New Man in the Kremlin: What Future for Russian Foreign Policy?

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The landslide victory of Dmitry Medvedev in the presidential election of 2 March was accompanied by discussions, particularly in Western analytical and media circles, of whether Vladimir Putin's successor is a democrat or nationalist, a Westerniser or a Slavophile.[1] His pre-electoral policy statements and family life came under scrutiny[2] and were weighed against Putin's warnings that for the West, Medvedev would be ''no easier'' to do business with than himself.[3] While some did not hesitate to dub Medvedev a ''liberal'',[4] others revelled in reports that suggested that the president-elect had been taking coaching lessons to imitate Putin's speech and gait, concluding with enviable confidence that he was ''less a pope than a popelet''.[5]

The latter characterisation is a serious underestimation of Medvedev's intellectual capabilities as well as of the sheer power concentrated in the institution of the Russian presidency. But the claims that Medvedev is a ''pro-Western liberal'' are equally misleading. Medvedev is, of course, different from many in the Putin camp, in which he is on the ''liberal'' wing. He does not have a known history of serving in, or being affiliated with, security forces. He is a lawyer, who appears genuinely to believe in the rule of law and the need to reduce corruption. He is also the first truly post-Soviet leader of Russia, as his adulthood coincided with the decline of the Soviet Union and the emergence of a post-Soviet Russia.[6] Yet these facts and qualities alone do not make him a liberal politician.

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[1] See for instance, A. Umland, ''A Second Gorbachev?'', *Prospect*, March 2008, 144; *The Guardian*, 11 December 2007 and 29 February 2008; ''A Putin-Shaped Throne'', *The Economist*, 6 March 2008.

[2] *Itogi*, 16 April 2007; ''Dmitri Medvedev, in his own words'', *International Herald Tribune*, 28 February 2008. http://www.iht.com/articles/2008/02/28/europe/28medspeeches.php

[3] ''No Russian thaw under Medvedev'', *BBC News*, 8 March 2008. www.news.bbc.co.uk/1/hi/world/europe/7285131.stm

[4] See, for instance, C. Belton, ''Putin favours liberal as successor'', *Financial Times*, 11 December 2007. http://us.ft.com/ftgateway/superpage.ft?news_id=fto121120070240227769&page=1

[5] A. Blomfield, ''Medvedev coached to be more like Putin'', *The Daily Telegraph*, 1 March 2008.

[6] ''Medvedev is first truly post-Soviet leader'', *Oxford Analytica Daily Brief*, 29 February 2008.

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To date, Medvedev's formative policy experience has been overwhelmingly *dirigiste*, and there is little evidence to suggest that the interventionist approach will change fundamentally under his presidency. If internally some liberalisation appears to be an evolutionary step after a period of centralisation,[7] Russia's diplomatic relations with the outside world will be no less ''independent'' – and therefore potentially contrary to Western interests – than under Putin. Medvedev sought to dispel the desire to label him when he presented his views on democracy ''in a context'' and his understanding of what constitutes an effective leadership. He argued that, ''[a]s far as foreign relations are concerned . . . any effective leader of the country has to take care of defending the interests of his country, and look after this constantly and along the entire perimeter of the country''.[8]

This article begins by examining Medvedev's policy preferences and actions in key posts that he occupied before being elected president. It then turns to establish the major elements of Russian foreign policy, on which Medvedev remained remarkably silent throughout his presidential campaign but which are likely to become the building blocks of his own foreign policy.

Two main themes emerge. First, Medvedev's personal preferences in foreign policy are largely in line with the policies initiated by Putin, although his rhetoric and style will likely be more conciliatory. This may continue to be mistaken for liberalism. Second, the institutional constraints and informal rules within which Medvedev will have to operate make policy continuity more likely than policy reversal.

Medvedev's policy experience

At the same time, as first deputy prime minister, Medvedev was a key interlocutor of the top echelons of power, promoting the company's interests. As chairman of the board of directors of Gazprom, Medvedev represented and advocated the policy of the Russian state. A key component of that policy was to increase control over the country's oil and gas sector. He was also the interlocutor of the top echelons of power, promoting the company's interests.

In recent years, Gazprom has expanded rapidly, acquiring a number of large fields within Russia, often by squeezing out foreign and Russian private investors. The cases of the Shell-led Sakhalin-2 project and TNK-BP's Kovykta field are among the most notable examples, in which combined Gazprom-government pressure was brought to bear on investors. Gazprom's success at having its monopoly over pipelines inscribed in law and its sustained effort to expand to the European downstream market have attracted vociferous criticism from the West;

[7] N. Petro, ''Seizing the Medvedev Moment'', *International Herald Tribune*, 13 March 2008.
[8] ''Interview transcript: Dmitry Medvedev'', *Financial Times*, 24 March 2008. www.ft.com/medvedev

yet Medvedev's role as an advocate of state policy within Gazprom has been most frequently overlooked.

To be sure, the Gazprom ''empire'' has been cleaned up significantly since Medvedev's appointment in 2000. Yet the reform proposal – to split production and distribution into separate entities in order to make the Russian market more competitive – embraced by Economic Development and Trade Minister German Gref and Finance Minister Aleksei Kudrin – was not backed by Medvedev.[9] Gazprom subsequently espoused a series of measures to consolidate its subsidiaries and make its finances more transparent, but these steps are in line with the monopoly's proclaimed goal of transforming itself from a ''national champion'' into the world's largest energy company.[10]

Although during his presidential campaign Medvedev spoke against the proliferation of state corporations,[11] his preferences for Gazprom to remain a single giant company are beyond doubt. He regards Gazprom as the ''core of the Russian economy, a unique company'', the existence of which is crucial if the state is to provide heating to the population across ''northern and un-embraceable'' Russia.[12] Indeed, even if Medvedev were willing to reform Gazprom (and other state corporations), his ability to achieve such a goal would be highly questionable in view of the numerous powerful interests on which such reforms would impinge and which could even jeopardise his presidency. Putin himself remains strongly opposed to reforming Gazprom,[13] and the passage of the strategic enterprises and subsoil legislation will ensure that the trend of state consolidation of assets will not be easy to reverse.

Medvedev's most important policy experience in terms of policy formulation and implementation has been as coordinator of Russia's ''national projects'' in health, education, housing and agriculture. The projects were delegated to him in November 2005, following his promotion to the position of first deputy prime minister. The scale and statist nature of the projects tested Medvedev's suitability as a presidential contender in the 2008 election – both in terms of his professional capability and personal reliability for the incumbent.

Notably, Putin's idea of national projects was born of frustration with regional administrations, which he saw as largely unable to implement plans conceived at the centre. This guiding principle, combined with concrete targets set to evaluate

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[9] ''Gazprom's shortfalls may limit its expansion'', *Oxford Analytica Daily Brief*, 8 May 2006.

[10] ''Gazprom planiruet stat' krupneyshey energeticheskoy kompaniey mira'', *RIA Novosti*, 3 April 2007. In early 2008, Gazprom's capitalisation exceeded $350 billion.

[11] Most notably in the speech delivered at the Krasnoyarsk Economic Forum where Medvedev spoke about the need to end the '''manual' regulation of the economy'' and encourage greater private initiative and capital investments. ''Russia 2008-2020. Managing growth'', 15 February 2008. www.medvedev2008.ru/performance_2008_02_15.htm.

[12] ''Unikal'naya kompaniya'', *Expert Online*, 17 January 2008; on his attitude towards other ''infrastructural monopolies'', see the *FT* interview, 24 March 2008.

[13] *Interfax*, 11 February 2008.

progress in the project areas, led to the creation of a *dirigiste* framework that Medvedev has supported.

Within the Russian political class, Medvedev is not known for his liberal views, although he is believed to be sympathetic to such advocates of liberal reform as Anatoly Chubais, German Gref and Aleksei Kudrin.[14] Medvedev is a moderate, who can be relied on to continue Putin's policies. The changes he initiates in economic and foreign policy are likely to be gradual and ''evolutionary'' rather than decisively reformist.

Continuity and change

On 3 March, Medvedev stated that constitutionally, foreign policy was within his purview.[15] Interestingly, foreign policy pronouncements had been virtually absent from his carefully crafted pre-electoral appearances, in which he sought to emphasise economic development and public welfare. During his visit to Serbia and Hungary in late February 2008 – his only foreign trip after his official endorsement as Putin's preferred successor – Medvedev consciously avoided foreign policy, preferring instead to focus on the South Stream gas pipeline. Even though the trip came days after Kosovo's proclamation of independence, Medvedev limited himself to a brief statement of Russia's ''economic and moral support'' for Serbia.[16]

But Medvedev shares with Putin a commitment to a strong, confident and independent Russia. In an early international appearance at Davos in January 2007, Medvedev stated that no one was being forced to ''love'' Russia, but that it would demand the respect that it deserves.[17] Similarly, in his speech accepting to run for president in December 2007, Medvedev noted that, through its policies, Russia had changed the way in which other nations treated it and had returned to its due place in the international community. The choice of words was significant when Medvedev noted that Russia would no longer tolerate being ''told off like a naughty pupil''.[18] Such rhetoric reveals that the issue of the country's perceived condescending treatment by the West in the 1990s still touches a sensitive nerve in Russia.

The understanding that a more assertive policy is required to help Russia make a comeback to the international arena permeates the Russian elite and provides a convergence point with Russian society as a whole. Today, less than 1 percent of Russia's population believe that the leadership is making concessions to the West. Meanwhile, the number of those who believe that Russia is heading in the right

[14] *Argumenty i Fakty*, 11 March 2008.
[15] *The Moscow Times*, 4 March 2008.
[16] *Interfax*, 26 February 2008.
[17] ''Vystupleniye na Vsemirnom Ekonomicheskom Forume'', 27 January 2007. www.medvedev2008.ru/performance_2007_01_27_.htm
[18] ''Zayavleniye Dmitriya Medvedeva'', 11 December 2007, transcript of a broadcast interview. www.medvedev2008.ru/performance_2007_12_11.htm

direction has increased steadily since 2004 to over 55 percent.[19] Studies of public opinion in Russia suggest that Russians are sensitive to the issue of their country's international status and prestige. A December 2007 poll revealed that 78 percent of Russians had a positive view of their country's present influence on the world stage, while 86 percent believed that Putin's leadership was an important positive factor in restoring Russia's might internationally.[20] Like his predecessor, Medvedev is likely to stay attuned to public preferences.

Policy preferences and constraints

Medvedev is a native of St Petersburg and a member of the intelligentsia. Together, these two factors shape his Euro-centric worldviews and policy preferences. His European cultural and educational background is complemented by his views that the European Union (EU) is Russia's main long-standing partner and will remain so in the long term. Medvedev, even more than Putin, will desire Russia's recognition as the equal of ''the West'', but, like Putin, he will be faced with the perennial questions of democratic freedoms and human rights. The refusal of nearly all Western groups, including the Organisation for Security and Cooperation in Europe (OSCE), to monitor the presidential election tarnished the international legitimacy of the power transition to Medvedev.

The policy-making environment in which Medvedev will operate, and the bitter factional rivalry within which he will have to manoeuvre, will set significant constraints on his policy flexibility. In the short term at least, Putin will continue to wield influence in the foreign policy arena. The political weight that he enjoys in the Kremlin – and that Medvedev still lacks – will translate into policy-making power at home and influence abroad.

Attempts to revise substantively Russia's policy towards the West would clash with the interests of some *silovik*[21] groups who have benefited considerably from the allocation of resources to state holdings. An atmosphere of tension and suspicion towards foreign interests has been crucial to the economic and administrative expansion of the siloviki, and they will resist attempts to dispel it.[22] The battle for influence and control has unravelled within the siloviki camp: for instance, between First Deputy Prime Minister Sergei Ivanov and Russian Technologies Corporation Chairman Sergei Chemezov over control of the government's defence industrial

[19] See Russian Public Opinion Research Centre (VTSIOM) opinion polls for February and March 2008, Foreign policy thematic archive. www.wciom.com/archives/thematic-archive/foreign-policy-outer-world/role-of-russia-in-the-world.html

[20] BBC World Service Poll, December 2007. www.worldpublicopinion.org/pipa/pdf/feb08/BBCPutin_Feb08_rpt.pdf

[21] Politicians or influential figures coming from the former or current military or security services.

[22] The author would like to thank David Woodruff for this suggestion.

assets in some 250 companies.[23] Such strife sheds light on the scale of the challenges that Medvedev would have to face if he attempted to break down the stranglehold of the existing power structures on the economy.

The introduction of Kremlin-approved amendments to the law on strategic enterprises extends the number of sectors deemed crucial to Russia's national security to 42. Foreign investors will have to seek the government's permission before they can purchase controlling stakes in those sectors. The final compromise was found in a March meeting with senior Kremlin policymakers, chaired by the chief of staff of the Presidential Administration, Sergei Sobyanin. Committee members representing all four factions in the Duma voted unanimously to adopt the legislation, which then sailed through the key second reading in parliament. Amendments to the 1992 subsoil law, which had been in the making since early 2005, were also approved by the Duma committee – without debate.[24] The urgency attached to passing the legislation reflected the desire of the various power structures to exclude coveted assets from potential foreign ownership before Medvedev assumed formal presidential powers. The passage of the legislation sets formal limits on how much Medvedev can open up the economy to foreign capital.[25]

A tangible improvement in Russian-Western relations will be hard to achieve if the basic tenets of a strong state, as envisaged and put in place by Putin, remain intact. The foundation of Putin's policy rests on increasing state control in the economy, and rebuilding Russia's military might. Changing either would disturb the balance of interests within the political system and exacerbate factional rivalry. Medvedev's task will be further complicated by the need to establish his authority with the more hard-line elements in the Russian political establishment as well as the military and security services.

It is worth reiterating that, in this context therefore, Medvedev appears to have little room for manoeuvre, at least in the early stages of his presidency. A softer rhetorical stance with greater emphasis on cooperation, shared interests in trade and energy, and common values is one area in which Medvedev's more consensual leadership style would bring tangible improvement to bilateral relations. However, his ability significantly to tone down rhetoric and his willingness to re-orient Russian policy back towards the West – and away from China and such institutions as the Shanghai Cooperation Organisation (SCO) – will depend to a large extent

[23] *The Moscow Times*, 5 March 2008.

[24] The deposits defined as strategic are those containing over 70 million tonnes of oil and 50 billion cubic metres of gas.

[25] The power of the Federal Security Service (FSB) to veto foreign participation in strategic companies/deposits has been revised. In a meeting chaired by Sobyanin, it was decided that the FSB would submit its conclusions to the prime minister, who would refer the issue to the government commission, which would then decide on whether foreign partnership in a particular project would represent a threat to Russia's national interests. This reduces the influence of the FSB, but empowers the office of prime minister, which Putin is expected to assume.

on Washington's stance on the issue of missile defence[26] and the North Atlantic Treaty Organisation (NATO)'s stance on enlargement to the Commonwealth of Independent States (CIS). Both these issues are of strategic importance to Russia. If pursued without due regard to Moscow's concerns and interests, such policies will exacerbate its already acute sense of vulnerability and push it to embrace the strategy of ''aggressive defence'' with even greater vigour.

Policy direction

The intensification in Moscow's great power rhetoric reflects Russia's changing perceptions of the world as more hostile than at any time in the past 17 years. Russia's desire to reclaim its global stature has led to the deterioration of its relations with the West, but Moscow has accepted this as a price to pay for what it sees as a more independent foreign policy. Russia does not regard itself as being antagonistic towards the West; it is merely determined to protect what it perceives as its national interests. Russia sees itself as a great power and expects to be dealt with as such.[27] These trends will not change under Medvedev, who shares Putin's views on Russia's place in the world and his commitment to a strong and sovereign Russia.

Nevertheless, his accession to the presidency offers hope for more skilful diplomacy and a change in tone. Medvedev's talks with German Chancellor Angela Merkel on 8 March suggested that this could make a difference: for the first time in months, the words ''frankness'' and ''friendliness'' were used to describe the state of relations with a key strategic partner. They contrasted with Putin's more pragmatic choice of words, such as ''privileged relationship'' and ''mutual commitment''.[28]

Under Putin, cooperation with the West has frequently continued throughout diplomatic crises: for instance, despite the dramatic deterioration in UK-Russian state relations in 2006-07, the United Kingdom remained the single largest investor in the Russian economy in both years.[29] Under Medvedev, a less confrontational political context, if achieved, would facilitate efforts by Russian companies to go global.

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[26] See the opinion piece by Larrabee in this issue, p. 5.

[27] The topic remains hotly debated in Russian analytical circles. See, for instance, a discussion between Mikhail Barshchevskiy, Andrei Kolesnikov and Olga Kryshtanovskaya on *Ekho Moskvy*. ''President or prime minister – who will have the power?'', 5 March 2008, transcript on Johnson's Russia List, 10 March 2008, Item 11.

[28] *ITAR-TASS*, 8 March 2008.

[29] For an excellent discussion, see Monaghan, *UK & Russia: A Troubled Partnership*. For statistics, see Foreign and Commonwealth Office, Country profiles, http://www.fco.gov.uk/servlet, and Russian Federal State Statistics Service, http://www.gks.ru/bgd/regl/b07_06/IssWWW.exe/Stg/d040/14-08.htm

Russia's ''West complex''

Throughout the Putin presidency, the Kremlin has remained undecided about the key direction of Russia's foreign policy. The Foreign Policy Concept, approved in June 2000, stipulates the need for a ''balanced'' foreign policy, which, it argues, is ''predetermined by the geopolitical position of Russia as one of the largest Eurasian powers''.[30] A new concept, now reportedly in the making, will likely emphasise the same multi-vector approach.[31]

The Russian policy establishment believes that it is grossly undervalued and misunderstood in the West. Being part of the G-8 group has a deep symbolic and political value, not only in terms of the country's acceptance and prestige internationally but also in terms of its national identity and self-confidence.

This became apparent on the eve of Russia's hosting of the G-8 presidency in St Petersburg in July 2006. Before the summit, the government undertook a number of steps to highlight that it was successfully integrating into the global capitalist economy. Specifically, it repaid the Paris Club debt, introduced full rouble convertibility prior to the 1 January 2007 deadline stipulated in Russian law, and prepared the flotation of state company Rosneft on the London Stock Exchange. By then, however, Russia's reputation had already been dented by the ''Yukos affair'' and the Ukraine-Russian gas dispute of January 2006.[32] Both these episodes damaged Russia's credibility as a reliable energy partner.

Nevertheless, in 2006, only 5 percent of Russians thought that their country was in the G-8 because of its level of economic development and culture. Putin himself claimed that Russia was a ''natural member'' of the G-8 because it had ''four times'' more hydrocarbons than the G-7 member states combined. Since then, the Russian leadership has learned to emphasise the growth of the Russian economy and its entry into the world's top seven economies by size.[33] Nevertheless, the notion that oil and gas are crucial to its development and recognition as a ''great power'' remains ingrained.

Russia's image as an ''energy superpower'' – a phrasing that Putin prefers to avoid because of its negative connotations – has led to a war of words between Russia and the United States. While Russia sees its mineral resources as a natural

[30] Foreign Policy Concept of the Russian Federation, The Ministry of Foreign Affairs of the Russian Federation. www.ln.mid.ru/Bl.nsf/arh/1EC8DC08180306614325699C003B5FF0?OpenDocument

[31] *Novye Izvestiya*, 4 March 2008.

[32] In 2003, the process of dismantling one of Russia's leading private companies, Yukos, began. Its founder and main beneficiary owner, Mikhail Khordorkovsky, was imprisoned, and the company's main assets were transferred to state company Rosneft in a series of questionable auctions. In January 2006, Gazprom stopped gas supplies to Ukraine for a few days after the latter refused to pay a market price, having previously received heavily subsidised gas at around $50 per 1,000 cubic metres. To meet needs, Ukraine siphoned off Russian gas flowing through the pipelines crossing the country to Central and Eastern Europe. Thus, the Russian-Ukrainian conflict briefly affected gas supplies to the countries of the European Union.

[33] See a statement by the speaker of the Duma, Boris Gryzov, in *ITAR-TASS*, 26 January 2008.

competitive advantage that gives it economic and political influence, the EU and, particularly, the United States prefer to treat energy trade as a form of business, which does not make Russia automatically eligible for the political privileges it demands. This deepens Moscow's understanding that it is being treated as the West's junior partner in the G-8, worsened by the fact that it is not invited to the meetings of G-7 finance ministers, and has yet to join the WTO – in part due to protracted negotiations with the United States.

Under Putin, the Asia dimension of Russian foreign policy addressed the dilemma born of wanting, but not being able, to translate its newly accruing wealth and its historical vision of itself as a great power into respect from other leading states. It also helped assuage Moscow's sense of vulnerability, which is grounded in the notion of Russia's ''encirclement'' by the United States.

Central Asia and the China dilemma

Moscow's growing fears of US penetration into its traditional ''defence perimeter'' in Central Asia, coupled with security and stability concerns in the region, pushed Moscow to strengthen dialogue with China. The establishment and strengthening of the SCO provided a useful framework to contain potential US expansion in Central Asia. In July 2005, the SCO member states (China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan) adopted a declaration calling on the United States to withdraw its troops from the Uzbek military base at Karshi-Khanabad.[34] Russia and China seemed triumphant in their efforts to squeeze the United States out of the region.

Yet the context is crucial. The Uzbek regime reconsidered its decision to assist the US in Afghanistan after Washington criticised it for the Andijan massacre in May 2005. It accused US NGOs and, implicitly, the US government of supporting the Andijan rebellion. As the events took place after the ''colour revolutions'' in Ukraine, Georgia and, most notably, the neighbouring Kyrgyzstan (in March 2005), the fears of a similar uprising in Uzbekistan dictated Tashkent's policy at the time. The regime of Islam Karimov therefore converged with Russia and China in trying to minimise Washington's presence in the region. On the surface, Russia and China appeared preponderant, successfully applying pressure on a ''vassal state'' to keep the US out of the region. Gradually, as the fears of colour revolutions have subsided, Tashkent has begun exploring ways of re-establishing relations with the West by, for example, allowing US troops to use the Termez airbase jointly with Germany. Russia's leverage over Uzbekistan (as well as other Central Asian states) remains fluid and in a context of competition, exacerbating once again its fears of US penetration into the region.

[34] Kazantsev, ''Vladimir Putin's Central Asian Policy'', 17–20.

At the same time, China is not an indubitable ally, and Russia will continue to try and keep China's own regional ambitions in check. This is true not only of Chinese political influence in Central Asia but also of the competition with the regional states that China, as a consumer, creates for Russia in the energy sphere.

As Chinese companies buy equity stakes in Central Asian energy projects and build a pipeline to the Chinese border, they find themselves increasingly in competition with Russia on two accounts. First, Moscow has a considerable interest in contracting as much Central Asian gas as possible, both to cover its growing domestic energy needs and for continued exports to the CIS (where some states receive gas at ''below market prices''). Second, in the longer run, Central Asian states are poised to emerge as serious competitors to Russia for a share of the Chinese market. Extensive Chinese-Central Asian energy cooperation would not only undermine Russia's price negotiations with Beijing but it could also reduce Russia's diplomatic leverage over its European customers, should Russia fail to diversify its export outlets away from the EU.

Russia's relations with China therefore have an inherent element of competition and mistrust, reinforced by its geographic proximity to Central Asia. A more cooperative relationship with the United States would expose the glaring differences between Russia and China. A reduced perception of threat from the US would create opportunities for cooperation in Central Asia, especially in the areas of mutual concern such as terrorism, Islamic extremism and drugs trafficking. The extent to which Russia and the US cooperate or compete in Central Asia will depend largely on the developments in the European theatre, especially NATO discussions to enlarge to Ukraine and Georgia, and US plans to station the missile shield in Eastern Europe.

The source of all fears: US and NATO

No Russian president, however ''liberal'', can afford to ignore US plans to station radars and interceptor missiles in Poland and the Czech Republic, which are seen as a cause of genuine concern to Moscow. These plans reinforce the understanding among many Russian policymakers and analysts that international institutions and diplomatic methods alone are inadequate to solve security problems, and that the next decade should mark the end of a ''strategic pause'' for Russia.[35] In his last annual press conference, Putin noted that Russia's General Staff and military experts considered the installations a threat to national security.[36] By couching his response in those terms, he sought to indicate that Russia's intransigent stance was shaped by military considerations and national security interests, rather than political

[35] Karaganov, *Mir Vokrug Rossii: Konturi Nedalekogo Budeschego*.
[36] Annual press conference, transcript, 14 February 2008. www.kremlin.ru/text/appears/2008/02/160108.shtml

disagreements with the West. One probable consequence of the missile defence standoff will be Russia's withdrawal from the Conventional Forces in Europe (CFE) treaty, currently expected in July. If the perception that Russia is being targeted continues, Medvedev's Russia (just like Putin's) will be prepared to devote considerable economic resources to rebuilding its military arsenal.

NATO enlargement is also a significant cause for concern, with Russia seeing a direct link between NATO's willingness to consider enlargement to the CIS and the deterioration of its bilateral relations with Tbilisi. From Moscow's perspective, the postponement of Ukraine's Membership Action Plan is not the result of Russia's objections and security concerns, but, largely, of the Ukrainian population's current objections to such an accession.[37] This belief will shape Russian foreign policy under Medvedev in that it will lead Moscow to understand that its diplomatic protestations in international cooperation forums, such as the NATO-Russia Council, are largely useless.[38] It will encourage interventionist behaviour in the CIS as the way to bring about the desired outcome. The likelihood of NATO enlargement – and Russia's impotence at preventing it – spell further unrest for Georgia's breakaway republics of Abkhazia and South Ossetia.

Relations with the CIS

Russia will pursue military modernisation under Medvedev, and the process of consolidating Russia's early warning system on its own territory, which began under Putin, will become more apparent. The construction of Voronezh-type radar stations across Russia, due to be completed by 2015, will allow Russia to reduce dramatically military reliance on radars in the former Soviet space. One radar in Lekhtusi (Leningrad Oblast) became operational in December 2006; a similar one is nearing completion at Armavir. The construction of the latter has enabled Russia not to renew its lease on the Ukrainian radars this year.[39] Similarly, Moscow may choose not to extend the Gabala radar lease with Azerbaijan when it expires in 2012.[40] Voronezh-DM radars are cheaper and faster to build than the Soviet-era Daryal and Dnepr systems.[41] Politically, they would reduce the leverage

[37] *Vedomosti*, 6 March 2008.
[38] This was expressed by the Russian envoy to NATO, Dmitry Rogozin, cited in *Interfax-AVN*, 11 March 2008.
[39] In 2007, Kiev sought to raise the annual fee it charges Russia for the use of the radars to $3 million, up from $1.3 million in 2005.
[40] According to an agreement reached in January 2002, Russia pays $7 million per year for leasing Gabala until 2012. But Moscow is wary because Azerbaijan initially demanded a payment in the order of $30 million per annum.
[41] *RIA-Novosti*, 29 August 2007.

that the former Soviet states have over Russia, allowing Moscow to push its terms more effectively in other policy areas, notably energy.[42]

Moscow will deliver on its promise to raise to market levels the price of gas to all CIS consumer states. However, attempts to put relations with the CIS on a more commercial basis will also reduce Russia's political influence over their elites. The political component of Russia's energy strategy remains weak, and, while Russia wants to stop subsidising energy exports to the CIS and seeks to extend its ownership of the regional gas infrastructure, it has generally done so at politically awkward times, putting additional pressure on already strained bilateral relations. This has harmed Russia's policy towards the ''near abroad'' – from Georgia, which is considered generally unfriendly to Russia, to Armenia, which is seen as Russia's main ally in the Caucasus. Repairing such severely damaged relations will be difficult for any president. Nevertheless, finding an acceptable trade-off between commercial benefits from market relations and political costs that will result from reduced subsidies will help Medvedev shape foreign policy towards the CIS more effectively.

At the same time, securing gas that comes on stream in Central Asia will remain a policy priority, as demonstrated during Putin's trip to the region in May 2007. The visit resulted in agreements to upgrade and increase the capacity of the existing infrastructure as well as to build a Caspian Littoral Gas Pipeline. If realised, the annual gas flow from Central Asia to Russia would increase from 67 to 90 billion cubic metres (bcm) by 2014.[43] Medvedev's task will be to ensure that the signed agreements become reality. This is likely to prove difficult given that the Central Asian regimes have become increasingly agile at diversifying their international contacts in an attempt to force competition between Russia, China and Europe. So far, the strategy has borne fruit in Turkmenistan and Uzbekistan, where Gazprom agreed to increase the payment for gas from $100 per 1,000 cubic metres (tcm) to $150 by the second half of 2008. Meanwhile, China has indicated that it would pay 195 dollars/tcm from 2009, putting pressure on Russia to raise its payments to Central Asian suppliers further. On 11 March, Gazprom announced that it would pay Turkmenistan, Uzbekistan and Kazakhstan prices close to European levels, minus transportation and other costs, as of 2009.[44]

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[42] For instance, during negotiations between Gazprom and the Ukrainian energy company Naftohaz over possible price increases, Prime Minister Yulia Tymoshenko stated that Ukraine and Russia had other strategic agreements that were not carried out at market prices, such as the stationing of the Russian fleet in Ukrainian bases on the Black Sea. (Interview with Tymoshenko, *Reuters*, 11 March 2008).

[43] In 2007, 50 bcm of gas came from Turkmenistan, 9 bcm from Uzbekistan and 7 bcm from Kazakhstan (*Reuters*, 13 March 2008).

[44] Official transcript of Putin's meeting with Gazprom CEO Aleksei Miller, 4 March 2008. www.kremlin.ru/appears/2008/03/14/1940_type63378_162153.shtml

Despite greater competition, Russia is still a partner of choice in Central Asia. This appears to be the case even in Kyrgyzstan, which underwent a ''colour revolution'' in 2005. The recent allocation by the Kyrgyz government of exploration licences to Gazprom, and the invitation for it to participate in the privatisation of the country's energy firms indicate that Gazprom's involvement in upstream and downstream projects in the CIS will continue to grow.

For Russia, the CIS will remain a preferred destination for investment. In 2007, 30 percent of Russian foreign direct investment was in the CIS. Of this, 80 percent was to Ukraine, Belarus and Kazakhstan.[45] Contacts, familiarity with the post-Soviet business culture and, often, the absence of a language barrier help account for this trend, which would strengthen if diplomatic relations with the CIS evolved in a firmly commercial direction. Yet disentangling political and commercial relations in the CIS will be paramount, and the mix of interests that governs Moscow's attitude towards the region will remain complex and contradictory.

Conclusions

Medvedev will be Russia's first truly post-Soviet president. His background and policy preferences suggest that he will favour a more cooperative approach to relations with the West and, particularly, the EU. However, the new president does not step into a vacuum, but rather, a policy framework that he, as a top government official and Gazprom chairman, has helped to create. Within that framework, he will be constrained by internal factors and forces that may at times be outside his control. It is precisely because Medvedev is neither a liberal nor a silovik that he has a better chance of surviving the first year of his presidency and consolidating power, eventually at Putin's expense.

Internationally, Medvedev will inherit a plethora of problems created by Russia's assertive policy, in both its near and far abroad. He will also inherit Russia's insecurities and complexes, spurred by a desire that he shares with his mentor to partake in international politics as a great power. As president, Medvedev will not be able to remain silent on such key foreign policy issues as missile defence, NATO enlargement, relations with the CIS and China. And when he finally reveals his hand, he will more likely than not choose policy continuity.

Simply, Russia's president-elect is a ''Russian patriot'', as Putin stated in talks with Merkel.[46] He believes in a strong Russia that can define and defend its national interests, a Russia that will not be afraid to contradict the states that impinge on its interests and try to constrain its ''independent'' foreign policy.

[45] Kuznetsov, ''Russian companies expand foreign investments'', 2–7.
[46] *RIA-Novosti*, 8 March 2008.

A shift to a less confrontational policy will therefore depend on Western actions with regard to NATO enlargement and US missile defence. An ignored Russia will be confrontational under any president. But while Putin's increasingly hostile rhetoric closed the windows of opportunity to normalise relations, a new man in the Kremlin offers hope of a new departure.

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