) at the end of August 1994 was a clear symbol of Russia's loss of its most western area of influence. Earlier, Russian troops were withdrawn from Czechoslovakia, Hungary and Poland. The old geostrategic equilibrium was changed to the detriment of Moscow, which meant that a new era of international relations began. The Kremlin initially did not explicitly outline its strategy toward Central and Eastern Europe. Russia's intentions and actions were not transparent and this did not strengthen its image of a trustworthy partner. Lack of political communication between Moscow and CEE countries after the collapse of the Eastern Bloc led to a situation where mutual intentions were misread and ill will was sensed everywhere. In the Russian political doctrine, Central and Eastern Europe was hardly a priority if not ignored.[6]

On the other hand, the negative perception of Russia in CEE countries had a double impact. Embitterment and historic conflicts were often more important than the new favourable political reality. In times of freedom and sovereignty, grievances and inferiority complexes dominated the new situation.[7]

Russia recognised the very existence of CEE states, which were devoid of security warranties, to be a positive factor resulting from the end of the Cold War. In Russia's view, CEE existed in a "geopolitical hole", where Russia could not find the right place for itself.[8] This way of thinking was very close to the thesis on the necessity of giving Central and Eastern Europe new Russian security warranties.[9]

In the Russian stereotypical view, the CEE region was a historical void. After the political, military and ideological Eastern Bloc disintegrated, dependencies within that Soviet space, where Russia and Central and Eastern Europe acted, vanished. Russia and Germany, the powers neighbouring with CEE, no longer competed for the Soviet zone. That view, however, had no practical consequences when it came to Russian politics.[10]

That is why resentments and concerns about the Russian power inclined CEE states to constantly refer to their unfortunate geopolitical location that had led to wars and partitions. At the same time, those countries increasingly acted as independent and sovereign states. Gradually they ceased to be perceived as a fragment of the Russian influence zone, the fate of which the West used to discuss with Moscow.

Russian politicians slowly became aware that Russia's CEE neighbours gradually stopped to fear Russia's aggression in the nearest future and that their main objective was to exit the buffer zone between Russia and Germany. CEE states did not

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[6] *Rosyjska polityka zagraniczna: priorytety MSZ*, (1994), "Eurazja" No. 5-6.

[7] A. Drawicz, *Przewartościowania w stosunkach polsko-rosyjskich*, in: S. Bieleń (ed.) (1995), *Polska-Rosja. Czas przewartościowań*, Warsaw, pp. 10-15.

[8] S. Karaganow (1994), *Nowa Rosja w nowej Europie*, "Eurazja" No. 5-6, p. 90.

[9] A. Kozyriew, *Polska w rosyjskiej polityce zagranicznej*, in: *W stronę nowego partnerstwa*, (1994), Kraków, p. 29.

[10] *Europa Środkowo-Wschodnia w rosyjskiej polityce zagranicznej. Zapis dyskusji*, (1995), "Polska w Europie" Vol. 18, pp. 70-71.

want to be victims of the policies of their two stronger neighbours any more. They wanted to attain the status of normal members of the Euro-Atlantic community of nations that share the same rights and obligations and adhere to the same democratic values.[11]

Central and Eastern Europe were important for Russia because of CEE geographical proximity and Russian superpower traditions. Yet security issues were most important. For security reasons Russia, Belarus and Ukraine postulated that CEE should be a nuclear-free zone, which in a way was a return to the 1957 proposal of Adam Rapacki. However, once the Warsaw Pact was declared disbanded (1991), establishment of such a zone would leave Central and Eastern Europe in a grey security zone. Meanwhile, countries of the region started to work on their full membership in NATO, which was tantamount to assuming all resulting obligations.

Russia's well-known concerns about NATO drawing closer to its border irritated governments of CEE states. Russia, however, consistently argued that its geopolitical situation would deteriorate with NATO expansion near Russian borders.[12] Russian diplomats intensely and invariably used anti-NATO rhetoric, which made Western governments worry about consequences of Russia's isolation if CEE states join NATO. The Kremlin rightly feared that the accession of CEE states to the Alliance would result in a new strategic situation at the Russian borders and will be a powerful pressurising instrument.

In Russian politics of memory (*Geschichtspolitik*), the conquest of Central and Eastern Europe during World War II came at the price of millions of casualties and was a war trophy. While it was difficult for Russians to come to terms with the necessity to retreat and peacefully withdraw from the area, it was much more difficult to accept that CEE countries entered the American zone of influence upon joining the North Atlantic Treaty Organization.[13] The enlargement of NATO may be viewed as a turning point as well as a reference point for designing a new geopolitical map of the world. Russia had to accept that its post-imperial inheritance was severely truncated and learn to function in an emerging multipolar geometry of international relations.

RUSSIA'S ECONOMY BASED ON RAW MATERIALS INDUSTRY AS A PILLAR OF POWER STATUS

Russia's return to its imperial politics needed to be backed by its economy. Russia's global ambitions become transparent once its economic growth and manifestations of military power are scrutinised. Raw materials industry sectors and the

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[11] O. Aleksandrowa (1993), *Niemcy-Polska-Ukraina-Rosja: dylematy wschodnioeuropejskich stosunków,* "Przegląd Zachodni" No. 1, pp. 33-51.

[12] Ch. Royen, *Zachód i Rosja a członkostwo Europy Środkowo-Wschodniej w NATO,* in: M. Dobraczyński (ed.) (1996), *Niemcy - Polska - Rosja. Bezpieczeństwo europejskie i współpraca społeczeństw,* Warsaw, pp. 155-168.

[13] *Russia and Eastern and Central Europe: Old Divisions and New Bridges*, (1996), Moscow, p. 6.

resulting financial resources allowed Russia to pursue a foreign policy active toward the West. After the collapse of the Soviet Union, Russia, like other states of the former Soviet bloc, had to deal with economic problems that accompanied political transformations. Russia was in serious financial trouble and loans granted by Western financial institutions made Russia one of the world's largest debtors. Upon Vladimir Putin's accession to power in 2000, Russia's debts amounted to about USD 160 billion, and the country was the largest debtor. The new President of Russia started to restore effective and efficient central control. He strengthened the Kremlin and monopolised the parliament and the mass media politically. The 'pacification' of Chechnya became a symbol of Russia regaining its military power as well as of the resurgence and modernisation of Russian armed forces. Putin's economic policy led to regaining state control over main crude oil and gas companies in the extractive industry and curbed the power of oligarchs. Legal, penal and administrative measures were applied. Thanks to maximising profits from oil and gas exports and strengthening their transit monopoly, the Russian Federation started to redress its economic stability.[14] Another factor of growth was the growing global demand for raw materials and energy supplies (e.g. the price of an oil barrel went up from approximately USD 20 to almost USD 100 in a few years and the correlated price of natural gas went up too). Thanks to its new investments, Russia increased its oil production and in 2006 it was the largest oil producer in the world. Thus the most effective instrument building a new powerful Russia were energy companies. Their exports generated profits which were used to create investment funds. During Putin's first two presidential terms, the GDP of Russia grew impressively. In 2006 it amounted to USD 920 billion while in 1999 it was only USD 200 billion. In this period, foreign-exchange reserves went up from USD 12.7 billion to USD 266 billion. In 2006, Russian budget surplus amounted to 7.5% of its GDP, and its share in global economic growth corresponded to half of that of the European Union. At the time, however, Russian economy was the world's 59th largest by nominal GDP and it was smaller than that of e.g. Italy.[15] Moreover, the growth pattern of Russia's economy and changes in its structure made its condition heavily dependent on demand for natural resources. This economic growth model entails many threats, especially in the long term. Income from exports allows for delaying difficult and painful economic and social reforms. The growth of personal income is financed mainly with profits from oil and gas exports and is not related to productivity and effectiveness improvement. Thus the competitiveness of Russian products and enterprises on the global market decreases. In a long run, discrepancies between labour productivity and living standards together with disappointed societal expectations may bring about crisis situations.[16]

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[14] More in: B. Kagarlitsky (2002), *Russia under Yeltsin and Putin: neo-liberal autocracy*, London, pp. 251-280.

[15] *International Monetary Fund,* "World Economic Outlook Database" of 2007, (URL) http://www.imf.org, after: I. Bil, T. Otłowski (2008), *Federacja Rosyjska jako mocarstwo? Stan obecny i perspektywy,* Warsaw, pp. 9-13.

[16] See also: A. Åslund (2007), *Russia's capitalist revolution: why market reform succeeded and democracy failed?,* Washington DC, pp. 277-300.

The year 2011 brought new challenges for Russia's economy. Their source is the World Trade Organisation (WTO) and the then approved Accession Package of the Russian Federation. According to experts, Russia's accession to the WTO was the most important step toward liberalisation of world trade in ten years, i.e. since China joined the organisation. However, the changes will be gradual, as Russia negotiated long transition periods. The breakthrough in 18 year-long negotiations was thanks to the involvement and determination of the European Union. The most important consequence for the European Union will be the increased stability and predictability of trade flows. The WTO principles protect against any unilateral introduction of measures restricting trade, among others thanks to the effective dispute settlement mechanism. As the WTO is a warrant of equal trade relations, the EU and Russia will use the same instruments to counteract unfair practices. One should therefore expect that this will enhance trade between the EU and Russia, increase investments and tighten economic ties. This also translates into lessening tensions in political relations as WTO regulations precisely define conditions for introducing economic embargo, the measure which Russia often used to exert political pressure and protect its own market.[17]

On the occasion of Russia's accession to the WTO, commentators and politicians in Moscow focused on negative effects of the event, underlining that it was not easy for Russia to persuade governments of all 155 member states to consent. Georgia's veto helped Russia to win the support of the United States. According to the World Bank, Russia can truly benefit from its WTO membership. In the first three years of the membership, Russia's GDP should go up by 3.5%, and by 11% in 11 years. Russian exporters will not encounter barriers in the form of import quotas that have protected attractive markets. Thus Russian metallurgists hope that the American market, enviously protected until now, will finally open for them. Producers of artificial fertilisers use cheap gas and expect that they will effectively compete with, for example, their strong Polish competitors. At the same time, Russia, upon adopting the rules and principles binding for all WTO members, will have to make its economy more transparent, predictable and, as a result, more attractive for both foreign and domestic investors. All the more since the latter transfer their capital abroad much too often. Most reservations are voiced by farmers and food industry, as it is feared that the country will be flooded with imported foodstuffs. Even worse is the mood in automotive, aircraft, light and machine industry sectors. Those sectors of Russia's economy are very outdated and underinvested. Russia negotiated with the WTO quite good conditions thanks to which its agriculture and industry would be protected against competition for some time.[18]

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[17] D. Jankowski (2012), *Strategiczne partnerstwo Unii Europejskiej i Rosji w polityce bezpieczeństwa: szanse, przeszkody i stan obecny*, "Bezpieczeństwo Narodowe" No. 21, I, pp. 49-65.

[18] W. Radziwinowicz, Światowa Organizacja Handlu nadzieja i strachy Rosji, "Gazeta Wyborcza" 07.09.2012.

However, Russia's first initiatives as a WTO member seemed to be alarming. *Gazprom* found itself in an uncomfortable situation, as the European Commission opened proceedings to investigate whether Gazprom monopolises the European market (especially Central and Eastern Europe). The company might be forced to pay as much as a dozen billion of dollars in fine, though it would be difficult to enforce the payment of such an amount for the execution of the decision is the obligation of the states where the company operates). Russia fired back announcing that it will lodge a complaint with the WTO against EU violation of the agreement on the free movement of capital and freedom of trade. This complaint follows from Russia's perception of EU policies as protectionist. It is likely that the EU-Russia dispute will not end shortly.[19]

Russia, upon becoming a member of the World Trade Organisation, strengthened its position in international economic organisations. It is expected that shortly Russia will find a way to initiate negotiations concerning its membership in the Organisation for Economic Co-operation and Development. However, the benefits of the new situation will largely dependent on the determination of Russian state institutions that aim to improve the effectiveness of Russian economy, eliminate corruption and implement appropriate economic and trade policies. It is estimated that if Russia introduces necessary reforms, it might become the world's 5th largest economy in 2020.[20]

THE RUSSIAN ZONE OF INFLUENCE: "NEAR ABROAD" AND THE MIDDLE EAST

The "near abroad" is where Russia's great power ambitions focus.[21] Since the collapse of the Soviet Union, the Russian Federation has acted as its legal successor on the international arena. Russia's energy policy toward post-Soviet states was based on their dependence on supply or transit of raw materials. The aim was to restore or strengthen Russia's leverage there. Russia continued to hold a near-monopoly on transit routes to consumer countries and that helped Russia to effectively exert pressure on Caspian producers, especially those without direct access to importing countries.

For obvious reasons, the Caspian region became an area of competition and Russia used its raw materials policy to achieve its long-term goals. In result, Russia is a power capable of influencing the strategic situation in the Caspian Sea region. That area encompasses not only coastal states, i.e. Azerbaijan, Iran, Kazakhstan, Russia

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[19] O. Grimm, E. Steiner, M. Auer, *Energiepolitik: Machtkampf um Gaskartell,* "Die Presse" 29.09.2011.

[20] D. Jankowski (2012), *Strategiczne partnerstwo...*

[21] "Near neighbourhood" is the term used by Russian politicians and journalists to refer to former Soviet republics that are currently members of international organisations in which Russia plays a major role (Commonwealth of Independent States and the Union State of Russia and Belarus).

and Turkmenistan, but also Uzbekistan (which is a transit country for Turkmen gas, has huge natural deposits and plays an important political role), Georgia (which is part of an important transit corridor between Asia and Europe that allows for bypassing Russia and Iran) and Armenia (due to its political significance as the most loyal ally of Russia in the southern Caucasus).[22]

Ernest Wyciszkiewicz, in his paper on energy dependencies in international relations in the post-Soviet area[23], considered the role of external actors (the US, Turkey, China, Iran and Western Europe) which attempt to influence policies of particular states in the region (construction of transit infrastructure, political, economic, diplomatic and military measures), as well as of transnational and national private (non-state) entities (energy companies) that are profit oriented (and sometimes supported by states).

Once countries of the region gained independence, as sovereign states they could pursue their independent economic and foreign policies, including taking decisions on the usage of their natural resources. They managed to attract western investors. Initially, spirits were high even on an international level, as a new source of raw materials became accessible. It was widely recognised that an alternative to the Persian Gulf resources emerged. Largest consumers of oil – the United States and Western European countries – engaged in the region to reduce their dependence on supplies from the politically unstable Middle East. The region also drew the attention of strong regional players: China, Turkey and Iran. However the region was also perceived as a source of threats to international security due to unresolved conflicts in the southern Caucasus (e.g. Armenia-Azerbaijan dispute over Nagorno-Karabakh and separatist aspirations of Ossetia and Abkhazia). Those worries were strongly stimulated and fuelled by Moscow. In that situation, Russia could resume its intense political and economic activities aimed at neutralising the emerging competition and regaining influence in the region. Russia also took up actions directed at gaining direct access to deposits in Central Asia. The investment policy of Russian companies became an element of the state's geostrategy.

However, it turned out that Russia was unable to intercept oil and gas extraction from regional producers (supported by supranational corporations and governments of other states), and therefore the Russian Federation decided to secure its control over the transport of raw materials to external markets. Already at that time, Russia's control over transit routes was a major issue for the US and European countries which are main consumers of oil and gas. They got involved because introducing new export directions for the Caspian region was an opportunity to diversify their sources of energy supplies. At the time, the strategic importance of transit routes was referred to as "the geopolitics of pipelines".

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[22] Cf. T. R. McCray (2006), *Russia and the Former Soviet Republics,* New York, pp. 91-109.

[23] E. Wyciszkiewicz (ed.) (2008), *Geopolityka rurociągów. Współzależność energetyczna a stosunki międzypaństwowe na obszarze postsowieckim*, Warsaw, pp. 137-187.

In relation to regional producers (Azerbaijan, Kazakhstan, Uzbekistan and Turkmenistan) which could not export gas and oil directly to consumer countries, Russia aimed at maintaining its transit monopolist or dominant intermediary position. In relation to states completely or partially dependent on Russia's supplies - like Georgia and Armenia, Russia attempted to solidify dependencies (pricing policy, take-overs of energy sector enterprises and transit networks). If a state protested, deliveries were put on hold. That policy applied also to other countries dependent on Russian raw materials including Belarus and Ukraine.

The project of the Baku-Tbilisi-Ceyhan (Azerbaijan-Georgia-Turkey, BTC) oil export pipeline initiated in 1994 and called "the contract of the century", met with strong opposition in Moscow. It was pointed out that the project had no economic justification (as a pipeline passing through Russia or Iran would be less expensive). Threats were underlined as its route was to cross through unstable Georgia and Kurdish areas in Turkey. The Kremlin rightly recognised that the pipeline was a geopolitical project against Russia and that it was of strategic US interest. In fact, the Caspian region was recognised to be of America's vital interest already by the Bill Clinton administration. Washington provided political and economic support to stabilise the situation there and eliminate potential threats to international security. The discussed pipeline was an element of the strategy for developing the East-West transit corridor that was to utilise the Caspian energy potential. Of course, in result of that policy Russia's influence was to be limited and the importance of Iran reduced. Moreover, a pipeline leading to the Turkish city of Ceyhan would strengthen Turkey's position as a NATO member and key US ally in the Middle East.

Despite undertaking actions aimed at destabilising the Caspian Sea region and the South Caucasus, Russia failed to block the project. Currently, Russia has no direct influence on the transport of oil from Azerbaijan. The BTC pipeline was commissioned on 25 May 2005, and within four years it achieved full discharge capacity. It has become the main export pipeline of Azerbaijan. Apart from signing an agreement on the transport of Azeri oil, in July 2006, BTC shareholders signed a cooperation agreement with Kazakhstan on transporting Kazakh oil via the BTC pipeline (and bypassing the territory of Russia).

The inauguration of the BTC pipeline undermined Moscow's monopoly on exports of oil extracted in the Caspian Sea basin. From a strategic point of view, the Caucasus and especially Georgia and Azerbaijan which try to free themselves from Russia, are a favourable location for transport routes of key energy supplies from Central Asia to Europe. It was a reason why Russia supported separatist movements and trends in Georgian regions of Southern Ossetia and Abkhazia and of the 2008 war with Georgia that ended with Russia's victory.[24] However, in order to fully understand Russia's policy, one has to go back to the earlier Chechen conflicts (First Chechen War: 1994-1996; Second Chechen War: 1999-2009). At the time many ana-

[24] Cf. R. Grodzki (2009), *Wojna gruzińsko-rosyjska 2008. Przyczyny – przebieg – skutki*, Zakrzewo, pp. 70-79.

lysts believed that the key motives for the Russian intervention were Russia's interests in raw materials and Moscow's worries about disintegration of the Federation. Gas and oil pipelines that cross through Chechnya are unquestionably valuable and make Chechnya important strategically. The game, however, was about the contract of the century, i.e. the largest capacity pipeline to transport oil from the Caspian Sea through Chechnya. Russia needed control over and stability in the northern Caucasus to attract foreign investors. Meanwhile, in 1991, the province declared independence which thwarted Russia's plans and instigated the armed conflict. In result, the reluctance of Europe and the US to leave such an important route in Russia's hands and Chechnya's destabilisation due the wars, made Turkey the main beneficiary of the 1999 contract. Moscow also worried that Chechen separatism might initiate disintegration of the Russian Federation as other republics had similar demands and could easily become instability hot spots. Many analysts perceived the Chechen Wars as attempts to revoke the tradition of Moscow's domination over other territories. The Caucasus is also an area of specific security interests of the Russian Federation. It is the territory where Turkey and Iran have long competed. It is also Russia's southern border with Muslim states which is the border of cultural conflict.[25]

In the "near abroad", equally important strategic problems are part of Russia-Ukraine relations. The evolution of Ukraine's foreign policy in the direction of the West is a serious concern for Russia. Already at the beginning of 1997, Kiev declared that Ukraine wanted to join NATO, and on 9 July 1997, in Madrid, the NATO-Ukraine Charter on a Distinctive Partnership was signed. Moreover, Ukraine opposed attempts at deepening its cooperation with the Commonwealth of Independent States, and, in October 1997, it joined the Organization for Democracy and Economic Development (GUAM)[26] which associated post-Soviet states that underlined their independence and were drawn toward the West. Russia has perceived NATO enlargement to the east as a threat to its interests, and this process is the main bone of contention in its relations with the West. The Kremlin, in an attempt to restore its influence and subdue the former Soviet republic, turned to energy blackmailing and caused several energy crises in Ukraine by stopping gas supplies. Moreover, before the crucial Ukrainian presidential elections in November 2004, Russia officially supported Victor Yanukovych, allegedly pro-Russian. However, thanks to the "Orange Revolution", Yanukovych lost to Victor Yushchenko who was expected to change the Ukrainian foreign policy in a manner unfavourable for Russia. Indeed, in his foreign policy Yushchenko emphasised Ukraine's integration with the West. Russia

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[25] M. Rodriguez, *Co tak naprawdę kryje się za wojną w Czeczenii? Czeczenia: rozbijając dyskurs na temat międzynarodowego terroryzmu,* http://es.oneworld.net/; Forum Polityka http://www.2o.fora.pl/swiat,31/czeczenia,531.html, (accessed 08.08.2012).

[26] The GUAM organisation (the abbreviation stands for its member states: Georgia, Ukraine, Azerbaijan and Moldova) was established in October 1997 and was perceived as a counterbalance to Russia's position in the Commonwealth of Independent States. In 1999, Uzbekistan joined the organisation, and its name was changed to GUUAM.

penalised Ukraine in January 2006 by shutting off energy supplies, which resulted in the first ever serious disruptions in deliveries of Russian gas to Western Europe. Furthermore, Russia-Ukraine relations were severely strained when the possibility that Ukraine could join NATO, strongly advocated by the George W. Bush administration, appeared likely. In March 2008, President-elect Dmitry Medvedev said in an interview for the "Financial Times" that Ukraine's accession to NATO would constitute a threat to European security. The tension eased after the decision taken at the NATO summit held in Bucharest in early April 2008. It was decided that Ukraine was not yet ready to accept NATO's invitation. In January 2009, another, more serious, Russian-Ukrainian gas crisis broke out. The victory of Victor Yanukovych in the presidential elections of 7 February 2010 was generally perceived as Russia's success and that was confirmed with later events. In April 2010, Yanukovych and Medvedev signed an agreement on a 25 year extension of the lease on Russia's Black Sea naval base in the Ukrainian port city of Sevastopol. In return, Russia promised to cut prices on natural gas exports to Ukraine. The Ukrainian government declared that it would not pursue NATO membership.[27] It ought to be underlined here that Ukraine remains a country independent of Russia, with clearly outlined national interests, but, at the same time, it escapes influences of the West.

Russia's policy towards the Middle East is pragmatic. Its activities in the region focus on weakening the role the US and the European Union play there. The region is also relevant to Russia's energy policy. Russia's participation in resolving Middle East crises is to create Russia's image as a state of power status. The region is also of key importance to Russia's relations with the Muslim world. At the same time, Russia's policy is careful. Russia decided not to dominate in the Middle East and its role and position remain limited. In the aftermath of the Arab revolutions, the balance of powers in the Middle East changes. However, it does not seem likely that in a new situation Russia's chances to strengthen its role there will grow. The defensive and critical approach adopted by Moscow showed that Russia has not sufficient potential to impact political situations in the region or particular states. At the same time, Russia strives not to strain its relations with other players in the region and tries to make use of promising changes taking place in the region.

Russia's activities in the Middle East increased in 2002. The main reason for its involvement then was to cut off Chechen guerrillas from the support of the Arab world. Since then, Russia's political and economic activities in the Middle East have increased markedly. Moscow is involved in the Arab-Israeli peace process and solving the Iranian nuclear crisis, to give but two examples. Bilateral relations have been intensified, starting with Syria, then Egypt, Jordan, the Palestinian Authority, Algeria, Libya, and Saudi Arabia and smaller states in the Persian Gulf. Close relations with non-Arab states – Iran and Israel – complete the picture. Russian activities in the Middle East mainly serve the purpose of implementing objectives other than

[27] *Stosunki dwustronne Rosja-Ukraina,* http://www.stosunkimiedzynarodowe.info, (accessed 10.09.2012).

regional. Building its political influence in the Middle East has been perceived by Moscow as a measure for limiting US global dominance. It has also served as a bargaining chip in relations with the United States. Russian sales of arms to Iran, Syria, Algeria and Libya strengthened Russia's influence in the region but did not bring about expected results in markets dominated by the US and other western states (Persian Gulf countries). The economic significance of the region for Russian energy companies remains limited as their access to deposits is limited. Russian politics in this region, foremost its mediation in resolving crises, has been beneficial for boosting Russia's image as a power. That is what Russia wanted while engaging in the Iranian crisis and getting involved in solving the Arab-Israeli and Syrian conflicts.

Until now, the balance of Russia's policy in the Middle East is not good and numerous Russia's weaknesses have come to light. Moscow has won new customers and sells arms to them but Russia's energy politics aimed at increasing its impact on Europe was almost fruitless and mediation in solving crises has been limited to declarations. Russia, owing to US domination, failed to establish its influence zones except for Syria. In consequence of Russia's "precautionary" policy especially toward the Arab revolutions, Russia's intention to maintain good relations with all important players and the lack of will to be seriously involved politically and financially in the region, the results of Russia's policy toward the Middle East are mediocre if not poor.[28]

RUSSIA-CHINA COOPERATION AND COMPETITION

Russia's superpower ambitions extend beyond the areas under its direct influence. In the multipolar world order, China is one of Russia's rivals. It is difficult to foresee how the Middle Kingdom will develop and to what extent its future will turbulent. It is also difficult to predict how much time China needs to develop its economy and strengthen its cultural impact to match those of the West. It seems that in a foreseeable future, the world order will be both multipolar and dominated by the United States.

In the post-Cold War times, competition between powers continues and the United States, Russia, China, Europe, Japan, India, Iran and other states strive to attain a regional hegemon status. In most cases they are forced to cooperate but the global struggle for leadership and influence is still a key feature in the world of international relations. The role of the United States has declined slightly but the US maintains its hegemony in all crucial domains and the gigantic American economy remains the pillar of the international economic order. American armed forces are the largest in the world and their ability to deploy rapidly and globally is the highest. China and Russia are not capable of carrying military missions abroad alone. They need as-

[28] M. Kaczmarski, *Bliskowschodnia polityka Rosji po rewolucjach arabskich,* OSW comments, 2011-07, http://www.osw.waw.pl, (accessed 03.08.2012).

sistance of Europe, Japan, India or a group of highly-developed states. Europe, after a number of failed attempts to build its own military potential through interoperability (right after the war in Iraq), resigned from counterbalancing American military power. This applies mainly to "old" Member States: France, Germany and Italy. Japan and India are clearly heading toward closer strategic cooperation with the United States. Despite costly interventions in Afghanistan and Iraq, the United States continues to increase its military potential and technological advantage (introduction of drones, bold space projects, etc.). After 11/9, the number of American military bases abroad increased (Afghanistan, Kyrgyzstan, Pakistan, Tajikistan, Uzbekistan, Bulgaria, Georgia, Hungary, Poland, Romania, the Philippines, Djibouti, Oman and Qatar). However, a possible reduction of American military presence in South Korea and Germany is a controversial issue in those two countries. American military presence worldwide may grow as many other states are willing to host American troops. This proves that most countries tolerate or support American geopolitical pre-eminence for security reasons. However, the fact that the US is the largest global power does not mean that the US is prone to and capable of imposing its will on everybody else. As long as the United States does not lose its economic and military leadership position and its potential rivals do not become an attractive option in the international system, the structure of this system should remain unaltered, i.e. one superpower and many powers.

While maintaining its world leader position, the United States competes against China for regional hegemony in Central and Eastern Asia, and against Russia in Eastern Europe, the Caucasus and Central Asia. Robert Kagan notices that once Americans enter a region, "they are remarkably slow to withdraw from it until they believe they have substantially transformed it in their own image".[29]According to Robert Kagan: "People who believe greater equality among nations would be preferable to the present American predominance often succumb to a basic logical fallacy. They believe the order the world enjoys today exists independently of American power. They imagine that in a world where American power was diminished, the aspects of international order that they like would remain in place. But that's not the way it works. International order does not rest on ideas and institutions. It is shaped by configurations of power. The international order we know today reflects the distribution of power in the world since World War II, and especially since the end of the Cold War.[30]

The emerging typical multipolar system, where the roles of Russia, China, India, Europe and the US are equally important, would surely be less beneficial for Washington and Brussels. One should remember that the system does not tolerate the void, and if the American influence in a region erodes, the configuration between main players present in that area changes. A reduction of American influence in the

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[29] R. Kagan, *End of Dreams, Return of History*, http://www.hoover.org/publications/policy-review/article/6136

[30] *Ibid.*

Middle East would surely lead to greater involvement of China and Russia and the strengthening of fundamentalism. China's foreign policy is pragmatic but China has great international ambitions. It avoids awaking the feeling of threat in other countries but is doing everything to restore its East Asian superpower role. The growth and modernisation of Chinese military forces correspond with that ambition.

Also Russian foreign policy is based on national ambitions. Russia's feeling of insecurity follows mostly from its hurt pride and the loss of the global power status. Russia is not really concerned with any threats NATO or the US may pose or their anti-missile defence system, but with the whole post-Cold War multipolar order. Russia also feels insecure due to its competition with China for influence over the Indian Ocean region. Nowadays, the battle between modernisation and globalisation, on the one hand, and traditionalism, on the other, is largely a sideshow on the international stage, but as Kagan writes, "The future is more likely to be dominated by the struggle among the great powers and between the great ideologies of liberalism and autocracy" and observes that "it is possible to have capitalism without political liberalization, it is much harder to have capitalism without cultural liberalization".

China, like Russia, opposes American dominance in its international security concept. China undertakes actions to establish a global miltipolar order where major countries have roughly equal influence. In this context, it is important for China that Russia supports its policy toward Taiwan, recognises China's rights to Tibet, and is involved in solving the trouble with North Korea. In return, China does not interfere in conflicts in Russia's "near abroad" and within the Russian Federation. Of course, both states also refrain from criticising each other for abuse of human rights, especially at the UN forum.[31]

China and Russia share their interest in stabilising Central Asia. They cooperate in combating religious fundamentalism, terrorism, ethnic separatisms and transnational crime. China hopes to diversify and increase its energy imports from Asia and imports from the Russian Federation are important for the Middle Kingdom. It is Russia which has stronger historical and economic ties with such countries as Kazakhstan, Kyrgyzstan and Tajikistan, and has its military bases there. Moscow is also intent on using its pipelines for transmission of oil and gas extracted in some of those states. Conflicts or increase in fundamentalist activity in that region could limit Russian influence and destabilise the so-called Russian soft underbelly. That is where Russian and Chinese interests intersect with those of the US. At the outset of the "war on terrorism", Washington's interest in this region grew and the US has established its military bases in Kyrgyzstan and Uzbekistan to support operations carried in Afghanistan. Furthermore, the US supports democratisation and the emerging free market economies of Central Asian states. American companies invest in oil and natural gas deposits in the region. However, China and Russia worry most about the participation of states of this region in the NATO Partnership for Peace

[31] Cf. B. Lo (2008), *Moscow, Beijing, and the new geopolitics,* Washington DC, pp. 91-132.

programme which China and Russia perceive as interference in their zones of influence. In response, Moscow and Beijing have widened their cooperation framework. Another characteristic feature of Russia-China dialogue are their good relations with Iran and their alliance to prevent any use of force by Western states to block the Iranian nuclear programme. Especially in Iran, thanks to the Western embargo policy, China is the only major player still active in the Iranian oil patch. Also for Russia, Tehran is an important economic and military partner in the region. They trade arms and nuclear technologies. Thanks to their cooperation, Russia, China and Iran limit US influences in the Middle East and Central Asia. In the future, however, discrepancies between their potential may be a problem. China's position keeps growing disproportionally to the position of its partners and thus, in a long run, their equal partnership will be problematic.[32]

RELATIONS BETWEEN RUSSIA AND THE TRANSATLANTIC AREA

The most important and difficult area of Russian foreign diplomacy is the transatlantic cooperation and competition. To the end of the 20th century, Russia had no strategic impact on main international structures while the United States strengthened its position there and assumed the role of the sole superpower in various regions. Meanwhile, the Russian Federation, troubled with the political and economic crisis, remained at the margin of the international scene, and its role was notably reduced. In the mid-1990s, Moscow re-evaluated its policy toward the US and focused on protecting its interests at a level lower than global. The US has been active in former Soviet zones of influence and Russia had to deal with it. And though Russia strives to protect its interests, it is not a competitor equal to the US. Relations between those countries are multidimensional: bilateral (e.g. Russia as an ally in the war on terrorism), regional (e.g. competition for influence in the Middle East and Asia), and global (attempts to block US ambitions by e.g. taking action at international forums). In its efforts, Russia most often uses its status of a permanent member in the UN Security Council, its military potential and economic power (energy and raw materials).

In the area of security, both countries have similar goals, i.e. non-proliferation of weapons of mass destruction and, especially after 11/9, combating international terrorism. The 11/9 terrorist attacks in New York and Washington contributed to a notable rapprochement between the two countries. When it comes to nuclear arsenals, global stability still depends on Russia and the US. However, the United States withdrew from the Anti-Ballistic Missile Treaty (ABM) on 13 June 2002 and thus it has been free to develop its missile defence (MD) system. Russia perceives that system as a threat to its own security and prestige.

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[32] Ł. Niewiadomski (2006), *Stosunki chińsko-rosyjskie i ich wpływ na świat,* "Bezpieczeństwo Narodowe" No. 1.

The United States criticised Russia for its interference in the Ukrainian political crisis in 2004, using energy supplies as a political weapon against its neighbours (the 2005 gas crisis in Ukraine), and undermining Georgia's territorial integrity. Washington supported the Rose Revolution in Georgia in 2003, the Orange Revolution in Ukraine in 2004, and the Tulip Revolution in Kyrgyzstan in 2005. Russia, in turn, has not hesitated to develop cooperation with countries traditionally blacklisted by the US, i.e. Iran, Syria and Venezuela. Moscow also keeps trying to nullify the growing US influence in Central Asia.

The United States of America is acutely aware of the increasing involvement of Russia in the exclusive area of US interest, i.e. Latin America. In that region, Moscow pursues a policy of pragmatic interests and its activities in South and Central America are similar to those of the US in the post-Soviet area. Russia's relations with populist and anti-American Venezuelan President Hugo Chávez speak volumes here. Both countries belong to the group of "energy giants".[33] Other major US-Russia disputes were on the plan to install elements of an anti-missile defence system in Central and Eastern Europe, recognition of Kosovo by the West in 2007 (Kosovo's declaration of independence of 17 February 2008 was denounced by Russia), and the unsuccessful American initiative to offer Georgia and Ukraine a chance to participate in a NATO Membership Action Plan (MAP) in 2008.[34]

Washington policy toward Russia during the presidency of Barack Obama has been more pragmatic. Obama announced a reset of US relations with Moscow. The reset was to end the period of confrontation.[35] America needed to cooperate with Russia to pursue its policies toward Iran, Afghanistan, North Korea and the Middle East. At the NATO summit held in Lisbon in November 2010, President Medvedev declared the end of tensions between Russia and NATO. The reset included a tactical, as it turned out, suspension of the anti-missile defence system project. However, in the last year of Medvedev's term, the reset was under increasing pressure. Despite the fact that in March 2011 Moscow enabled the adoption of the UN resolution authorising NATO military intervention in response to events during the Libyan civil war, Russia opposed later attempts of the US and other states to take action against the regime of President Bashar Assad when the situation in Syria worsened.[36]

It is clear that, apart from some secondary activity, Russia cannot really succeed while confronting the US at the international arena and instead it provokes "substitute conflicts" and uses its diplomacy to block solving global problems like the issue of nuclear programmes of North Korea and Iran, conflicts related to North African revolutions and the war in Syria. Earlier, Russia also took similar actions in the case

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[33] A. Bryc (2009), *Rosja w XXI wieku. Gracz światowy czy koniec gry?,* Warsaw, pp. 158-171.

[34] *Stosunki dwustronne Rosja-USA,* http://www.stosunkimiedzynarodowe.info/kraj,Rosja,stosunki_dwustronne,USA, (accessed 08.07.2012).

[35] More in: J. Kiwerska (2012), *"Po wyborach będę miał większą elastyczność"*, „Biuletyn Instytutu Zachodniego" No. 79, http://www.iz.poznan.pl/news/444_USA-Rosja.pdf, (accessed 13.07.2012).

[36] *Stosunki dwustronne Rosja-USA...*

of conflicts in former Yugoslavia. Aware of Russia's weaknesses, Russian politicians appear to be in favour of a multipolar international system and thus of relative weakening of the dominant US position. In its relations with the US, Russia's options are limited, which does not mean that its foreign diplomacy is ineffective or does not give Washington a headache.

The energy policy pursued by Russia is aimed at making Western states maximally dependent on Russian raw materials. To this end, Moscow consistently increases its influence in countries rich with natural deposits (Kazakhstan, Turkmenistan, Iran, Azerbaijan) and transit capability (Turkey). Moscow severely limits activities of American oil and gas corporations in the Black Sea and Caspian Sea regions and has gained advantage there. However, without the capital and technology that American (and Western) companies can offer, the development of the extraction sector in Russia and Caspian countries is not easy. Currently, the United States may not be afraid of Russian energy blackmail contrary to Europe. European countries, however, are increasingly aware that ensuring energy security must consist in supply diversification, alternative energy sources and reduction of energy consumption.[37]

In its relations with the European Union and European countries, Russia has a much greater say that in its relations with the US. The basis for cooperation between Moscow and Brussels is the Partnership and Cooperation Agreement (PCA) signed on 24 June 1994. It entered into force in December 1997. The document, apart from promoting good bilateral relations, foresaw intensification of economic and political cooperation and of joint efforts to work out common positions on international issues, especially those that impact security. It was assumed that Russia would follow the transition path taken by Central and Eastern Europe, i.e. that Russia would introduce liberal economy, democratise its political life and respect civil liberties.

Ten years after the PCA entered into force, the European Union and Russia launched negotiations on their strategic partnership agreement. The negotiations, temporarily suspended after the Russia-Georgia War of August 2008, have not brought about the expected breakthrough. For example, Russia has not ratified the revised Energy Charter Treaty. The issue of security has been classed as a priority in EU-Russia relations as late as at the beginning of the 21st century. That delay was due to the earlier EU perception of Russia as an economic group whose role in the area of security was only symbolic.

A new impulse in EU-Russia relations was the EU proposal to reach political agreement in the form of a new Partnership for Modernisation presented at the summit in Rostov in 2010. It was announced that the partnership would promote free market reforms and mutual investments, innovations, energy effectiveness, alignment of technical norms and standards, protection of intellectual property, improvement of transport networks and ensure the effective functioning of the judiciary,

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[37] P. Pacuła (2007), *USA - Rosja. Współpraca, czy rywalizacja?,* "Bezpieczeństwo Narodowe" No. 5-6, pp. 130-145.

strengthen the fight against corruption and promote people-to-people links. The project did not produce expected results and did not make EU-Russia relations tighter. Russians have not been able to modernise their country both in the social and economic dimension. It is assessed that one of the factors responsible for Russia's lack of motivation to take expected steps was the fact that its economy is based on raw materials. Moreover, Russia has channelled too much of the funds earmarked for modernisation to restore its power status. On the other hand, as many as 18 of 27 EU Member States have bilateral agreements with Russia and their policies are little coordinated with the Partnership for Modernisation programme. Therefore, the lack of cohesion in the activities of particular Member States, the European Commission and the EU External Action Service continues to be a main reason for the ineffectiveness of EU policy toward Russia.[38]

The European Union has limited natural energy deposits (resources) and heavily depends on imports. It is Russia which - owing to its geographical proximity and immense deposits - is the main energy supplier to the EU. The EU is forced to cooperate with its eastern neighbour but seeks ways to depoliticise its relations with Russia in the area of natural gas supplies. It tries to reduce its dependency on the greatest supplier. EU Member States import 62% of gas, 23% of which is transported from Russia. According to forecasts of the European Commission, by 2030, due to an increasing demand for natural gas and decreasing domestic production, the EU will import as much as 84% of its demand of which more than a half will be supplied by Russia. A similar situation can be observed in the case of oil imports. By 2030, as much as 95% of EU demand will be covered by imports. It has been estimated that in 1998-2008 Europe's dependency on Russian supplies increased from about 12% to 27%.

EU high energy dependency forces it to seek options to diversify energy supplies, especially gas supply routes, and to develop a common energy policy. However, EU actions aimed at ensuring alternative supplies have, until now, been effectively mitigated by Russian interests and the lack of unanimity among EU Member States, not to mentions the involvement of European energy companies in competitive projects (*South Stream*, *Nabucco*). The telling example is *Nord Stream*. The pipeline increased the existing EU dependency on deliveries of Russian natural gas and hindered the implementation of the *Amber* project – the less expensive version of the pipeline that was to start in Russia, pass through Latvia, Lithuania, the Kaliningrad Oblast and across Poland and Germany. The *Amber* project foresaw laying a natural gas pipeline across EU Member States and its section in of the Russian Federation. The Russian *South Stream*[39] project is a pipeline transporting Russian natural gas through the Black Sea to Bulgaria and further to Greece, Italy and Austria. The proj-

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[38] D. Jankowski (2012), *Strategiczne partnerstwo Unii Europejskiej i Rosji w polityce bezpieczeństwa: szanse, przeszkody i stan obecny*, "Bezpieczeństwo Narodowe" No. I, pp. 49-65.

[39] Cf. A. Åslund, *Gazprom: Challenged Giant in Need of Reform,* in: A. Åslund, S. Guriev, A. Kuchins (eds) (2010), *Russia after the global economic crisis,* Washington DC, pp. 151-169.

ect is seen as rival to the planned *Nabucco* pipeline which is crucial in the European diversification strategy. This gas pipeline was to bypass Russia and transport natural gas from the Caspian Sea region through Turkey to Austria. However, Russia won European partners that withdrew from the EU common planning of energy supplies. It managed to sign contracts with Bulgaria, Serbia, Romania and Hungary which joined the *South Stream* project.

The European Commission strives to establish the European internal natural gas and electricity market, and ensure security of supplies between EU Member States. The common energy policy is based on principles of liberalism and competition (free market) and solidarity mechanisms. Nevertheless, in emergency situations, it will be a great challenge. The initiative of Jacques Delors and Jerzy Buzek of 5 May 2010 is one of the most important projects concerning the establishment of the EU single energy market. It foresees the introduction of the European Energy Community. The EU Energy Community initiative is to cover, among others, development of a competitive internal energy market based on trans-European networks for transporting electricity and gas that would warrant energy security and ensure that in the future, the EU would act as one negotiating entity. Working out a community approach and creating a community of interest in the EU energy sector is not an easy task as Member States pursue various interests and hesitate to pass their rights to EU institutions to implement a common energy policy. Meanwhile, the lack of such a policy helps Russia to divide the European community. In some cases it also helps Russia access strategic energy assets, including shares in some European transit networks. For Moscow, depoliticisation of EU-Russia relations in the area of energy policy would be tantamount to its failure and would reduce Russia's position to that of a client. Energy has become one of the tools of Russia's foreign policy and so far the European Union has not developed its strategy to counter it.[40]

After the Treaty of Lisbon entered into force, the importance of EU common energy policy among EU foreign policy priorities should grow gradually. In the nearest future, the importance of Russian natural gas will be high enough for the Russian Federation to retain its privileged position of Europe's main supplier and its capacity to exert political pressure. On the other hand, the power of Russia may weaken as Russia needs to modernise its energy sector and face competition of the growing LNG *(Liquefied Natural Gas*) market and shale gas producers, not to mention the growing share of renewable energy in the global energy balance. Russia's economy will need investments to increase its efficiency, reduce energy consumption and upgrade its energy industry technologically. This might force Russia to open up to European and Asian investors. On the other hand, the rising global gas consumption may contribute to tightening the cooperation of countries with largest deposits. Russia, actually, strongly promotes the idea of creating a natural gas cartel.[41]

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[40] T. Młynarski (2011), *Bezpieczeństwo energetyczne w pierwszej dekadzie XXI wieku. Mozaika interesów i geostrategii,* Kraków, p. 313.

[41] M. Ruszel (2009), *Kierunki rozwoju polityki energetycznej UE*, "Biuletyn Opinie" No. 25.

The last Russia-Georgia War and the fight to control European networks of energy supply have served the implementation of Russia's strategic interests to influence European politics, weaken NATO and the EU, and revive the European Concert of Powers in which Moscow will play a prominent role. Should those ideas come true, Russia's dominance over many European countries may seriously endanger the European project. In its bilateral relations with individual European states, Moscow would have a notably stronger position than in its relations with the European Union. For Russia, the most difficult Western opponent is the North Atlantic Treaty Organisation, which Russia considers to be a tool of American politics. While Moscow sometimes succeeds in playing Western countries off against one another in the area of economic relations, it is not a very attractive partner when it comes to values and ideas, and security in particular. That is why Russia strives to convince those NATO members with which it has good relations that NATO should give up its enlargement strategy. A good example were Russia's protests which effectively delayed Georgia's and Ukraine's membership in NATO. Germany and France accepted some arguments of the Kremlin against the enlargement and the 2008 Russia-Georgia War provided more arguments against Georgia's integration with NATO.

Russia needs the European Union mainly to counterweigh US hegemony in the international order and welcomes every misunderstanding in Euro-Atlantic relations. It is Russia's interest to use the EU to weaken the regional position of the US. At the same time, Russia tries to prevent strengthening of the European Union itself, as a strong EU speaking in one voice about security and energy strategies would hamper the achievement of Russia's strategic goals. Attempts of Russian companies to gain control over numerous corporations are a threat to the European Union. Russian companies invest in strategic European economy sectors. Their goal is to get access to new technologies and influence business decisions of European companies.

From Russia's perspective, Germany is its most important European ally helping Russia to pursue its policies toward the West. Russia's efforts are well received as Germany's geopolitical ambitions keep growing. This includes Germany's efforts to become a permanent member of the UN Security Council and to dominate EU economy. Berlin was the first capital visited by Dmitry Medvedev after he won presidential elections of 5 June 2008. There he gave a speech on Russia's European policy and proposed a European security pact that would include Russia. Paradoxically, Germany, in line with Russia's expectations, perceives NATO more as a platform for political dialogue than a military alliance. That is why Germany is critical of the construction of anti-missile shield elements in Europe[42]

The ongoing economic and financial crisis has boosted Russia's self-confidence. The EU has been weakened by its domestic crisis and by opinions of the international community about the situation. Russia opposes the Eastern Partnership project but does not have to worry much that the European Neighbourhood Policy will limit its

[42] G. Kuczyński (2009), *Strategia Rosji wobec Zachodu*, "Bezpieczeństwo Narodowe" No. 1-2, pp. 155-171.

influences. Especially after the European Union provoked and supported the colour revolutions but failed to cope with their consequences. Contrary to a popular in Europe opinion, the Russian neighbourhood policy is more advanced and better implemented than the European one. Russia can offer more than the Union. Russia's allies are offered cheap energy, access to Russian labour market, a growing receiving market, visa-free entry, and some cases Russian citizenship (e.g. the Ossetians). Russia has also developed a wide range of disciplinary measures: blocking energy supplies, raising prices, taking over transit infrastructure, supporting separatist movements, and – in extreme cases – military interventions.

It follows that the EU, which needs to restore its international position strained by the crisis, should change its policy toward Russia. In a long run, Europe should reduce the role Russia plays as the energy supplier and focus on such objectives as free competition, adherence to the rule of law, and an integrated and flexible energy market. However, the greatest challenge is to reach an agreement on EU common strategy and the support given to Russia's modernisation.[43]

German political elite is clearly irritated with and disapproves of Russia's stagnation. Germany's privileged access to the Russian market has ceased to suffice. The modern economic cooperation style requires a shift to a more advanced level, i.e. a level up from simple trading, and Russia is incapable to do so. This results from Russia's torpor and reluctance to implement the signed agreements and proposed solutions. Russia's accession to the WTO may change the situation but the effects will certainly not be instantaneous, and this is not in line with EU expectations.[44]

The above have an impact on EU-Russia relations. Europe and Russia have joint interests but are divided by values. From Europe's perspective, Russia is a most important energy supplier. From Russia's perspective, Europe is an importer of half of its exports and key energy buyer. In result, Moscow needs Brussels, and Brussels needs Moscow. Yet Europe tries to force Russia to modernise and Russia is not ready for it.

CONCLUSIONS

Russia's reforms are not fast enough to catch up with global trends and appear to be a mere window dressing. Russia is not taking actions directed at modernising the state and adjusting its economy and social life standards to the requirements of international competition. Therefore, the perspective of Russia's actual adjustment to and inclusion into a group of major global economic and political powers is wishful thinking.

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[43] Cf. M. Leonard, N. Popescu (2008), *Rachunek sił w stosunkach Unia Europejska-Rosja,* Warsaw, p. 87.

[44] S. Meister (2011), *A New Start for Russian - EU Security Policy? The Weimar Triangle, Russia and the EU's Eastern Neighbourhood,* Genshagen.

In comparison to other rapidly developing economies, Russia's infrastructure is poor and this impedes its development potential. Upgrading the underdeveloped technical infrastructure (e.g. roads, railway, energy) in vast lands of the Federation would require immense investments. The relatively low level of technical culture is another major impediment. It should be noted that the condition of technical infrastructure in crucial industries, i.e. the mining and energy sectors, is deteriorating. Profits from oil and natural gas exports are little invested in the petroleum industry modernisation and that includes both exploration and production. Other negative factors are the high energy consumption by the Russian economy and its low efficiency. According to the World Bank, even high and long-term financial investments will not close the infrastructure gap between Russia and developed countries in the nearest future.[45] This is due the low share of investments in GDP and investment concentration in the primary sector of the economy. Moreover, high level officials in the administration (government) and business (top managers) originate from post-Soviet *nomenclatura* (oligarchy) and are hardly able and motivated to carry out reforms. Russian bureaucratic establishment (often corrupt) impedes creativity and entrepreneurship of the Russian society and is a major growth curbing factor. Russia's population is expected to shrink. According to UN forecasts, the number of residents of Russia will decline by 12%, i.e. by about 17 million people in 2000-2025, and currently the life expectancy at birth of men is only 59 years while women live 13 years longer on average.[46] In a long run, demographic changes will affect economic growth negatively. The structure of Russia's economy points to its vulnerability to a slowdown. A recession in global energy markets may halt its growth and revenues of the state and people will decline in the aftermath. For the time being, the government revenue generated by Russia's resource-based economy suffices to sustain the authoritarian rule and secures the interests of social and political groups which back the system.

In the beginning of the 21st century, the high demand for raw materials helps Russia to pursue its foreign policy priorities and exploit weaknesses and lack of consensus among its competitors. At the same time, Russia promotes an alternative political and social development model of "steered democracy". For the post-Soviet states, and many other countries, this model combined with appropriate economic, technical and military assistance might be an offer much more attractive and manageable than a remote vision of liberal Western democracy. Ukraine is an example the appeal of Russia's offer as Russia effectively persuades Ukraine not to cooperate closely with the European Union. Similar developments can be observed in other countries covered by the Eastern Partnership initiative which does not meet their expectations as the EU focuses on its financial crisis. In Asia, Russia has to

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[45] Cf. *The World Bank in Russia. Russian Economic Report. Reinvigorating the Economy,* No. 28, Autumn 2012 http://www-wds.worldbank.org, (accessed 12.10.2012).

[46] Cf. S. Niktina, *Population Decline and Population Ageing in the Russian Federation,* UN/POP/PRA/2000/13, United Nations Secretariat, New York 16-18 October 2000.

compete with new geopolitical centres, i.e. China and India whose modernisation is already much more advanced. Russia's resource-based economy, however, seems not to have the potential needed to sustain a stable economic growth of the country in a long run, especially since Russia's economic productivity grows slowly and demographic crisis approaches.[47]

ABSTRACT

In this article, issues in Russian foreign policy at the turn of the 21st century are discussed in the light of Russia's efforts to restore its status of a global power. The defeat of the Soviet Union in the Cold War confrontation with the United States seriously limited the superpower prerogatives of the Russian Federation as the successor of the Soviet Union in international relations. In the next two decades that followed, Russia managed to ward off the threat of disintegration of its statehood and to reconstruct it on grounds of a strong authoritarian central rule. A worldwide demand for energy supplies helped it build foundations for an expansive resource-based economy which was concurrently a tool for implementing an imperialistic policy that proves successful especially in Russia's traditional sphere of influence. At the onset of the 21st century, Russia had to face competition from new actors in the multipolar international system that tends to polarize further. The traditional competition with the United States and Europe has expanded onto dynamically developing China and India. At the same time globalisation imposes far-fetched cooperation within this configuration curbed by Russia's inadequate coping with challenges of state modernisation. Therefore the growth or decrease of the role of the Russian Federation as a power will largely follow from the efficiency of the reforms it introduces. So far they have shown small dynamism and, in a longer perspective, barriers to development can contribute to a deterioration of the social, economic and political situation with relevant negative consequences to the international environment.

[47] I. Bil, T. Otłowski (2008), *Federacja Rosyjska jako mocarstwo? Stan obecny i perspektywy,* Warsaw, pp. 9-13.



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Gospodarka niemiecka 20 lat po zjednoczeniu

[German Economy 20 Years after Reunification]

Tomasz Budnikowski, Editor

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This publication is devoted to challenges which German economy faced in the first 20 years after the reunification, a topic which is both current and important from the perspective of research and economic performance. The authors - J. Misala, M. Götz, I. Romiszewska, P. Kalka, T. Budnikowski and M. Żukowski - comprehensively discuss the most important issues since East and West Germany merged.

The first issue discussed is how big the economic disproportions between eastern and western lands are at present. Then changes in Germany's foreign trade are analysed in detail as its role in Germany's economic growth is important. Next, the focus moves to the structure of R&D expenditure. A comparison of R&D outlays in Germany and other highly-developed countries shows that the volume of Germany's investments continues to be relatively huge.

Much space is given to Germany's social integration, primarily to unemployment resulting from the introduction of market economy in the former German Democratic Republic. Another issue tackled is the rapid ageing of German society and the functioning of the social security system.

Conclusions offered in each paper are on both the theory and practice of German economic policy, making this publication useful for researchers, students of economics as well as politicians and economists.