



House of Commons
Defence Committee

**Russia: a new
confrontation?**

Tenth Report of Session 2008–09

*Report, together with formal minutes, oral and
written evidence*

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Summary

Some commentators have suggested that there is a risk of a new Cold War emerging as a result of Russia's increasingly assertive foreign policy. It was against this backdrop that we decided to launch an inquiry. Our title *Russia: a new confrontation?* encapsulated the uncertain relations between the West and Russia that was at the heart of our inquiry.

Russia is a major player on the world stage. It exerts significant influence over international and European affairs that affect UK security and interests. Russia does this not only through its still significant military capability, but also through a range of other levers such as the use of energy as a foreign policy tool.

Russia does not currently pose a direct threat to UK homeland security, nor is likely to do so in the near future. Nevertheless, it is understandable that some of Russia's neighbouring states should feel concerned about the possibility of Russian military action against them given Russia's actions in Georgia. Consequentially, NATO has an important role in reassuring its Eastern European members about their security. NATO should provide this reassurance through robust contingency plans that cover the eventuality of attack on Baltic Member States and that set out NATO's planned military response. In addition, NATO should maintain a visible military presence in the Baltic States, including maintaining its air-policing and conducting exercises in the region.

The military actions by Russia and Georgia were unacceptable. While Georgia acted recklessly in August 2008, Russia responded with disproportionate and illegal force by encroaching deep into Georgian territory. The Government should send a strong message to Russia that it needs to withdraw its military forces from Georgian territory to its pre-conflict positions.

NATO's relations with Russia are critical as there are many shared global challenges that are best addressed jointly such as tackling terrorism, nuclear non-proliferation and climate change. We welcome the resumption of formal engagement between NATO and Russia on the NATO-Russia Council. For the Council to be effective in building trust between NATO and Russia, there needs to be an honest dialogue on areas of disagreement as well as agreement. The Government should encourage the Council to be used as a forum to discuss difficult strategic issues, as well as areas where cooperation is easier.

Relations between Russia and the West are complex and characterised by mutual dependency. Russia needs the goodwill of the international community to maintain its strong international trading links. The West needs Russia's cooperation to tackle many shared global challenges. Yet, however desirable cooperation with Russia may be, it should not come at the price of accepting the legitimacy of a Russian sphere of influence. Russia has valid interests in those countries that surround it, but to allow undue Russian influence in these countries would risk increasing Russian assertiveness and possibly compromise the sovereignty of these states. This would be against the UK's national interests, as European security is enhanced by having stable democratic and independent states across Europe. The Government should adopt a hard-headed approach to engagement with Russia, based on the reality of Russia's foreign policy rather than abstract and misleading notions of shared values.

1 Context

Our inquiry

1. In a previous investigation in *The future of NATO and European defence* we examined the changing role of NATO in tackling the challenges of the 21st century.¹ It is difficult to consider the future of NATO and the global security challenges it faces without taking account of Russia. Indeed, some commentators have suggested that there is a risk of a new Cold War emerging as a result of Russia's increasingly assertive foreign policy. It was against this backdrop that we decided to launch an inquiry. Our title *Russia: a new confrontation?* encapsulated the uncertain relations between the West and Russia that was at the heart of our inquiry, and our Report serves as a guide to future defence policy for the UK and NATO.

2. We held four oral evidence sessions and received 22 memoranda. In January 2009, we met senior officials, diplomats and military representatives at the NATO Headquarters and EU institutions in Brussels. In March 2009, we undertook a week-long visit to Russia, Georgia and Estonia,² during which we met senior officials, national politicians and military officers. In Russia, we also met human rights experts who provided us with an insight into the difficult conditions under which they work. In Georgia, we met members of the EU Monitoring Mission who told us about their important work in supporting security and human rights in the region. In Estonia, we visited the NATO Cyber Defence Centre of Excellence where we learnt about their vital developing work to enhance cybersecurity. We are grateful to all those who helped us during our visits, who provided evidence to us, and to our specialist advisers: we particularly wish to single out Professor Michael Clarke who guided us through many of the more difficult issues. A list of the people that we met during our visits is provided in the annex.

3. Our Report starts by focusing on Russia's foreign policy. In chapter 2, we then examine Russia's military capability and posture and consider its security implications. Chapter 3 looks at the conflict in Georgia and the role of the international community in supporting peace and stability in the region. Chapter 4 provides an analysis of the role of NATO in relation to Russia. Chapter 5 considers the changing nature of Russian relations with the EU. Chapter 6 broadens the perspective to the international arena, considering Russia's role in global security issues.

Russia's foreign policy

4. The starting point of our inquiry was to examine Russia's relations and behaviour in the international domain. An understanding of Russia's foreign policy is vital as it has a direct effect on Russia's defence policy and military posture. This understanding was essential to enable us to make recommendations on how the UK and the West should respond to Russia.

1 Defence Committee, Ninth Report of Session 2007-08, *The future of NATO and European defence*, HC 111

2 Photographs of the Committee's visits to Russia, Georgia and Estonia can be found at: www.flickr.com/photos/uk_parliament/collections/72157615971128128

5. In the last few years, many commentators have noted the more assertive tone of Russian foreign policy heard in Kremlin rhetoric. In February 2007, Vladimir Putin, then President of the Russian Federation, gave a speech at the Munich security conference that was widely reported as anti-American.³ The UK Foreign and Commonwealth Office (FCO) concluded that “Russia has been pursuing a more assertive foreign policy in defence of its national interests, particularly in its ‘near abroad’, the independent republics of the former Soviet Union”.⁴ Russia’s military rhetoric has also been increasingly assertive. In November 2008, President Medvedev announced that short-range missiles would be placed in the Russian enclave of Kaliningrad to neutralise, “if necessary”, the threat of the US ballistic missile defence system—though Russia has subsequently backtracked from doing so.

6. Many witnesses stated that Russian policy is underpinned by a world view that is significantly different from that held by the majority of Western states. Oksana Antonenko, Senior Fellow at the International Institute of Security Studies, argued:

Russia still views security in terms of geography and realpolitik. Its leaders remain worried about the influence of external actors in what they consider to be Russia’s security space and continue to see such matters as a zero-sum game.⁵

Dr Alex Pravda, Director of the Russian and Eurasian Studies Centre, Oxford University, told us that Russia wished to be seen as a “senior great power which has particular *droit de regard* in the former Soviet space”.⁶ James Sherr, Head of the Russia and Eurasia Programme, Chatham House, told us that Russia has a “pre-Cold War, pre-1940 view of things”, which includes a “conspiratorial view about absolutely everything”.⁷

7. Russia views its security predominantly in terms of its geographical power. During our visit to Russia, officials and politicians stressed the legitimacy of Russia’s ‘privileged area of interest’—an expression preferred by Russia to ‘spheres of influence’ owing to the latter expression’s connotations of illegitimacy. In particular, we were told that since Russia was surrounded by countries who wanted to join NATO or who were cooperating with NATO, Russia needed to protect its interests in these areas. In a TV interview, President Medvedev explained his understanding of its ‘privileged area’s of interest’:

as is the case of other countries, there are regions in which Russia has privileged interests. These regions are home to countries with which we share special historical relations and are bound together as friends and good neighbours. We will pay particular attention to our work in these regions and build friendly ties with these countries, our close neighbours. These are the principles I will follow in carrying out our foreign policy.⁸

3 “Putin attacks very dangerous US”, BBC World News, 10 February 2007, www.bbc.co.uk

4 Ev 126

5 Ev 148

6 Q 118

7 Q 68

8 “Interview given by President Medvedev to Television Channels” Russian TV channels, 31 August 2008, www.kremlin.ru

8. Russia's official foreign policy is most recently outlined in the document *Foreign Policy Concept of the Russian Federation*, published in July 2008. At the heart of this document is a declaration that Russia's foreign policy is to be shaped by considerations of national interest. The importance of multilateral solutions and the role of the United Nations are both stressed. Yet the document also warns that, if other countries are unwilling to participate in joint efforts Russia, "in order to protect its national interests, will have to act unilaterally but always on the basis of international law".⁹ This would include situations where Russia was acting to defend the interests of Russian citizens in other countries. This official commitment to defending the interests of Russians abroad has been a particular concern of other former Soviet States who have significant ethnic Russian minorities living within their borders.

9. Russia's foreign policy is particularly coloured by its belief that NATO is a threat to its power, despite repeated NATO reassurances that it is not an offensive military alliance. President Medvedev's Foreign Policy Concept commits Russia to cooperating with NATO while criticising NATO's eastwards expansion, particularly with regard to Ukraine and Georgia.

Russia maintains its negative attitude towards the expansion of NATO, notably to the plans of admitting Ukraine and Georgia to the membership in the alliance, as well as to bringing the NATO military infrastructure closer to the Russian borders on the whole, which violates the principle of equal security, leads to new dividing lines in Europe and runs counter to the tasks of increasing the effectiveness of joint work in search for responses to real challenges of our time.¹⁰

The extent to which Russia views NATO today as a genuine threat to its security is debatable. Some believe that Russia deliberately portrays NATO as an aggressor to galvanise support for its foreign policy and defence objectives. Nevertheless, Russia's sense of being surrounded by hostile forces and its sense of its history are significant influences upon its current foreign policy.

10. There is a distinction between Russia's official written foreign policy and its policy in practice. A prime example of this is Russia's approach to international law. Officially, Russia upholds the importance of international law. In its Foreign Policy Concept, it is stated "Russia consistently supports the strengthening of the legal basis of international relations and complies with its international legal obligations in good faith".¹¹ It is signatory to numerous international treaties and a member of the UN Security Council. Yet many witnesses questioned Russia's commitment to upholding international law given its actions in Georgia. Russia's actions were in this instance in breach of Article 2 (4) of the UN Charter which states:

9 The Russian Federation, *The Foreign Policy Concept of the Russian Federation*, 12 July 2008, www.kremlin.ru/eng/text/docs

10 The Russian Federation, *The Foreign Policy Concept of the Russian Federation*, 12 July 2008, www.kremlin.ru/eng/text/docs

11 The Russian Federation, *The Foreign Policy Concept of the Russian Federation*, 12 July 2008, www.kremlin.ru/eng/text/docs

All Members shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state, or in any other manner inconsistent with the Purposes of the United Nations.¹²

The influence of history on Russia's foreign policy

11. There is a debate as to the extent to which there is continuity in Russia's foreign policy. Martin McCauley, author and former lecturer at the University of London, told us that Russia "wishes to become like the Soviet Union. Its end goal is to become a superpower".¹³ He stated that the main difference is that Russia's current policy is based on pragmatism rather than ideology.¹⁴ Andrew Wood, Associate Fellow at Chatham House, argued that Russia's policies towards the Baltic States:

reflect revisionist ambitions and a refusal to face up to the Soviet past. That is a change from the 90s, when the newly established Russia was more open to integration into European and Atlantic frameworks.¹⁵

Vladimir Putin once stated that the "collapse of the Soviet Union was a major geopolitical disaster".¹⁶ Others have argued that Russia's foreign policy is more reminiscent of pre-Soviet foreign policy. According to Dmitri Trenin, Director at the Carnegie Moscow Centre:

Unlike the Cold War era, the new round of Russian-Western relations is not necessarily a zero-sum game; but unlike the period of "strategic partnership," the relationship is no longer thought of in terms of win-win. This new round is closer to the late-19th century model, with the great powers simultaneously partners and rivals, avoiding full-scale conflict.¹⁷

12. Regardless of whether Russia's foreign policy is new or not, it is clear that any state's thinking is influenced by its past. Russia feels a deep sense of historic grievance against the West, particularly arising from its experiences during the immediate post-Cold War years. Following the collapse of the Soviet Union in December 1991, Russia retreated from the world stage. For much of the 1990s Russia remained pre-occupied by its domestic politics, in particular its debt-ridden economy. President Yeltsin adopted a pro-Western foreign policy in the early years of his presidency, partially as a result of its economic plight.¹⁸ Popular disillusionment with the impact of liberal, free-market economic reforms, which ultimately led to the economic crisis of 1998, fuelled resentment against the West. In addition, Russia perceived the West's actions in Eastern Europe during the 1990s as a threat to its power. James Sherr stated that Russia's current "sense of aggressiveness is

12 Charter of the United Nations, <http://www.yale.edu/lawweb/avalon/un/unchart.htm#art2>

13 Q 116

14 Q 116

15 Ev 100

16 Vladimir Putin, *Address to the Federal Assembly*, 25 April 2005, www.kremlin.ru

17 Dmitri Trenin, *Russia's Coercive Diplomacy*, Carnegie Moscow Centre, Briefing, Vol 10, No 1, January 2008, p 5

18 *Russia and the West*, Research Paper 09/36, April 2009, p 36

reinforced by a deep sense of *obman* [deceit]¹⁹. There were two particular issues that dominated Russia's attitude towards the West—NATO enlargement and Kosovo.

13. In 1999, the Czech Republic, Hungary and Poland joined NATO, despite strong Russian opposition. Russia believes that this expansion was a breach of a commitment made by the United States and Germany, at the time of German unification, that NATO would not extend its membership eastward; this claim has been made by various Russian leaders including Mikhail Gorbachev and Boris Yeltsin.²⁰ Dr Jonathan Eyal believed that we did not know whether such promises were made, as we are not privy to the negotiations at the time. However, he also stated, “even if such an understanding existed, it clearly became irrelevant once the Soviet Union itself disintegrated in 1991”.²¹ James Sherr argued that to believe Russia's claim of a NATO commitment against eastward expansion would be to “distort the historical record”.²² Denis Corboy, Director of the Caucasus Policy Institute, King's College, told us that he also did not believe that any such commitment was given, yet the Russians “have this deep-seated belief that they have been betrayed”.²³

14. A further grievance that Russia holds is the West's intervention in Kosovo in 1999. James Sherr stated that the humanitarian dimension of the conflict was “of no interest at all” to the Kremlin. It perceived the intervention as removing “any pretence that NATO was a strictly defensive alliance”.²⁴ Russia felt particularly aggrieved that other countries, including the UK and the US, recognised the independence of Kosovo. During our visit to Russia, this issue was raised unprompted by national politicians, suggesting that Kosovo remains a contentious issue; the Kremlin has used the issue to legitimise its actions in recognising the independence of Abkhazia and South Ossetia.

The effect of Russia's domestic context on its foreign policy

15. To understand the direction of Russian foreign policy it is necessary to appreciate the domestic context of foreign policy decision-making. One key debate is whether President Medvedev or Prime Minister Putin determines Russian foreign policy. Constitutionally the Prime Minister is subordinate to the President.²⁵ Under the 1993 constitution, the Russian President acts as head of state, commander in chief of the Armed Forces and head of the security council. It also states that he shall “direct foreign policy of the Russian Federation”.²⁶ Yet Russia's latest foreign policy concept contains a provision that gives the Prime Minister responsibility for implementing Russia's foreign policy.²⁷ *The Moscow*

19 Ev 136

20 Ev 155

21 Ev 155

22 Ev 136

23 Q 182

24 Ev 135

25 *Russia and the West*, Research Paper 09/36, April 2009, p 13

26 The Russian Federation, *Constitution of the Russian Federation*, Chapter 3, Article 86

27 Section V, The Foreign Policy Concept of the Russian Federation, 12 July 2008

Times reported that this provision “granted unprecedented rights” to Prime Minister Putin.²⁸

16. Professor Margot Light of the London School of Economics, told us that Prime Minister Putin was really in charge of foreign policy:

Putin spent a lot of time re-establishing what he called a power vertical, and he has taken part of that power vertical away with him from the Kremlin to the White House, but there is absolutely no doubt in my mind that the decisions are made in the White House and in the Kremlin.²⁹

James Sherr agreed with this view. The outbreak of the conflict with Georgia demonstrated Putin’s primacy. Russian television pictures at the opening of the conflict showed Putin, not Medvedev, flying into Vladikavkaz, just north of the border with South Ossetia, to oversee operations. The view that Putin is in charge was firmly supported by President Saakashvili during our meeting with him. Some commentators are beginning to suggest that the economic crisis is shifting the axis of power towards Medvedev, as Putin’s popularity declines.³⁰ Yet it is not clear that a shift in power will result in any change in Russia’s foreign policy. There is little evidence to suggest that Medvedev holds significantly different views to Putin, despite personality differences. Although there may be some commonality of view among Russia’s leaders on Russian foreign policy, we recognise that the Russian public may not share their leaders’ views. Russia is a vast and diverse country and this is reflected in the different opinions that the Russian people hold.

17. Russian foreign policy is not developed in the same context as it is in the UK or other Western States. It advocates the concept of sovereign democracy: this is a limited view of democracy. Putin explained that the concept meant that “Russia can and will decide for itself the timeframe and conditions for its progress along this road [democracy]”.³¹ The implications of sovereign democracy are that Russia often strongly opposes international interventions in the affairs of other countries including its own as it regards this as illegitimate Western interference.

18. The US think-tank Freedom House undertakes a world survey of democracies. It assessed that on a scale of one to seven, with seven indicating the lowest levels of democracy, Russia scored five and a half—in comparison, the UK scored the highest level of democracy at one. Freedom House also stated that there had been a downward trend in Russian democracy in 2008 as free and fair parliamentary elections were unable to take place.³² OSCE parliamentary observers declared that the Duma elections held in December 2007 were not fair. In particular, they raised the following concerns: that the media showed a strong bias in favour of the ruling United Russia Party; that the new election code made it

28 “Putin gets a role in foreign policy”, *The Moscow Times*, 16 July 2008

29 Q 69

30 *Russia and the West*, Research Paper 09/36, April 2009, p 35

31 Vladimir Putin, Annual Address to the Federal Assembly of the Russian Federation, 25 April 2005

32 “Map of Freedom 2008”, Freedom House, www.freedomhouse.org

extremely difficult for new and smaller parties to compete; and that there were widespread reports of harassment of opposition parties.³³

19. Although the Russian constitution allows for freedom of speech, the Kremlin tightly controls the media. Since 2003, the government has controlled, directly or through state-owned companies, all of the national television networks. Journalists who have been critical of the Russian government have been imprisoned, attacked and, in some cases, killed. The murder of the well-known investigative reporter Anna Politkovskaya, in October 2006, who had covered Chechnya extensively, highlighted the danger and intimidation faced by many Russian journalists.

20. During our visit to Russia, we met individuals who worked for human rights non-governmental organisations (NGOs). We were struck by their courage in continuing to operate under such difficult conditions, including the threat of violence. One of the issues they raised was the increased state restrictions imposed on NGOs. In January 2006, a new law was introduced that imposed strict registration requirements and gave increased powers to state officials to decide which NGOs met these requirements. The Kremlin's stated intention was to limit foreign influence over NGOs. Freedom House assessed that the freedom of Russia's civil society was worsening. In particular it stated:

Russia's NGOs continue to face intense pressure from the Russian state, particularly in complying with the provisions of the 2006 Law on NGOs. The state applies the law more harshly against NGOs it does not favour, and many are having trouble meeting its onerous requirements.³⁴

The effect of Russia's economic situation on its foreign policy

21. Russia's foreign policy assertiveness has been based on its economic resurgence arising from the surge in oil and gas exports. The Foreign Affairs Committee, in its 2007 Report on Russia, concluded that Russia's foreign policy was driven by the transformation of the country's economic position.³⁵ Since then, the global economic crisis has hit Russia hard as a result of its dependency on energy exports: oil accounts for over half of Russia's federal budget revenues.³⁶ The FCO said, "whereas in 2008 as a whole, Russia ran a fiscal surplus of 4 per cent of GDP, it recorded a deficit of 21 percent of GDP in December" owing to the collapse of energy prices.³⁷

22. Some commentators argued that Russia's economic plight is more likely to make it amenable to cooperating with the West. Dr Alex Pravda said, "the overall effect of the economic crisis on Russia's external outlook is to be more engaged rather than less".³⁸ At the G20 Summit in April 2009, President Medvedev was keen to cooperate with the West to tackle the global financial crisis. The Russian economy, and state finance, is dependent

33 "OSCE refuses to monitor Russian votes", OSCE, www.oscepa.org

34 Freedom House, *Russia Country Report 2008*, www.freedomhouse.org

35 The Foreign Affairs Committee, *Global Security: Russia*, HC 51, para 13

36 Ev 131

37 Ev 131

38 Q 153

upon revenue from exports. Any breakdown in relations, particularly with the European Union, could threaten this income. Others are less optimistic about the implications of the economic crisis. Edward Lucas, Central and Eastern Europe correspondent for *The Economist*, argued that Russia may become more aggressive, as a result:

The overwhelming lesson of the last two decades is that when politics is going badly, you look for external scapegoats and pick a fight with them.³⁹

23. Russia has been hit hard by the global economic downturn. It is too early to judge how this will affect Russia's foreign policy. Russia's low level of democracy may make it more likely to be assertive in its foreign policy than would be the case with a Western liberal democratic state that faced similar economic difficulties.

The implications of Russia's foreign policy for international engagement

24. Russia's foreign policy approach has direct consequences for other former Soviet States. In evidence to us, the then Minister for Europe, the Rt Hon. Caroline Flint MP, said, "We accept that they [the Russians] have legitimate interests in a number of the countries that once formed part of the Soviet Union".⁴⁰ This, however, is frequently interpreted by Russia as legitimacy for maintaining 'a zone of privileged influence' within the former Soviet republics—otherwise referred to as a sphere of influence, in which a powerful state influences the affairs of another country through cultural, economic, political or military means.⁴¹ In the case of Russia, Martin McCauley told us that it treats the territory of other former USSR states as its "near abroad", and that it would as a consequence like Georgia and Ukraine to "come back within its fold".⁴² Since the 1990s, Russia used the term 'near abroad' to describe post-Soviet States, though in official Russian foreign policy this term is no longer used.

25. Russia's assertiveness can be seen, in particular, through its actions in Georgia and its gas dispute with Ukraine in January 2009—both of which events will be examined in the following chapters. Our witnesses were clear that an understanding of Russia's unique geographical and historical legacy should not be allowed to slide into according legitimacy for a Russian sphere of influence in its neighbourhood.⁴³ James Sherr argued that to do so would,

not only be unprincipled, it would have very serious and I think very swift practical consequences, both in that part of the world and in our part of the world.⁴⁴

26. Russia's attitude and actions towards other former Soviet States differs significantly from the liberal democratic values accepted in the West. This makes engagement between Russia and the West difficult, as there is little evidence of shared values underpinning the relationship. James Sherr said that there:

39 Q 28

40 Q 241

41 Qq 51, 52, 132, 155

42 Q 132

43 Qq 51, 52, 68, 132, 155, 241

44 Q 51

are now enormous differences in political culture. My way of characterising it would be to say that most Russians regard themselves as emphatically European but not liberal.⁴⁵

He also argued that Russia did not respond meaningfully to dialogue based on an “unfocused commitment to values and process”.⁴⁶

27. The West needs to engage with Russia to develop cooperation, yet the absence of shared values makes this difficult. Witnesses identified many areas where cooperation was desirable based on mutual national interests. NATO, the EU and the UK Government need a pragmatic and hard-headed approach to their engagement with Russia to achieve the best results.

45 Q 74

46 “Georgia: Russia demands to be number one” James Sherr, The Telegraph, 9 August 2008

2 Russia's military capability and posture

28. Russia's military capability, readiness and posture are of critical importance to international security, not only in terms of their immediate military consequences but also in their wider effect on international relations. Russia's military has a formidable number of personnel in its Armed Forces—some 1.1 million troops. Yet its conventional forces face considerable challenges in responding to the changing threats of the 21st century at a time of economic downturn.

Russia's military capability

29. With the collapse of the USSR, its Armed Forces were re-designated as the Russian Armed Forces in May 1992; described at that time by Pavel Grachev, the first Russian Minister of Defence as “an army of ruins and debris”.⁴⁷ During the 1990s, the Russian military declined as a result of financial crisis and lack of political leadership. Many of Russia's military assets fell into disrepair, while attempts at reform were minimal.

30. The election of Vladimir Putin as President in 2000 led to a revival in the Armed Forces because of his determination to place Russia on the world stage. This revival included increased investment in defence; a determination to retain global nuclear weapon capabilities on a technical par with the United States; a capacity to project conventional forces efficiently within the Eurasian land mass and possibly beyond; and a growth in military forces specifically at the service of the Federal Security Service (FSB) with its Border Guard Service, the Ministry of Internal Affairs (MVD) and the Ministry of Civil Defence, Emergencies and Disaster Relief.⁴⁸

31. On 13 May 2009, President Medvedev agreed a revised *National Security Strategy of Russia through to 2020*, which provides the basis for Russia's military doctrine. The strategy presents Russia's analysis of the current threats facing Russia and its security priorities. It clearly identifies the foreign policy of other countries as a threat to Russia's national security, with a thinly veiled attack on the United State's proposed Ballistic Missile Defence system:

The threats to military security are the policy by a number of leading foreign states, aimed at attaining dominant superiority in the military sphere, in the first place in strategic nuclear forces, by developing high-precision, information and other high-tech means of warfare, strategic armaments with non-nuclear ordnance, the unilateral formation of the global missile defence system and militarization of outer space, which is capable of bringing about a new spiral of the arms race, as well as the development of nuclear, chemical and biological technologies, the production of weapons of mass destruction or their components and delivery vehicles.⁴⁹

47 James Sherr, *Russia and the West: A Reassessment*, Defence Academy of the United Kingdom, Shrivenham Papers, No. 6, p 26

48 James Sherr, *Russia and the West: A Reassessment*, Defence Academy of the United Kingdom, Shrivenham Papers, No. 6, p 27

49 Official translation not available at the time of print, unofficial translation provided by ITAR-TASS, “Medvedev unveils national security strategy until 2020”, 13 May 2009, www.itar-tass.com

32. The Russian military is the fifth largest in the world in terms of active personnel; it is exceeded only by China, the United States, India and North Korea.⁵⁰ It has 1.1 million active personnel and 20 million in reserve, 10 per cent of whom have seen active service within the last five years. Russia also places considerable emphasis on maintaining and developing its nuclear capability as well as its conventional forces.

33. One of the key characteristics and points of difference between many Western countries and Russia is the extent to which Russia relies on conscription over voluntary recruits. At present, over 80 per cent of the 500,000 rank and file soldiers are conscripts.⁵¹ National service for a period of one year is mandatory for young male adults over the age of 18. Russia has recognised that its current levels of manning are not sustainable in the long term, partially as a result of the declining birth rate. Increasing the use of contract personnel—professional soldiers, as we would call them—is a key part of Russia’s defence reform programme.

Ground Forces

34. Russian ground forces, together with airborne and naval infantry units, are approximately 390,000 strong. Russia also maintains 170,000 interior ministry forces and 160,000 border troops.⁵² The Russian Federation fields some 25 active divisions and 15 brigades, though not all of them are presently at full strength. Forces are configured largely for territorial defence but also offensive and peacekeeping operations. Russia’s reliance on conscript soldiers for the bulk of its forces is believed to reduce the quality of its ground force units. Russia is taking strides to modernise the equipment of its ground forces. For example, it is introducing a main battle tank, the T95, which has been in development for some time and is expected to enter service after 2010, having originally been intended for service in 1994 but held up for financial reasons.⁵³ The table below identifies ground force assets:

Table 1: Russia’s main ground force assets

- 23,000 main battle tanks (MBT) and 150 light tanks.
- Over 2,000 reconnaissance vehicles, 9,900 armoured personnel carriers and in excess of 15,000 armoured infantry fighting vehicles.
- In excess of 26,000 artillery pieces.
- An unspecified number of unmanned aerial vehicles.
- Forces are also equipped with a variety of anti-tank and approximately 2,500 surface-to-air missiles.

Source: *Russia’s Military Posture, Research Paper 09/35, House of Commons Library, April 2009, p 68*

50 *Russia’s Military Posture, Research Paper 09/35, House of Commons Library, April 2009, p 64*

51 Ev 129

52 Ev 129

53 “T-95 MBT, MBT’s and medium tanks”, Jane’s, www.janes.com/extracts/extract/jaa/jaa_1200.html

Naval Forces

35. Russia's naval forces comprise 142,000 personnel divided into four Fleets and the Caspian Sea Flotilla.⁵⁴ The primary purpose of the Russian navy is to provide the sea-based nuclear deterrent capability and defend Russia's sea lanes and territorial waters. Its expeditionary capability is limited to one aircraft carrier. However, in July 2008 Moscow announced ambitious plans to develop six new aircraft carrier battle groups. Russia also plans major upgrades to its nuclear submarine fleet with between 8 and 12 new submarines expected to be built by 2020. The first new submarine (in the BOREY class) will commence trials in 2010.⁵⁵

36. In recent years, Russia has used its naval assets extensively to further its foreign policy agenda. Its navy has made high profile sorties into the Mediterranean, the Indian Ocean, and the Caribbean, visiting ports in Syria and Venezuela and carrying out combat operations in the Black Sea during the Georgia crisis of 2008. Russia's key naval assets are detailed in the table below.

54 The Caspian Sea Flotilla is a multinational venture between Azerbaijan, Russia, Kazakhstan and Turkmenistan intended for coastal defence and waterways patrol. Joint forces are operating under Russian command, currently based at Astrakhan.

55 Ev 130

Table 2: Naval assets⁵⁶

<p>Northern Fleet</p> <p>The fleet is equipped with a combination of submarine and principal surface combatants, including elements of Russia's sea-based nuclear deterrent force:</p> <ul style="list-style-type: none"> • 10 strategic ballistic missile submarines (SSBN) • 23 tactical submarines, comprising 16 attack submarines and 7 Kilo-class patrol submarines with anti-submarine warfare capability • 8 submersible support vessels • 10 principal surface combatants including 1 aircraft carrier, 1 guided missile cruiser and 2 nuclear powered guided missile cruisers, one of which is in reserve, and 7 guided missile destroyers (one of which is in reserve) • 14 patrol and coastal combatants (8 frigates and 4 corvettes) • 10 mine warfare vessels • 5 amphibious and in excess of 130 logistics and support vessels. <p>The naval aviation arm of the Northern Fleet also comprises 38 Tu-22M bombers, 20 Su-33 (the naval equivalent of the Su-27) which is designed to deploy aboard Russia's only aircraft carrier, 10 Su-25 ground attack aircraft and a number of transport aircraft, in addition to anti-submarine warfare, assault and support helicopters.</p> <p>Pacific Fleet</p> <p>Similarly to the Northern Fleet, the fleet is equipped with a combination of submarines (including elements of the sea-based nuclear deterrent) and principal surface combatants, although the forces of the Northern fleet are significantly larger:</p> <ul style="list-style-type: none"> • 4 Delta III SSBN equipped with 16 RSM-50 SLBM and 1 Delta IV-class equipped with 16 RSM-54 Sineva SLBM (5 SSBN in total) • 20 tactical submarines, including 4 attack submarines (7 in reserve) and 6 Kilo-class patrol submarines with anti-submarine warfare (ASW) capability (3 in reserve) • 15 principal surface combatants, including 1 guided missile cruiser, 5 guided missile destroyers (a further three in reserve) and 9 frigates • 16 patrol and coastal combatants with surface-to-surface missiles • 9 mine countermeasures vessels • 4 amphibious and 57 logistics and support vessels. <p>The naval aviation arm of the fleet comprises 14 Tu-22M bomber aircraft, 30 MiG-31 fighter/interceptor aircraft, a number of ASW and transport aircraft, in addition to ASW, assault and support helicopters. Naval infantry and one division of coastal defence forces are also deployed as part of the ground forces of the Far Eastern military district.</p> <p>Black Sea Fleet</p> <p>Assets of the fleet include:</p> <ul style="list-style-type: none"> • 1 patrol submarine with ASW capability (and a further 1 in reserve) • 11 principal surface combatant, comprising 2 guided missile cruisers, 3 guided missile destroyers and 8 frigates/corvettes • 10 patrol and coastal combatants • 7 mine warfare and mine countermeasures vessels • 7 amphibious and in excess of 90 logistics and support vessels <p>The naval aviation arm of the fleet comprises 18 Su-24 ground attack aircraft, 18 ASW and transport aircraft and 42 ASW and support helicopters. Naval infantry and coastal defence forces are deployed with the ground forces of the North Caucasus military district.</p> <p>Baltic Fleet</p> <ul style="list-style-type: none"> • 2 patrol submarines with ASW capability (one of which is in reserve) • 5 Principal surface combatants, including 2 guided missile destroyers and 3 frigates
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- 22 patrol and coastal combatants
- 11 mine warfare and mine countermeasures vessels (one of which is in reserve)
- 4 amphibious and 130 logistics and support vessels

The naval aviation arm of the fleet consists of 23 Su-27 fighter/interceptor aircraft, 26 Su-24 ground attack aircraft, 14 transport aircraft and a number of attack, ASW, assault and support helicopters. In addition, the naval infantry and coastal defence forces of the Kaliningrad special region operate under the command of the Baltic fleet.

Caspian Sea Flotilla

The Caspian Sea Flotilla is a multinational venture between Azerbaijan, Russia, Kazakhstan and Turkmenistan, intended for coastal defence and waterways patrol. Joint forces are operating under Russian command, currently based at Astrakhan. Russian assets assigned to the flotilla include:

- 1 frigate
- 6 patrol and coastal combatants
- 9 mine warfare and mine countermeasures vessels
- 6 amphibious and 15 logistics and support ships

Source: *Russia's Military Posture, Research Paper 09/35, House of Commons Library, April 2009, p 68*

Air Forces

37. Russia's air force currently comprises some 160,000 personnel. Under present plans, it is expected that this will be reduced to approximately 148,000 personnel. The air force is estimated to have over 4,000 aircraft with 833 in reserve. Russia's main air assets are detailed below.

Table 3: Air force assets

Long Range Aviation Command (37th Air Army)

- 116 combat capable bomber aircraft
- Tactical Aviation
- Approximately 1,743 combat capable aircraft, including 807 bomber/ground attack aircraft (Su-25A, Su-24 and Su-24M2, Su-34; 725 fighter aircraft (MiG-31, MiG-29, Su-27 and MiG-25); 119 reconnaissance aircraft (MiG-25R and Su-24MR)
- 20 A-50 airborne early warning aircraft
- A number of training aircraft; unmanned aerial vehicles
- 60 electronic countermeasures helicopters

Delivery of the new Su-35 multi-role fighter aircraft is expected to commence in 2010-2011. Assets are equipped with air-to-surface (AS-14, AS-15, AS-16, AS-4 and AS-7) missiles; anti-radiation (AS-11, AS-12 and AS-17) missiles; air-to-air (AA-10, AA-8 and AA-11) missiles and laser-guided and GPS guided bombs.

Military Transport Aviation Command (61st Air Army)

- Over 293 transport aircraft (An-12, An-124, An-22 and Il-76 aircraft)
- Army Aviation Helicopters
- 20 attack helicopter regiments (635 combat capable helicopters)
- Transport and electronic countermeasures regiments (643 helicopters)

Air Force Aviation Training Schools

- Over 980 training aircraft including the MiG-29, Su-27, MiG-23, Su-25, Tu-134 and L-39

Source: *Russia's Military Posture, Research Paper 09/35, House of Commons Library, April 2009, p 72*

Nuclear capabilities

38. Russia continues to have the largest nuclear arsenal in the world.⁵⁷ It is estimated to have an active operational arsenal of approximately 5,200 warheads, and approximately 8,800 intact warheads in reserve or awaiting dismantlement.⁵⁸ Russia is determined to keep its strategic nuclear forces up to date and has given them financial priority. From 2006, Russia's Strategic Rocket Forces have been bolstered by the progressive deployment of new land-based *Topol-M* missile systems. A new generation of ballistic missile-carrying submarines will be deployed by the end of 2010; Russia currently has 12 such submarines though it is reported that only eight of these are combat ready.⁵⁹ Russia maintains its nuclear assets at a high state of readiness and conducts regular exercises.⁶⁰ In 2004 and 2008, the Russian Federation exercised all three legs of its nuclear strategic triad, and is expected to do so again in 2009.⁶¹

Military Reform

39. Russia has an ambitious and internally controversial military reform programme to modernise and professionalise its Armed Forces. Attempts have been made in the last 18 years to reform the Armed Forces with very limited success. During our visit to Russia, we were told that the conflict with Georgia had demonstrated that the army was not best configured to fight local small-scale battles. Edward Lucas said that the "lesson of the Georgian war" was that:

Russia found it quite difficult to beat Georgia which is a country of one-thirtieth its size [...] military modernisation has been very slow so far.⁶²

The Georgia conflict provided the political impetus for President Medvedev to announce a sweeping reform programme.

40. On 14 October 2008, The Russian Defence Minister, Anatoly Serdyukov, launched the latest round of military reforms. The main elements of the programme are to:

- accelerate the downsizing of the Armed Forces;
- reduce the number of officers and restructure the composition of the officer corps;
- establish a non-commissioned officer corps;
- centralise the system of officer training;
- reorganise and downsize central command and control bodies, including the Russian Defence Ministry and the general staff;

57 *Russia's Military Posture*, Research Paper 09/35, House of Commons Library, April 2009, p 75

58 *Russia's Military Posture*, Research Paper 09/35, House of Commons Library, April 2009, p 74

59 "Only 8 Russian strategic submarines are combat-ready", RIA Novosti, 1 June 2009

60 Ev 130

61 "Global Insights: Military exercises showcase Russian power and its limits", World Politics Review, 14 October 2008, www.worldpoliticsreview.com

62 Q 7

- eliminate cadre formations and bring all formations to permanent readiness status;
- reorganise the reserves and their training system;
- reduce the number of units, formations, and bases;
- reorganise the Ground Forces into a brigade system, eliminating the regiment, division, corps, and army echelons; and
- reorganise the Airborne Troops, eliminating divisions.⁶³

41. One of the most controversial aspects of the programme within Russia is the reduction in the size of the army, and in particular the reduction in officers. Russia has a significantly higher ratio of officers to rank and file personnel than is the norm in Western military forces. It plans on reducing 200,000 officer posts by 2012, making 120,000 officers redundant this year.⁶⁴ This includes removing 200 posts at General level. The reform programme has met with significant opposition from within the Armed Forces. Several retired Russian generals have argued that the reforms would destroy Russia's military capability, and have even gone as far as calling for the Russian Defence Minister's resignation and prosecution.⁶⁵ Andrew Wood said, "the officer corps in general has been extremely successful in frustrating [reform]".⁶⁶ President Medvedev has dismissed a number of senior military officers who were opposing the reforms; it is reported that this action has "crushed the remnants of high-level resistance within the MoD" to reform.⁶⁷

42. The financial pressures on the Russian state will undoubtedly affect its programme of reforms. The reforms will be expensive; Prime Minister Putin announced on 15 January 2009 that he would invest over Rb14 trillion (£80 billion) over three years to ensure the delivery of the state's defence order.⁶⁸ The reforms will cause social disruption by creating so many redundancies at a time of rising unemployment. On 12 February 2009, General Makarov, the Russian Chief of Staff, announced that military spending would be cut by 15 per cent during 2009.⁶⁹ Denis Corboy argued that the economic crisis would slow the progress of reform, but that it would still take place.⁷⁰ It is not clear that Russia will be able to sustain and implement all of its ambitious modernisation plans given the extent of the economic downturn.

43. Nevertheless, many Western commentators have welcomed Russia's military reform programme. Edward Lucas said, "we should be thoroughly in favour of the modernisation of the Russian Armed Forces".⁷¹ He argued that the reform would ensure that Russia treated its rank and file soldiers better and would provide increased opportunities for joint

63 "Serdyukov's plan for Russian military reform", *Moscow Defence Brief*, Vol 1, (15) 2009

64 "Serdyukov's plan for Russian military reform", *Moscow Defence Brief*, Vol 1, (15) 2009

65 "Russian military reform: still on track?", *Institute for the Study of Conflict, Ideology and Policy*, 18 December 2008

66 Q 226

67 "Military reform in Russia plows ahead", 30 April 2009, The Jamestown Foundation, www.jamestown.org

68 Ev 131

69 "Russia cuts military spending", 11 February 2009, Reuters, www.reuters.com

70 Q 229

71 Q 6

operations between Russia and the West. Oksana Antonenko also agreed that Russia's defence reform programme, if successfully implemented, would develop interoperability and thereby opportunities for joint peace-keeping.⁷² **We welcome Russia's military reform programme that will modernise and professionalise its Armed Forces. It provides an opportunity for Russia to increase the interoperability of its Armed Forces and thereby the possibility for increased joint operations with NATO forces, whilst also improving the conditions of its rank and file soldiers. The UK military is experienced in implementing reforms. The Ministry of Defence should offer support to Russia in implementing its reform programme.**

Russia's military posture

Exercises and operations

44. Russia has increased the number and reach of its operations and exercises in recent years. In 2007, Russia resumed the patrolling of international airspace for the first time since the demise of the Soviet Union. In addition, in December 2008, Russia conducted naval exercises in the Caribbean and off the coast of Venezuela. Dr Alex Pravda described these exercises as “echoes of global ambition” although they are “very tentative”.⁷³

45. Russia's Armed Forces are engaged in a number of operations that it characterises as peace-keeping—although, as one witness commented to us, “you will see a difference between the Western and the Russian interpretations of those concepts”.⁷⁴ Russia has 1,500 troops in the Moldovan separatist region of Transnistria, an estimated 1800 troops in Abkhazia and 4,000 in South Ossetia. The Russian military is also cooperating with international forces, such as in Chad and anti-piracy operations in the Gulf of Eden.

Air tactics

46. During our visit to Estonia, interlocutors expressed concern about Russia's unauthorised military flights into NATO airspace, which was seen as an aggressive tactic. Edward Lucas particularly has drawn attention to this issue. He described Russia's tactics as “adolescent sabre-rattling” yet argued that the Ministry of Defence (MoD) should take the issue seriously, as it is “not the behaviour of a friendly country”.⁷⁵

47. The UK press have featured stories that imply that Russia's air tactics are a threat to UK security.⁷⁶ We sought information from the MoD to clarify the scale and nature of the issue of military incursions into NATO and UK airspace. We were told that during 2007-2009 no Russian aircraft have entered UK airspace—defined as 12 nautical miles from the UK coastline—without authorisation. However, Russian military aircraft have entered the UK Flight Information Region—outside UK territorial airspace—without permission. This is

72 Ev 149

73 Q 118

74 Q 122

75 Q 9

76 “RAF scrambles to intercept Russian bombers”, Times online, 18 July 2007, www.timesonline.co.uk, and “Hey you get of our cloud”, The Sun, 3 April 2008, www.thesun.co.uk

part of international airspace and, as such, Russia is able to exercise its defence capabilities there. Yet all countries are required to communicate that they are making such flights under the International Civil Aviation Organisation (ICAO) regulations to which Russia is signatory.⁷⁷ The MoD told us that in 2007 Russian military aircraft attempted to enter this airspace without permission on ten separate days; in 2008 on six separate days; and in 2009 (up until 1 May 2009) on two separate days. The MoD told us that they were unable to provide data on flights into NATO airspace within the timescales of our inquiry and that such information was likely to be classified.⁷⁸

48. The MoD attempted to reassure us that Russia's military flights do not pose a security threat. The Minister for International Defence and Security, the Rt Hon. Baroness Taylor of Bolton, stressed that the problem of air incursions into NATO airspace "is not specifically that it is considered as a military threat but that there are safety and air traffic control issues."⁷⁹ Group Captain Malcolm Crayford agreed:

The flights do not pose a threat to the UK; they are flying in international airspace but [...] we are concerned on flight safety grounds as these aircraft cut across some of the busiest air routes in the world. Whilst we intercept them with RAF aircraft, the UK's air defence system can track Russian aircraft throughout and we liaise with our civil air traffic control counterparts in terms of safety.⁸⁰

The MoD added in supplementary evidence:

the re-emergence of long-range flights from Russia is something that the Russians are perfectly entitled to do and those flights that have entered the UK Flight Information Region do not pose a threat to the UK.⁸¹

49. Russia's unauthorised flights into international airspace, including the UK's flight information region, do not pose a direct security threat to NATO or the UK; nevertheless, they are not the actions of a friendly nation and risk escalating tension. A further issue is that Russia's actions threaten the safety of civil flights and risk leading to serious accidents; Russia should not be making such flights without informing the appropriate authorities. The Government should take a more robust approach in making clear to Russia that its continued secret incursions by military aircraft into international airspace near to the UK is not acceptable behaviour. The Government should call on NATO to ensure that it monitors and assesses the threat posed by unauthorised Russian military flights into NATO and international airspace near to NATO's territorial perimeter.

77 Ev 168

78 Ev 169

79 Q 254

80 Q 254

81 Ev 169

Assessment of the military threat posed by Russia

50. Many of our witnesses stressed that Russia poses a military threat to other former Soviet States, particularly in light of its actions in Georgia. James Sherr told us:

There has been nevertheless—and Georgia bears this out—over the past ten years, since Vladimir Putin became President, a very focused effort to make the Russian Armed Forces fit for a wide range of regional contingencies, projecting power on a regional scale.⁸²

In Estonia, interlocutors expressed concern that Russia threatened their national security through its increasingly assertive behaviour. Edward Lucas described Russia as “like an aggressive man on crutches—no threat to the able-bodied, but still a menacing bully for someone in a wheelchair”.⁸³ On the other hand, Professor Light argued that Russia did not militarily threaten any of its immediate neighbours as it has other tools of influence at its disposal which it is more likely to use.⁸⁴

51. Following the events in Georgia and Russia’s gas dispute with Ukraine, there has been much debate as to the extent to which Russia is seeking to exert its influence over Ukraine. Some witnesses argued that Russia posed a military threat to Ukraine. Martin McCauley suggested that one scenario was that Putin could send in military forces to Ukraine to secure the Russian military base at Sevastopol.⁸⁵ The Russian Black Sea Fleet is authorised by Ukraine to remain at the port until 2017 but it is far from certain that the Ukrainian government will extend the lease. Yet Dr Pravda pointed out that the Russian public would be unlikely to support military action in Ukraine, so Russia is more likely to use economic and political leverage to secure its ends.⁸⁶ Oksana Antonenko believed that there was no prospect of Russian military action in Ukraine at all because of the close ties between the people of both countries. She argued that it was, however, possible that Russia would seek to influence Ukraine’s domestic politics.⁸⁷

52. It is understandable that some of Russia’s neighbouring states should feel concerned about the possibility of Russian military action against them given Russia’s actions in Georgia. Russia has proved that it is quite capable of using military force if it chooses. Russia does not, however, need to use conventional force to achieve its objectives; it has political and economic tools at its disposal to influence its neighbouring states.

53. In contrast to the level of threat Russia poses to some of its neighbouring states, Russia does not currently pose a direct threat to UK homeland security, nor is likely to do so in the near future. Edward Lucas acknowledged that Russia was “too weak militarily and economically, and too dependent on the outside world, to use brute force against the

82 Q 37

83 Edward Lucas, *The New Cold War Cold War*, 2008, p 21

84 Q 38

85 Q 151

86 Q 153

87 Q 158

West”.⁸⁸ The FCO assessed the direct Russian security threat to the UK as “very low”.⁸⁹ **Although it is hard to conceive of a scenario in which Russia would threaten UK homeland security, Russia threatens the national interests of the UK through its attempts to establish a sphere of influence over other former Soviet States. It is in the UK’s national interest to have stable democratic and independent states in Eastern Europe as this enhances European security. Russia’s behaviour risks undermining this and thereby working against our own national interests.**

88 Edward Lucas, *The New Cold War*, 2008, p 21

89 Ev 126

3 The Georgia conflict

Figure 1: Map of Georgia including the disputed territories



Source: BBC online

54. The conflict between Georgia and Russia over South Ossetia and Abkhazia has had a profound impact on Western-Russian relations. In the immediate aftermath of the August 2008 fighting, NATO suspended its formal engagement with Russia on the NATO-Russia Council and the EU was prompted to reassess its strategy towards Russia. The potential for continuing instability in the Caucasus region remains. It is difficult to foresee Western relations with Russia improving significantly, unless progress is made in reaching an agreement that calms tensions in the disputed territories.

The causes of the conflict

55. On 7 August 2008, fighting erupted between Georgian and Russian forces in the breakaway Georgian territory of South Ossetia. Georgia launched an overnight strike against separatist and Russian forces, which it claims was in response to Russian shelling. The Russian military response was swift and overwhelming: Russia sent its forces deep into sovereign Georgian territory, far beyond the conflict zone. Russia also deployed its forces to Abkhazia—Georgia's other breakaway territory—prompting Abkhazian separatist forces to mobilise against the Georgian army. On 12 August, Russia and Georgia reached a ceasefire agreement, negotiated by the then President of the EU, the French President Nicolas Sarkozy.

56. In the run-up to the conflict, there was a heightening of tension in the region. The table below shows the events in the immediate lead-up and during the August conflict.

Table 4: Timeline of the Georgia conflict and immediate lead-up in 2008

4 May	Two Georgian UAVs shot down by Abkhazian forces, bringing the total to four since March.
5 May	Georgian news agency reports of the construction of a new Russian military base for peacekeepers in Abkhazia.
26 May	UN Observer Mission in Georgia (UNOMIG) confirms Georgian UAV shot down by Russian jet in Abkhazia on 20 April; Russian Foreign Minister claims video has 'serious inconsistencies'.
31 May	Russia deploys 300 'unarmed' soldiers to Abkhazia, claiming they are required for railway repair works. Georgia indicts Russia in planning a military intervention.
June	Abkhazia breaks all ties with Georgian government
6-7 June	Saakashvili and Medvedev meet, but agree that they cannot resolve 'all of their problems'; Georgia declares the two sides must meet for a longer discussion.
14-15 June	Reports of an 'intensive' exchange of fire outskirts of Tskhinvali between Georgian and South Ossetian troops.
17 June	Four Russian peacekeepers detained in Abkhazia for allegedly transporting illegal ammunition; Russian Defence Ministry demands their return.
3-4 July	Explosions in South Ossetia prompt Russia to accuse Georgia of military intervention and to condemn its 'aggression'.
10 July	In a press conference with President Saakashvili, US Secretary of State Condoleezza Rice called for an end to violence in Abkhazia and South Ossetia.
29-30 July	South Ossetia accuses Georgia of shelling villages outside of Tskhinvali. Georgia asserts that South Ossetians directed fire towards its monitoring group.
1 August	Explosion in South Ossetia; Georgia reports injury of two policemen.
7 August	Georgia sends in its military to Tskhinvali. Russia retaliates with military force.
8 August	Both South Ossetia and Georgia lay claim to the disputed territory during intense shelling of Tskhinvali by both sides. Georgia accuses Russia of provoking 'undeclared war.' Russia warns Georgia that its 'aggression' will not go 'unpunished.' President Saakashvili declares a 'state of war.'
9 August	Georgia claims to have shot down two Russian warplanes. Abkhazian Foreign Minister Sergei Shamba claims Abkhaz forces have embarked upon an operation to drive Georgian forces out of the hotly-disputed Kodori gorge.

10 August	<p>Reports of bombs dropped outside of Tbilisi, near a military airport.</p> <p>Russian diplomat reports death count of 2,000 in South Ossetia; the numbers have not been verified.</p> <p>Georgia reports to have offered Russia a peace deal, saying it would withdraw its troops from South Ossetia. Russia denied any cessation of armed conflict by the Georgians, and demanded an unconditional withdrawal from South Ossetia.</p> <p>Georgia reports death of 130 Georgian civilians and 1,165 injuries. Russia rejects the claim that it has hit civilians.</p> <p>US President George W. Bush declares Russia's troop build-up to be a 'disproportionate response'; UK Foreign Secretary David Miliband denounces Russia's bombing of targets 'well beyond' South Ossetia.</p>
11 August	<p>Russia stationed more than 9,000 paratroopers in Abkhazia, thus exceeding the limit of 3,000 from the 1994 peace agreement. It continues to move more troops and armour across the border; there are reports that the movement also includes T-72 tanks and Hurricane rocket launchers.</p> <p>European Commission calls on Russia to 'stop immediately all military activity on Georgian territory.'</p> <p>Russia delivers an ultimatum to Georgia: that it must disarm 1,500 troops in Zugdidi, near Abkhazia, which Georgia rejects.</p>
16 August	<p>President Medvedev signs six-point EU-brokered ceasefire, which includes a promise to withdraw troops to pre-conflict positions.</p>
17 August	<p>Medvedev tells President Nicolas Sarkozy in a telephone conversation that Russian troops will begin to withdraw from Georgia on Monday 18th of August.</p>
19 August	<p>Medvedev tells Sarkozy that—contrary to the EU ceasefire—Russian troops will remain in a buffer zone inside Georgia proper on the border with South Ossetia, and the remainder of troops will go back to South Ossetia and to Russia.</p> <p>NATO freezes its partnership with Russia, and declares normal relations with Russia to be impossible. Statement issued by NAC (North Atlantic Council) emphasizes concern over Georgia's territorial integrity and the humanitarian situation.</p>
22 August	<p>Russia promises a 'partial' withdrawal of troops by the end of the day, but claims some "peacekeepers" will be left inside Georgia. US General Craddock calls the move 'far too little, far too slow'.</p>
26 August	<p>Russian President Medvedev formally recognizes the independence of South Ossetia and Abkhazia and accuses Georgian President Saakashvili of using 'genocide to solve his political problems.'</p>

Source: Adapted from RUSI's timeline of events compiled by Alexis Crow, www.rusi.org

57. The causes of the conflict are complex. There were, at least, four sides directly involved: Russia, Georgia, the South Ossetian separatists and the Abkhazian separatists—the Russians would also claim that the US was involved as a supporter of Georgia. The first of many issues of dispute is the question of who struck the first blow—Russia or Georgia—with both sides accusing the other. The Georgian Government stated that its forces advanced into the Tskhinvali region in South Ossetia:

Only after days of intensive shelling that causes civilian deaths in villages under Georgian control and after confirmation that an armoured Russian land force had begun invading Georgia through the Roki tunnel.⁹⁰

During our visit to Georgia, we met President Saakashvili. He told us that the decision to send in troops was taken to stop a Russian advance and to secure Georgian territory. In contrast, the Russians claim that the Georgians struck the first blow. President Medvedev made a statement on 8 August 2008 in which he described the Georgian's actions in the following terms:

Last night, Georgian troops committed what amounts to an act of aggression against Russian peacekeepers and the civilian population in South Ossetia. What took place is a gross violation of international law and of the mandates that the international community gave Russia as a partner in the peace process.

Georgia's acts have caused loss of life, including among Russian peacekeepers. The situation reached the point where Georgian peacekeepers opened fire on the Russian peacekeepers with whom they are supposed to work together to carry out their mission of maintaining peace in this region. Civilians, women, children and old people, are dying today in South Ossetia, and the majority of them are citizens of the Russian Federation.

In accordance with the Constitution and the federal laws, as President of the Russian Federation it is my duty to protect the lives and dignity of Russian citizens wherever they may be.⁹¹

The Russian responsibility

58. Blame for the conflict can not be apportioned without considering the history of provocation on all sides. Edward Lucas told us that there had been a series of provocations from the Russian side and a series of peace initiatives from the Georgian side that had not been followed up.⁹²

59. The Georgian Government claimed that one of the key Russian provocations was the build-up of troops in the breakaway territories. In the months preceding the conflict:

90 Ev 105

91 Speech by President Medvedev, 8 August 2008, www.kremlin.ru.org

92 Q 18

Russia continued to increase unilaterally its troop strength in Abkhazia, without fulfilling its legal obligations to seek the consent of Georgia; among other moves, it deployed paratrooper units, which were incompatible with peacekeeping.⁹³

The United Nations Observer Mission in Georgia (UNOMIG) confirmed that Russia had “reinforced the Commonwealth of Independent States (CIS) peacekeeping force [comprising former Soviet States] with a 525-strong airborne battalion in the restricted weapons zone”.⁹⁴ It also confirmed that, in May 2008, Russia brought in railway troops to repair a railway south of Sukumi, in Abkhazia. The Russians justified these deployments on the grounds of providing humanitarian assistance.⁹⁵

60. A further claimed Russian provocation was the shooting down of a Georgian Unmanned Aerial Vehicle (UAV) over Abkhazia on 20 April 2008. UNOMIG reported that Russia’s actions were in violation of the ceasefire agreement, yet stated that Georgia was also in breach of the ceasefire agreement as heavy weaponry in the area was prohibited.⁹⁶ Despite the overwhelming evidence that Russia shot down the UAV, Russia denied responsibility.⁹⁷

61. In Spring 2008, Russia withdrew from a 1996 CIS agreement that placed an arms and economic embargo on Abkhazia. Russia also established legal links with Abkhazia and South Ossetia. Russia claimed that this was aimed at supporting its citizens in the territory. On the other hand, Georgia claimed that it amounted to a *de facto* annexation of their territory.⁹⁸

62. The conflicts in South Ossetia and Abkhazia have been a continuing source of instability since Georgia declared its independence in 1991. Major fighting between Georgian forces and secessionist rebels ended in South Ossetia in 1992 and in Abkhazia in 1994. Both regions are legally within Georgian territory, but in practice have been beyond the control of the Georgian government in Tbilisi.⁹⁹ The Georgian Government stated:

Russia has been fostering conflict in the Georgian territories of Abkhazia and South Ossetia since the fall of the Soviet Union, aiming to destabilize Georgia—and to send simultaneously a message to countries throughout the post-Soviet space.¹⁰⁰

It also claimed, “as of 2005, Russian military and civilian officials seconded from Moscow effectively have been governing South Ossetia and Abkhazia”.¹⁰¹ One of the methods that Russia has been fuelling separatist sentiment in the region is through the distribution of

93 Ev 105

94 UNOMIG, *Report of the Secretary-General on the situation in Abkhazia, Georgia*, 23 July 2008, para 10

95 UNOMIG, *Report of the Secretary-General on the situation in Abkhazia, Georgia*, 23 July 2008, para 10

96 UNOMIG, *Report of the Secretary-General on the situation in Abkhazia, Georgia*, 23 July 2008, para 16

97 “Russia ‘shot down Georgian drone’”, BBC news online, 21 April 2008

98 UNOMIG, *Report of the Secretary-General on the situation in Abkhazia, Georgia*, 23 July 2008, para 8

99 House of Commons Library, *Georgia: The conflict with Russia and the crisis in South Ossetia*, SN/IA/4819, 18 August 2008

100 Ev 104

101 Ev 104

Russian passports to “manufacture ‘Russian citizens’ to protect”.¹⁰² Dr Jonathan Eyal also argued that Russia had handed out passports “like confetti” in the region to “give the Kremlin the required justification to intervene inside Georgia”.¹⁰³

63. During our visit to Georgia, interlocutors suggested that one of Russia’s motives in invading Georgia was to secure its control over the Baku-Tbilisi-Ceyhan (BTC) pipeline, which runs through Georgia. John Roberts, Energy Security Specialist at Platts, told us that this was one of the world’s largest transnational oil pipelines and that it:

currently accounts routinely for around two per cent of the world’s trans-border flows and is probably going to account for about four per cent of it in the next five to six years. It is already a corridor for gas supplies to Turkey and, indeed, to part of the EU, to Greece, and has the potential to play a much more important role as a major conduit for Caspian gas, not only for Azerbaijan but, in time, from Turkmenistan.¹⁰⁴

The BTC pipeline is strategically important to Russia and the EU. Russia opposed the pipeline’s construction in the 1990s, as it wanted oil to be transported through its territory.¹⁰⁵ The pipeline is important to the EU as it provides the only transit route of oil from the Caspian region to the EU that avoids Russia and Iran.

64. Although it is clear that Georgia has a strategically important role as an energy transit country, it is less clear that energy played any role in determining Russia’s behaviour in Georgia. Two days before the conflict broke out the BTC pipeline was attacked in Turkey. The Kurdistan Workers’ Party (PKK) claimed responsibility for the attack. Despite this claim, it is not certain who carried out the attacks: some western diplomats and Turkish officials believe that the attacks were “too sophisticated for the PKK”.¹⁰⁶ However, John Roberts said that “on the whole” he did not believe that energy was a factor in the Georgia conflict.¹⁰⁷ He argued that during the conflict Russia “took just about every step that they could not to be seen to be targeting specifically energy installations”.¹⁰⁸ Denis Corboy also told us that he too was “sceptical” about whether Russia targeting the BTC pipeline, although he noted that it would “suit the Georgian case that it was presented” as such.¹⁰⁹

65. As well as provoking Georgia, there was a shared view by the EU, NATO and G7 that Russia acted disproportionately and illegally in response to the events of 7 August.¹¹⁰ Russia immediately responded by launching its own offensive military operations against Georgian troops in South Ossetia and well beyond the conflict zone. This included an attack on the town of Gori, the strategically important port of Poti on the Black Sea and on

102 Ev 104

103 Dr Jonathan Eyal, Royal United Services Institute, *Who Lost Russia? An enquiry into the failure of Russian-Western Partnership*, Whitehall Paper 71, April 2009, p 73

104 Q 108

105 “Russia/Georgia conflict sounds alarm bells at threat to vital link in the energy chain”, Times Online, 9 August 2008

106 Q 109

107 Q 108

108 Q 108

109 Q 223

110 The G7 nations are the United States, Britain, France, Canada, Germany, Japan and Italy. Russia is a member of the G8.

targets on the outskirts of Tbilisi.¹¹¹ Russia also extended the conflict by sending in troops to Abkhazia. Edward Lucas commented:

There is no doubt that Russia went well beyond any kind of peacekeeping or war-ending mandate by pushing deep into Georgia and blowing up all sorts of infrastructure, threatening civilians, ethnic-cleansing and all the rest of it.¹¹²

The Prime Minister, the Rt Hon. Gordon Brown MP, stated, “Russia’s actions were in clear breach of international law and of successive UN Security Council Resolutions”.¹¹³ Russia is signatory to a number of international legally-binding agreements which its actions in Georgia can be seen to be breaching: the UN Charter, Article 2 (4), and the Helsinki Final Act, the Founding Charter of the OSCE, both commit Russia to refrain from using force against the territorial integrity of another state.

The Georgian responsibility

66. In contrast to those witnesses who blamed Russia for starting the conflict, some of our witnesses laid blame on Georgia. Martin McCauley told us:

the consensus seems to be that it [Russia] was provoked by Georgia, that they were the ones who in fact initiated—although they deny this—and it led to a situation where the Russians then penetrated Georgia.¹¹⁴

President Saakashvili is viewed by many Russians as having personally provoked the crisis. Two of his central policy goals were to reassert Georgian sovereignty over the breakaway areas of South Ossetia and Abkhazia, and to enable Georgia to join NATO. Both of these objectives were seen as deliberately antagonistic towards Russia. The widely reported personal animosity between the Russian and Georgian Presidents was also seen as a factor in fuelling the conflict.

67. There has been much speculation on President Saakashvili’s motives for launching a strike in Tskhinvali. Some argue that Saakashvili acted under the misguided impression that the West would come to his country’s aid. Dr Jonathan Eyal argued that President Saakashvili:

misread even the intentions of his backers: there was never any chance that either the US or European countries would come to his aid, in any shape or form.¹¹⁵

However, during our meeting with the President, he firmly denied that he held any expectation of Western aid. He told us that he thought that the Georgian military would be able to secure Tskhinvali. This belief was based on the assumption that Russia would not deploy all its forces simultaneously—as it in fact did. Dr Jonathan Eyal also argued that

111 House of Commons Library, *Georgia: The conflict with Russia and the crisis in South Ossetia*, SN/1A/4819, 18 August 2008

112 Q 20

113 Written ministerial statement, 10 September 2008

114 Q 120

115 Dr Jonathan Eyal, Royal United Services Institute, *Who Lost Russia? An enquiry into the failure of Russian-Western Partnership*, Whitehall Paper 71, 2009, p 71

Saakashvili was under this impression.¹¹⁶ Some commentators suggested that he did not expect that Russia would dare to take military action against Georgia on the opening day of the Olympic Games in Beijing.¹¹⁷

68. One of the reasons why commentators have dwelled on President Saakashvili's motives for taking military action in South Ossetia is that the decision appears irrational in the face of stark evidence of Russia's overwhelming military strength. Edward Lucas said:

To launch a war against a country that is 30 times [bigger] or against something that is backed by a country 30 times bigger than you at a time when your best troops are in Iraq and your second-best troops have just come back from Iraq and are still recuperating is an odd thing to do.¹¹⁸

The Financial Times described the Georgian decision as a “spectacularly ill-conceived military adventure” given the Georgian's inability to block Russian reinforcements coming through the Roki tunnel.¹¹⁹ Despite acknowledging that Saakashvili's decision was “impetuous and misguided”, Edward Lucas also argued that it was important to remember that Georgian sovereign territory and ethnic Georgian villages were being shelled in South Ossetia.¹²⁰

69. During our visit to Georgia, interlocutors suggested that the President's decision to take military action was not made on the basis of a rational assessment of the likelihood of military success. Rather, it was suggested that the Georgians would rather fight and die for their country than not fight at all—an impression which was confirmed by our meeting with the President. Georgian politicians stressed that at the time the decision was made it believed that the state's existence was under threat from Russia. Its actions should therefore be seen in this context.

The international community's responsibility

70. Some witnesses suggested that the West should bear some responsibility for the conflict. Dr Alex Pravda, told us: “I think in the past we [the West] have not made enough moves which clearly signalled disapproval” to Russia.¹²¹ Georgian Government representatives told us that the US had not responded robustly enough to Russian military flights over Georgia in July 2008. They also told us that NATO's decision at the Bucharest Summit not to grant Georgia Membership Action Plan (MAP) status was a contributory factor to the conflict. Edward Lucas, among others, argued that NATO's decision emboldened Russia. He told us that the result of NATO's decision was that:

¹¹⁶ Dr Jonathan Eyal, Royal United Services Institute, *Who Lost Russia? An enquiry into the failure of Russian-Western Partnership*, Whitehall Paper 71, 2009, p 71

¹¹⁷ *The New Statesman*, *Georgia and the Soviet Union*, 13 August 2008

¹¹⁸ Q 19

¹¹⁹ “The message from Moscow: Resurgent Russia bids to establish a new status quo”, *The Financial Times*, 13 August 2008

¹²⁰ Q 18

¹²¹ Q 129

Medvedev actually thought he could get away with things that he should not have been able to get away with.¹²²

71. It can be argued that the West should have taken greater action to prevent the crisis given its pre-existing involvement in Georgia. The United Nations (UN) and the Organisation of Security and Cooperation in Europe (OSCE) have long-standing commitments to stability in Georgia. Their observer missions have been in Georgia since 1993. UNOMIG warned of rising tension in the Abkhazia region in the weeks leading up to the August conflict.¹²³ The Chairman of the OSCE, Finnish Foreign Minister, Alexander Stubb, also expressed “profound concern” about tensions in the Georgian conflict areas.¹²⁴

72. Despite reports warning of rising tensions in the region, the West was to a large extent caught by surprise by the outbreak of conflict. Oksana Antonenko argued that NATO was caught “completely unprepared”.¹²⁵ However, Baroness Taylor told us “everyone was aware that there were problems” in the area but explained “it was the scale and nature of what happened that took people by surprise”. She also stated:

I do not think that anyone could have foreseen that President Saakashvili would launch an attack on Tskhinvali [...] we were well aware of the indicators and warnings. What we were not aware of was the disproportionate reaction on the Russian side after President Saakashvili launched the attack.¹²⁶

The complex causes of the conflict: blame on all sides

73. The European Commission initiated an enquiry to assess the causes of the conflict, which is expected to report by 31 July 2009 to the EU, UN and OSCE on its findings. The investigation has been led by Heidi Tagliavini, a former United Nations special representative for Georgia. It has examined the causes of the conflict and according to the Secretary of State for Foreign and Commonwealth Affairs, the Rt Hon. David Milliband MP, “at the request of the UK a requirement for the inquiry to look at war crimes and breaches of international and humanitarian law” was included.¹²⁷

74. We welcome the EU’s investigation into the causes of the Georgian-Russian conflict. Understanding the history and causes of the conflict is a prerequisite to achieving peace in the region. While awaiting the EU’s forthcoming report that should provide a more detailed assessment of the causes of the conflict, we conclude that:

- **Responsibility for the conflict was shared, in differing measures, by all parties. Both Russia and Georgia share responsibility for the humanitarian consequences of the conflict that have left hundreds dead and thousands displaced from their homes.**

122 Q 21

123 UNOMIG, *Report of the Secretary-General on the situation in Abkhazia, Georgia*, 23 July 2008, para 14

124 “OSCE Chairman expresses serious concern about series of recent incidents in Georgian conflict areas”, OSCE press release, 4 July 2008, www.osce.org/georgia

125 Ev 148

126 Q 271

127 HC Deb, 26 November 2008, col 1790W

- **Russia provoked Georgia through its actions over many years. Russian provocation included fuelling separatism in the region through the distribution of passports in the breakaway Georgian territories, building up its military forces in the region and through its recognition of the separatist territories in Spring 2008.**
- **President Saakashvili's decision to launch an offensive on 7 August was politically reckless. Russia reacted swiftly to remove Georgian forces from South Ossetia. Russia also acted with disproportionate and illegal use of force by encroaching deep into Georgian territory, far beyond the conflict area.**

75. **There was a collective international failure at a political level to read the warning signs of an escalating conflict. The UK Government has stated its commitment to securing peace in Georgia. Ministers need to learn from history, and should carefully monitor intelligence on the situation in the Caucasus, to ensure that any future outbreak of conflict in the region does not come as a surprise.**

The aftermath

The situation on the ground

76. The conflict resulted in many deaths, human rights abuses and large numbers of people being displaced from their homes. The exact number of deaths is not clear. The chair of the Ad Hoc Committee established by the Parliamentary Assembly of the Council of Europe (PACE) estimated that between 300 and 400 military personnel and civilians were killed.¹²⁸ Human Rights Watch's investigation concluded that Georgian and Russian forces committed human rights violations. It found that Georgian forces failed in their responsibility to minimise civilian casualties in their offensive in the Tskhinvali area, particularly in the "indiscriminate" shelling of Tskhinvali.¹²⁹ Russian forces were found to have committed violations of international humanitarian law through their use of indiscriminate aerial, artillery and tank fire strikes. Human Rights Watch also concluded that Russia:

failed in its duty as an occupying power to ensure as far as possible public safety and order in areas under its effective control in South Ossetia. This allowed South Ossetian forces, including voluntary militias, to engage in wanton and widespread pillage and burning of Georgian homes and to kill, beat, rape and threaten civilians.¹³⁰

Both Georgian and Russian forces have also been criticised for causing indiscriminate and excessive harm to civilians through the use of cluster munitions.

77. Human Rights Watch estimated that as many as 20,000 ethnic Georgians were displaced from their homes in South Ossetia by the fighting and are unable to return to their homes.¹³¹ The UK Government estimated that overall over 100,000 people were

128 Human Rights Watch, *Up in Flames*, January 2009, p 51

129 Human Rights Watch, *Up in Flames*, January 2009., p 27

130 Human Rights Watch, *Up in Flames*, January 2009., para 3.1

131 Human Rights Watch, *Up in Flames*, January 2009., para 3.1

displaced.¹³² In Georgia, we met residents of the Internally Displaced Persons (IDP) village at Tserovani. They explained that they had been forced to leave their homes in South Ossetia because of attacks by separatists on their property; others told us they had fled out of fear. They explained that they hoped to be able to return to their homes, but only after the Russians had left. It was explained that one of the main challenges faced by the IDP villagers was the lack of work opportunities available. We were told that the Georgian Government were taking steps to try and provide work opportunities and land for the villagers to grow their own food.

The international community's response

78. The EU, NATO and G7 Foreign Ministers, including the UK, condemned Russia's use of force in Georgia as disproportionate. The NATO Council issued a statement on 19 August 2008:

Russian military action has been disproportionate and inconsistent with its peacekeeping role, as well as incompatible with the principles of peaceful conflict resolution set out in the Helsinki Final Act, the NATO-Russia Founding Act and the Rome Declaration.¹³³

NATO suspended formal engagement with Russia on the NATO-Russia Council and declared that there would be 'no business as usual'. The European Council held a meeting on 1 September 2008 where Russia was unanimously condemned for its decision to recognise the independence of Abkhazia and South Ossetia; and the Council expressed its grave concern about the consequences of the conflict and Russia's disproportionate military action.¹³⁴ The European Council also decided to suspend negotiations with Russia on a new EU Partnership and Co-operation Agreement (PCA) until Russian troops withdrew from Georgia to their pre-conflict line. On 27 August 2008, the G7 Foreign Ministers, in an unprecedented step, issued a statement condemning Russia.

79. International efforts to end the conflict were led the French President Nicolas Sarkozy, the then President of the European Council. He brokered a ceasefire agreement between Georgia and Russia which was signed in August 2008. The agreement committed both countries to the following six principles:

- Not to resort to force;
- To end hostilities definitively;
- To provide free access for humanitarian aid;
- Georgian military forces will have to withdraw to their usual bases;

132 Written ministerial statement on Georgia from the Prime Minister, 10 September 2008

133 "Meeting of the North Atlantic Council at the level of Foreign Ministers held at NATO Headquarters", NATO press release, 19 August 2008, www.nato.int

134 Written ministerial statement on Georgia from the Prime Minister, 10 September 2008

- Russian military forces will have to withdraw to the lines held prior to the outbreak of hostilities. Pending an international mechanism, Russian peace-keeping forces will implement additional security measures;
- Opening of international talks on the security and stability arrangements in Abkhazia and South Ossetia.¹³⁵

80. The 12 August agreement was supplemented by an implementation plan, again brokered by the EU and OSCE, and agreed on 8 September 2008. The plan reaffirmed the commitment of all parties to implementing the 12 August agreement, including the withdrawal of military forces to their pre-conflict positions. It also included agreements on the deployment of international observers and set a date for the opening of talks in Geneva on the future of the disputed territories.

81. Despite signing this agreement, Russia has not met all its commitments under the ceasefire agreements. Although it withdrew its forces from most of Georgia outside of the breakaway territories, it retained a checkpoint at Perevi, outside South Ossetia, until 11 December 2008.¹³⁶ Russia has also consolidated its military forces in the breakaway territories, rather than withdraw to its pre-conflict positions. Russian forces are now stationed in the Upper Kodori Valley in Abkhazia and the Akhagori region of South Ossetia. Neither area was under Russian control before hostilities began. The Georgian Government stated, “there are approximately 4,000 Russian troops” stationed in Abkhazia and South Ossetia.¹³⁷ It has been reported widely that Russia is planning to establish in a naval base in the Abkhazian port of Ochamchire and an airbase at Bombora.¹³⁸ On 30 April 2009, an agreement was signed between Russia and the *de facto* authorities in Abkhazia and South Ossetia. Under the agreement, the two regions delegated their border guard duties to Russia. NATO and the EU have said the pact is in contravention of the ceasefire agreement.¹³⁹ **Russia is failing to honour its ceasefire commitments under the agreements of 12 August and 8 September 2008. We recommend that the UK Government send a strong message to Russia that it needs to withdraw its military forces to its pre-conflict positions as previously agreed.**

82. Some commentators criticised the EU and NATO for a weak response to the conflict. Edward Lucas argued that the Georgian conflict exposed the EU and NATO “as divided, irresolute and ineffective”.¹⁴⁰ He argued that the EU:

came out with the weakest possible sanction it possibly could which was to suspend partnership and cooperation agreement talks, which was something Russia had already said it did not really care about.¹⁴¹

135 Council of the European Union, *Council Conclusions on the situation in Georgia*, 13 August 2008, para 2

136 “Dismantling by the Russian Armed Forces of the Perevi Checkpoint”, Statement by the Presidency of the Council of the European Union, www.diplomatie.gouv.fr

137 Ev 106

138 For example see “Russia plans three military bases in Abkhazia”, Eurasianet Insight, 2 May 2009, www.eurasianet.org and “Navy to build base in Abkhazia”, Russia Today, 26 January 2009, www.russiatoday.com

139 “Russia’s border pact with rebels”, BBC News online, 30 April 2009, www.news.bbc.co.uk

140 Q 20

141 Q 21

In contrast, Caroline Flint told us: “I believe that the international community did as much as it could at the time in response to the conflict”.¹⁴² In response to a question on why the EU and not NATO brokered the ceasefire agreement, Caroline Flint stated that a number of organisations had responded. Baroness Taylor added:

You could say that if NATO had been the body to take the lead at that time it could have been seen potentially as more likely to escalate the situation or make it more difficult [...] I am not saying that it would have been justified but it could have been interpreted in that way.¹⁴³

83. The international community has provided practical assistance in the region through the three monitoring missions in Georgia—provided by the UN, OSCE and EU. Each has operated under different mandates with unarmed personnel. During our visit to Georgia, we heard that the missions had helped in creating some stability and security for civilians. Yet we also heard that the missions had major limitations owing to their narrow mandates.

84. The UN Observer Mission in Georgia (UNOMIG) was established in 1993. It was originally created to monitor the implementation of a ceasefire agreement between Georgia and Abkhazia—known as the Moscow Agreement. Its mandate included observing the operation of the CIS peacekeeping force and helping to create the conditions under which displaced people could return to their homes. During our visit, we heard about the mission’s limitations: for example, monitors are able to enter Abkhazia, yet are not able to monitor troop movements properly as they are subject to curfew restrictions placed on them by Russia.

85. The OSCE monitoring mission was established in 1992, and its remit has widened significantly since it was established. Its original mandate was to promote conflict resolution between Georgia and South Ossetian separatists. Its role was extended to support UNOMIG’s work in relation to the Georgian/Abkhazian conflict and to promote human rights and the rule of law across Georgia. The work of the OSCE mission has been severely limited by its inability to gain access to Russian-controlled territory. At the outbreak of the conflict, its eight monitors in South Ossetia were evacuated and were not allowed to return.

86. The EU Monitoring Mission (EUMM) started on 1 October 2008. Its mandate is to monitor the implementation of the 12 August and 8 September ceasefire agreements of that year and, in particular, the withdrawal of Russian and Georgian forces to their pre-conflict positions. It is also tasked with contributing to the stabilisation and normalisation of the situation in the areas affected, with monitoring the deployment of Georgian police forces and with observing compliance with human rights and rule of law. We saw the work of the EUMM at first-hand: we participated in a security patrol of the South Ossetian administrative border-line and a human rights patrol which visited an IDP village. Despite having a mandate covering the entire Georgian territory, the EUMM has also not been able to enter Russian-controlled territory.

142 Q 266

143 Q 265

87. Negotiations on the future of these missions have been taking place in Geneva. On 19 May 2009, Caroline Flint told the House of Commons that the Government was “disappointed that the Russian and South Ossetian delegates pulled out of the afternoon sessions of the Geneva talks on Monday 18 May, and that Abkhazia did not participate at all”.¹⁴⁴ The UNOMIG mandate expired on 15 June 2009. The Security Council failed to extend the presence of the UN mission after Russia vetoed the draft resolution.¹⁴⁵ The OSCE mission’s mandate expired on 31 December 2008, although a limited extension was agreed until 30 June 2009 for the OSCE observers in Georgia near South Ossetia. The OSCE mandate has now expired, following a failure to reach an agreement between Russia and Georgia on an extension. Russia wanted the OSCE to agree to establish separate missions in Tbilisi and Tskhinvali under separate commands, a proposal that was unacceptable to Georgia as it would have recognised the independence of the territory. The Head of the OSCE mission in Georgia, Terhi Hakala, has said that the organisation would continue to operate in the rest of Georgia, excluding the disputed territory of South Ossetia.¹⁴⁶ The EUMM mission expires at the end of September 2009. Its mandate may be extended, yet its effectiveness is in doubt if it remains unable to enter Russian-controlled territory.

88. The continuing presence of international monitors provides tangible benefits on the ground and is politically important. In Georgia we heard that the Georgians living in the conflict areas valued the presence of international monitors as it helped to maintain law and order; they also believed that it prevented human rights abuses. Dr Roy Allison, of the London School of Economics, believed that the role of EU monitors was “particularly important because of the uncertain security situation around South Ossetia”. He considered that their presence deterred Russia from taking further military action.¹⁴⁷ Denis Corby also argued:

The presence of EU monitors is very different from the presence of OSCE or UNOMIG for this reason. For Russia to take action in Georgia this year would mean a confrontation with the EU, and the EU is a very different animal as far as they are concerned. It is their largest customer. They want good relations with the EU and they would not be prepared to face EU sanctions.¹⁴⁸

89. We regret that the UN and OSCE monitoring missions have been forced to close. Their closure increases the vital importance of the EU monitoring mission in Georgia and the need for its mandate to be strengthened as well as extended. The EU monitoring mission has a vital role in acting as a deterrent to further military action and promoting stability. The UK Government should increase its diplomatic efforts to secure an extension in time and strengthening of the EU monitoring mission in Georgia, including enabling the mission to have full access to the disputed territories.

144 HC Deb 19 May 2009, col 1332

145 “Russia vetoes extension of UN mission in Georgia”, The United Nations News Centre, 15 June 2009

146 “OSCE mission to leave Georgia on 30 June”, Rustavi News, 30 June 2009, www.rustavi2.com

147 Q 153

148 Q 190

The future status of South Ossetia and Abkhazia

90. Russia recognised the independence of South Ossetia and Abkhazia on 26 August 2008. During our visit to Russia, officials argued that their action in recognising the independence of these territories was comparable to Western recognition of Kosovo. We also were told that the West had walked into a trap in recognising Kosovo's independence. Andrew Wood told us that the Russians saw:

what we [the West] did in Kosovo as a legitimate reason for them to do similarly 'humanitarian' actions elsewhere [...] it gave them a plausible excuse."¹⁴⁹

Caroline Flint argued that Kosovo "is a different situation".¹⁵⁰ David Milliband gave a speech in which he explained why Kosovo was not a comparable situation:

NATO's actions in Kosovo followed dramatic and systematic abuse of human rights, culminating in ethnic cleansing on a scale not seen in Europe since the Second World War. NATO acted over Kosovo only after intensive negotiations in the Security Council and determined efforts at peace talks at Rambouillet. Special Envoys were sent to warn Milosevic in person of the consequences of his actions. None of this can be said for Russia's use of force in Georgia.

And our decision to recognise Kosovo's independence came only after Russia had made clear it would veto the deal proposed by the UN Secretary General's Special Envoy, former Finnish President Ahtisaari. Even then we agreed to a further four months of negotiations by an EU-US-Russia Troika in order to ensure that no stone was left unturned in the search for a mutually acceptable compromise.¹⁵¹

91. Russia is isolated in its recognition of the breakaway territories. As Baroness Taylor pointed out:

55 of the 56 countries of the OSCE condemned the action [Russia's action in Georgia] and that only Nicaragua has acknowledged South Ossetia and Abkhazia shows the weight of international opinion is against them.¹⁵²

The EU and NATO, including the UK, condemned Russia's unilateral stance. Russia's action in recognising the breakaway territories' independence is in violation of the sovereignty of Georgia, which Russia had previously accepted; In April 2008, Russia was a signatory of UN resolution 1808 which reaffirmed the commitment of all Member States to the sovereignty, independence and territorial integrity of Georgia within its internationally recognised borders.¹⁵³ State sovereignty is one of the most essential principles of international law, and is laid down under Article 2 (1) of the UN Charter.

92. Moreover, the viability of South Ossetia and Abkhazia as independent states is questionable. The level of democracy in both areas is dubious, as recent elections can be

149 Q 213

150 Q 274

151 Foreign and Commonwealth Office, *Foreign Secretary's speech in Ukraine*, 27 August 2008

152 Q 298

153 United Nations Security Council Resolution 1808, 15 April 2008

argued to be unfair as the thousands of ethnic Georgians who were forced to flee from the territory were unable to vote. The ability of the territories to function as independent economic entities is also uncertain: South Ossetia has a population of only 70,000, and Abkhazia's population is approximately 250,000.

93. Russia has breached internationally accepted principles of sovereignty and territorial integrity by unilaterally recognising the independence of South Ossetia and Abkhazia. The prospect of South Ossetia and Abkhazia returning under the sovereign control of Georgia in the near future appears slight while the Russian military presence remains in these territories. It is vital for international security that NATO, EU and the UK Government remain resolute in their commitment to Georgia's sovereignty and international law. The international community has a vital role in securing stability and peace in the region. UK Ministers should press for the EU, UN and OSCE to secure a lasting peace settlement in the disputed territories.

The implications of the conflict for regional stability

94. There is a real possibility of further conflict in Georgia. In April and May 2009 opposition parties who called for President Saakashvili's resignation held demonstrations. Tension in the region was heightened by NATO's training exercises which were held in Georgia between 6 May and 3 June 2009. These exercises were planned a year in advance, yet Russia argued that they were provocative.¹⁵⁴ On 5 May 2009, a Georgian tank battalion mutinied in an apparent attempt to disrupt the NATO exercises.¹⁵⁵ On 29 June 2009, Russian forces began a large-scale military exercise in the Caucasus near the Georgian border. The BBC has reported that the exercises are due to end on the day that the US President arrives in Moscow—6 July 2009. It has also been claimed by some that Russia is fuelling the Armenian separatists in Georgia and Azerbaijan. However, Denis Corboy told us that although Russia was supporting Armenia, as its strongest ally in the Caucasus, it did “not want to see greater hostilities” in the Nagorno-Karabakh conflict.¹⁵⁶

95. Russia's invasion of Georgia has fuelled the fears of other former Soviet States that Russia is willing to use its military might in their territories. During our visit to Estonia, officials and politicians voiced concerns about Russian resurgence. Professor Yury Fedorov in evidence to us stated that Kazakhstan, Azerbaijan and Ukraine were concerned “about the growing possibility of Russian use of force”.¹⁵⁷ James Sherr argued,

Russia's brutal demonstration of power in South Ossetia [...] marks the latest—and most alarming—sign of the Kremlin's determination to reclaim control over former Soviet States.¹⁵⁸

In chapter 4, we discuss the effect of Russia's actions in Georgia on NATO members, particularly the Baltic States.

154 “NATO kicks off Georgia exercises”, BBC News online, 6 May 2009

155 “Georgian troop rebellion over”, BBC News online, 5 May 2009

156 Q 194

157 Ev 81

158 “Georgia: Russia demands to be regarded as number one”, The Telegraph, 10 August 2008

4 Russia and NATO

96. For Russia, the end of the Cold War challenged NATO's *raison d'être*; the removal of the Soviet threat rendered NATO—in Russian eyes—an outmoded and unnecessary institution. This view colours Russian-NATO relations. Nevertheless, Russia has taken a pragmatic decision to engage with NATO on selective areas “in the interests of ensuring predictability and stability in the Euro-Atlantic Region”.¹⁵⁹

NATO-Russia Council

97. The NATO-Russia Council (NRC) is the key body for formal engagement between NATO and Russia. It was established in 2002, in the wake of the September 2001 terrorist attacks that reinforced the need for coordinated action to respond to common threats. The NRC's remit is underpinned by the 1997 Russia Founding Act. The Council functions through 27 committees and working groups responsible for different areas of policy. The FCO described the NRC as an “important tool” in building trust and overcoming the Cold War legacy. It stated that the NRC has conducted important work on “counter-terrorism, non-proliferation, missile defence, defence reform among other things”.¹⁶⁰

98. In August 2008, NATO suspended formal engagement with Russia on the NRC as a result of its disproportionate actions in Georgia. In December 2008, NATO Foreign Ministers agreed for a ‘measured and phased re-engagement’ with Russia, starting with an ‘informal’ session of the NRC on 26 January 2009. During our visit to Brussels, some Ambassadors argued that it was a mistake for NATO to have suspended formal engagement with Russia. On the other hand, Oksana Antonenko told us that sending a message to Russia that there was no ‘business as usual’ was at the time “the right thing to do”.¹⁶¹ NATO's decision to resume formal engagement was welcomed by many of our witnesses. Dr Roy Allison stated:

In my belief, there is no practical alternative for NATO to having a mechanism of dialogue with Russia. The only one available is the NATO-Russia Council.¹⁶²

Dr Alex Pravda told us:

Despite perhaps a feeling among some new East European members of NATO that one should have held out longer in order to have some degree of influence over Russian thinking, I think that restoration was a wise move because withholding that is likely to increase the very high levels of suspicion that tend to prevail between Russia and NATO, and not likely to help in any sense to rebuild degrees of trust.¹⁶³

99. It was hoped that a NRC meeting between Foreign Ministers would take place in May 2009. These hopes were disappointed following a spying scandal and NATO's military

¹⁵⁹ The Russian Federation, *The Foreign Policy Concept of the Russian Federation*, 12 July 2008, www.kremlin.ru

¹⁶⁰ Ev 126

¹⁶¹ Q 167

¹⁶² Q 120

¹⁶³ Q 121

exercises in Georgia. The meeting did not go ahead as the Russian Foreign Minister, Sergei Lavrov, decided not to attend.¹⁶⁴ At the end of June 2009, NATO and Russia agreed to resume formal dialogue. **We welcome the resumption of formal engagement between NATO and Russia on the NATO-Russia Council. Engagement provides a platform for progress in building trust and cooperation. This should not, however, be at the cost of abandoning a commitment to the territorial integrity of Georgia. NATO should continue to make clear to Russia that its actions in Georgia were disproportionate and that it should honour its ceasefire commitments in Georgia.**

100. Many witnesses questioned the effectiveness of the NRC, despite supporting the principle of engagement with Russia through this forum. Oksana Antonenko believed that NATO's "institutionalisation of the relationship" through meetings, working groups and committees had not achieved results.¹⁶⁵ She also argued that Russia approached the relationship in the wrong way as it saw the NRC as a "back-door membership to NATO".¹⁶⁶ Dr Roy Allison told us that Russia has become increasingly disparaging about the NRC as it views "much of its [NRC's] work has been fairly low grade or public diplomacy relations without leading to any practical results".¹⁶⁷ He also queried whether the NRC provided a "suitable structure" for the type of strategic discussion that was taking place between Russia and the US.¹⁶⁸ Baroness Taylor also voiced criticism of the NRC.

Although I have not discussed this with Foreign Office officials, in the past the bigger issues have been out of bounds or too difficult or too big for the NATO-Russia Council. It never did discuss Georgia or conflict areas of that kind. I do not think it has discussed NATO enlargement. Therefore, on some issues, it could have been a forum for discussion but it has not been on the agenda or it has been considered too difficult.¹⁶⁹

101. **For the NATO-Russia Council to be effective in building trust between NATO and Russia there needs to be an honest dialogue on areas of disagreement as well as agreement. The UK Government should encourage the NRC to be used as a forum to discuss difficult and strategic issues—such as NATO enlargement, Georgia, and human rights—as well as issues where cooperation is more likely.**

NATO and Russian cooperation

102. Despite areas of strong disagreement between NATO and Russia, there have been some practical areas of cooperation in recent years. According to the NRC, cooperation has taken place on areas such as counter-terrorism, counter-narcotics, military cooperation, non-proliferation, crisis management and Afghanistan.¹⁷⁰ In 2004, for example, the NRC adopted an action plan on tackling terrorism, and Russia has contributed to Operation

164 "Russia's Lavrov drops NATO talks over expulsions", Reuters, 5 May 2009

165 Ev 148, see also Q 167

166 Q 167

167 Q 120

168 Q 120

169 Q 316

170 NATO-Russia Council website, www.nato-russia-council

Active Endeavour which provides a military presence in the Straits of Gibraltar. During our visit to Brussels, we heard about the important work underway at the Domodedovo International Training Centre, near Moscow, to train Afghan law enforcement officers in tackling the drugs trade.

103. Many witnesses believed that they were further opportunities for NATO and Russia to cooperate. Oksana Antonenko argued for increased military cooperation: “while this would help generate stronger capability and interoperability to address shared challenges, its main purpose would be confidence building”.¹⁷¹ Military cooperation could include a wide range of operations: anti-piracy policing, joint operations in the Arctic and even joint peacekeeping. He explained:

Although it might seem far-fetched, joint units could be established between Russia and some NATO member states, modelled perhaps on the Polish-Ukrainian Peace Force Battalion or the Franco-German Brigade, to develop interoperability and trust. This could be achieved in the context of Russian defence reform.¹⁷²

Dr Roy Allison stressed the difficulties in achieving interoperability between Russian and NATO forces. He argued, “this is not just a military technical matter. It is very much a political and diplomatic matter”. He told us:

This kind of issue [joint operations] may be possible to return to in the future but when Russia characterises its military operations in Georgia as a form of peacekeeping, a highly coercive form of peacekeeping, you see the difference between the Western and the Russian interpretation of those concepts.¹⁷³

Baroness Taylor told us that Russia was keen to cooperate on tackling piracy and that it had contributed in Chad: Russia provided four helicopters to support EU forces.¹⁷⁴ Yet Gloria Craig, Director of International Security Policy at the MoD, added, “I think the Russian appetite for engaging in peacekeeping in the way we understand is fairly limited”.¹⁷⁵

104. One particular area of further potential cooperation is on the Arctic. During our visit to Brussels, we heard that Russia was focusing its attention on utilising the Arctic waters for military and commercial purposes, as the sea routes are opened up as a result of climate change. There have been increased tensions between Russia and NATO Member States over disputed legal claims to the territory; Dr Irina Isakova, a freelance analyst on Russia, stated that last year NATO Member States and Russia had intensified their military training and exercises in the Arctic.¹⁷⁶ Oksana Antonenko told us that the Arctic was:

171 Ev 149

172 Ev 149

173 Q 122

174 Q 304

175 Q 304

176 Ev 166

one area where NATO and Russia in the long run have a common interest in avoiding conflict, because if a conflict started it would have a huge impact on the security of Russia and the main NATO countries.¹⁷⁷

On the other hand, Dr Irina Isakova concluded that despite the strategic importance of the Arctic “it is rather unlikely that the NRC would carry the main burden of cooperation in the area. It is mainly going to be shared by other international organisations”.¹⁷⁸ **Arctic security is an issue of growing strategic importance as sea routes are opened up as a result of climate change. NATO has a critical role to play in securing Russian cooperation or at least minimising tensions over the territory.**

105. The NRC has pursued cooperation on a number of fronts; and witnesses have suggested many areas where further cooperation would be beneficial. Yet it is not clear what NATO’s priorities are for further cooperation with Russia: countering terrorism; conducting joint operations; countering narcotics; reaching an agreement on the Arctic; tackling climate change; providing air transport security; delivering civil-military emergency planning; or reducing nuclear weapons? In response to a question on priorities, Baroness Taylor outlined broad examples of past UK cooperation with Russia.¹⁷⁹ Group Captain Malcolm Crayford did add that there were “important areas that we need to discuss with Russia: Afghanistan, counter-proliferation, counter-narcotics and counter-terrorism”.¹⁸⁰ Yet it was still not clear which areas were priorities for the UK.

106. **There are many opportunities for NATO to pursue cooperation with Russia for mutual benefit. The full potential of the NATO-Russia Council will not be realised until it takes strategic decisions on the priority areas for cooperation. In relation to these areas of potential cooperation, the NATO-Russia Council should focus its efforts on key strategic areas where there is a consensus within NATO and realistic prospects for success: these areas could include arms control, the Arctic and Afghanistan. We recommend that the UK Government identify and communicate within NATO what its priority areas are for cooperation with Russia.**

Afghanistan

107. NATO and Russia are both interested in Afghanistan. Some witnesses were hopeful that increased cooperation could be achieved based on shared objectives. Martin McCauley argued that the Russians “fear Islamic forces, fundamentalism, penetrating Central Asia”.¹⁸¹ During our visit to Russia, officials stressed that Russia wanted stability and peace in Afghanistan. We were told that Russia wanted NATO to succeed to prevent the spread of Islamic fundamentalism, to curtail the growing drugs trade from Afghanistan to Russia and to help the people of Afghanistan.

177 Q 166

178 Ev 166

179 Q 303

180 Q 303

181 Q 147

108. Other witnesses were sceptical that Russia wanted NATO to be successful. Edward Lucas told us that maybe Russia's "interests are in seeing NATO in trouble" in Afghanistan.¹⁸² James Sherr said, "I think a situation where there is no victory and no defeat is one which suits them very well".¹⁸³ Dr Roy Allison thought that there was "quite a strong tendency among Russian military officers to look at this [NATO's campaign in Afghanistan] in terms of *schadenfreude*, particularly given their woeful performance in the first Chechnya campaign and arguably in the second".¹⁸⁴ A further reason offered for the suggestion that Russia might not want NATO to be successful is that Afghanistan is seen as a test of NATO's new expeditionary role. Roy Allison argued that if NATO were successful there is a sense that this "would then encourage a direction of development of NATO which Russia sees as very much against its interests".¹⁸⁵

109. An example of Russian unwillingness to cooperate fully with NATO on Afghanistan is Russia's alleged influence over Kyrgyzstan's decision in February 2009 to close the US airbase at Manas.¹⁸⁶ This airbase hosts approximately 1,000 military personnel from the US, Spain and France, and provides vital support to air operations in Afghanistan. Kyrgyzstan's decision to close the base followed the offer of a £1.4 billion loan from Russia and alleged pressure from the Kremlin.¹⁸⁷ Subsequently, the US Government has been successful in persuading Kyrgyzstan—with the help of financial concessions—to allow the base to stay open for at least one more year, though its long-term future remains uncertain.¹⁸⁸ Baroness Taylor stated that "it would be in everyone's advantage if that [the Manas base] remained open".¹⁸⁹

110. NATO has an interest in securing safe passage of its goods through Russian territory to ISAF forces in Afghanistan. In April 2008, at the Bucharest Summit, an agreement was reached between NATO and Russia to allow the transit of non-military goods through Russian territory.¹⁹⁰ In March 2009, the US started to transport its non-military goods under this agreement.¹⁹¹ A number of NATO members have reached bilateral agreements with Russia to enable the transit of military goods—France, Germany and Spain.¹⁹²

111. Oksana Antonenko argued that it was important to "avoid bilateralism in an area of concern to the Alliance as a whole".¹⁹³ She acknowledged that some countries, such as the US and Germany, felt that it would be easier to reach bilateral agreements, but argued that

182 Q 27

183 Q 87

184 Q 148

185 Q 148

186 "Kyrgyzstan moves to shut US base", BBC News online, 11 February 2009

187 "Afghanistan Supply Base may Defect to Russia", The Washington Independent, 2 March 2009

188 "US defies Russian attempt to kick it out of base vital to war on terrorism", The Daily Telegraph, 24 June 2009

189 Q 314

190 NATO Summit Bucharest, press release, 4 April 2008, www.summitbucharest.ro/en/1.html

191 Russian Deputy Minister of Foreign Affairs, Alexei Borodavkin, Interview with the Interfax News Agency about Assistance from Russia for the Reconstruction of Afghanistan, 25 March 2009

192 Russian Deputy Minister of Foreign Affairs, Alexei Borodavkin, Interview with the Interfax News Agency about Assistance from Russia for the Reconstruction of Afghanistan, 25 March 2009

193 Ev 149

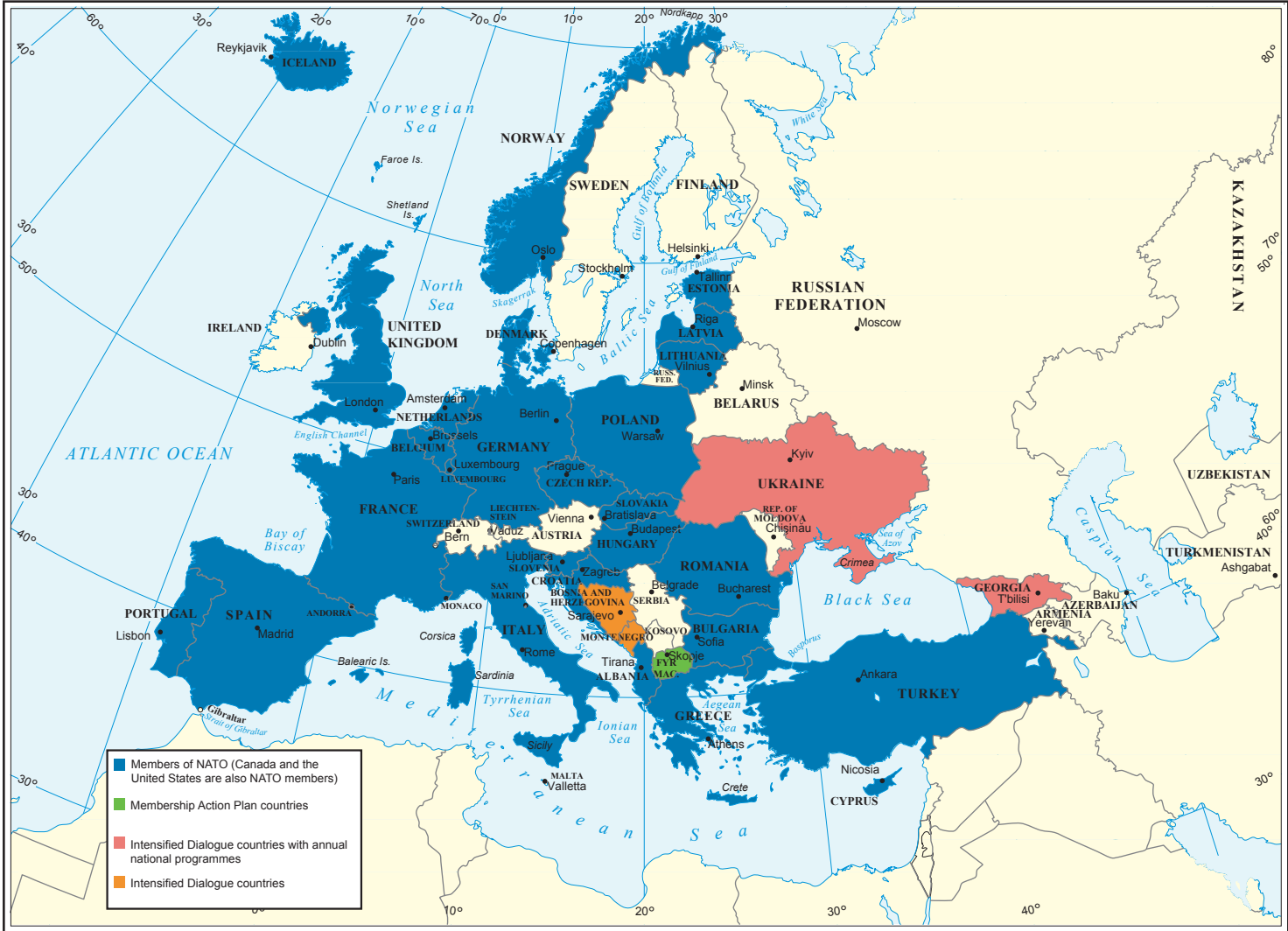
in the longer term it would be useful “to start discussing a more comprehensive agreement on all supply routes because we need a number of them, not only for non-military but also military supplies”.¹⁹⁴ Baroness Taylor told us that this issue was less relevant to the UK as “we use a southern route”.¹⁹⁵ **The Government should work within NATO to secure an agreement with Russia on the transit of NATO military goods through Russian territory to ISAF forces in Afghanistan. We acknowledge that the UK currently relies on a southern transit route to supply its Armed Forces, yet it has a vital interest in ensuring the effectiveness of the entire coalition mission in Afghanistan. The Alliance’s effectiveness would be enhanced by accessing an alternative supply route for its military goods other than through Pakistan.**

194 Q 178

195 Q 309

NATO enlargement

Figure 2: NATO members and partners



Source: Produced by TSO

Users should note that this map has been designed for briefing purposes only and it should not be used for determining the precise location of places or features. This map should not be considered an authority on the delimitation of international boundaries nor on spelling of place and feature names.

The principles of membership

112. NATO enlargement is one of the long-standing and fundamental areas of tension in the NATO-Russian relationship. During our visit to Russia, we were told that NATO enlargement was a 'natural' issue of concern given that NATO is a military alliance. Russia's official position on NATO is outlined in its latest foreign policy concept:

Russia maintains its negative attitude towards the expansion of NATO, notably to the plans of admitting Ukraine and Georgia to the membership in the alliance, as well as to bringing the NATO military infrastructure closer to the Russian borders on the whole, which violates the principle of equal security, leads to new dividing lines in Europe and runs counter to the tasks of increasing the effectiveness of joint work in search for responses to real challenges of our time.¹⁹⁶

113. In contrast to Russia's perception of NATO's enlargement, NATO's rationale for extending membership is that it can be a tool for greater stability and democracy within Europe. Russia has described NATO enlargement as a process of NATO increasing its sphere of influence at the expense of Russia, yet one of the essential criteria for NATO membership is that aspiring countries must apply to join: as Baroness Taylor pointed out "it does not actively recruit members".¹⁹⁷ The essential difference between NATO and Russia's approach to Eastern Europe is that NATO recognises that these countries should exercise a free choice over their future destiny.

114. NATO's long-standing policy on membership is that European countries who want to join need to meet the common criteria laid down by the Alliance and be admitted by a consensus of existing members. A 1995 NATO study considered the merits of admitting new members. It concluded that enlargement would contribute to the enhanced stability and security of all countries in the Euro-Atlantic area by encouraging and supporting democratic reforms and promoting good-neighbourly relations. Aspiring members are expected to meet the following expectations, although meeting these does not give any automatic right to join:

Aspirants would be offered the opportunity to discuss and substantiate their willingness and ability to assume the obligations and commitments under the Washington Treaty and the relevant provisions of the Study on NATO Enlargement. Future members must conform to basic principles embodied in the Washington Treaty such as democracy, individual liberty and other relevant provisions set out in its Preamble. Aspirants would also be expected:

- a) to settle their international disputes by peaceful means;
- b) to demonstrate commitment to the rule of law and human rights;

¹⁹⁶ The Russian Federation, *The Foreign Policy Concept of the Russian Federation*, 12 July 2008, www.kremlin.ru

¹⁹⁷ Q 250

- c) to settle ethnic disputes or external territorial disputes including irredentist claims or internal jurisdictional disputes by peaceful means in accordance with OSCE principles and to pursue good neighbourly relations;
- d) to establish appropriate democratic and civilian control of their Armed Forces;
- e) to refrain from the threat or use of force in any manner inconsistent with the purposes of the UN;
- f) to contribute to the development of peaceful and friendly international relations by strengthening their free institutions and by promoting stability and well-being;
- g) to continue fully to support and be engaged in the Euro-Atlantic Partnership Council and the Partnership for Peace;
- h) to show a commitment to promoting stability and well-being by economic liberty, social justice and environmental responsibility.¹⁹⁸

The Bucharest Summit

115. In April 2008, NATO held a summit meeting at Bucharest where, among other things, the future membership of Georgia and Ukraine was discussed. In January 2008, the Governments of Georgia and Ukraine had requested that the Alliance grant them Membership Action Plans (MAPs) to set them on the road to eventual membership. The main features of MAP are:

- the submission by aspiring members of individual annual national programmes on their preparations for possible future membership, covering political, economic, defence, resource, security and legal aspects;
- a focused and candid feedback mechanism on aspirant countries' progress on their programmes that includes both political and technical advice, as well as annual 19+1 meetings at Council level to assess progress;
- a clearing-house to help coordinate assistance by NATO and by member states to aspirant countries in the defence/military field;
- a defence planning approach for aspirants which includes elaboration and review of agreed planning targets.¹⁹⁹

116. In the end, NATO decided not to grant Georgia and the Ukraine MAP status. Instead, it created a new category of prospective membership status—it granted them Annual National Programmes to help them prepare for eventual membership. Commissions were established to help support this process. The final Summit declaration stated:

NATO welcomes Ukraine's and Georgia's Euro-Atlantic aspirations for membership in NATO. We agreed today that these countries will become members of NATO. Both nations have made valuable contributions to Alliance operations. We welcome

198 NATO, *Membership Action Plan*, press release, 24 April 1999

199 NATO, *NATO Handbook*, 8 October 2002, www.nato.int

the democratic reforms in Ukraine and Georgia and look forward to free and fair parliamentary elections in Georgia in May. MAP is the next step for Ukraine and Georgia on their direct way to membership. Today we make clear that we support these countries' applications for MAP. Therefore we will now begin a period of intensive engagement with both at a high political level to address the questions still outstanding pertaining to their MAP applications. We have asked Foreign Ministers to make a first assessment of progress at their December 2008 meeting. Foreign Ministers have the authority to decide on the MAP applications of Ukraine and Georgia.²⁰⁰

117. The merits and consequences of NATO's decision at Bucharest are fiercely debated. At Bucharest, the US advocated extending membership while others such as France and Germany opposed it. In particular, France and Germany argued that Georgia was not ready to join because of its unresolved territorial disputes, which risked prompting a direct confrontation with Russia. Baroness Taylor told us, "We did not offer a membership action plan because we were not ready for that".²⁰¹

118. Russia made it clear that there would have been consequences if NATO had granted Georgia and Ukraine MAP status. In February 2009, President Putin threatened to target Russian missiles against Ukraine if the country ever hosted NATO military installations.²⁰² Russia felt that NATO did not go far enough in rejecting Georgia and the Ukraine's application for MAP status, as NATO had still left the door open for their membership. Russia's Ambassador to NATO, Dmitry Rogozin, called the Alliance's promise of eventual membership an "obvious affront to any vision of partnership or democracy".²⁰³ Some commentators believe that Russia's actions in Georgia were a result of NATO's decision at Bucharest, which left the door open to Georgian membership.²⁰⁴ Others believe that NATO's failure to grant Georgia MAP status emboldened Russia to take the action that it did in Georgia. Andrew Wood commented,

If I were a Georgian I might well feel, because I would feel I had been attacked, that I might not have been attacked if I at least had had MAP status".²⁰⁵

However, he concluded that in reality MAP status would probably have not made a difference to the course of events in Georgia.

200 Bucharest Summit Declaration, Issued by the Heads of State and Government participating in the meeting of the North Atlantic Council in Bucharest, 3 April 2008, para 23

201 Q 343

202 "Join NATO and we will target missiles at Kiev", The Guardian, 12 February 2009

203 Julianne Smith, *The NATO-Russia Relationship: Defining Moment or Déjà vu?*, Centre for Strategic Studies, November 2008

204 Dr Jonathan Eyal, *Who Lost Russia? An Enquiry into the failure of the Russian-Western Partnership*, RUSI, Whitehall Paper 71, April 2009, p 73

205 Q 211

Further enlargement

119. Advocates of Georgian and Ukrainian membership to NATO argue that it would enhance the security of existing NATO members and regional stability. The Polish Embassy stated,

the best tool for stabilising the Euro-Atlantic area are NATO's and EU's enlargement policies. Maintaining membership prospects and active NATO and EU assistance with the adjustment policies will be the best remedy for the post-Soviet region and may constitute a part of a constructive answer to Moscow's politics in the area.²⁰⁶

It is clear that one of the main reasons why the aspiring countries want to join NATO is that they believe that their security will be significantly enhanced. They believe that NATO's Article 5 mutual defence clause would either deter potential attackers or ensure that other NATO Member States would come to their aid. A further argument put forward in favour of granting NATO membership is that it helps promote democracy in aspiring states. The FCO stated, "the strict criteria, which aspirant members must meet, help to entrench democratic and defence reform within these countries".²⁰⁷

120. Others argue that Russia should not be granted a veto over NATO membership. There are consequences of not enlarging, just as there are risks attached to extending membership. James Sherr argued "the surest way to create major conflict in the region would be for us to close the door and accept Russia's claims to it".²⁰⁸ He stated that Georgia and Ukraine were not yet ready to join NATO under its membership criteria, but that this was distinct from ruling out further enlargement.²⁰⁹

121. On the other hand, others argue that extending membership would unduly antagonise Russia and damage Alliance unity. A recent report from a bi-partisan commission in Washington recommended that NATO abandon plans for extending membership to Georgia and Ukraine. It argued that their membership would weaken the security of existing members and could "seriously damage" relations between NATO and Russia.²¹⁰ Professor Margot Light suggested that extending NATO membership to Georgia and Ukraine could split NATO:

I think what would really pull the Alliance apart would be the possibility of Russia attacking a NATO member and Article 5 being invoked. I think that really would split NATO completely.²¹¹

122. Russia should not have a veto over NATO membership. The costs of NATO closing the door on further enlargement are as great as the costs of premature enlargement. Membership of NATO should be based on the performance of aspiring

206 Ev 99

207 Ev 127

208 Q 43

209 Q 48

210 The Nixon Centre and the Belfer Centre for Science and International Affairs, *The Right Direction for US Policy toward Russia*, A report from the Commission on US Policy toward Russia, p 9

211 Q 46

countries in meeting the criteria for membership. We reiterate the conclusion that we set out in our Report, *The future of NATO and European defence*:²¹²

NATO should continue to be open to the acceptance of new members in the Euro-Atlantic area. The promise of NATO membership provides the Alliance with a means of encouraging countries on its borders to embrace internal democratic reform and the reform of their Armed Forces; it is a powerful tool of defence diplomacy. However, it is important that as new members join the Alliance they bring with them additional capabilities or, at the least, a commitment that would add to NATO's capabilities in future. New members cannot only be consumers of security; they must also contribute to the common defence.

123. Acceptance of new NATO members should continue to be performance-based; if a country meets the criteria for membership, and can demonstrate that it is able to contribute to the security of existing NATO members it should be permitted to join. We believe it is essential that NATO's open door policy is maintained on this basis. Ending it is not in the interests of NATO or of European stability as a whole. Signalling that the Alliance has reached its outer limits, or ruling out further expansion, would consign those countries left outside NATO to an uncertain future, potentially creating instability on the Alliance's Eastern fringes. Perpetuating this instability is not in the interests of any member of the NATO Alliance.

Georgian membership of NATO

124. NATO and the Georgian Government have agreed a programme of work to prepare the country for membership. Georgia's Annual National Programme priorities include transforming its public and private sector to promote democracy and the rule of law, as well as reforming the security sector, in particular revising Georgia's national security plans following the August 2008 conflict.²¹³ It is clear that further work is needed before Georgia is ready to join the Alliance.

125. One of the particular areas where further work is needed is in the development of democracy in Georgia. In our previous Report we also concluded that before Georgia joined NATO:

it must demonstrate clearly and unambiguously the strength of its commitment to democracy and further democratic and political reform.²¹⁴

Since the Bucharest Summit, there have been some regressive signs in the development of democracy in Georgia. During our visit to the country, we heard that there were some significant limits on the independence of the media. Human Rights Watch stated that some journalists had alleged Government pressure and attacks, including during the May

²¹² Defence Committee, Ninth Report of Session 2007-08, *The future of NATO and European Defence*, HC 111, paras 199-200

²¹³ www.nato.int/issues/nato-georgia/index.html

²¹⁴ Defence Committee, Ninth Report of Session 2007-08, *The future of NATO and European Defence*, HC 111, para 189

2008 elections.²¹⁵ Following the opposition demonstrations in Georgia, in April 2009, Human Rights Watch raised concerns about attacks on demonstrators.²¹⁶

126. Once Georgia is able to demonstrate that it has met the performance criteria for joining NATO, there are good arguments in favour of it joining. The process of NATO enlargement has helped to spread democracy and stability across Europe. Granting Georgia membership of NATO could help secure lasting democracy and stability in the country. Yet the events of August 2008 demonstrated the high stakes involved in a decision on whether to grant Georgia membership or not. The security of Georgia may be enhanced by joining NATO, but the security of existing members is unlikely to be enhanced by granting membership to a country that has outstanding territorial disputes. Baroness Taylor commented that, “territorial issues would have to be settled before we could move forward” on Georgian NATO membership.²¹⁷

127. Georgia’s unresolved territorial disputes considerably complicate NATO’s decision-making on whether to grant Georgia membership or not. On the one hand, Georgia’s membership may strengthen democracy and stability within the country and possibly beyond. On the other hand, its unresolved territorial disputes could risk NATO becoming embroiled in a direct conflict with Russia. While Georgia is working towards meeting the performance criteria for membership this issue can be avoided. But it can not be avoided indefinitely. At some point in the future, NATO will need to make a difficult decision on whether to grant Georgia membership in light of the harsh reality of the situation on the ground. It is vital that NATO does not allow Russia to dictate this decision; yet it is also vital that NATO considers the possible consequences arising from allowing a country to join while it has unresolved territorial disputes which it is in Russia’s interests to perpetuate in the short term.

128. If NATO does grant Georgia membership it should do so to the whole of Georgia’s sovereign territory, including Abkhazia and South Ossetia. To do otherwise would be to recognise Russia’s actions in those parts of Georgia as having some legitimacy. This is a very serious issue to which we do not have an answer. Yet the international community must work to address it to produce an answer and, in doing so, reduce the tension between Georgia, Russia and NATO. This will be achievable only with a recognition by Russia that its long-term interests lie in stable and harmonious relations in the South Caucasus region, rather than a relationship of threats and domination.

Ukrainian membership of NATO

129. In our previous Report, we concluded that it was unlikely that Ukraine would be granted MAP status. The reason for our scepticism was that the Ukrainian population “is, at best, seriously divided on joining NATO and, at worst, opposed”.²¹⁸ Since then this position appears unchanged. Dr Roy Allison told us that Ukrainian public support for

215 Human Rights Watch, Concerns and Recommendations on Georgia, 22 April 2009

216 Human Rights Watch, *Justice is not negotiable*, 11 May 2009

217 Q 342

218 Defence Committee, Ninth Report of Session 2007-08, *The future of NATO and European Defence*, HC 111, para 195

joining NATO “has remained consistently low”.²¹⁹ It is possible that the Ukrainian public’s support for NATO may increase over time. During our visit to Brussels, it was suggested that the younger Ukrainian population were much more supportive of NATO. **For Ukraine to have a realistic chance of joining NATO, it not only needs to meet the performance criteria for membership, but it needs also to demonstrate that its public are supportive of its membership.**

NATO’s role in defending its members

130. There is a lively debate taking place within NATO about its role in the 21st century. Tension between members who want NATO to focus on its original mission and those who favour NATO having a global expeditionary role. The original role and purpose of the Alliance is enshrined in its founding document, the North Atlantic Treaty, which committed its signatories to:

safeguard the freedom, common heritage and civilisation of their peoples, founded on the principles of democracy, individual liberty and the rule of law.²²⁰

A key provision of the treaty is its mutual defence clause, set out in Article 5:

The Parties agree that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all and consequently they agree that, if such an armed attack occurs, each of them, in exercise of the right of individual or collective self-defence recognised by Article 51 of the Charter of the United Nations, will assist the Party or Parties so attacked by taking forthwith, individually and in concert with the other Parties, such action as it deems necessary, including the use of armed force, to restore and maintain the security of the North Atlantic area.²²¹

131. Since the end of the Cold War, the role and activity of the Alliance has changed considerably. The most apparent example of NATO’s global role is its command of the coalition mission in Afghanistan. In our Report, *The Future of NATO and European Defence*, we stated that, given the global nature of the threats NATO faces, there was no alternative to the Alliance fulfilling a global as well as regional role.²²² At the NATO Summit in April 2009, held at Strasbourg-Kehl, NATO began the process of developing a new Strategic Concept that will define NATO’s role in the 21st century.

132. During our visit to Estonia, we met officials and politicians who voiced their concerns about Russia’s action in Georgia and the implications for their country. Fears were expressed that NATO’s commitment to Article 5 was being watered down by a focus on operations outside Europe. Edward Lucas suggested that it was understandable that Estonia would feel vulnerable given that it has configured its forces in light of NATO’s requirements overseas, rather than to defend its own territory.²²³ NATO’s other north

219 Q 135

220 North Atlantic Treaty, 4 April 1949, www.nato.int

221 North Atlantic Treaty, 4 April 1949, www.nato.int

222 Defence Committee, Ninth Report of Session 2007-08, *The future of NATO and European Defence*, HC 111, para 41

223 Q 2

Eastern European members—Latvia, Lithuania and Poland—have also stressed the paramount importance of Article 5. The UK Government has acknowledged their concerns. Baroness Taylor said that the changing expeditionary role of NATO “has caused some countries to be concerned about Article 5 protection. Therefore, I think it is right that we look to reassure them”.²²⁴

133. NATO needs to ensure that a continued commitment to mutual protection—Article 5—is at the heart of the new NATO Strategic Concept. NATO’s global role is vital, given the shared challenges its Member States face. Yet this should not come at the expense of the Alliance’s commitment towards mutual defence.

134. Central and Eastern European NATO members are understandably concerned about their security. Countries such as Estonia have proved to be valuable allies, particularly in the ISAF mission in Afghanistan, and it is right that we reassure them about their security. NATO should take steps to reassure Central and Eastern European NATO members that their security is of vital importance to the Alliance.

135. There are different options for how best to reassure Central and Eastern European NATO members. Options include developing more extensive contingency plans for the possibility of attack, increasing the NATO military presence in Baltic States and setting up an Allied Solidarity Force.

136. NATO has contingency plans for the possibility of military attack on its members. The FCO stated that following the Georgia crisis “some Allies, particularly those bordering Russia, asked that these plans be reviewed”.²²⁵ The FCO stated that NATO current contingency plans address:

measures and arrangements for reinforcement, including Alliance political objectives and desired end-state; the missions and tasks to be performed; planning assumptions; SACEUR’s intent; the conduct and phasing of operations; force requirements’ C2 arrangements and supporting measures. They are reviewed as required. In addition, the NATO Response Force has seven generic contingency plans, one for each of its illustrative missions, which could be conducted in support of an Article 5 operation. The NATO Integrated Air Defence System is also linked to Article 5 and has a supporting contingency plan.²²⁶

137. However, when Estonia, Latvia and Lithuania joined the Alliance in 2004, NATO did not develop new contingency plans to cover the territory of its new members.²²⁷ In October 2008, it was reported that General James Craddock, NATO’s Supreme Commander, asked for political authority to draw up contingency plans for the Baltic States.²²⁸ Oksana Antonenko argued that in light of the August war, NATO should have contingency plans as the Baltic States, “have a very legitimate right to be reassured; otherwise the credibility of

224 Q 323

225 Ev 132

226 Ev 132

227 “NATO commander seeks defense plans for Baltic states”, Radio Free Europe, 7 October 2008, www.rferl.org

228 “NATO to draw up plans to defend ex-Soviet bloc members from Russia”, The Telegraph, 7 October 2008

the NATO alliance will very much be put in doubt”.²²⁹ **NATO should update its contingency plans for responding to an armed attack on its members, including ensuring that these plans cover the eventuality of attack on Baltic Member States, and setting out NATO’s planned military response.**

138. During our visit to Estonia, we learnt about the importance that Estonia attaches to having a NATO military presence within the Baltic area. Estonian officials told us that having a highly visible NATO presence provided important symbolic value as well as acting as a deterrent. The importance of air-policing in the region was particularly stressed. NATO currently polices the airspace of its Baltic Member States. It has agreed to do so until 2018 and it is reported that it may do so well beyond 2020 because the Baltic States are unlikely to be ready to operate appropriate aircraft of their own.²³⁰ The operation is conducted by different NATO members on a four-month rotational basis: four NATO fighters are deployed to fulfil this role.²³¹ In Estonia, we were also told that NATO exercises and high-level meetings in the region also helped reassure them, as well as demonstrating the value of NATO to their public.

139. The then Secretary of State for Defence, the Rt Hon. John Hutton MP, proposed the creation of a NATO Allied Solidarity Force (ASF) at a meeting of Defence Ministers in Poland on 19 February 2009. Baroness Taylor told us that the proposed size of the force was 1,500—although earlier press reports stated 3,000.²³² She explained that the proposal was to reassure “those countries that are concerned about being on the border and feel that Article 4 or 5 is important to them”.²³³ It was suggested that the force would comprise personnel from all NATO members. Group Captain Malcolm Crayford told us that the Allied Solidarity Force proposal was based on “the old ACE Mobile Force (Land) construct that we had in the 1970s and 1980s”.²³⁴ That was a potential NATO deployment on the flanks of NATO to reassure NATO Allies.”²³⁵ During the evidence session we queried the rationale for establishing an ASF, given the existing role of the NATO Response Force. Since then, the ASF proposal has been discussed by NATO Defence Ministers at meetings on 11-12 June 2009. We have been informed by the MoD that, instead of establishing an ASF, NATO decided to give the NATO Response Force clear responsibilities in relation to Article 4 and 5. These responsibilities would be made visible through planning, training and exercises, and would mirror the intentions behind the UK ASF proposal. **We believe that NATO’s decision to enhance the remit of the NATO Response Force, rather than creating new structures, is sensible. It is vital that the NATO Response Force is able to reassure Central and Eastern European Member States. NATO should maintain a visible military presence in the Baltic States, including through the use of air-policing and conducting exercises in the region.**

229 Q 162

230 “Longer NATO Air Role Likely for Baltics”, Defense News, 1 June 2009, p 16

231 “Allied Air Component Command Headquarters Ramstein-News Release”, NATO, 1 May 2009

232 Q 322

233 Q 322

234 Afternote provided by the MoD: This construct was intended to demonstrate NATO’s political will during an Article 4/5 crisis. It was rapidly deployable to NATO’s ‘flank countries’, and had the aim of putting large numbers of NATO flags on the ground to show resolve and to underpin the Article 5 commitment.

235 Q 340

NATO cybersecurity and Russia

The threat

140. Our interest in cybersecurity in relation to Russia was prompted by media reports that the Russian state sponsored or colluded with cyberattacks on foreign governments, such as Estonia and Georgia. Cybersecurity is however a much wider issue given our increasing dependency on information technology to conduct personal, commercial and state business. Military cybersecurity is one aspect of this wider picture. The use of cyberattacks is increasingly being seen by governments as a legitimate and essential tool of modern warfare alongside conventional means.

141. In Estonia, we learnt about the cyberattacks it suffered in April 2007. Several of Estonia's banks, schools, media networks and government departments were disabled by a sustained attack on their computer networks. The attack was conducted through bombarding Estonia's key websites with requests for information, which overwhelmed the systems. All of the country's banking is conducted online and their parliament is elected through electronic voting.²³⁶ During our visit, it was explained that Estonia was particularly vulnerable to attacks as the country has a high level of internet usage and it has a comparatively narrow bandwidth relative to its internet use. The attacks coincided with a diplomatic row between Russia and Estonia over the Estonian Government's decision to remove a Soviet war memorial from central Tallinn to a military cemetery nearby. The Estonian Government saw the memorial as a symbol of Soviet occupation, while many ethnic Russians living in Estonia saw it as representative of the struggle against Hitler and fascism. The decision to remove the statue sparked riots by Russian youths in central Tallinn, which left one ethnic Russian dead and over 150 people injured.²³⁷

142. It is still not clear who was responsible for the cyberattacks on Estonia. The Russian Government and the pro-Kremlin state-sponsored group Nashi deny responsibility for the attacks. In March 2009, it was reported that a pro-Kremlin youth had claimed responsibility.²³⁸ The Estonian Government has not blamed the Russian Government directly for being responsible for the attacks, but did publish a list of internet provider addresses where it believed the attacks were coming from that included Russian Government addresses.²³⁹

143. Georgia also experienced cyberattacks during its military conflict with Russia in August 2008. The Georgian Government stated that these attacks "seriously degraded" its ability "to communicate, and debilitated for long periods both public and private sector websites in Georgia".²⁴⁰ The cyberattacks on Georgia have been described as an example of electronic warfare becoming a feature of conventional military attacks.²⁴¹

236 "Cyber raiders hitting Estonia", BBC News online, 17 May 2007

237 "Estonia hit by Moscow cyber war", BBC News online, 17 May 2007

238 "Kremlin Loyalist says launched cyberattack", Radio Free Europe, Radio Liberty, 12 March 2009, www.rferl.org

239 "Cyber raiders hitting Estonia", BBC News online, 17 May 2007

240 Ev 106

241 Cornish, P, Hughes, R, Livingstone, D, *Cyberspace and the National Security of the United Kingdom*, A Chatham House Report, March 2009, p 4

144. Although it is not clear who was responsible for these attacks, what is clear is that they revealed the vulnerability of states to cyberattack. Such attacks have the potential to cause significant damage and disruption to the governance, economy and security of states. If such attacks are instigated and directed by states, it is easy to imagine that the effects would be much worse than if carried out by individual hackers.

The response

145. Governments across the world, multinational bodies such as NATO and the EU, commercial and non-commercial organisations, in fact all of us have a stake in cybersecurity. Many foreign governments, and in particular the US Government, have recognised the scale of the threat posed by cyberattack and are taking robust action. Early in 2009, President Obama commissioned a 60-day review of cybersecurity that made recommendations to ensure that the US Government adopts a cohesive and comprehensive approach in this area.²⁴² The US Defence Secretary, Robert Gates, has ordered the establishment of a unified cybercommand to improve preparations to conduct offensive and defensive computer warfare.²⁴³ The EU is also taking action on cybersecurity. The European Commission is proposing to impose harsher penalties on people who use the internet to commit crimes. It is also planning to fund cybersecurity projects from a budget of £47 million over the next four years.²⁴⁴

146. NATO adopted a policy on cybersecurity in January 2008, which was subsequently endorsed by Member States at the Bucharest Summit. The main tangible result of this policy has been the opening of the NATO Cyber Defence Centre of Excellence in Tallinn, Estonia, in May 2008. We visited this Centre and learned about its important work in conducting research and advising NATO.

147. We also learned that, despite the strategic importance of the centre, it does not receive core NATO funding. Instead, it relies on the sponsorship of individual Member States—Estonia, Latvia, Lithuania, Germany, Italy, the Slovak Republic and Spain. Other NATO centres of excellence are also funded in a similar way. Estonian Government representatives that we met argued that NATO members, including the UK, should show greater support for the Cyber Defence Centre of Excellence. We asked the Minister for NATO why the UK Government was not funding the Centre. She said:

there is a limit to what you can do collectively in terms of cybersecurity [...] We were asked if we wanted to contribute to the Cyber Defence Centre but we felt that other things we were doing were more important and we should concentrate on those.²⁴⁵

148. On 25 June 2009, the Prime Minister launched the UK's first national cybersecurity strategy. The Government announced the creation of a dedicated Office of Cybersecurity, within the Cabinet Office, that will lead on cybersecurity across government. A new multi-

242 Hatherway, Melissa, CyberSecurity Chief at the National Security Council, "CyberSpace Policy Review", 29 May 2009

243 "Gates creates Cyber-Defense Command", The Washington Post, 24 June 2009

244 "Brussels plans to impose tough penalties for internet crimes", The Financial Times, 15 June 2009

agency cybersecurity operations centre in Cheltenham will also be established to provide the coordinated protection of the UK's information technology infrastructure.²⁴⁶

149. During our inquiry we were unclear of the exact contribution of the MoD to national cybersecurity. We requested a memorandum to clarify this matter. The MoD describes its contribution to the Government's policy in the following terms:

The MOD provides technical advice and expertise to the civilian agencies responsible for the UK's national information infrastructure. It is closely involved in the cross-Departmental project led by the Cabinet Office to consider the UK's overall approach to cybersecurity and develop a National Cybersecurity Strategy.

As in the case of more traditional forms of attack, the Government would be able to draw on a range of instruments of national power in responding to a cyberattack. Along with technical, legal, political, economic and other instruments, the threat or use of military force is also of course an option in cases of very serious attack.²⁴⁷

150. In taking forward work on cybersecurity, we were told during our visit to the Cyber Defence Centre in Estonia that there were significant legal and political issues to be resolved. Rain Ottis, one of the Centre's senior scientists, was reported as saying:

In the absence of a clear legal framework for dealing with cyberattacks, it's very hard to decide whether to treat them as the beginning of armed conflict.²⁴⁸

151. The UK, alongside many other countries, faces an increasing threat of cyberattack. Cybersecurity is an issue of increasing significance for the UK and NATO as society becomes increasingly dependent on information and communication technology. The cyberattacks on Estonia and Georgia demonstrate the importance of the UK and NATO developing robust resilience.

152. We welcome the Government's publication of a National Cybersecurity Strategy and the establishment of new offices to coordinate and implement cybersecurity measures. Despite information from the MoD, we are still not clear what the exact role and contribution of the MoD is towards national cybersecurity. In the Government's response to our Report, we recommend the Government to set out more clearly the MoD's current and future work in relation to national cybersecurity. The MoD should also ensure that the importance of cybersecurity is reflected within its planning and resource allocation.

153. Given the importance that the Government now attaches to national cybersecurity, we call on it to explain its decision not to sponsor the NATO Cyber Defence Centre of Excellence. The UK Government should urge NATO to recognise the security challenge posed by electronic warfare in NATO's new Strategic Concept. NATO should give cybersecurity higher priority within its planning to reflect the growing threat that this

246 Cabinet Office website, accessed 25 June 2009

247 Ev 170

248 "The fog of Cyberwar", Newsweek, 27 April 2009, p 51

poses to its members. NATO should ensure that the work of the Cyber Defence Centre of Excellence is fully supported, including financially.

5 European security and Russia

EU relations

154. Russia has historically regarded the EU with less suspicion than NATO, as the EU was not founded as a military alliance. Justin McKenzie Smith, an FCO official, described the Russian perspective on the EU as “a neighbouring organisation that does not have the mythology or history of threat that NATO does in Russian minds”.²⁴⁹ This means that the EU is potentially able to engage with Russia in a different way than NATO, despite the considerable overlap in membership of the two organisations. The strong EU-Russian commercial relationship provides added impetus to the pursuit of good relations between the two: Russia is the EU’s third biggest trading partner.²⁵⁰

155. Since 2003, the EU has been engaged in an effort to define its strategic priorities and improve further the military capabilities of its Member States. In December 2007, EU Heads of State and Government signed the Treaty of Lisbon, which enshrined the European Security and Defence Policy (ESDP) in a treaty for the first time. Russia has responded positively to the EU’s security and defence remit by providing military cooperation. For example, Russia is providing helicopter support to the EU mission in Chad. The Russian military has also cooperated with the EU’s operation ATALANTA against piracy off the coasts of Somalia and Yemen. Russia benefits from this politically and practically by enabling its military to train alongside other forces.

156. In contrast to Russia’s clear opposition to NATO enlargement, Russia has not yet actively opposed the EU’s enlargement.²⁵¹ Russia has, however, been increasingly uneasy about the impact of the new EU members on the EU’s attitude towards Russia. The newer members are far more sceptical of Russia and its regional ambitions than longer-standing Member States.²⁵² Russia has also been uneasy with the EU’s Eastern Partnership, which held its inaugural Summit on 7 May 2009. The objective of the partnership is to strengthen the EU’s ties with six former Soviet Union States—Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. Denis Corboy told us that Sergei Lavrov, the Russian Foreign Minister, described the EU Eastern Partnership as “a sphere of influence”.²⁵³ However, Mirek Topolánek, President of the European Council, said, “the Eastern Partnership should not reinstate blocks or the fight for spheres of influence”.²⁵⁴

157. The current legal framework for EU-Russian relations is set out in the Partnership and Cooperation Agreement (PCA), which came into force in December 1997. The PCA established a system of formal contacts and joint institutions. In June 2008, the EU launched negotiations with Russia on a new PCA, only to suspend them a few months later following Russia’s actions in Georgia. In November 2008, the EU decided to resume

249 Q 251

250 European Commission, *External relations with Russia*, http://ec.europa.eu/external_relations/russia/index_en.htm

251 House of Commons Library, *Russia and the West*, Research Paper 09/36, 24 April 2009, p 97

252 House of Commons Library, *Russia and the West*, Research Paper 09/36, 24 April 2009, p 97

253 Q 196

254 European Union, Eastern Partnership Summit: Natural dimension of EU foreign policy, 7 May 2009

negotiations after further reviewing the situation. The UK Government supported the restart of these negotiations. The FCO stated:

We hope that the negotiations themselves will bind Russia into a robust agreement: requiring them to conform to international norms while serving EU interests on important issues such as human rights, climate change and energy security and will not be unconditional reflecting the review of EU-Russia relations and by ongoing Russian actions in Georgia and elsewhere.²⁵⁵

Caroline Flint told the House of Commons that the resumption of negotiations was important to enable common challenges to be tackled: “the best way to make progress on these issues is for Europe to talk to Russia honestly and openly”.²⁵⁶ She also added that the resumption of negotiations was:

in no way a return to business as usual. EU Ministers agreed that the pace and tone of the negotiations would be informed both by the review itself and by Russia’s fulfilment of its obligations under the ceasefire agreements.²⁵⁷

158. We welcome the resumption of a dialogue between the EU and Russia on a new Partnership and Cooperation Agreement. Yet the Government’s position, that the ‘pace and tone’ of negotiations on a new PCA will be informed by Russia’s fulfilment of its obligations under the ceasefire agreements in Georgia, does not provide sufficient clarity on the Government’s position. The Government should make a clear public statement that it will not sign up to a new Partnership and Cooperation agreement unless Russia honours its ceasefire commitments.

159. Russia has a preference for dealing with EU Member States bilaterally, rather than through the multilateral EU. Russia’s 2008 Foreign Policy Concept states that EU relations are of “key importance”, yet also adds the caveat that “Russia will seek due respect for its interests, including in the sphere of bilateral relations with individual EU member countries”.²⁵⁸ Countries such as Germany have strong relations and commercial links with Russia. In the view of Dr Alex Pravda, “Moscow is encouraged to persist with bilateralism by the disunity it sees within EU ranks”.²⁵⁹ A bilateral approach enables Russia to secure itself the best deals and play one country off against another. It is an approach that it adopts in its dealings with other multinational organisations such as NATO, as well as its dealings with the EU.

A new European security architecture

160. In June 2008, President Medvedev proposed establishing a new European security architecture:

255 Ev 125

256 HC Deb, 20 January 2009, col 680

257 HC Deb, 20 January 2009, col 680

258 The Russian Federation, *The Foreign Policy Concept of the Russian Federation*, 12 July 2008, www.kremlin.ru

259 Foreign Affairs Committee, *Global Security: Russia*, Second Report of Session 2007-08, HC 51, Ev 21

Our predecessors during the Cold War years managed to draw up the Helsinki Final Act (which, as the legal foundation for the European system, has withstood the test of time despite all the difficulties encountered), and so why should we not be able to take the next step today? Namely, drafting and signing a legally binding treaty on European security in which the organisations currently working in the Euro-Atlantic area could become parties.²⁶⁰

161. During our visit to Moscow, we were told that Russia needed the new agreement to have a voice in decision-making on European security, which it does not currently have. It was also argued that the existing security architecture is unable to respond to common security challenges. Russia wants the agreement to focus on hard security issues such as arms control, observance of international law and respect for territorial integrity. It also wants the agreement to be legally binding. The proposals have been described by Russia as a new ‘Helsinki-2’ agreement.

162. Many witnesses expressed scepticism about Russia’s proposals. Dr Alex Pravda told us “we should of course be wary [...] of talk of a greater Europe being exclusionary in terms of the United States’ role both in European security and political and economic matters”.²⁶¹ Andrew Wood suggested that the proposals if implemented would undermine the primacy of NATO’s security role. He also commented:

The Russian record of subscribing to and fulfilling the agreements they have signed is not particularly distinguished, so I personally would have no faith at all in replacing NATO with a set of agreements whereby we would all promise not to interfere with each other’s internal affairs and so on.²⁶²

Denis Corboy argued that one of Russia’s motives behind its proposals was “to reduce the humanitarian dimension” in existing international agreements.²⁶³ A further problem with Russia’s proposal is that it is short on detail. Dr Alex Pravda commented, “quite typically of Russia, this is a framework without content, an invitation to contribute and to give them ideas”.²⁶⁴ During our visits, European diplomats stressed the vagueness of the proposals, which made it difficult to respond.

163. Despite the scepticism expressed by our witnesses about Russia’s motives in proposing a new European security architecture, many argued that it was necessary or desirable to have an open dialogue with Russia on this issue. Martin McCauley and Dr Alex Pravda both believed that “we should welcome the opportunity” for dialogue.²⁶⁵ Andrew Wood concurred, but in answer to the question of whether it would lead to practical results he believed this was “outside the realm of a sensible prediction”.²⁶⁶

260 Ministry of Foreign Affairs of the Russian Federation, President of Russia Dmitry Medvedev’s Speech at Meeting with German Political, Parliamentary and Civic Leaders, 5 June 2008

261 Q 136

262 Q 232

263 Q 232

264 Q 136

265 Q 136

266 Q 232

164. Some European states have responded positively to the idea of a new European security architecture; France and Germany have both expressed interest in debating Medvedev's proposals.²⁶⁷ Others are waiting on the new US administration's attitude towards the proposal before responding. The UK Government's position is that it is open to holding discussions so long as these talks are not limited to 'hard' security issues. Caroline Flint stated, "you cannot consider just the hard security issues but also human rights, economic and geopolitical issues". She also added, "I am afraid that the last two are areas that the Russians have not wanted to include as part of the discussions".²⁶⁸

165. Despite a general understanding that further dialogue with Russia on this issue is necessary, there is no consensus over the format of future consultations. President Sarkozy's suggestion that a summit of OSCE heads of states and governments takes place in mid-2009 has not so far been accepted.²⁶⁹ The OSCE Chairperson-in-Office, Greek Foreign Minister Dora Bakoyannis has said, "modesty, consolidation and time are needed for the discussions on how to develop the European security architecture". She pointed out that the 1975 Helsinki Final Act, which led to the creation of the OSCE, was preceded by lengthy discussions including 2,400 meetings and deliberations on 4,660 proposals.²⁷⁰ Dr Alex Pravda described the OSCE as the "natural starting place" for discussions.²⁷¹ On the other hand, Martin McCauley argued that the OSCE "has become rather toothless", so it was necessary for the "NATO-Russia Council or some other grouping" to discuss Russia's proposals.²⁷²

166. We note the concern expressed by witnesses about Russia's motives in proposing a new European security architecture. We are not convinced that there is a need for such a new architecture, which may undermine the primacy of NATO's security role. Nevertheless, engagement with Russia on this matter is necessary to understand their security concerns. The current proposals are vague; Russia needs to come forward with further details of its proposals to enable a meaningful dialogue to take place. The UK Government should maintain its willingness to engage with Russia on this issue, but should make clear that it will not commit to an agreement that overrides existing commitments to NATO and human rights. We support the OSCE's role in taking forward initial discussions on the new security architecture.

267 "Russian proposal for a new European security pact", Euroasia, 3 April 2009, www.eurasianet.org

268 Q 246

269 "Russian proposal for a new European security pact", Euroasia, 3 April 2009, www.eurasianet.org

270 "OSCE Chairperson offers guiding principles for discussions on European security architecture", OSCE, 19 February 2009

271 Q 138

272 Q 137

6 European energy security and Russia

167. The extent of Europe's dependency on imported energy, and in particular on Russian supply, has become an increasingly prominent issue in recent years. The European Commission estimates that gas imports, as a proportion of Europe's total gas supplies, will increase from 61 per cent to 84 per cent by 2030 as Europe's own gas production falls and demand rises.²⁷³ In 2006, it was estimated that around a half of EU gas imports came from Russia.²⁷⁴ The extent to which EU countries are dependent on Russian energy varies considerably. Some EU states—including Lithuania, Latvia, Estonia, Finland, Slovakia and Bulgaria—depend on Russia for 100 per cent of their gas needs. The UK is far less dependent on Russian energy. The CBI estimates that currently less than two percent of UK gas imports originate in Russia.²⁷⁵ Yet overall the UK is dependent upon imports to meet its energy needs: 40 per cent of gas was imported in 2008 and as much as 80 per cent of its gas is expected to be imported by 2015, as North Sea production declines.²⁷⁶

168. The EU is also dependent on oil imports. In 2006, nearly 85 per cent of the oil used was imported from third countries, with Russia accounting for approximately one third of imports. By 2030 it is estimated that the EU will import approximately 93 per cent of its oil owing to the uneven global distribution of reserves.²⁷⁷ During our visit to Estonia, we learnt that although it does not currently import oil from Russia, it may be forced to import oil in the future owing to the increased cost of EU oil because of the changes to the EU Emissions Trading Scheme.

169. Many witnesses argued that Russia is increasingly using energy as a tool to pursue aggressively its foreign policy objectives, with the most prominent example being the recent gas dispute with Ukraine. Some observers, such as Edward Lucas, point to the 2003 'Russian Energy Strategy to 2020' as proof that Russia believes that its role in world energy markets should be an instrument of state foreign policy.²⁷⁸ Professor Alan Riley believed that there were three potent elements of Russia's energy weapon:

First, the threat of the energy cut off. Vulnerable states live in the shadow of that threat, that particularly in winter, their people could be shut off from heating and lighting and their industries shut down. The second element of the energy weapon is the pipeline strategy of building additional pipelines without very much more gas supply giving Gazprom and the Kremlin the power to switch supply between favoured and disfavoured customers: In effect enhancing the impact of the threat of an energy cut off. The third element of the energy weapon is the ability to lever Gazprom's monopoly and dominant position to maintain dependence of the Baltic, Central and Eastern European states by contractual measures, acquisition and

273 House of Commons Library, *Russia and the West*, Research paper 09/36, p 102

274 House of Commons Library, *Russia and the West*, Research paper 09/36, p 102

275 Foreign Affairs Committee, *Global Security: Russia*, Second Report of Session 2007-08, HC 51, para 149

276 House of Commons Library, *Gas Storage*, Standard Note SN/SC/5010, 12 March 2009

277 European Commission, Commission staff working document, *Impact Assessment on the Revision of the Emergency Oil Stock Legislation*, p 9

278 Edward Lucas, *The New Cold War*, 2008, p 211

control of infrastructure and to deny any potential competitor a foothold in Gazprom's commercial 'territory'.²⁷⁹

170. John Roberts told us that Russia was using energy as a political tool through the threat of cutting off energy supply to former Soviet Union States. Professor Jonathan Stern agreed with this yet also argued that many of the countries that have been threatened with cut offs did not pay market rates for their energy, "so a great deal of Russian cut offs of energy have been largely commercial problems with these countries incurring massive amounts of debt".²⁸⁰

171. The Kremlin has also increased its influence over internal EU energy matters. One of the ways that it has achieved this is by promoting the acquisition of 'downstream' assets in Europe by the Russian state-owned company Gazprom; this includes the purchase of pipelines, refineries, storage facilities and other infrastructure. Edward Lucas argued that Russia "wants to use those assets to exert political pressure".²⁸¹ The supply of energy imports to the EU has been disrupted by other countries: Russia benefits from these disruptions as they increase EU reliance on Russian energy.

The Russia-Ukraine gas dispute

172. Gazprom cut gas supplies for Ukrainian consumption on 1 January 2009 and cut off all deliveries to Europe via the Ukraine on 7 January 2009.²⁸² This crisis erupted after Ukraine rejected a request from Russia to pay an increased cost of \$250 per 1000 cubic meters of gas in 2009. This rejection prompted Prime Minister Putin to demand that Ukraine pay the full market rate of \$450—the rate paid by EU countries. Ukraine rejected this request and Russia then cut off gas supplies. During the dispute, Russia claimed that Ukraine siphoned off gas supplies that were destined for other European countries—a claim denied by Ukraine. This latest gas dispute followed a series of disputes between the two countries. For example, In January 2006, Gazprom had cut off gas supply to Ukraine until it agreed to pay a substantially higher rate.

173. The gas crisis left some European countries with major shortages during a cold spell. The impact was most acutely felt in Bulgaria, Romania, Greece, Macedonia, Croatia, Serbia, Bosnia and Turkey. Many states had to shut industrial plants and domestic heating systems, close schools and use alternative sources of fuel. The UK gas market was largely unaffected, although for a few days during the dispute, spot gas prices rose.²⁸³

174. On 19 January 2009, Russia and Ukraine reached an agreement, brokered by the EU, which resulted in the resumption of the gas supply. *The Times* reported that Yulia

279 Ev 119

280 Q 98

281 Edward Lucas, *The New Cold War*, 2008, p 211

282 Pirani, S, Stern, J and Yafimava, K, *The Russo-Ukrainian gas dispute of January 2009: a comprehensive assessment*, February 2009, Oxford Institute for Energy Studies, p 19

283 Pirani, S, Stern, J and Yafimava, K, *The Russo-Ukrainian gas dispute of January 2009: a comprehensive assessment*, February 2009, Oxford Institute for Energy Studies, p 55

Tymoshenko, the Ukrainian Prime Minister, agreed to “pay the same as Europe minus a 20 per cent discount this year and to shift to full-cost pricing in 2010”.²⁸⁴

175. The trigger for the gas dispute was commercial, yet it is not difficult to see that it was also political. John Roberts stated, “there can be no such thing as a purely commercial dispute between Russia and Ukraine”.²⁸⁵ Commentators speculated that Putin was attempting to destabilise the Ukrainian economy and political system, and particularly the Ukrainian President’s position in response to Ukrainian support for Georgia. On the other hand, the Russian President Medvedev asserted that dispute was caused by an internal Ukrainian power struggle between the Ukrainian President Yushchenko and Prime Minister Tymoshenko.²⁸⁶

176. Regardless of the causes of the Ukraine-Russia gas dispute, it is clear that it has damaged the reputations of both countries as reliable suppliers. The threat and reality of Russia cutting off energy supply demonstrates the need for the EU to reduce its energy dependency on Russia and diversify energy supply.

Supply diversification

177. Both the EU and the UK are committed to the goal of energy diversification. In November 2008, the European Commission published its second Strategic Energy Review; this stated that the second priority—after investment—was to diversify Europe’s energy supply.²⁸⁷ One of the key arguments in favour of diversification is that it would reduce the EU’s dependency on Russia, which leaves it vulnerable to the threat and reality of energy cut offs. Further arguments made are that Russia may be unable to meet the EU’s future energy demands and that it is advisable to provide insurance against technical problems, theft, sabotage or terrorism. Denis Corboy told us “having alternative sources of energy is fundamental”.²⁸⁸

178. Some have questioned the extent to which the EU needs to diversify its energy supplies given the reduced EU demand for energy as a consequence of the global financial downturn: Professor Jonathan Stern pointed out that there had been a fall in demand for gas.²⁸⁹ **It is too early to judge what the long-term effect of the global economic crisis will be on future EU energy demand. Yet the EU needs to press ahead in diversifying its energy supply to ensure that it is not vulnerable to supply disputes.**

179. There are many options on how best to diversify EU energy supply. A paper by the Oxford Institute for Energy Studies stated that in the short term the focus should be on improving the interconnection between central and south-east European countries; in the medium term on developing pipelines that bypass Ukraine; and in the longer term

284 “Russian and Ukraine agree price deal to restore gas supply to Europe”, Times online, 19 January 2009

285 Ev 142

286 “Q&A: Russia-Ukraine gas row”, BBC news online, 20 January 2009

287 European Union, Securing your energy future: Commission presents energy security, solidarity and efficiency proposals, Europa press release, 13 November 2008

288 Q 217

289 Q 99

developing pipelines such as Nabucco.²⁹⁰ There are a number of new pipelines that are either under development or proposed: in particular the Nord Stream, South Stream and Nabucco pipelines. Nord Stream links Russian gas directly to Northern Europe through Germany. South Stream would connect Russian gas to Bulgaria through a route under the Black Sea. And, the Nabucco pipeline would run from Turkey up through the Balkans to Austria.

180. Professor Alan Riley said:

from a European and indeed a commercial perspective there is no real need for Nord Stream or South Stream. Both involve the building of new undersea pipelines generating significant financial and environmental costs.²⁹¹

He argued that the Ukrainian pipeline was currently underused so could transport more gas at a cheaper cost. He also argued that Gazprom “is facing a gas supply deficit” so would be unable to increase its export capacity that these pipelines are intended to provide.²⁹²

John Roberts explained that the Nord and South Stream pipelines were “essentially pipelines that serve existing production areas; they do not bring new supply online”.²⁹³ Professor Alan Riley argued that:

the impact of the two pipelines would be to increase the vulnerability of Central and Eastern European states to supply dependency and the threat of cut off.²⁹⁴

However, Professor John Stern told us that Nord Stream would be useful to Europe on the basis that it would “enormously assist in any kind of crisis that we might have in Ukrainian transit”, though stressed that this would not be a complete answer.²⁹⁵

181. In contrast to the limited benefits for Europe arising from Nord and South Stream, the proposed Nabucco pipeline is viewed by many as capable of delivering more substantial benefits. John Roberts told us that Nabucco is important so that “Caspian gas routinely reaches mainstream EU markets by commercial channels”.²⁹⁶ Edward Lucas argued that the benefits of Nabucco are threefold:

First, it would free countries such as Turkmenistan and Kazakhstan from total dependence on Soviet-era pipelines: this allows the Kremlin to dictate the price and quantity of their exports. Second, it would allow European gas companies to bargain with Gazprom from a position of greater strength. Perhaps most importantly of all it

290 Pirani, S, Stern, J and Yafimava, K, *The Russo-Ukrainian gas dispute of January 2009: a comprehensive assessment*, February 2009, Oxford Institute for Energy Studies, p 59

291 Ev 120

292 Ev 120

293 Q 104

294 Ev 123

295 Q 105

296 Ev 142

would signal to the Kremlin that Europe is able to deal jointly with energy security in a serious way.²⁹⁷

182. Construction on the Nabucco pipeline is planned to start in 2010 and to be completed by 2013. Edward Lucas pointed out “problems have arisen at every point”.²⁹⁸ The pipeline needs to access gas from four possible sources—Iraq, Iran, Azerbaijan and Central Asia. The politics of securing these countries’ agreement is complex and difficult. Edward Lucas asserted that Russia has blocked the development of the pipeline through the Caspian Sea through diplomatic and military means.²⁹⁹

Figure 3: Map of selected current and proposed gas pipelines across Europe



Source: Produced by TSO based on an image in the Economist, 8 January 2009

The energy security role of EU and NATO

183. Professor John Stern said that the EU is divided on its energy security policy. He told us:

I feel that the EU is split down the middle, between the old Member States who are largely prioritising carbon reduction and the new Member States who are largely prioritising security of supply, by which they mean reducing dependence on Russia.³⁰⁰

297 Edward Lucas, *The New Cold War*, 2008, p 228

298 Edward Lucas, *The New Cold War*, 2008, p 228

299 Edward Lucas, *The New Cold War*, 2008, p 230

Edward Lucas argued that the EU had been “faffing around” for years on building the Nabucco pipeline with no success.³⁰¹ The House of Lords European Union Committee concluded in its follow-up report on EU and Russian relations:

More vigorous action needs to be taken by the EU to diversify gas supplies, to increase gas storage capacity and to encourage the development of the Nabucco pipeline.³⁰²

184. The energy relationship between Russia is characterised by interdependency. Russia is also dependent upon the EU to buy its energy, which means that Russia needs the EU’s goodwill. A total of 80 per cent of Russian oil exports and 60 per cent of its gas exports go to Europe. This means that the EU has the potential to have leverage with Russia if the EU is able to implement a consistent and united approach to energy. **The UK Government should work within the EU to pursue a united approach to energy security and the prioritisation of developing the Nabucco pipeline.**

185. Energy security is not only of interest to the EU. In recent years some, including Jaap de Hoop Scheffer, Secretary General of NATO, have argued that NATO should also have a role in energy security. In a Royal United Services Institute (RUSI) journal article he stated, “I firmly believe that the security dimension of our energy supply, and hence the need for NATO to focus on this issue, will become even stronger in the future”.³⁰³ NATO’s Summit Declaration 2009 identified energy security as one of the key challenges that the Alliance faces. At the Bucharest Summit, the Allies noted a report on “NATO’s Role in Energy Security,” which identified guiding principles and outlines options and recommendations for further activities. The report identified five areas where NATO could provide added value:

- information and intelligence fusion and sharing;
- projecting stability;
- advancing international and regional cooperation;
- supporting consequence management;
- and supporting the protection of critical infrastructure.³⁰⁴

186. There are, however, different views on the extent to which NATO should be involved in energy security. John Roberts argued that the EU could provide the “soft power”; yet argued that either “NATO or perhaps some new hybrid of EU/US security cooperation” needed to guarantee the physical security of pipelines in Azerbaijan, Kazakhstan and Turkmenistan to secure the agreement of these countries in investing in the necessary infrastructure.³⁰⁵ On the other hand, Andrew Wood stated, “I would not think that NATO

301 Q 29

302 House of Lords European Union Committee, *After Georgia, The EU and Russia: Follow-up Report*, Third Report of Session 2008-09, HL 26, para 45

303 “NATO and the Challenge of Energy Security”, *RUSI Journal*, December 2008, Vol. 153, No. 6, p 56

304 NATO, *NATO’s role in Energy Security*, www.nato.int

305 Ev 142

ought to be the lead organisation” on energy security.³⁰⁶ Denis Corboy suggested that involving NATO would change the climate of the debate and lead to a negative Russian reaction.³⁰⁷

187. In our view NATO should have a role in energy issues but it should not play a leading role; this is more appropriately a matter for the EU. Nevertheless, energy is an issue that it is legitimate for NATO to be concerned about because there are significant security implications arising from the possibility of disputes between countries over energy supplies and the potential for states to use their military assets to defend pipelines. The Government should work within NATO to develop an approach on energy issues that focuses on the security aspects of the energy agenda.

306 Q 217

307 Q 217

7 Global security

Russia's global role

188. Russia is a major player on the world stage. Its influence over world affairs has a significant effect on international security. It is a member of the UN Security Council; it has the largest nuclear arsenal in the world and thereby a critical role in securing nuclear disarmament and non-proliferation, as well as a vital role in responding to the global economic crisis.

189. Russia has a complex relationship with the West. The triangle formed by its pattern of bilateral relations with the United States and with China is also of particular interest, as it will have a crucial effect on the climate for international cooperation. Russia has perceived itself to have been unjustly ignored in this triangle of major powers in the last two decades, especially in terms of its relations with the United States. As Professor Margot Light put it: "I think the single most important Russian foreign policy aim is to be taken as seriously by the United States as Russia takes the United States."³⁰⁸ Our witnesses felt there was some justification for this underlying Russian resentment at the way the US and other western powers had dealt with Russia over a number of issues.³⁰⁹ On the other hand, Russia is also an Asian power both within its own territory and in its relations with the new republics that were formerly part of the Soviet Union. As Martin McCauley told us:

Central Asia is between Russia and China [...] Central Asia has no intention of becoming subservient to Moscow, nor would China, in fact really favour that [...] China is economically and politically attempting to pull Central Asia towards itself."³¹⁰

This triangle of relationships has a critical effect on global politics but also risks excluding a European voice from major involvement in strategic issues.³¹¹

190. President Obama's stated desire to 'reset' US-Russian relations appeared to signal a new start in their relations. Denis Corboy told us that President Obama's approach was significant, as it had changed the atmosphere of the debate.³¹² However, despite the positive rhetoric, a number of contentious issues continue to divide Moscow and Washington, including how to deal with Iran and the US's Ballistic Missile Defence plans. **A strong bilateral relationship between the US and Russia is vital for global security. Yet it is also important for European security that this relationship does not come at the expense of the NATO-Russian relationship.**

191. China—the third component in Russia's triangle of relations—is of growing importance in shaping the future dynamic of international relations because of its economic and military power. Its increasing population may also be a cause of concern to

308 Q 64

309 Qq 58–59

310 Q 145

311 Q 64

312 Q 199

Russia in the future as people in the over-populated areas of China migrate to eastern Russia. Oksana Antonenko told us that Russia has acknowledged that it is “no longer the sole player”.³¹³ She pointed out that Russia had continued to work within the Shanghai Cooperation Organisation despite the refusal of all other members to support Russia’s recognition of South Ossetia and Abkhazia.³¹⁴ Martin McCauley argued that in the long term he would “see China winning that relationship” between China and Russia over Central Asia.³¹⁵

192. The legacy of past disagreements between Russia and the West influences current relations. Yet engagement is marked by positive areas of cooperation as well as tension. Russia is actively engaging with the United States in developing a new arms control treaty. Russia has also cooperated closely with NATO on several practical areas that have been explored in the previous chapter. Yet the likelihood of Russia cooperating on arms control will undoubtedly be influenced by other factors. Areas of particular disagreement between Russia and the West have been the issue of Ballistic Missile Defence and the issue of how to deal with Iran.

Cooperation: Arms Control

193. Russia has been cooperating with the US in reaching a new agreement on nuclear arms control to replace the 1991 Strategic Arms Reduction Treaty I (START I) that expires on 5 December 2009. START I commits the US and Russia to reducing their nuclear warheads. In April 2009 the US and Russian Presidents announced new talks on a treaty to replace START I. Russia and the United States have directed their negotiators to report on progress achieved in working out the new agreement by July 2009.³¹⁶

194. Russian cooperation on arms control is vital for any international progress on non-proliferation. Reaching a new agreement would represent significant progress in overcoming the legacy of disagreements on international arms control issues, in particular disagreement on the Conventional Forces in Europe (CFE) Treaty. In December 2007, Russia suspended its participation in the CFE Treaty—despite no provision for suspending participation being allowed in the treaty terms. The treaty was drawn up at the end of the Cold War, signed in 1990, to limit equipment holdings and to enable exchanges of detailed information about conventional forces among State Parties. The FCO stated, “NATO allies and the Russian Federation have been at loggerheads over the CFE regime for most of the last ten years”.³¹⁷ Russia’s key recent complaint has been that the Treaty’s system of bloc-based limitations on military equipment had become unbalanced. Since the Treaty was signed, NATO had extended its membership and the treaty does not cover these new countries.³¹⁸ A further problem is that NATO allies refused to ratify the 1999 Adapted CFE Treaty as it argued that Russia has refused to honour its CFE commitments to withdraw its

313 Q 161

314 Q 161

315 Q 145

316 The White House, Office of the Press Secretary, *Joint Statement by President Obama and President Medvedev*, 1 April 2009, www.america.gov

317 Ev 128

318 Ev 128

forces from Georgia and Moldova. Many have argued that the treaty is outdated and needs replacing. Oksana Antonenko stated:

The CFE Treaty seems to be dead, and there is a danger that arms control more generally has been discredited. It is up to NATO to get the ball rolling on reviving the treaty or negotiating new confidence-building and transparency mechanisms to replace it.³¹⁹

195. The Foreign Affairs Committee in its Report, *Global Security: Non-Proliferation*, recommended, “that the Government should offer every assistance to facilitate a speedy and productive conclusion to the negotiations” on a treaty to replace START I.³²⁰ **We welcome the US-Russian negotiations on a nuclear arms reduction treaty to succeed START I. We support the recommendation made by the Foreign Affairs Committee in its Report, *Global Security: Non-Proliferation*, that the Government should offer every assistance to facilitate a speedy and productive conclusion to the negotiations on a treaty to replace START I. We ask the Government, in its response to our Report, to set out what steps it has taken to facilitate an agreement.**

Challenges for international cooperation

Ballistic Missile Defence

196. One of the key sources of tension between Russia and the US has been Ballistic Missile Defence (BMD). The US claims BMD will enhance global security; in contrast, Russia argues that BMD is a threat to its security. The current US plans for the deployment of an integrated, multi-layered BMD capability were announced by the Bush administration in December 2002. The intention of the system is to defend the US and its allies from ballistic missile attack at any point during the three phases of the incoming missile’s trajectory, and against all types of ranges of ballistic missiles.³²¹ Originally, the US plans were for BMD to protect only the USA from attack. When these plans were extended to cover its allies, the need to establish a third interceptor site outside the continental US was identified. Poland has agreed to host the deployment of 10 missile defence interceptors and the Czech Republic a radar station.

197. The Russian leadership is strongly opposed to the deployment of BMD assets in Poland and the Czech Republic. In February 2007, President Putin hinted that if the US was to go ahead with its plans then Russia might respond by pulling out of the 1987 *Treaty on Intermediate-Range Nuclear Forces* (INF). On 5 November 2008, President Medvedev announced that it would deploy Iskander short-range surface-to-surface missile systems to the Russian enclave of Kaliningrad in order to neutralise ‘if necessary’ the BMD system being deployed in Poland and the Czech Republic—although Russia has since reined back from this.³²²

319 Ev 150

320 The Foreign Affairs Committee, *Global Security: Non-Proliferation*, Fourth Report of Session 2008-09, HC 222, para 121

321 House of Commons Library, *Ballistic Missile Defence: Recent Developments*, SN/1A/4378, 2 December 2008

322 House of Commons Library, *Ballistic Missile Defence: Recent Developments*, SN/1A/4378, 2 December 2008

198. Partly because of Russia's reaction, some European states have questioned whether BMD will enhance security. President Sarkozy said, in November 2008, that the planned deployment "would bring nothing to security in Europe. It would complicate things".³²³ Some of our witnesses also expressed misgivings about BMD. Professor Margot Light said:

My real fear is that by the time we know whether BMD works or not, it will already have undermined European security so that it will not serve as anything that will bolster European security.³²⁴

199. It is unclear whether President Obama will go ahead with BMD. During the presidential election campaign, President Obama expressed scepticism over the cost and technological feasibility of the programme: "Missile defence requires far more rigorous testing to ensure that it is cost-effective and, most importantly, will work [...]".³²⁵ On 6 April 2009, the US Defense Secretary announced \$1.4 billion cuts in the defence budget that may affect the speed and pace of European elements of the US's BMD plans. The Washington Post reported that the US Administration wants to see whether Russia can be brought into the programme.³²⁶

200. President Obama faces difficult choices on whether to go ahead with BMD as originally planned; modify plans to try to accommodate Russia; or abandon BMD completely. All choices have merits and associated risks. Going ahead with the BMD proposals risks antagonising Russia for a system reliant on unproven technology. Abandoning BMD plans may risk being interpreted by Russia and others that the US has given in to Russian demands.

201. The FCO outlined the Government's position on BMD:

We remain supportive of a system which counters the growing threat from states of concern. Going forward it will be important for Russia and the US to work together in this area and for NATO to remain engaged.³²⁷

Baroness Taylor told us:

if we do not have ballistic missile defence there is vulnerability. If you remove that vulnerability by removing the potential of others to threaten Europe and the United States that is very welcome, but the guarantees would need to be very significant.³²⁸

202. The Foreign Affairs Committee reached the following conclusion in its recent Report, *Global Security: Non-Proliferation*:

We are not convinced that, as they are currently envisaged and under current circumstances, the United States' planned ballistic missile defence (BMD) deployments in the Czech Republic and Poland represent a net gain for European

323 "Sarkozy backs Russian calls for pan-European security pact", The Guardian online, 15 November 2008

324 Q 55

325 www.barackobama.com

326 "Gates: No decision yet on European missile plan", The Washington Post, 20 May 2009

327 Ev 128

328 Q 348

security. We conclude that if the deployments are carried out in the face of opposition from Russia, this could be highly detrimental to NATO's overall security interests. We reaffirm our 2007 recommendation that BMD in Europe should be developed, if at all, as a joint system between the US, NATO and Russia.³²⁹

203. We are not convinced that European security will be enhanced by the United States' planned ballistic missile defence (BMD) system as currently envisaged. If the US decides to press ahead with its BMD plans, we recommend that the Government seek ways to involve Russia in its development.

Iran

204. Russia has held a different position from that of most Western countries on the extent to which Iran presents a threat to global security and on how best to conduct relations with it. Many Western states are deeply concerned about the threat of Iran developing nuclear weapons. There have been five UN Security Council resolutions on this issue, which called on Iran to halt its uranium enrichment until confidence was restored in the exclusively peaceful nature of its nuclear programme. Iran has failed to comply with these resolutions and continues to assert its right to develop its nuclear programme without interference. A further concern is that if Iran develops nuclear weapons this may prompt other regional powers to follow suit. Russia publicly shares the West's concerns about Iran; President Medvedev has stated that Russia does not want to see the development of Iranian nuclear weapons capability. This was also a clear message during our visit to Moscow.

205. The extent to which Russia has leverage over Iran is contested. Alexander Khranchikhin, a researcher with the Institute for Political and Military Analysis, argued that Russia actually has little leverage. In contrast, others such as the Commission on US Policy towards Russia concluded that Russian cooperation "could contribute substantially to a successful outcome".³³⁰ Russia's influence over Iran is based in particular on its export of arms to Iran, its membership of the UN Security Council and its relationship in helping Iran develop its civil nuclear capability. Russia is a key arms exporter to Iran: in March 2009, Russian news agencies reported that Russia had signed a contract to sell S-300 air-defence missiles to Iran—although the Kremlin denied this. The US wants Russia to back out of this contract as the weapons would protect Iran's nuclear facilities.³³¹ Russia has also assisted Iran with the construction of its nuclear reactor at Bushehr and the provision of uranium to power the plant.

206. As well as the issue of whether Russia is able to exert significant influence over Iran, there is the crucial issue of whether Russia is willing to do so. Russia's role in condemning North Korea's launch of a long-range rocket, in May 2009, could be seen as a positive indication of Russia's potential to cooperate with the West on Iran. Professor Margot Light,

329 Foreign Affairs Committee, Fourth Report of Session 2008-09, *Global Security: Non-proliferation*, HC 222, para 241

330 The Nixon Centre and the Belfer Centre for Science and International Affairs, *The Right Direction for US Policy toward Russia*, A report from the Commission on US Policy toward Russia, p 8

331 Defence News, 23 March 2009, p 12

in evidence to the Foreign Affairs Committee, suggested that Russia preferred an approach of engagement with Iran rather than punitive measures, such as sanctions.³³²

207. A further issue is the reported claim that President Medvedev is seeking a trade-off with the US—cooperation on Iran in exchange for abandoning BMD. President Obama indicated in a private letter to President Medvedev that there would be less need for BMD if the threat of Iran developing nuclear weapons could be diminished, which has been interpreted as a willingness to negotiate on this issue.³³³ Forthcoming US decisions on Ballistic Missile Defence are likely to have a profound effect on Russia's willingness to cooperate on Iran.

208. Russia has an important bilateral relationship with Iran and thereby has a vital role in preventing Iran from developing nuclear weapons. We call on the Government to encourage Russia to persuade Iran to comply with its nuclear obligations.

332 Foreign Affairs Committee, *Global Security: Russia*, Second Report of Session 2007-08, HC 51, Q 5

333 "Medvedev counting on a reset with US", The Washington Post, 21 March 2009

8 Conclusion

209. Relations between Russia and the West are complex and characterised by mutual dependency. Russia's national security is dependent upon the acquiescence of NATO Member States in its actions and approach and its economic wellbeing depends on international trade, in particular the EU's import of gas and oil. Russia has much to gain from cooperating with the West given the many shared global challenges—climate change, the economic crisis, terrorism and non-proliferation. NATO also has much to gain from cooperating with Russia. As well as tackling the shared global challenges, NATO could benefit from cooperation on Afghanistan, handling relations with Iran and joint working on issues such as the Arctic.

210. Russia has means other than military might to exert influence over its neighbouring states, and has demonstrated its willingness to do so. Its use of energy as a foreign policy tool is of concern. Many EU countries are heavily dependent on Russian gas and oil, which makes them vulnerable to the threat of cut offs: and this dependency may increase. This is why it is vital that the EU adopts a united approach to energy and diversifies its supply.

211. Although Russia does not pose a military threat to NATO as an Alliance, some Central and Eastern European NATO Member States are understandably concerned about the military threat that Russia poses to them individually, given Russia's actions in Georgia. It is important they are reassured.

212. It is in NATO's interests to continue to support the territorial integrity of Georgia. If Russia believes it has *carte blanche* to disregard international law there is an increased risk of other countries suffering the same fate as Georgia. The credibility of NATO as a military alliance is based on its ability to provide mutual defence to its Member States, as outlined in Article 5. NATO's new Strategic Concept should contain a renewed commitment to Article 5 as well as ensuring that NATO is militarily capable of acting inside and outside of NATO boundaries. NATO is strongest when its Member States are united; the UK Government should work within NATO to ensure that this is achieved.

213. It is right that NATO, the EU and the UK Government engage with Russia both on areas of cooperation and areas of disagreement. Russia has much to gain from positioning itself firmly within the community of nations. Engagement is important to build trust and avoid a new confrontation arising between Russia and the West. The Government should adopt a hard-headed approach to engagement with Russia, based on the reality of Russia's foreign policy rather than abstract and misleading notions of shared values.

Conclusions and recommendations

Russia's foreign policy

1. Russia has been hit hard by the global economic downturn. It is too early to judge how this will affect Russia's foreign policy. Russia's low level of democracy may make it more likely to be assertive in its foreign policy than would be the case with a Western liberal democratic state that faced similar economic difficulties. (Paragraph 23)
2. The West needs to engage with Russia to develop cooperation, yet the absence of shared values makes this difficult. Witnesses identified many areas where cooperation was desirable based on mutual national interests. NATO, the EU and the UK Government need a pragmatic and hard-headed approach to their engagement with Russia to achieve the best results. (Paragraph 27)

Russia's military capability and posture

3. We welcome Russia's military reform programme that will modernise and professionalise its Armed Forces. It provides an opportunity for Russia to increase the interoperability of its Armed Forces and thereby the possibility for increased joint operations with NATO forces, whilst also improving the conditions of its rank and file soldiers. The UK military is experienced in implementing reforms. The Ministry of Defence should offer support to Russia in implementing its reform programme. (Paragraph 43)
4. Russia's unauthorised flights into international airspace, including the UK's flight information region, do not pose a direct security threat to NATO or the UK; nevertheless, they are not the actions of a friendly nation and risk escalating tension. A further issue is that Russia's actions threaten the safety of civil flights and risk leading to serious accidents; Russia should not be making such flights without informing the appropriate authorities. The Government should take a more robust approach in making clear to Russia that its continued secret incursions by military aircraft into international airspace near to the UK is not acceptable behaviour. The Government should call on NATO to ensure that it monitors and assesses the threat posed by unauthorised Russian military flights into NATO and international airspace near to NATO's territorial perimeter. (Paragraph 49)
5. It is understandable that some of Russia's neighbouring states should feel concerned about the possibility of Russian military action against them given Russia's actions in Georgia. Russia has proved that it is quite capable of using military force if it chooses. Russia does not, however, need to use conventional force to achieve its objectives; it has political and economic tools at its disposal to influence its neighbouring states. (Paragraph 52)
6. In contrast to the level of threat Russia poses to some of its neighbouring states, Russia does not currently pose a direct threat to UK homeland security, nor is likely to do so in the near future. Although it is hard to conceive of a scenario in which

Russia would threaten UK homeland security, Russia threatens the national interests of the UK through its attempts to establish a sphere of influence over other former Soviet States. It is in the UK's national interest to have stable democratic and independent states in Eastern Europe as this enhances European security. Russia's behaviour risks undermining this and thereby working against our own national interests. (Paragraph 53)

The Georgia conflict

7. We welcome the EU's investigation into the causes of the Georgian-Russian conflict. Understanding the history and causes of the conflict is a prerequisite to achieving peace in the region. While awaiting the EU's forthcoming report that should provide a more detailed assessment of the causes of the conflict, we conclude that:
 - Responsibility for the conflict was shared, in differing measures, by all parties. Both Russia and Georgia share responsibility for the humanitarian consequences of the conflict that have left hundreds dead and thousands displaced from their homes.
 - Russia provoked Georgia through its actions over many years. Russian provocation included fuelling separatism in the region through the distribution of passports in the breakaway Georgian territories, building up its military forces in the region and through its recognition of the separatist territories in Spring 2008.
 - President Saakashvili's decision to launch an offensive on 7 August was politically reckless. Russia reacted swiftly to remove Georgian forces from South Ossetia. Russia also acted with disproportionate and illegal use of force by encroaching deep into Georgian territory, far beyond the conflict area. (Paragraph 74)
8. There was a collective international failure at a political level to read the warning signs of an escalating conflict. The UK Government has stated its commitment to securing peace in Georgia. Ministers need to learn from history, and should carefully monitor intelligence on the situation in the Caucasus, to ensure that any future outbreak of conflict in the region does not come as a surprise. (Paragraph 75)
9. Russia is failing to honour its ceasefire commitments under the agreements of 12 August and 8 September 2008. We recommend that the UK Government send a strong message to Russia that it needs to withdraw its military forces to its pre-conflict positions as previously agreed. (Paragraph 81)
10. We regret that the UN and OSCE monitoring missions have been forced to close. Their closure increases the vital importance of the EU monitoring mission in Georgia and the need for its mandate to be strengthened as well as extended. The EU monitoring mission has a vital role in acting as a deterrent to further military action and promoting stability. The UK Government should increase its diplomatic efforts to secure an extension in time and strengthening of the EU monitoring mission in Georgia, including enabling the mission to have full access to the disputed territories. (Paragraph 89)
11. Russia has breached internationally accepted principles of sovereignty and territorial integrity by unilaterally recognising the independence of South Ossetia and

Abkhazia. The prospect of South Ossetia and Abkhazia returning under the sovereign control of Georgia in the near future appears slight while the Russian military presence remains in these territories. It is vital for international security that NATO, EU and the UK Government remain resolute in their commitment to Georgia's sovereignty and international law. The international community has a vital role in securing stability and peace in the region. UK Ministers should press for the EU, UN and OSCE to secure a lasting peace settlement in the disputed territories. (Paragraph 93)

Russia and NATO

12. We welcome the resumption of formal engagement between NATO and Russia on the NATO-Russia Council. Engagement provides a platform for progress in building trust and cooperation. This should not, however, be at the cost of abandoning a commitment to the territorial integrity of Georgia. NATO should continue to make clear to Russia that its actions in Georgia were disproportionate and that it should honour its ceasefire commitments in Georgia. (Paragraph 99)
13. For the NATO-Russia Council to be effective in building trust between NATO and Russia there needs to be an honest dialogue on areas of disagreement as well as agreement. The UK Government should encourage the NRC to be used as a forum to discuss difficult and strategic issues—such as NATO enlargement, Georgia, and human rights—as well as issues where cooperation is more likely. (Paragraph 101)
14. Arctic security is an issue of growing strategic importance as sea routes are opened up as a result of climate change. NATO has a critical role to play in securing Russian cooperation or at least minimising tensions over the territory. (Paragraph 104)
15. There are many opportunities for NATO to pursue cooperation with Russia for mutual benefit. The full potential of the NATO-Russia Council will not be realised until it takes strategic decisions on the priority areas for cooperation. In relation to these areas of potential cooperation, the NATO-Russia Council should focus its efforts on key strategic areas where there is a consensus within NATO and realistic prospects for success: these areas could include arms control, the Arctic and Afghanistan. We recommend that the UK Government identify and communicate within NATO what its priority areas are for cooperation with Russia. (Paragraph 106)
16. The Government should work within NATO to secure an agreement with Russia on the transit of NATO military goods through Russian territory to ISAF forces in Afghanistan. We acknowledge that the UK currently relies on a southern transit route to supply its Armed Forces, yet it has a vital interest in ensuring the effectiveness of the entire coalition mission in Afghanistan. The Alliance's effectiveness would be enhanced by accessing an alternative supply route for its military goods other than through Pakistan. (Paragraph 111)
17. Russia should not have a veto over NATO membership. The costs of NATO closing the door on further enlargement are as great as the costs of premature enlargement. (Paragraph 122)

18. Acceptance of new NATO members should continue to be performance-based; if a country meets the criteria for membership, and can demonstrate that it is able to contribute to the security of existing NATO members it should be permitted to join. We believe it is essential that NATO's open door policy is maintained on this basis. Ending it is not in the interests of NATO or of European stability as a whole. Signalling that the Alliance has reached its outer limits, or ruling out further expansion, would consign those countries left outside NATO to an uncertain future, potentially creating instability on the Alliance's Eastern fringes. Perpetuating this instability is not in the interests of any member of the NATO Alliance. (Paragraph 123)
19. Georgia's unresolved territorial disputes considerably complicate NATO's decision-making on whether to grant Georgia membership or not. On the one hand, Georgia's membership may strengthen democracy and stability within the country and possibly beyond. On the other hand, its unresolved territorial disputes could risk NATO becoming embroiled in a direct conflict with Russia. While Georgia is working towards meeting the performance criteria for membership this issue can be avoided. But it can not be avoided indefinitely. At some point in the future, NATO will need to make a difficult decision on whether to grant Georgia membership in light of the harsh reality of the situation on the ground. It is vital that NATO does not allow Russia to dictate this decision; yet it is also vital that NATO considers the possible consequences arising from allowing a country to join while it has unresolved territorial disputes which it is in Russia's interests to perpetuate in the short term. (Paragraph 127)
20. If NATO does grant Georgia membership it should do so to the whole of Georgia's sovereign territory, including Abkhazia and South Ossetia. To do otherwise would be to recognise Russia's actions in those parts of Georgia as having some legitimacy. This is a very serious issue to which we do not have an answer. Yet the international community must work to address it to produce an answer and, in doing so, reduce the tension between Georgia, Russia and NATO. This will be achievable only with a recognition by Russia that its long-term interests lie in stable and harmonious relations in the South Caucasus region, rather than a relationship of threats and domination. (Paragraph 128)
21. For Ukraine to have a realistic chance of joining NATO, it not only needs to meet the performance criteria for membership, but it needs also to demonstrate that its public are supportive of its membership. (Paragraph 129)
22. NATO needs to ensure that a continued commitment to mutual protection—Article 5—is at the heart of the new NATO Strategic Concept. NATO's global role is vital, given the shared challenges its Member States face. Yet this should not come at the expense of the Alliance's commitment towards mutual defence. (Paragraph 133)
23. Central and Eastern European NATO members are understandably concerned about their security. Countries such as Estonia have proved to be valuable allies, particularly in the ISAF mission in Afghanistan, and it is right that we reassure them about their security. NATO should take steps to reassure Central and Eastern

European NATO members that their security is of vital importance to the Alliance. (Paragraph 134)

24. NATO should update its contingency plans for responding to an armed attack on its members, including ensuring that these plans cover the eventuality of attack on Baltic Member States, and setting out NATO's planned military response. (Paragraph 137)
25. We believe that NATO's decision to enhance the remit of the NATO Response Force, rather than creating new structures, is sensible. It is vital that the NATO Response Force is able to reassure Central and Eastern European Member States. NATO should maintain a visible military presence in the Baltic States, including through the use of air-policing and conducting exercises in the region. (Paragraph 139)
26. The UK, alongside many other countries, faces an increasing threat of cyberattack. Cybersecurity is an issue of increasing significance for the UK and NATO as society becomes increasingly dependent on information and communication technology. The cyberattacks on Estonia and Georgia demonstrate the importance of the UK and NATO developing robust resilience. (Paragraph 151)
27. We welcome the Government's publication of a National Cybersecurity Strategy and the establishment of new offices to coordinate and implement cybersecurity measures. Despite information from the MoD, we are still not clear what the exact role and contribution of the MoD is towards national cybersecurity. In the Government's response to our Report, we recommend the Government to set out more clearly the MoD's current and future work in relation to national cybersecurity. The MoD should also ensure that the importance of cybersecurity is reflected within its planning and resource allocation. (Paragraph 152)
28. Given the importance that the Government now attaches to national cybersecurity, we call on it to explain its decision not to sponsor the NATO Cyber Defence Centre of Excellence. The UK Government should urge NATO to recognise the security challenge posed by electronic warfare in NATO's new Strategic Concept. NATO should give cybersecurity higher priority within its planning to reflect the growing threat that this poses to its members. NATO should ensure that the work of the Cyber Defence Centre of Excellence is fully supported, including financially. (Paragraph 153)

European security and Russia

29. We welcome the resumption of a dialogue between the EU and Russia on a new Partnership and Cooperation Agreement. Yet the Government's position, that the 'pace and tone' of negotiations on a new PCA will be informed by Russia's fulfilment of its obligations under the ceasefire agreements in Georgia, does not provide sufficient clarity on the Government's position. The Government should make a clear public statement that it will not sign up to a new Partnership and Cooperation agreement unless Russia honours its ceasefire commitments. (Paragraph 158)

30. We note the concern expressed by witnesses about Russia's motives in proposing a new European security architecture. We are not convinced that there is a need for such a new architecture, which may undermine the primacy of NATO's security role. Nevertheless, engagement with Russia on this matter is necessary to understand their security concerns. The current proposals are vague; Russia needs to come forward with further details of its proposals to enable a meaningful dialogue to take place. The UK Government should maintain its willingness to engage with Russia on this issue, but should make clear that it will not commit to an agreement that overrides existing commitments to NATO and human rights. We support the OSCE's role in taking forward initial discussions on the new security architecture. (Paragraph 166)

European energy security and Russia

31. Regardless of the causes of the Ukraine-Russia gas dispute, it is clear that it has damaged the reputations of both countries as reliable suppliers. The threat and reality of Russia cutting off energy supply demonstrates the need for the EU to reduce its energy dependency on Russia and diversify energy supply. (Paragraph 176)
32. It is too early to judge what the long-term effect of the global economic crisis will be on future EU energy demand. Yet the EU needs to press ahead in diversifying its energy supply to ensure that it is not vulnerable to supply disputes (Paragraph 178)
33. The UK Government should work within the EU to pursue a united approach to energy security and the prioritisation of developing the Nabucco pipeline. (Paragraph 184)
34. In our view NATO should have a role in energy issues but it should not play a leading role; this is more appropriately a matter for the EU. Nevertheless, energy is an issue that it is legitimate for NATO to be concerned about because there are significant security implications arising from the possibility of disputes between countries over energy supplies and the potential for states to use their military assets to defend pipelines. The Government should work within NATO to develop an approach on energy issues that focuses on the security aspects of the energy agenda. (Paragraph 187)

Global security

35. A strong bilateral relationship between the US and Russia is vital for global security. Yet it is also important for European security that this relationship does not come at the expense of the NATO-Russian relationship. (Paragraph 190)
36. We welcome the US-Russian negotiations on a nuclear arms reduction treaty to succeed START I. We support the recommendation made by the Foreign Affairs Committee in its Report, *Global Security: Non-Proliferation*, that the Government should offer every assistance to facilitate a speedy and productive conclusion to the negotiations on a treaty to replace START I. We ask the Government, in its response to our Report, to set out what steps it has taken to facilitate an agreement. (Paragraph 195)

37. We are not convinced that European security will be enhanced by the United States' planned ballistic missile defence (BMD) system as currently envisaged. If the US decides to press ahead with its BMD plans, we recommend that the Government seek ways to involve Russia in its development. (Paragraph 203)
38. Russia has an important bilateral relationship with Iran and thereby has a vital role in preventing Iran from developing nuclear weapons. We call on the Government to encourage Russia to persuade Iran to comply with its nuclear obligations. (Paragraph 208)

Conclusion

39. Although Russia does not pose a military threat to NATO as an Alliance, some Central and Eastern European NATO Member States are understandably concerned about the military threat that Russia poses to them individually, given Russia's actions in Georgia. It is important they are reassured. (Paragraph 211)
40. It is in NATO's interests to continue to support the territorial integrity of Georgia. If Russia believes it has *carte blanche* to disregard international law there is an increased risk of other countries suffering the same fate as Georgia. The credibility of NATO as a military alliance is based on its ability to provide mutual defence to its Member States, as outlined in Article 5. NATO's new Strategic Concept should contain a renewed commitment to Article 5 as well as ensuring that NATO is militarily capable of acting inside and outside of NATO boundaries. NATO is strongest when its Member States are united; the UK Government should work within NATO to ensure that this is achieved. (Paragraph 212)
41. It is right that NATO, the EU and the UK Government engage with Russia both on areas of cooperation and areas of disagreement. Russia has much to gain from positioning itself firmly within the community of nations. Engagement is important to build trust and avoid a new confrontation arising between Russia and the West. The Government should adopt a hard-headed approach to engagement with Russia, based on the reality of Russia's foreign policy rather than abstract and misleading notions of shared values. (Paragraph 213)

Annex: Committee visits

Summary of the Committee's visit to Brussels, 21-22 January 2009

Members who participated in the visit: Rt Hon. James Arbuthnot, Mr David S Borrow, Mr Dai Havard, Mr Adam Holloway, Mr Bernard Jenkin, Mr Brian Jenkins, Robert Key, John Smith

Meetings were held with:

- Javier Solana, High Representative for CFSP and Secretary General of the Council of Europe
- Angus Lapsley, Counsellor, UK Permanent Representation
- Air Cadre Bob Tizard, Deputy UK Military Representative to the EU
- Heather Graby, Adviser to the Enlargement Commissioner
- Tim Barrow, UK Ambassador to the Political and Security Committee of the EU
- Lieutenant General David Leakey, Director General of the EU Military Staff
- H.E. Vladimir Chizhov, Russian Ambassador to the EU
- Robert Cooper, Director General for External and Politico-Military Affairs, General Secretariat of the Council of Europe
- Claude-France Arnould, Director DGE8 (Council Secretariat's Defence Directorate)
- Stewart Eldon, UK Ambassador to NATO
- Lieutenant General David Bill, UK Military Representative to NATO
- H.E. Mr Kurt Volker, Ambassador of the United States
- H.E. Mr Ukrich Brandenburg, Ambassador of Germany
- S.E. Madame Pascale Andreani, Ambassador of France
- H.E. Mr Revaz Beshidze, Ambassador of Georgia

- H.E. Mr Sorin Ducaru, Ambassador of Romania
- H.E. Mr Zoltan Martinusz, Ambassador of Hungary
- H.E. Mr Kire Ilioski, Ambassador of Macedonia
- Lieutenant General Mieczyslaw Cieniuch, Military Representative of Poland
- Major General Vitalijus Vasiksnoras, Military Representative of Lithuania
- H.E. Mr Ihor Sagach, Ambassador of Ukraine
- Ambassador Claudio Bisogniero, Deputy Secretary General of NATO
- Mr Ivan Soltanovskiy, Deputy Ambassador of the Russian Federation
- General Alexi Maslov, Military Representative of the Russian Federation
- H.E. Mr Juri Luik, Ambassador of Estonia
- H.E. Mr Linas Linkevicius, Ambassador of Lithuania

Summary of the Committee's visit to Russia, 1-4 March 2009

Members who participated in the visit: Rt Hon.. James Arbuthnot, Mr David S Borrow, Mr David Crausby, Mr David Hamilton, Mr Dai Harvard, Mr Adam Holloway, Mr Bernard Jenkin, Mr Brian Jenkins, Robert Key, John Smith, Richard Younger-Ross.

Meetings held with:

- Vladimir Voronkov, Director, Department of European Cooperation, Ministry of Foreign Affairs
- General Gareev, Head of the Academy of Military Science, Ministry of Defence
- Representatives of human rights organisations working in Russia
- Konstantin Iosifovich Kosachev, Chairman of Duma Foreign Affairs Committee
- Sergei Rogov, US-Russia Institute, Russian Academy of Science
- Anatolij Alekseyevich Nogovitsyn, Deputy Chief of General Staff, Ministry of Defence

- Viktor Alekseevich Ozerov, Chairman of the Defence and Security Committee of the Federation Council
- Colonel-General Eduard Arkadievich Vorobiev
- Mikhail Vitalyevich Margelov, Chairman of the International Affairs Committee of the Federation Council

Summary of the Committee's visit to Estonia, 4-6 March 2009

Members who participated in the visit: Mr David S Borrow, Mr David Crausby, Mr Brian Jenkins, Robert Key

Meetings held with:

- H.E. Peter Carter, UK Ambassador to Estonia
- Jaap Aaviksoo, Minister of Defence
- Sven Sakkov, Deputy Undersecretary for Defence Policy
- Kristjan Prikk, Director of the International Cooperation Department
- Eerik Marme, Director of the NATO-ESDP Department, Ministry of Defence
- Harri Tiido, Undersecretary for Political Affairs
- Harry Lahte, Georgia bureau Director, Ministry of Foreign Affairs
- Lieutenant Ilmar Tamm, Cyber-Defence Centre of Excellence
- Eneken Tikk, Researcher, Cyber-Defence Centre of Excellence
- Mati Raidma MP, Chairman of the National Defence Committee of the Riigikogu

Summary of the Committee's visit to Georgia, 4-6 March 2009

Members who participated in the visit: Rt Hon.. James Arbuthnot, Mr David Hamilton, Mr Dai Harvard, Mr Adam Holloway, Mr Bernard Jenkin, John Smith, Richard Younger-Ross.

Meetings held with:

Denis Keefe, UK Ambassador to Georgia and other members of the UK delegation

- Davit Sikharulidze, Defence Minister
- Davit Rakhviashvili, Deputy Reintegration Minister
- Paata Davitaia, Hd/Parliamentary Commission into Russian actions
- Irakli Kavtaradze, former Deputy Chairman of the Defence Committee
- Zaza Gelashvili, First Deputy Chairman of the Defence Committee
- Giorgi Kandelaki, Head of the Georgian delegation to NATO
- Nick Laliashvili, member of the Christian-Democrats
- Archil Osidze, Head of Administration, Defence and Security Committee
- David Darchiashvili, Chairman of the European Integration Committee
- Minashvili Akaki, Chairman of the Foreign Relations Committee
- Giorgi Baramidze, Vice-Prime Minister and State Minister on European and Euro-Atlantic Integration
- Aleksandes Bakradze, Head of the Euro-Atlantic Integration Coordination Department
- Giga Bokeria, Deputy Foreign Minister
- Analysts and academics in a meeting hosted by the Georgian Foundation for Strategic and International Studies
- International Ambassadors and representatives to Georgia during a dinner hosted by the British Embassy
- President Mikheil Saakashvili

Formal minutes

Tuesday 30 June 2009

Mr James Arbuthnot, in the Chair

Mr David Crausby
Mr David Hamilton
Mr Mike Hancock
Mr Dai Havard

Mr Brian Jenkins
Robert Key
Mr Richard Younger-Ross

Draft Report (*Russia: a new confrontation?*), proposed by the Chairman, brought up and read.

Ordered, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 213 read and agreed to.

Annex and Summary agreed to.

Resolved, That the Report be the Tenth Report of the Committee to the House.

Ordered, That the Chairman make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Written evidence was ordered to be reported to the House for printing with the Report, together with written evidence reported and ordered to be published on 24 February, 10 and 17 March, 19 May and 9 June.

[Adjourned till Tuesday 7 July at 10.00 am

Witnesses

Tuesday 24 February 2009

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Mr Edward Lucas, Central and Eastern Europe correspondent, *The Economist*

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Professor Margot Light, London School of Economics, and **Mr James Sherr**, Head, Russia and Eurasia Programme, The Royal Institute of International Affairs, Chatham House

Ev 8

Tuesday 17 March 2009

Professor Jonathan Stern, Director, Gas Research, Oxford Institute for Energy Studies, and **Mr John Roberts**, Energy Security Specialist, Platts

Ev 19

Professor Martin McCauley, Senior Lecturer, University of London, **Dr Roy Allison**, Reader in International Relations, London School of Economics and Political Science, and **Dr Alex Pravda**, Director of the Russian and Eurasian Studies Centre, St Antony's College, Oxford University

Ev 24

Tuesday 24 March 2009

Ms Oksana Antonenko, Senior Fellow, International Institute for Strategic Studies

Ev 38

Mr Denis Corboy, Director of Caucasus Policy Institute, King's College, London (and former EU ambassador to the Caucasus), and **Sir Andrew Wood**, Associate Fellow at Chatham House (and former UK Ambassador to Moscow)

Ev 45

Tuesday 21 April 2009

Rt Hon Baroness Taylor of Bolton, a Member of the House of Lords, Minister for International Defence and Security, **Group Captain Malcolm Crayford**, Deputy Head Security Co-operation, Counter Proliferation & Security Co-operation Division, **Ms Gloria Craig**, Director, International Security Policy, Ministry of Defence; **Rt Hon Caroline Flint MP**, Minister for Europe, **Mr Nick Pickard**, Head of Security Policy Group, and **Mr Justin McKenzie Smith**, Deputy Director of Russia, South Caucasus and Central Asia Directorate, Foreign and Commonwealth Office

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10	Professor Alan Riley, City Law School, City University	Ev 119
11	Foreign and Commonwealth Office	Ev 125
12	Professor Margot Light, Professor Emeritus, Department of International Relations, London School of Economics and Political Science	Ev 132
13	James Sherr, Head of Russia and Eurasia Programme, Chatham House	Ev 134
14	John Roberts, Energy Security Specialist, Platts	Ev 140
15	Dr Roy Allison, Reader in International Relations, London School of Economics and Political Science	Ev 145
16	Oksana Antonenko and Bastian Giegerich, The International Institute for Security Studies	Ev 147
17	Dr Alex Pravda, University Lecturer and Fellow, St Antony's College, University of Oxford	Ev 150
18	Dr Jonathan Eyal, Director, International Security Studies, Royal United Services Institute	Ev 152
19	Roger McDermott, Honorary Senior Research Fellow, Department of Politics and International Relations, University of Kent	Ev 162
20	Dr Irina Isakova, Freelance Analyst	Ev 164
21	Ministry of Defence	Ev 167, 169

List of Reports from the Committee during the current Parliament

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2008–09

First Report	Winter Supplementary Estimates 2008–09	HC 52 ^A
Second Report	The work of the Committee 2007–08	HC 106
Third Report	Defence Equipment 2009	HC 107 (HC 491)
Fourth Report	Spring Supplementary Estimate 2008–09	HC 301 ^B
Fifth Report	Ministry of Defence Annual Report and Accounts 2007–08	HC 214 (HC 534)
Sixth Report	The UK's Defence contribution to the UK's national security and resilience	HC 121
Seventh Report	Defence Support Group	HC 120
Eighth Report	Service Complaints Commissioner for the Armed Forces: the first year	HC 277
Ninth Report	Ministry of Defence Main Estimates	HC 773

^A Government response published as Memorandum in the Committee's Fourth Report (HC 301)

^B Government response published as Memorandum in the Committee's Ninth Report (HC 773)

Session 2007–08

First Report	UK land operations in Iraq 2007	HC 110 (HC 352)
Second Report	Costs of operations in Iraq and Afghanistan: Winter Supplementary Estimate 2007–08	HC 138 ^A
Third Report	UK/US Defence Trade Cooperation Treaty	HC 107 (HC 375)
Fourth Report	The Iran hostages incident: the lessons learned	HC 181 (HC 399)
Fifth Report	Ministry of Defence Annual Report and Accounts 2006–07	HC 61 (HC 468)
Sixth Report	The work of the Committee in 2007	HC 274
Seventh Report	Medical care for the Armed Forces	HC 327 (HC 500)
Eighth Report	Operational costs in Afghanistan and Iraq: Spring Supplementary Estimate 2007–08	HC 400 ^B
Ninth Report	The future of NATO and European defence	HC 111 (HC 660)
Tenth Report	Defence Equipment 2008	HC 295 (HC 555)
Eleventh Report	Ministry of Defence Main Estimates 2008–09	HC 885 (HC 1072)
Twelfth Report	Scrutiny of Arms Export controls (2008): UK Strategic Export Controls Annual Report 2006, Quarterly Reports for 2007, licensing policy and review of export control legislation	HC 254
Thirteen Report	The contribution of Unmanned Aerial Vehicles to ISTAR capability	HC 535 (HC 1087)
Fourteenth Report	Recruiting and retaining Armed Forces personnel	HC 424 (HC 1074)
Fifteenth Report	UK operations in Iraq and the Gulf	HC 982 (HC 1073)

^A Government response published as Memorandum in the Committee's Eighth Report (HC 400)

^B Government response published as Memorandum in the Committee's Eleventh Report (HC 885)

Session 2006–07

First Report	Defence Procurement 2006	HC 56 (HC 318)
Second Report	Ministry of Defence Annual Report and Accounts 2005–06	HC 57 (HC 376)
Third Report	Costs of operations in Iraq and Afghanistan: Winter Supplementary Estimate 2006–07	HC 129 (HC 317)
Fourth Report	The Future of the UK's Strategic Nuclear Deterrent: the Manufacturing and Skills Base	HC 59 (HC 304)
Fifth Report	The work of the Committee in 2005 and 2006	HC 233 (HC 344)
Sixth Report	The Defence Industrial Strategy: update	HC 177 (HC 481)
Seventh Report	The Army's requirement for armoured vehicles: the FRES programme	HC 159 (HC 511)
Eighth Report	The work of the Defence Science and Technology Laboratory and the funding of defence research	HC 84 (HC 512)
Ninth Report	The Future of the UK's Strategic Nuclear Deterrent: the White Paper	HC 225–I and –II (HC 551)
Tenth Report	Cost of military operations: Spring Supplementary Estimate 2006–07	HC 379 (HC 558)
Eleventh Report	Strategic Lift	HC 462 (HC1025)
Twelfth Report	Ministry of Defence Main Estimates 2007–08	HC 835 (HC 1026)
Thirteenth Report	UK operations in Afghanistan	HC 408 (HC 1024)
Fourteenth Report	Strategic Export Controls: 2007 Review	HC 117 (Cm 7260)
Fifteenth Report	The work of Defence Estates	HC 535 (HC 109)

Session 2005–06

First Report	Armed Forces Bill	HC 747 (HC 1021)
Second Report	Future Carrier and Joint Combat Aircraft Programmes	HC 554 (HC 926)
Third Report	Delivering Front Line Capability to the RAF	HC 557 (HC 1000)
Fourth Report	Costs of peace-keeping in Iraq and Afghanistan: Spring Supplementary Estimate 2005–06	HC 980 (HC 1136)
Fifth Report	The UK deployment to Afghanistan	HC 558 (HC 1211)
Sixth Report	Ministry of Defence Annual Report and Accounts 2004–05	HC 822 (HC 1293)
Seventh Report	The Defence Industrial Strategy	HC 824 (HC 1488)
Eighth Report	The Future of the UK's Strategic Nuclear Deterrent: the Strategic Context	HC 986 (HC 1558)
Ninth Report	Ministry of Defence Main Estimates 2006–07	HC 1366 (HC 1601)
Tenth Report	The work of the Met Office	HC 823 (HC 1602)
Eleventh Report	Educating Service Children	HC 1054 (HC 58)
Twelfth Report	Strategic Export Controls: Annual Report for 2004, Quarterly Reports for 2005, Licensing Policy and Parliamentary Scrutiny	HC 873 (Cm 6954)
Thirteenth Report	UK Operations in Iraq	HC 1241 (HC 1603)
Fourteenth Report	Armed Forces Bill: proposal for a Service Complaints Commissioner	HC 1711 (HC 180)

Oral evidence

Taken before the Defence Committee

on Tuesday 24 February 2009

Members present

Mr James Arbuthnot, in the Chair

Mr David S Borrow
Mr David Crausby
Linda Gilroy
Mr Mike Hancock

Mr Dai Havard
Mr Bernard Jenkin
Mr Brian Jenkins
Robert Key

Witness: Mr Edward Lucas, Central and Eastern Europe correspondent, *The Economist*, gave evidence.

Q1 Chairman: Good morning. Can I ask you to begin please by telling us the briefest bit about yourself and your experience of what you are just about to give evidence about, which is our first session on Russia.

Mr Lucas: Thank you very much both to you and to the Committee in general for inviting me; it is a great privilege to be able to share my thoughts with you. I have been covering Eastern Europe since the early 1980s when I was involved in activities to help the Polish then-banned trade union Solidarity, and I have basically been dealing with Eastern Europe ever since. I was a student behind the Iron Curtain in the days when that was a pretty rare thing to do, I was a correspondent behind the Iron Curtain in the days when that was also quite a rare thing, I covered East Germany for the so-called German Democratic Republic and I covered Czechoslovakia and witnessed the Velvet Revolution in Czechoslovakia in which my friends went from being dissidents who were in and out of jail to being politicians who were in and out of office, and that was a very pleasant change. I then moved to the Soviet Union, as it was then, and saw the collapse of Soviet power in the Baltic Republics and stayed on there for four years editing an English-language newspaper until the last of the Russian occupation forces left the Baltics. I then went on to run the Eastern Europe office of *The Economist* in Vienna, then moved to Berlin, then had four years in Moscow and then came back to London and now cover Eastern Europe out of London. Having been very optimistic at a time when others were pessimistic in that I thought that communism was bound to collapse and these countries would do quite well once they were freed of the shackles of communist captivity, I have now become rather pessimistic at the way in which the worst people from that side, which is the old KGB and their business cronies, are using our system against us, and that was what prompted me in the end to write my book, *The New Cold War*, which I believe is why you invited me here.

Q2 Chairman: As you know, our inquiry is entitled "Russia: a new confrontation?" I do not usually refer to the punctuation in these questions, but we are trying to decide whether our relations with

Russia currently are leading towards a new confrontation or not, and we see from your book that you suggest that Russia is actually too weak to pose a direct military threat to the West and, if that is true, to what extent do you think it poses a military threat to others? Do you think it is a paper tiger or not?

Mr Lucas: The analogy I use in the book is that an aggressive man on crutches can be quite a threat to someone in a wheelchair, and I think there can be no doubt after the Georgian war that Russia is in a position to do serious military damage to small neighbouring countries, particularly if they do not have strong friends to back them up. That was something that would have seemed, I think, inconceivable during the Yeltsin era. You could see Russia using military force inside its borders against the Chechens principally, but nobody really thought that Russia was going to go to war with a neighbouring country and in Georgia it did, and we can debate the rights and wrongs of that war separately. I think that, if one is looking at it from a British point of view, we have the enormous luxury of still being a world military power, we have our nuclear deterrent, we are not really endangered by this, it is a nuisance for us if Russian planes buzz our airspace or Russian submarines surface unexpectedly off our waters, but nobody really thinks it is an existential threat. It looks jolly different if you are, say, Estonia, a country which has configured its armed forces entirely in the light of NATO's requirements overseas, and Estonians are very valued allies for the British Forces in Afghanistan. They have not paid very much attention to defending their own country because they believe that NATO is going to help them. Now, if, and it is a very big "if" and I do not think it is a probability, not even a very big possibility, but, if there were some kind of security confrontation in the Baltic States and NATO, for one reason or another, was not willing or able to come to Estonia's aid, perhaps because of a German veto, to take a not completely hypothetical possibility, then Estonia would be very hard-pressed to defend itself, so that is the kind of spectrum, not really a problem for Britain, but a jolly big problem if you are a small country on Russia's borders.

Q3 Chairman: Why is it in the UK's national interests to be concerned about the threats that Russia might pose to its neighbouring states rather than to the West or to the UK?

Mr Lucas: Well, I think it depends on the neighbouring state and it clearly matters less from our point of view, if you want to take a kind of selfish realpolitik view. If Russia marched into Mongolia, for example, that is very different from if it marches into Norway, and I do not think either of those is particularly likely, but I am just stating that hypothetically. I do think that Britain's security does depend on NATO and a NATO guarantee absolutely matters. We have given that guarantee to the Baltic States and we should honour it. Again, I am not saying that this is a live danger, but we should make sure that it never becomes one. Georgia was not a NATO member, it was an American ally, which is rather different and, for one reason or another, the West was not willing or able to do very much to defend Georgia, but we can be, I think, quite clear that it is in Britain's interest to make sure that the NATO guarantee in Eastern Europe stays so strong that it is never tested.

Q4 Mr Borrow: You mentioned briefly the deployment of Russian aircraft or ships into NATO airspace or oceans where they were not expected to be. Why is Russia doing that and is there any reason why we in the UK should be concerned about it?

Mr Lucas: It is an excellent question with two answers. One, we should certainly find it troubling that Russia sees the need to go in for this kind of, what one might almost call, "adolescent sabre-rattling". Given that there is no chance of a serious military confrontation with Britain, why do they feel the need to provoke us by flying supersonic nuclear bombers at high speed towards our airspace and then turning away at the last minute? This is not the behaviour of a country that has got its priorities right, I would suggest. Now, the consequence of this for us is that we have to maintain a slightly higher, or even a much higher, level of readiness than we would if it were not Russia. If Russia, say, in 50 years had never come near our airspace and was a co-operative and friendly ally just as, say, Ukraine is, to take another country that is not in NATO, we probably would not need to spend so much money, our pilots could do other things, our planes could be elsewhere and we would have those resources free. One of the effects of this kind of pinprick provocation is that it ties up our resources. Why they do it, I think, reflects this mentality of what I would refer to as the "ex-KGB regime in the Kremlin" which has the old chauvinist reflexes, at least to some extent, of the Soviet Union and they say, "We do it because we can and we want you to take notice of us". Maybe, and I hope this is the case, the famous reset button that the Obama Administration is going to push on arms control and other issues may mean that they feel less need to do this, but they can always start it up again.

Q5 Mr Jenkins: Mr Lucas, I put it to you that, if we did not have a Russian threat in terms of exercising and getting our pilots into the area as fast as possible to offset it, we would have to provide one because that is the only way we can exercise and make sure that our country's defences are secure. So we should be maybe thankful on behalf of the taxpayer that the British taxpayer did not have to provide it, they did it.

Mr Lucas: Well, I think you have got a remarkable ability to see a silver lining in a cloud! The fact is that there is a danger of accident here and, when they did it in Norway, it was not just a welcome opportunity for the Norwegians to test their air defences, but very seriously they had a major naval and aviation exercise in the middle of the North Sea right around some Norwegian oilrigs, and that was a very serious and expensive business for the Norwegians and not funny at all. It is something that casts a question mark over the dependability of Russia as a country, and also there is the danger of an accident. These planes are perhaps even carrying nuclear warheads and, if one of them crashes, well, we do not want that, so I am glad you can look on the bright side, but I am afraid I cannot quite share your perspective.

Q6 Chairman: Do you think it is sabre-rattling as opposed to another concept that has been put to us, which is the idea of bringing back the level of training to levels where they were at before?

Mr Lucas: Well, I think we should be thoroughly in favour of the modernisation of the Russian Armed Forces. These are Armed Forces in which hundreds of conscripts die every year because of suicides and beatings, yet there is an enormous need and it would be tremendously in our interest if Russia would go down the road of modernisation adopted by, say, Ukraine. We can use Russia as a partner in all sorts of things. We could use Russia as a partner in Darfur, we could use Russia as a partner in Afghanistan. If Russia had a modern military and co-operated, that would be beneficial. It would also be beneficial from the point of view of stability and safety if they modernised and keep things in a good state, so it is in no one's interest for Russia to degrade, but I find the idea that they need to train to fight offensive military operations against us rather troubling. In whose interest is it that their nuclear bombers should be able to evade, in practice again and again, our interceptors. This is not something that we do. We do not probe their airspace and it is just not the behaviour of a country that wants to be friends.

Q7 Mr Hancock: That is a very interesting point, but Russia does have a permanently ready force, does it not, of some 300,000 men and all estimates are that they are pretty well equipped, and well trained and readily deployable, so they have already a substantial force on the ground that is actually ready and could be used at any time and would not rely on hidden numbers of reserves or others being called up to back them up.

24 February 2009 Mr Edward Lucas

Mr Lucas: Well, I do not quite share that. The lesson of the Georgian war is that Russia found it quite difficult to beat Georgia which is a country of one-thirtieth its size. The movement control going through the rocky tunnel under the mountains was so bad that some of the Russian tank crews were coming off on stretchers because they were so nearly asphyxiated. They had to rush in the Pskov Parachute Division and the Moscow spetsnaz who were not part of the original plan because the forces quite often were getting into trouble, or at least those are the media reports and I do not have first-hand knowledge of that. I think all the evidence points to the fact that military modernisation has been very slow so far in Russia and they have not managed to move away from a conscript army and they have not managed to introduce proper non-commissioned officers. They lack the kind of hi-tech battlefield equipment that we take for granted, everything from body armour through to night vision equipment, and they find it difficult to move around in a hurry, leaving aside of course the corruption, so I am not a huge specialist on the Russian military, but everything that I read suggests that modernisation is much talked about, but slow in coming.

Q8 Mr Hancock: On your question about why would they test the West's defences to see if they could get through, if you can get through the most sophisticated defences, then you would not have any problem going through anybody else's, so, if the Russians believe they are penetrating Western airspace with no problems or, for some reason, can get as close to the coast of North America as they possibly can without being detected, they will not have a problem going anywhere else in the world, and I think that is the lesson they are seeking to learn. If they can evade the best technology offered, they will not have any trouble evading a lot of less-effective defences.

Mr Lucas: I find it hard to see what security threat does Russia face that it needs to address with nuclear bombs. That is what I do not understand. The real problems they have are low-intensity warfare in the North Caucasus which is sort of bubbling away. If they were to do lots and lots of practice of anti-terrorism and counter-insurgency, I would say, "Fine, that's what you're dealing with", or if they said, "Theoretically, we might have to fight a war somewhere in central Asia, let's practise that", but what I think is odd is this kind of echo of the Soviet idea that they are a kind of global military power when they are so self-evidently not. I do not want to make a great big thing about this because in the end we can deal with it, but I am much more worried about the security threat to countries that cannot defend themselves than us who can.

Q9 Mr Jenkin: How much is this kind of activity about testing our responses and establishing where our boundaries are, and how important is it for the West to establish firm boundaries to contain this kind of behaviour?

Mr Lucas: Well, I think that is absolutely right, if I may say so, and I think it is not just on this, it is on a whole range of things, that I think there has been quite a conscious series of tests of our resolve on everything from the harassment of the British Ambassador in Moscow, the closure of the British Council, the closure of the BBC Russian Service frequencies, just to take three little British examples, testing our air defences, and all sort of other things as well where they want to see how we respond. One thing which I think the members of the Committee might want to do is to press the MoD a bit on why they are not making more of a fuss about this, that the attitude within the MoD so far seems to be, "Don't let show the Russians that we mind, so we won't say anything", so this is very played down. The case of the supersonic bomber which came in on a hostile path towards a city in northern England was leaked to *The Sun*, I believe, by the RAF and then MoD subsequently rather reluctantly confirmed it, but I think we actually should be saying perhaps rather more bluntly on this and many other things, "Hang on, guys, we don't like this. This is not the behaviour of a friendly country". I think the danger is that our rather cautious reaction makes them think that we are not really serious.

Q10 Chairman: But you yourself have said that it is only a nuisance.

Mr Lucas: But it is unpleasant. If someone keeps on standing on your toe in a pub, it is only a nuisance, but in the end it is—

Q11 Mr Hancock: Why do we go back then? Why have we reopened the British Council offices in Moscow?

Mr Lucas: Sorry, why?

Q12 Mr Hancock: Why do we go back then? Why does the British Government say, "Okay, you closed our offices down on the pretty spurious pretext of unpaid taxes", but then we have opened the offices again? Why do we do that?

Mr Lucas: Well, it is good to have them open. I am not sure we have yet—

Q13 Mr Hancock: Yes, they are.

Mr Lucas: —in St Petersburg.

Q14 Mr Hancock: Then you go back to have your toes trodden on again, do you not?

Mr Lucas: The problem is that a lot of what we do is to engage with Russians, not with the regime, but with Russians, and the British Council is a benefit to that.

Q15 Mr Hancock: I agree.

Mr Lucas: So there is no point in punishing the people who like us in order that the people who do not like us then do not use an opportunity to provoke us, and I do not really see that as a huge problem. I think it is much more important that we object both more crisply and actually more collectively. One of the things I advocated at the time when the British Council was closed was that the

other EU countries should say, “Okay, we will take on the tasks of the British Council as a kind of collective thing”, so that the English lessons and all the other folk dancing and everything else they do would be put on jointly by the Goethe Institute and the Cervantes Institute and so on, just to show the Russians that you cannot actually pick off one EU country like that. I think that kind of response, if one is talking about confrontation, would have been a rather effective one because they do not want to pick a fight with the whole EU, but what they do like doing—

Q16 Chairman: You can see the French teaching English?

Mr Lucas: I am sure we would do it for them!

Q17 Mr Hancock: But it is nowhere near the truth, is it? The problem why the British Council could not operate and it could not be done as you suggest is that the Russian-employed staff at the British Council were prevented from working for them, so you cannot shift people to other embassies because it was the staff, it was the Russians.

Mr Lucas: Hang on, Mr Hancock, if you had all the other European cultural institutions saying, “We are taking on the tasks of the British Council”, it would have then been up to the Russians whether they wanted to intimidate all the staff of all these things rather than just the British, and it was serious intimidation. Do not forget, they were threatening that they were going to murder family pets, which seemed to be quite heavy stuff.

Q18 Mr Crausby: Back on the Russia-Georgia conflict, can you outline the main causes of the conflict last year and who bore the main responsibility, in your opinion? I have heard both sides, the Russian side and the Georgian side, and the consensus seems to be that the Georgians foolishly fired the first shot and the Russians eagerly over-reacted. Would you agree with that?

Mr Lucas: I think, as the Americans say, there is a back story. You had had a series of provocations from the Russian side and a series of peace initiatives from the Georgian side which had not been followed up. There is no doubt in my mind that the Georgian inner circle around President Saakashvili does not react to events in the way that one would hope and information leaks out and decisions are taken at short notice in the middle of the night, and this is undesirable, but I think that in the end this war happened because Russia wanted it. Georgia was not planning to reconquer Abkhazia and South Ossetia. They were going to try to do it by soft power and they had come quite a long way in that. You had some villages in South Ossetia which were changing sides because they said, “We’re better off under the Georgians than we are under the South Ossetian kratocracy, and you had a bit of Abkhazia which had gone from being under an independent warlord’s control to being under Georgian control and was also doing quite well, and Georgia itself was doing well, it was growing very fast at double-digit growth rates. There is no doubt in my mind that that

was the path that the Georgian leadership wanted to take and it was one that was very threatening to the Russian leadership. They did not want to see Georgia succeed and becoming a kind of magnet which would show up the shortcomings of the Putin model. They very successfully provoked the Georgians into attacking, but I think one must not forget that the Georgians were under intolerable pressure. The villages that were under Georgian control in South Ossetia were being shelled by the Russians, and I do not know what President Saakashvili could do about that. He could either say, “Surrender”, and just say, “Fair enough, our guys are going to get killed and we’re not going to intervene to help them. There’s nothing we can do, tough luck”, or he could try and launch some kind of military counterattack. The third option would be to appeal to the international community to do something, and he had done that again and again and again and we were on holiday, we were not there.

Q19 Mr Crausby: Well, he clearly expected that the West would intervene in some way which seems to me a huge mistake and it set us back tremendously. Was he naïve in that expectation or was he let down?

Mr Lucas: I think he was both. To launch a war against a country that is 30 times or against something that is backed by a country 30 times bigger than you at a time when your best troops are in Iraq and your second-best troops have just come back from Iraq and are still recuperating is an odd thing to do. I agree, I think it was an impetuous and misguided decision. I think there were some elements in the American Administration which may have given him the feeling that he was going to get away with it, and in previous mistakes he had made, such as the crackdown on the opposition in November 2007, the Americans had covered up for him and they continued to back him even when, I felt and the economists felt, he had already stepped out of line, so we had been sending bad signals there as well, but I absolutely agree with you, it set us back a long way. I think it is miraculous that Georgia has survived the war as well as it has and what worries me very much is that there could be another confrontation soon.

Mr Hancock: I find it odd that the only two things which are certain about what happened is that the Georgians fired too quickly and the Russians stopped too slowly, but the interesting thing about the Russian intervention there is that, once Georgia had started to bomb their own citizens and shell their own citizens, who was going to step in if the Russians did not? Who was going to stop the Georgians? I have asked the Georgians on many occasions, including the President himself, to explain when he intended to stop what he was doing and they have yet to give an answer, so, if the Russians had not stopped them, to all intents and purposes presumably the Georgians would have gone on bombing and shelling their own citizens.

Chairman: Cluster bombs.

Q20 Mr Hancock: Well, I think the use of cluster bombs is regrettable, to say the least, but it was completely, in my opinion, a war crime to do what

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the Georgians actually did, so I am interested to see what effect this has had on NATO and the EU and their influence, not just in Georgia, but in the area generally, in that Black Sea/Caspian region.

Mr Lucas: I think that the effect on both the EU and NATO of the war in Georgia both before, during and after has been very bad. We have been exposed as divided, irresolute and ineffective. I think it started with the NATO Summit in Bucharest in May where we gave a kind of blank cheque without the money to honour it by promising Georgia that it would become a member of NATO eventually, but not agreeing to any of the practical steps that might make that either possible or desirable. I think the EU's reaction after the war was deplorable. *The Economist* put a picture of a jelly on its cover with the caption, "Europe stands up to Russia". Yes, we can debate in detail, and I would not want to do it now, the rights and wrongs of the course of the war, but it seems to me there is no doubt that Russia went well beyond any kind of peacekeeping or war-ending mandate by pushing deep into Georgia and blowing up all sorts of infrastructure, threatening civilians, ethnic-cleansing and all the rest of it, and it failed. It was set some fairly light conditions by President Sarkozy, fairly vague conditions, and then did not meet them. The EU came out with the weakest possible sanction it possibly could, which was to suspend partnership and co-operation agreement talks, which was something Russia had already said it did not really care about, and then was unable even to stick to that, so I think both NATO and the EU have been shown up quite badly and that sends quite a powerful message to the Kremlin or to the Russian authorities. It says, "These two main security organisations in Europe, one economic, security and political and one sort of military, do not really know what to do when they are confronted with a short, sharp threat, a whole series of provocations", and this is a bad message to send.

Q21 Mr Hancock: Do you think that part of the problem was that the EU in particular and NATO and the Bush regime were propping up a busted flush? Once Saakashvili had to call an election which he had to gerrymander to win, it made him a spent force and he was then desperate to do anything to instil some support for himself and his regime. Is that not part of the reason as well, that Saakashvili had to do something to show himself as being not just a busted flush?

Mr Lucas: The prospect of European and Atlantic integration is the best magnet for good government. The idea that you have to behave and you cannot do things that you might like to do because you want to join our clubs has been a great source of stability and prosperity across our continents, and I think the real story with Georgia is that that magnet got switched off, that we no longer seem to be offering a real prospect that they were going to join our clubs with the result that the conditionality that those clubs involved did not seem to apply, and Medvedev actually thought he could get away with things that he should not have been able to get away with.

Q22 Mr Hancock: Do you agree with me then that their chances of joining NATO now are pretty remote?

Mr Lucas: I think they have certainly gone backwards and I do not think they were that good to start with. I think what the thinking of the Obama Administration is, which is entirely right, is to focus on practicalities, so let us not worry about headlines, let us worry about real changes, so let us really get the Georgian Armed Forces sorted out, let us really get all the other things sorted out, the administration of justice, rule of law, anti-corruption, all the things that go to making a country into a fit member for NATO, and then, when we have done all that maybe in five years, maybe in 10 years, then we will come back and revisit it and maybe by then Georgia will be the sort of country we want to have in NATO, but I think the Bush Administration had it the wrong way round. They said, "Let's bring them into NATO and then we'll clean them up", and of course that was the wrong way round.

Q23 Mr Hancock: But they have not succeeded in the others they have brought in either.

Mr Lucas: Hang on, how do mean they have not succeeded in the others?

Q24 Mr Hancock: Well, they have not succeeded in cleaning up the corruption and bringing the rule of law and democracy into some of the other countries that have already been agreed for entry into NATO and the EU. What are the consequences then for Russia and its immediate neighbours, particularly countries like Ukraine and Azerbaijan, for example, and the consequences for Georgia and Ukraine, where the two presidents are very close to each other and Azerbaijan has a lot of wealth?

Mr Lucas: I think the whole context has changed since the oil price crashed. The Georgian war happened at a time when we had oil at \$140 a barrel or something colossal, so Russia was bursting with money and it was very easy for the regime, the Kremlin, to have very grandiose ideas about what it could do, and that has changed. We are now in a situation where we do not have much money and they do not have much money which does not mean that they cannot still pursue their geopolitical agenda, but they cannot do it in quite the same way as they did before. It seems to me that we have got a tough tussle in Belarus and in Ukraine and in Kirghizia, the Kirghiz Republic, right now where Russia is using a mixture of energy and cash to try and squeeze these countries away from any Western orientation and they may have been pursuing them close towards Moscow, so we see the Americans being pushed out of the Manas airbase in Kirghizia, Russia pressing the Belarusians very hard to recognise South Ossetia and Abkhazia, and the offer of a bilateral loan to Ukraine if it tears up its IMF deal which was very much an American Bank/IMF deal, so I think the competition is still going on and I would not say that we are winning.

Q25 Mr Hancock: My final question on this round is about South Ossetia and Abkhazia and where they are. My personal view is that, if I were living in South Ossetia, I would not vote to go back to Georgia having been bombed by them, so what is your view?

Mr Lucas: Well, you have to remember that the population of South Ossetia and Abkhazia is not the same as the people who are living there now. You have a lot of people who have been bombed out in previous wars, so I think one would have to ask the entire population as it was at some point in the past rather than just asking the people who are living there now. I think that it remains the case that Georgia's only chance of getting these territories back ever is through soft power and, if Russia becomes less attractive and Georgia becomes more attractive and perhaps we have a different leader in Georgia, one who does not arouse the same negative emotions as Saakashvili does and if Georgia in 15 years' time were about to join the EU, I think you might well have Abkhazia and South Ossetia saying, "We would actually quite like to be in the EU and let's see if we can work out some kind of loose confederal arrangement with Georgia where we can get on to that bandwagon and we do not want to be stuck along with the rest of the North Caucasus". That is optimistic, but I do not think it is impossible.

Q26 Linda Gilroy: You said you started as an optimist, but you have turned into a pessimist. Are there any aspects of what is going on in Russia which we should look to build future optimism on partnership? What are the building blocks towards a more constructive relationship with both the UK and NATO?

Mr Lucas: There is one optimistic view which I do not share, but which is quite coherent, which says that economic pressure is going to make the regime back down in its most confrontational positions, so you get the theory that we are going to see a lot more of Mr Medvedev and a lot less of Mr Putin and they will be able to afford a lot of this stuff that we do not like and, therefore, this icy blast of economic reality is going to blow them into a different direction. I just do not think that is true.

Q27 Linda Gilroy: I think Robert Key is going to ask some questions in a moment on the economics of it, but in terms of shared values and the sort of work which the OSCE, for instance, was set up to promote, do you see any prospect there?

Mr Lucas: It is quite hard to see. In theory, we ought to be able to co-operate in Afghanistan because it is not in their interest to have a Taliban victory in Afghanistan, to put an extreme case, but maybe their interests are in seeing NATO in trouble, and there must be some room for co-operation there, but we are not seeing it. They are closing down effectively an airbase that is very useful to us, the American airbase in Kyrgyzstan. The main reason I see for any kind of optimism is that we do have a business class in Russia, I would not yet call it a middle class, but a business class of people who are living their lives fairly independently from the State and who are fairly fed up with it and, if you look at opinion polls

and you ask people about corruption, the rule of law, good governance, infrastructure, public services, all these things, there is quite a chunk of people who are pretty fed up. At the same time, if you say, "Do you like Mr Putin?", they say yes, and that, I guess what the psychologists would call "cognitive dissonance", is something that we can perhaps be optimistic about in the long run and it is not as if "Putinomics" has been a fantastic success and everybody liked every aspect of it, and there are people who are rich enough to complain. The small and medium sized enterprises, of whom there are not very many for an economy the size of Russia, but they are there, they are people who have a voice and perhaps one day they will exercise it.

Q28 Linda Gilroy: One reading of what is going on in Russia is that they are posturing on the foreign policy near neighbourhood stage in order to distract from the very serious problems internally.

Mr Lucas: I totally agree. I think that is the danger. That is why I do not believe that optimistic scenario I sketched out because I think that, when the regime is in trouble, it needs to find enemies and it can find the enemies maybe by persecuting migrant workers, maybe it can claim it is the Ukrainians' fault for stealing the gas or it can just start another war in the North Caucasus, pick another fight with Georgia, whatever. The overwhelming lesson of the last two decades is that, when politics is going badly, you look for external scapegoats and pick a fight with them.

Q29 Robert Key: Russia is not immune from the global financial crisis. How will the state of the Russian economy, which is very bad now, impact on their foreign and defence policy or will it not at all, given that we are regularly told that the problem with Russia's foreign policy is that it is still stuck in the 19th Century?

Mr Lucas: Well, I think the 19th Century would be quite nice compared with what we have got now. I do not want to sound too nostalgic, but I think that this is actually a hybrid of 19th and 20th Century thinking which is perhaps even less appealing. They do have less money to play with. Even when they had a lot of money, they spent it very effectively, so, in a way, the difference is not so great, there is less to be spent. The idea that they are going to carry on expanding defence spending at 30% a year or whatever, and eventually become a real military power, I guess, is even more fanciful than it was before, although we should still pay attention to the advanced weapons that they are developing and also to the advanced weapons that they are selling, and it is possible that, because of a shortage of money, they may sell more sensitive weapons than they have sold in the past, and we should particularly look there at air defence systems, such as the S-400 and who they sell that to. I think there is still enough money for them to do the sort of geopolitical mischief-making that should cause us trouble, and I have mentioned the Ukraine, Kirghizia and Belarus already, but there are examples closer to home. I think the way in which they bought the Serbian energy company,

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NIS, at what seems to be a remarkably low price for a company of that size is quite troubling. The whole pipeline politics of South Stream and North Stream is troubling. They have successfully kyboshed the European Union's plan, which is putting it rather grandly to call it a "plan", a line on a map to build the Nabucco pipeline, which would be the only way that Europe could get gas from central Asia and the Caucasus going through Turkey and the Balkans, this would be the only east-west gas pipeline not controlled by Russia. We have been faffing around, I suppose one could say, for years on this and it is still no nearer, I think, getting built and in the meantime they are pushing ahead with their pipeline plans and making ours look less likely, so I think that the scale of the problem changes slightly because of less money, but I do not think that the nature of it does.

Q30 Robert Key: In your very forthright memorandum, you make it pretty clear that the West is at fault for having colluded in the corruption endemic in the Russian system, and you actually say that the West's biggest weakness is our greed and you say, "It is not surprising that Russians have become cynical about our talk of 'values' when they see our financial and professional elite at work, turning stolen property into respectable assets, and laundering the ill-gotten gains of the ex-KGB officers who now rule Russia", and, "We need a sharp confrontation with dodgy financiers and their clients". That is pretty strong meat. Do you think that the professional elite in this country and other Western countries, whom you describe as doing this, are aware that we are playing into Russia's hands?

Mr Lucas: Certainly some of them are because they come and talk to me about it, and they do not want their names mentioned because they do not want to endanger their careers, but I know lawyers, accountants and bankers who are disgusted by what their companies have got up to in, chiefly, Russia, but also in Ukraine and other countries. To take one very clear example, the listing of Rosneft on the London Stock Exchange, this was described by, I think, Andrei Illarionov, a former Kremlin economic adviser, as a "crime against the Russian people". This is an oil company that existed only because another oil company had been expropriated and it had been expropriated with \$8 billion of Western shareholders' money disappearing, so that is our pensions, public sector pensions maybe not, but it will be private sector pensions tied up in that, and yet the London Stock Exchange saw nothing wrong in taking a roadshow to Moscow to highlight what they described as their "more flexible listing requirements" at a time when Rosneft was not able to list on the New York Stock Exchange. We are a bit of a bargain basement when it comes to foreign companies wanting to list and I think that is scandalous and it is not just the capital markets, it is the way we tolerate anonymous companies in the British Virgin Islands. Why is it that we tolerate the ability of the British Virgin Islands to shelter companies behind a brass plate when we have absolutely no idea who owns them? That is an absolute invitation to money-laundering, yet these

companies, companies which are registered in the British Virgin Islands, where we know, maybe from gossip or maybe from intelligence or whatever, that behind them are rich and powerful Russians who are stealing the oil and gas flows and laundering through these companies, these companies are allowed to come and take up syndicated loans and open accounts with our banks and we do not see anything wrong with that.

Q31 Mr Crausby: Cyber attacks—I heard a presentation recently on cyber terrorism that started to make me really worried about Internet banking, so to what extent should we be concerned about this from a NATO point of view, particularly as state cyber attacks must be more serious than that, so how much should we worry about Russia's ability to conduct cyber attacks, as in the instance of Estonia, for instance, and, more importantly, how should we respond to that? Should we be prepared to respond in kind?

Mr Lucas: I strongly recommend that the Committee asks the MoD for a classified briefing on this because some of the stuff that is going on is really alarming, but I think the people who follow this do not want it talked about in public because they do not want to let the other side know how much we know about what they are doing, but there is a NATO Cyber Centre of Excellence in Tallinn which is now being visited from all over the world by people who want to learn the lessons of the cyber attack on Estonia and to see what measures can be taken against them. We tend to have the wrong idea about cyber attacks. We think it is a kind of crude attack on a website which means the website does not work anymore, but it is much more subtle than that. There is one virus which is being investigated at the moment which lives on memory sticks. The memory stick can be dropped outside a building that the other side, whoever they are, want to get access to and people pick it up and think, "That's a nice memory stick", and they put it in their computer and see if there is anything on it, and there does not seem to be anything on it, it seems to be empty, but actually there is a virus which then goes on to the computer and it copies everything from the trash can and all the recently opened documents and then, the next time a memory stick is put into the computer, the virus takes that information, encrypts it and puts it invisibly on that memory stick. Then someone takes the memory stick away, maybe takes it home, puts it into their computer at home, and the information disappears and we do not know where. That sounds like science fiction, but it is not. That is a real, live virus and it is causing problems right now in NATO countries, and we are not really set up to deal with it.

Q32 Mr Crausby: Do not accept free memory sticks then!

Mr Lucas: Well, as we wrote in *The Economist* recently, some security-conscious banks have actually gone round every computer in the bank putting glue in the socket where you might put a memory stick, so you physically cannot put the

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memory stick into the computer, in order to try and keep the network secure. But the other side, whoever they are, and that may be cyber criminals, it may be China, it may be Russia, it may be all sorts of people, it is quite hard to tell, the other side are ahead of us at the moment. They are inventing viruses faster than we are inventing ways to deal with them, and stealing data is only one thing, but then there is the question of getting into the computer and modifying its contents.

Q33 Mr Jenkin: At the Bucharest Summit, we were all given a free memory stick!

Mr Lucas: That was one of ours!

Q34 Mr Jenkin: One hopes! How much is this cyber activity directly authorised by the Russian State and how much do you think it is people in the system just trying it on? It is sort of semi-official, even unofficial aggressive cyber activity, so how confident are we that it is all coming from Russia?

Mr Lucas: Well, it is certainly not all coming from Russia, but what we can say with great confidence is that the Russian authorities are not co-operating in the way we would like in dealing with it. We have companies, and there was one which we wrote about in *The Economist* under the headline “Baddest of the bad”, called RBM, which is based in St. Petersburg and seemed to have the enthusiastic support of some people in authority there, to put it no more strongly than that, and there was a major American investigation into this company and big attempts to close it down. You get individual Russian law

enforcement officials who are very enthusiastic, but the Russian State does not seem to take this seriously and one has to ask why.

Q35 Linda Gilroy: You touched on energy politics in Russia just now. What are the implications of that for the EU countries and what are Britain’s energy security interests arising from that?

Mr Lucas: I think, to be fair, we need another hour for that, but I will try and do it in a minute. What the European Union needs is an energy market which is robust enough that outsiders cannot manipulate it, but that means lots of different kinds of energy coming from lots of different places in lots of different ways. What we have at the moment is not that. We have much too much of our dependence particularly in Germany and countries further east because of gas and almost all that gas coming from, not from Germany, but from further east and an awful lot of that gas coming from this Russian east-west pipeline monopoly. The one thing we could do about this very straightforwardly is to treat Gazprom the way we treated Microsoft. Microsoft did not take the EU seriously and then the fines started ratcheting up because of their monopolistic practices and after a bit they did take the EU seriously, and now all the American companies take the EU Competition Directorate very seriously. Why can we not apply the same competition law to Gazprom that we did to Microsoft? They probably would not take it seriously at the beginning, they would probably get the Germans to complain on their behalf, but we can do it, the legal framework is there.

Chairman: Mr Lucas, thank you very much indeed. That was a fascinating evidence session as our first public session in this inquiry.

Witnesses: **Professor Margot Light**, London School of Economics, and **Mr James Sherr**, Head, Russia and Eurasia Programme, The Royal Institute of International Affairs, Chatham House, gave evidence.

Q36 Chairman: I wonder if I could ask you, please, to introduce yourselves.

Professor Light: My name is Margot Light. I am Emeritus Professor of International Relations at the London School of Economics. I have been studying the Soviet Union and Russia for the last 35 years. I am really an old Soviet hand. I was a student in the Soviet Union in 1969–70 and I caught that disease from which one never gets cured, which is studying the Soviet Union. I have been teaching and writing about it ever since.

Mr Sherr: My name is James Sherr. I am Head of the Russia and Eurasia Programme at Chatham House. At one level, my interest in Russia, for family reasons, began at the age of two. I have been professionally engaged in the subject since the early 1980s, initially with what is now the Advanced Research Assessment Group of the Defence Academy, focusing on the Armed Forces and Security Services, not their capabilities but their thinking and the culture behind their thinking, and eventually two-thirds of the time very assiduously on Ukraine, its security problems, its defence security

sector reform. From the mid 1990s to the present I have been a consultant to NATO, both on Russia and the Ukraine, and I took up my present post last June.

Q37 Chairman: Do you believe that Russia poses a military threat to other countries, including, say, the Ukraine?

Mr Sherr: To be honest, it is a term, for reasons and twitchy reasons, that I do not use and tend not to like. I do not think there is an intention within the Russian political or military leadership to pose what we call a military threat to any NATO country. There has been nevertheless—and Georgia bears this out—over the past 10 years, since Vladimir Putin became President, a very focused effort to make the Russian armed forces fit for a wide range of regional contingencies, projecting power on a regional scale, including developing the nuclear means designed to deter others from intervening in regional conflicts. Despite the military establishment’s evident unhappiness with the fact that, to this day, by a NATO standard, for reasons you have heard in part

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in the last session, Russia's armed forces have some striking deficiencies, when it comes to their core task, they have done very well. There are two other areas I think we need to be concerned about. The first is the less conventional side of military activity, and, just as important, the activity of military formations that are not subordinated to the Russian Ministry of Defence, that are part of the Federal Security Service, that are part of military intelligence or part of foreign intelligence. The relationship between some of those forces and operations and the type of events we saw in Estonia in 2006 is a cause of concern, and there are some interesting enigmas there. I am even more concerned by the fact that President Putin, as he then was, in October last year assigned the Russian Navy a high priority in performing energy-related tasks. He said specifically that the Baltic Fleet will construct and provide security for the projected North Stream pipeline and deal with its environmental security. This raises a whole range of questions, particularly now, when we are looking at juridical ambiguity about waters in the Barents Sea, the Arctic, new energy discoveries and so on, and bearing in mind how crowded the Baltic Sea is. That in itself is the subject of a very great concern.

Q38 Chairman: Thank you. Professor Light, would you like to add anything to that or disagree with it?

Professor Light: I do not think that Russia poses a military threat to NATO and nor do I think that it poses a military threat to its immediate neighbours. I do not think that there will be an attack of the kind that occurred during the Georgian war against any other countries. The country that is most often suggested as a possible scenario is Ukraine, particularly because of the large Russian population in the Crimea, but I think that the situation is very different there. Russia has other means of influencing what happens in Ukraine and I do not believe that there will be a military attack.

Q39 Chairman: Do you think that any of that poses any threat to the UK as such?

Professor Light: No. Well, in the sense that if there were to be an attack, NATO would have to respond and Britain, as part of NATO, would have to respond, it is clearly going to affect British foreign policy, but I do not think that British security is affected.

Q40 Mr Borrow: Do you think that NATO should be resuming contact with Russia through the NATO-Russia Council? Would that be in our interests to do so?

Professor Light: I think that any forum in which we engage the Russians, particularly those forums in which we have practical discussions on practical issues and attempt to get practical co-operation, is useful, and that is partly what the NATO-Russia Council was meant to do. So, yes, I think we should resume talking to them there.

Mr Sherr: I agree with that answer, but I think we need to be very sober in our expectations about what that forum and this dialogue will achieve. One

reason, in my view, there was a lot of complacency in NATO about the expected Russian reaction to the US missile defence programme, is that it was thoroughly discussed inside the NATO-Russia Council with Russian military specialists, a common language was developed, none of the Russian representatives showed any misunderstanding of the programme or any apprehension of threat, but there was a complete cut-out between those people and that level of person and the people making political decisions.

Q41 Mr Borrow: What message do you think it sends to Russia in the sequence of events of cutting the tie and then re-establishing relations through the Russia-NATO Council? Does that show from the NATO point of view a position of strength or is it simply a reasonable thing to do?

Professor Light: I think there is no purpose to be served by going on refusing to deal with them in the NATO-Russia Council. It was not a very effective response in the first instance and one might argue that it should not have taken place, that we should rather have used the NATO-Russia Council in which to criticise Russia rather than to stop talking to them. I think that the wrong message, if you like, has already been sent and I do not think it is really going to matter if we start talking to them again there.

Mr Sherr: I agree with that answer. I would add, though, that the risk of misunderstanding would have been considerably diminished had on the morrow of the beginning of the Georgian war the entire NATO Council been convened. But I would have never suspended meetings. It is absurd for members of NATO, in my view, to call for cutting dialogue, when it is perfectly obvious to the Russians and ourselves that other members of NATO will not agree and that any such step will only be temporary in nature.

Q42 Chairman: So the NATO Council would have been convened. And what would it have said?

Mr Sherr: In view of the enormous investment that NATO has made in Georgia, the issues that we have identified there as being important, the mere convening of the NATO Council would have sent a message that we regard this as an extremely serious matter. Whatever was decided at the level of foreign ministers who did convene a few weeks later, that message could never have been as strong as that simple gesture which was not taken.

Q43 Mr Hancock: Will further NATO enlargement, if that is to happen, act as a detriment to international security and stability, particularly around Russia itself?

Mr Sherr: I might well hold a minority position. Yes, of course, there are dangers, and we have seen them, in premature enlargement or giving the impression, misleadingly, of hasty enlargement, because it has never been NATO's policy to push enlargement. This has been from the beginning a demand-driven process. The principal brake on the process has been NATO. But I fear that we do not consider adequately what the consequences would be in the

region if we said, "Here we are, and no further." What would the consequence be in Russia if by that step we appeared to endorse their claim that these countries, that we have deemed important to us in the past, to which we even have some treaty commitments, are in their privileged sphere of influence? What are the consequences in dealing with the Russians or anyone else by suggesting that bullying and truculence works? What would be the consequence in countries like Ukraine and Georgia? They will not accept this quietly. We are dealing with countries, as we have seen in the recent Georgian crisis, which are not only greatly apprehensive but which have a capacity for behaving very intemperately. Issues that we long ago thought had been resolved, such as Ukraine's nuclear disarmament, are now once again being discussed in Ukraine by ostensibly very reasonable people. I myself think the surest way to create major conflict in that region would be for us to close the door and accept Russia's claims to it.

Professor Light: I take a very different view. I would argue that it depends what you mean by enlargement. If you mean Croatia, then probably there will not be very serious consequences. I think if you mean Georgia and Ukraine, there will be very serious consequences. Neither Georgia nor Ukraine fulfil the criteria for membership of NATO. Ukraine, because it has a dysfunctional political system and until it gets more political stability and until there is a popular opinion in favour of NATO membership (at the present it is 60% opposed), I cannot see Ukraine as being eligible for membership. Similarly with Georgia. Georgia has two territorial disputes, and it seems to me that that by itself would render it ineligible for membership. I get very anxious about the argument that we have to expand NATO because Russia is opposed to NATO expansion and we cannot let Russia tell us what to do. I think that we really need to sit inside NATO and ask ourselves questions about what the consequences would be, not just for division in NATO but for the effectiveness of NATO, if it were to be enlarged to include those countries.

Q44 Mr Hancock: I was very interested in your comment about the dysfunctionality of the political structure of NATO. That is mainly caused, is it not, by the anti-Russian feeling that was brought into NATO, mainly from the former Soviet bloc countries who are now members of NATO? They insist on punishing Russia at every step for the crimes and the misdeeds of the Soviet Administration, and they will use every step and every possible way to connive together to undermine any negotiations and any real agreements with Russia between Russia and NATO.

Professor Light: That is certainly one of the Russian fears.

Q45 Mr Hancock: It happens. It is a reality, is it not?

Professor Light: Certainly if one charts the attitudes of Russia, not to NATO but to the European Union, then it is absolutely clear that Russia was very favourably inclined towards the enlargement of the

European Union until that moment when the Eastern European and Baltic States became Members, because they believed that the East Europeans, particularly the Poles and the Baltic states, would affect the EU's attitudes to Russia. That has in fact happened, so Russian attitudes to the EU are much less favourable now than they were. Since NATO in itself is a far more emotive subject for Russians, most Russians still see NATO as a Cold War Alliance that should have been put to bed at the end of the Cold War, like the Warsaw Pact, and they find it very difficult to see former allies now inside NATO.

Q46 Mr Hancock: In your opinion, is the unity of the Alliance sustainable, in the light of the divisions there are between Member States, particularly their attitude towards Russia?

Professor Light: I think what would really pull the Alliance apart would be the possibility of Russia attacking a NATO member and Article 5 being invoked. I think that that really would split NATO completely.

Q47 Chairman: That is intended to be what is holding it together.

Professor Light: A Bulgarian diplomat once told me that the only countries that will ever get into NATO are countries that will not require NATO's defence. I sometimes think that would it had remained like that.

Q48 Chairman: Mr Sherr, I noticed you nodding through much of Professor Light's answer.

Mr Sherr: I was, but I wanted to make a distinction. There is no reasonable person I know in the Alliance, it was certainly the case for myself, who would conceivably entertain inviting Ukraine or Georgia into membership, even in the conditions that existed before August. I myself wrote a memo to NATO before the Bucharest Summit saying, "This is not the time for offering either a membership action plan." The issue is simply: If and when those countries meet the criteria, should the decision be made with regard to their merits or with regard to Russia's declared interests? That is where I think there is a disagreement within the mainstream part of the spectrum of argument. Secondly, I have worked very closely with NATO over the years. I think it would be a great mistake to understate the extent to which NATO's thinking about Russia has been transformed. One of the reasons why NATO was ill-prepared for what happened in Georgia is that thinking inside the Alliance had been so transformed. So many steps that we have seen of late have been completely ruled out, that at a time when we should have been very concerned and very much more engaged, we were essentially napping, and in Washington they were napping as well. I just must add that, even a week before all this began in Georgia, when it was clear to every expert that this was a profoundly dangerous situation, high level co-ordination in Washington existed on only two subjects: Afghanistan and Iraq. Everything else was at the level of the bureaucracy and there was a

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complete cut-out between what they were discussing and what the decision-makers were thinking about. If we were all still in a Cold War mindset, our hapless performance would have been inconceivable over the past couple of years.

Q49 Mr Jenkin: In the question of NATO expansion, are there any issues of principle which should concern us, or is it just about practicality and ifs and buts? Surely there is a founding issue of principle, which is that NATO seeks to advance democracy, rule of law and fundamental freedoms, and in the fullness of time it is in our interests, in our long-term interests, that these should all be extended to as many countries as possible. The rest is timing, but there is an issue of principle involved, is there not?

Professor Light: I think it is a matter for debate whether NATO is primarily a defence alliance or an institution for advancing democracy. I would have said that it is first and foremost a defence alliance. That is the first thing. The second thing is that it is all very well to say it is a matter of principle, but I do think that from time to time we might try and put ourselves in the seat of someone who would be a neighbour to this enlargement. You only have to ask yourself how would the United States feel if Mexico were to join an alliance perceived to be hostile, though the alliance itself declared itself not to be hostile, to understand a little bit of what the thinking is in the Kremlin. And it does not seem to me to be such shocking thinking.

Mr Sherr: I would express it in the following terms: NATO stands or falls on the basis of collective capacity, shared interest and common values—all three. Principle is an essential part of the answer; it cannot be the whole answer. Countries do not have a right to join NATO. They must contribute to what makes NATO NATO, both in terms of values and interests and also in terms of capacity. I have argued for a long time that the time for Ukraine to join NATO is the time at which its membership will strengthen both the security of Ukraine and the security of NATO. I fully agree with Professor Light that we are very far from that point at the moment. But when we reach that point where we decide such a step with regard to a particular country is in its security interests and our own, then principle would be part of that calculation. I also think that if we turn our back on our principles, the divisions we face in the Alliance today, which does now contain, since the Cold War, nine new members, would be nothing compared to what we faced then and it would be questionable whether NATO could continue.

Q50 Mr Jenkin: Perhaps I could ask the concomitant question: Should we recognise that Russia has legitimate spheres of influence?

Mr Sherr: No.

Q51 Mr Jenkin: Should we desist from antagonising Russia by interfering with their spheres of influence?

Mr Sherr: We should recognise that Russia has interests, just as we have interests. NATO, for example, has never expressed a view about whether

the Russian Black Sea Fleet should stay in Sevastopol. When we have discussed this with Ukrainians, we have said, “As long as you are happy with it, as long as it is there on a transparent basis, as long as it does not threaten security, from NATO’s point of view it could stay there until 2050 as far as we are concerned.” Yes, Russia has interests as far as where forces might be based. We need to have a concrete discussion with the Russians, which we have not had, about: “What are you exactly afraid of? What would threaten you and why?” We have done this before. We did this between Bush Snr and Gorbachev when Germany was being reunited, when the Cold War system ended. But to recognise spheres of influence, to go back to this pre-1914 concept, is something which would not only be unprincipled, it would have very serious and I think very swift practical consequences, both in that part of the world and in our part of the world.

Q52 Chairman: Professor Light, do you want to add anything?

Professor Light: I think recognising a sphere of influence is not what one should or would do but understanding that there is an area in which a country feels that its security or its interests are at stake. It is a different thing, and, yes, I think we should understand why Ukraine is a more sensitive country for Russia than Mongolia.

Q53 Chairman: That is interesting because both Ukraine and Mongolia are surely integral to Russia’s future. Possibly Mongolia will be of greater interest in 20 or 30 years time than Ukraine will be.

Professor Light: It does not have the historical baggage that Ukraine has and that the western border has.

Mr Sherr: There is an old expression in Russia: St Petersburg is the brain, Moscow is the heart, Kyiv is the mother of Russia.

Q54 Chairman: Where does Mongolia come into this?

Mr Sherr: It does not.

Professor Light: It is the stepsister.

Mr Sherr: There are areas of the former Soviet Union which are important simply for geopolitical reasons. Where I think Professor Light and I agree is that Ukraine is of vital importance to Russia for reasons of identity and for reasons of sentiment; nevertheless, Ukraine is also important to Ukraine for reasons of identity and sentiment, and so there is an extremely serious problem. I have sat in a room where a senior Russian said to a number of Ukrainians, “You must understand that for me, as a Russian, Ukraine is part of my identity.” I think you can imagine what the reaction was. Neither of us would pretend this is a simple matter to deal with, because there are different identities and readings of history involved here.

Q55 Chairman: Is Russia really concerned about ballistic missile defence? If so, why?

Mr Sherr: Yes. The answer depends upon whom you speak to. Forgive me if you have not seen what I have written about this. May I just say that I apologise to the Committee for the fact that my submission was very late. I hope the fact that it is comprehensive will compensate for that. As I did state in the submission, the Russian military is, even by our standards, a worst-case thinking military, and it also attaches enormous weight to deception. Therefore, the fact that a system is not apparently designed to achieve something means nothing. Their concern is that these systems, however inappropriate their capabilities for threatening Russia, are the precursors to something that will threaten Russia. Secondly this is an emotional issue for many in the political leadership because we are talking about advanced military systems being positioned in an area that until recently had been the Warsaw Pact. There is a manipulative issue involved here as well because the Czechs and the Poles have expended real political capital in agreeing to this decision, and if the Russians could persuade the Americans over the heads of their allies to get rid of it, it undermines their confidence even further, and this is something I would suggest they would wish to do.

Professor Light: I completely agree. As I wrote in my submission, I think it is not so much intention that militaries think about but capability. The belief that these two deployments are the first in a whole series of deployments which will in the end encircle Russia and will require of Russia that it begins to build up the number of missiles it has so that it can overwhelm the ballistic missile defence—the belief therefore that this is a trigger for an arms race—is quite seriously held, even by people who do not think that these initial deployments do threaten Russian security. If you remember the Star Wars, the effect of SDI, I think there is in Russia also this fear that there is a technology gap, and that working on this anti ballistic missile defence is likely to increase the technology gap that already exists between Russia and Western defence systems and that it is going to grow at exponential rates. My real fear is that by the time we know whether BMD works or not, it will already have undermined European security so that it will not serve as anything that will bolster European security.

Q56 Chairman: You believe that rather than contribute to European security it will undermine it.

Professor Light: Yes.

Q57 Chairman: Why exactly?

Professor Light: Because I think that by the time we know whether it works or not it has the potential of already having undermined Russian-Western relations, contributing, once the economy starts improving, to an arms build-up in Russia, and getting us back into a spiralling arms race.

Q58 Chairman: Mr Sherr?

Mr Sherr: The culpability of the Americans, in my view, over this is not that anyone for a second thought of this in an anti Russian context; it is that they did not think about Russia at all. This is a

fundamental problem we have, because the Russians assume that we are central to their calculations even when we are not thinking about them at all. This is where I think our deepest problems lie. The senior Russian military have been deaf to argument about this issue as to many others. For them NATO is by definition an anti Russian alliance. To say that it has changed is like saying that a lion has become a vegetarian. They absolutely cannot take it seriously. There is a whole range of issues that matter to us profoundly where we find that it is simply not possible to have a discussion because they already know.

Q59 Mr Borrow: Are you saying that this is a US problem rather than a NATO problem, that US foreign policy and military focus is so much away from the European context that Russia just is not in the frame at all, whereas perhaps the rest of NATO, that is European based, does take a greater recognition of the Russian position?

Mr Sherr: I was not intending to say that. This originated as a US decision and it is part of a US global system. In the whole diversity of states that belong to NATO, obviously amongst many—not all—there is much more sensitivity and understanding of the Russian dimension. Within the United States there are departments of government and experts who are also deeply sensitive to that dimension, but they were not making the decision. Donald Rumsfeld's defence department was making this decision.

Q60 Chairman: If BMD were to be abandoned, what message would that send to Russia?

Professor Light: I think it depends what you mean by abandoned. If you mean the particular deployments in Poland and the Czech Republic, then I think the message that might be sent was: "We understand your security fears and we take them very seriously." If you mean the abandonment of BMD development altogether, I do not believe that that would necessarily happen. In terms of ways in which we can co-operate in the future perhaps, one of the ways forward might be that we develop BMD, not on our own or not just in the United States, but as a combined effort, a co-operative effort.

Q61 Chairman: Mr Sherr, would it reinforce the view that you refer to in your paper, "the Soviet era belief that if you pound the table long enough, it will give way"?

Mr Sherr: Yes, there is a serious risk of this, but, again, we have put ourselves in a position where there are now no clean solutions and no good answers. I think the less bad answer would be if, after proper consultation with the Czechs and the Poles, President Obama deferred the decision and then launched the type of discussion at a serious level that Professor Light has alluded to. There have been such efforts up to now, but they have been sporadic. General Baluyesky, the former Chief of the General Staff, had been invited by the Americans to see the entire system, because they were convinced once he saw it, he would realise there was no problem, and

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the political leadership in the Kremlin said no. But there has not been the kind of systematic effort needed to discuss with the Russians a joint system. That might produce some results, it might not. I think it is a matter of lesser evils.

Q62 Chairman: What would be the point of such a discussion if, as you suggest, the Russians already know what the answer is?

Professor Light: It would call the Russians' bluff, if that is what they are doing. That would be no bad thing, because if we had called their bluff they would have to modify what it is they say about it.

Q63 Chairman: Offering them the technology does not do that?

Professor Light: They keep arguing—and we heard this at Chatham House just last week—that to cooperate with a radar station in Azerbaijan, for example, is closer to Iran, if BMD is meant to be against Iran. What I would like to see is taking them up on this offer and just seeing how far it goes.

Mr Sherr: There were sound military reasons, in my understanding, for the Americans and our own specialists to conclude that that would not have been sufficient, but I think your experts from the MoD will be able to answer that better than I can. I would say that it is questionable whether a joint system, a joint network, would require complete sharing of technology. It does not necessarily follow. We have Russian aircraft in our airspace that use avionics that are different from our own. But, again—and I think we are on the same page here—I have a sense of nostalgia, before we began any kind of arms talks, about simple fear of discussion and we found that only by having the discussion were we able to learn as much as we did and very often achieve our objectives far better than if we did not have it. I do not think we have any reason to fear negotiations and talking with the Russians about anything, if we are thoroughly prepared, we understand what we wish to achieve, we understand where they are coming from, what arguments they have, and what questions we need to pose to those arguments.

Q64 Mr Jenkin: Is not part of the way to resolve this for the Americans to offer the Russians a kind of “Superpower to Superpower” diplomacy that echoes the kind of Cold War summitry of yesteryear, respecting them as they want to be respected. But, secondly, in the final analysis, if Russia remains irrational about their opposition to BMD—and it is not a question of whether BMD works or does not work, it might not work very well now but it is going to work better as time goes on and will become more essential as more countries develop this kind of dangerous missile technology, it is going to become more essential to deploy it—what happens if it is eventually deployed against a kind of Russian, dare I say, paranoia that we are experiencing at the moment? What are the consequences for relations with the West at that point?

Mr Sherr: The one point I think I could answer with clarity is your first one. I think it would be very damaging on an issue involving Europe, and the

potential stationing of military facilities in Europe, to have a discussion over Europe, say, that does not include NATO allies in Europe. You have correctly identified the Russian motivation in having such a discussion, but I question whether it is in our interests to have the discussion in that format.

Professor Light: I think the Russians would love it. I think the single most important Russian foreign policy aim is to be taken as seriously by the United States as Russia takes the United States. But I agree that this is not a precedent we should encourage, because Europe should be part of decisions that are made about Europe. On the question of what would be the consequences if it went ahead and deployed it, I would refer you back to the Cold War. After all, we did have missile defence during the Cold War, and the great breakthrough in arms control came with the ABM Treaty and the agreement that each side would restrict the number of ballistic missile defence installations that it had so that each side would remain vulnerable to the other side, because that would create a kind of stability.

Q65 Mr Jenkin: That was before Iran, though, was it not?

Professor Light: If you foresee an Iran and several other Irans, I do not know what the answer is because I am not sure we could deploy enough anti ballistic missiles to deal with them all.

Q66 Chairman: I am interested that neither of you took Bernard Jenkin up on two words which he used: “irrational” and “paranoia”.

Professor Light: I did not want to be rude.

Q67 Mr Crausby: You are allowed to be.

Professor Light: Since I have been explaining Russia to you, by definition you think I am irrational and paranoid as well. I do not think they are either. I think what they are is very old-fashioned—

Mr Jenkin: BMD is not a threat to Russia. It cannot be a threat to Russia. This very limited number of inert warheads could not be a threat even to Russia's existing offensive military capability.

Q68 Chairman: What is your comment on that?

Mr Sherr: Chairman, in answer to your question, I prefer not to use emotive words when there is the possibility of expressing in concrete and specific terms what one means. I would say that, apart from the fact that the Russians do have what I have described elsewhere as a pre Cold War, pre-1914 view of things, what is disturbing is also the re-emergence of certain modes of thinking which from the time of Gorbachev until the late 1990s had been receding, at least at official level, and one is a conspiratorial view about absolutely everything. It is not confined there. I know very pro-NATO Ukrainians who also have a very conspiratorial view that whenever a US president gets into the room with Putin they are discussing matters at Ukraine's expense, and they do not even ask you, “Is it true?” but ask you “What do you think the terms were?” There are also issues of sentiment which are very strong. The Russians today have a very strong sense of what they call *obida*, of

injury, humiliation or insult from the West, and now they have a feeling that they can do something about it and they want to show us: “We can do something about it. I sat at a lunch at the Valdai Club with President Medvedev who, after Georgia, said in so many words: “We have shown you.” He said in very specific terms—I have quoted what he said—“This is not your part of the world, you do not belong here. We are not going to tolerate it.” If you go through these types of statements and the actions that go with it—many actions which surprised us, like the recognition of the two separatist entities in Georgia—it is up to you to decide how much of this is what one should call rational and how much is not. But I would also, to be the Devil’s advocate, have to say that if one looked at the entire record of the last Administration in the United States, every part of that analysis post 9/11 about the global war on terror and how one should proceed, is that the way someone without passion would look at that set of issues? I would not think so. Yes, irrational thought and sentiment very strongly influence Russia but they influence other players as well.

Professor Light: Perhaps I could add one thing about whether BMD does represent a threat or not. If you believe that something is being deployed which will reduce the efficacy of the missiles that you have to defend yourself or to launch an attack, then by definition this is going to be interpreted as something that affects your security. It is all very well to say they are only defensive, but even the defensive affects that level of readiness that the Russians felt that they had.

Mr Jenkin: They are too few to be effective.

Linda Gilroy: They see it as the thin end of the wedge.

Mr Jenkin: Yes.

Q69 Mr Havard: The question about what are the Russians and who are the Russians interests me. I have never dealt with them before and I am trying to understand. You say in your memo that they are harshly utilitarian about means and ends and yet at the same time they are highly sentimental and emotional. This might appear to produce an irrationality. That is a bit like the Welsh, so I understand that! But the point I am really trying to get at is who are these Russians. We are having a discussion and you say there are disconnects within their own system about whether their politicians are making decisions or their technocrats are making decisions. They appear a little like Iranians to me, in the sense that there is not necessarily one centre of power as to who you do this discussion with. Who are the Russians and with whom should we be having the various discussions about the various elements?

Professor Light: Who are the Russians? I see less of a disconnect, I think, than James does. Putin spent a lot of time re-establishing what he called a power vertical, and he has taken part of that power vertical away with him from the Kremlin to the White House but there is absolutely no doubt in my mind that the decisions are made in the White House and in the Kremlin. Although there may be rogue elements elsewhere, almost by definition they are not going to

be rogue elements that you will manage to talk to anyway. I really think that you have to concentrate on the authorities in Moscow, in the Kremlin and in the White House.

Mr Sherr: I fully agree with that answer. I am sorry if that confuses you. My example was very specific; namely that Russian technical experts in the NATO-Russia Council were on the same page with their NATO colleagues about ballistic missile defence, and many of them are at quite a junior level, colonel, one star and so on, so it is not surprising that there would be a disconnect. I was really faulting us, not faulting them, for not anticipating that at the political level and at the senior military level they would get a different answer. But I fully agree with Margot and I think the route of Putin’s success has been not just the vertical but reconnecting the values and the persona of the state with the basic instincts and even impulses of ordinary people, and part of that means a very conscious effort, which I think has worked very effectively, to forge a synthesis between pre-Soviet, Soviet and post-Soviet values.

Q70 Mr Havard: If, as you say, it is possible to do a deal with a structure like that and come to an agreement, how do you incentivise the Russians to come to such an agreement?

Mr Sherr: That to me is the key question. With them, as with any relationship, it is impossible to do that unless both parties have respect for one another. When Russians today look at the divisions in the EU, when they look at what is clearly a disconnect here between, say, what the European Commission writes about energy policy and what it is done at a nation state level, I do not think they have respect for the European Union as a party they have to listen to when they see important interests at stake, as they did in Georgia, and I think with NATO increasingly that is becoming the same. That is very worrying. There is a pre-condition—it does not answer your question—that is restoring their sense that we are people who say real things and have the ability to do what we say, and that today is missing.

Chairman: This is extremely interesting.

Q71 Mr Hancock: I am interested in this spire that Putin reconstructed. He did two things, did he not? He reconstructed the type of leadership that most Russians aspire to have; that is one person, very strong, leading their country. Historically it is what they have always had and what they feel they benefit from. He also reintroduced pride in Russia. He gave them self-esteem again. If missile defence is seen as a threat to Russia, should we not see Russia’s rationalisation of Russian speaking peoples in these countries as a threat to us? A Russian in Latvia can get a Russian passport as easily as anything. Georgians, for example, who have a Russian background can get free Russian citizenship immediately. Mr Putin and Mr Medvedev both said it, did they not, that they would defend Russian citizens anywhere they feel they are threatened?

Professor Light: Yes, not just Russian citizens but their defence goes further, to Russian speakers.

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Q72 Mr Hancock: Yes, Russian speakers.

Professor Light: Which is rather broader. Perhaps the most surprising thing in the whole of the disintegration of the Soviet Union was the fact that that issue played such a small role in the way in which everything disintegrated—after all, there are 25 million Russian speakers outside of Russia. I think, however, that what we should worry about is that Russia should not feel the need to defend them. If you like, if we want to be sure of those Russians living outside of Russia, we should be putting more effort into making sure that the life those Russians lead in the countries in which they live and the rights that they have in those countries are better than anything they might get if they hold Russian passports.

Q73 Chairman: Mr Sherr, then I want to bring in Brian Jenkins and then I want to move in because we are falling behind a bit.

Mr Sherr: Mr Hancock, there are really two aspects to your question. First, the implication is for the internal security of the newly independent states of this way of thinking, and I think Professor Light has characterised it perfectly as applying to Russian speakers rather than simply Russian citizens. For reasons of time I will simply say that there are large numbers of Russian speakers, because of the Soviet educational system, who in no way share the views or identify with the Russian state, and that is a very worrying distinction. The second issue which you raise, which is equally worrying—a large subject—is what are the implications for us in the UK of people who have been given Russian passports recently on a casual basis, residing in this country?—if I heard you correctly. That is a more complicated set of issues.

Q74 Mr Jenkins: On a few occasions now you have used phraseology and words that made me think about the difference of culture, the pride and the feelings of the Russian people, as against the feelings of the West, who used to have pride but now seem to have squandered it in pursuit of material goods and corruption. When we talk of these people, are we still using the same cultural values in debate and discussion, or are we slightly off the beam here? Are we not seeing the world through their eyes and they are never going to see the world through our eyes?

Professor Light: Edward had rather strong views about Western corruption and collusion. My views are not so strong. Yes, I think we are still talking to people like ourselves when we speak to Russians. I do not see this huge cultural divide. It is true that they have a new-found pride in their country but this seems to me to be perfectly natural, something, for example, that was not foreign in Britain, this sense of loss after the loss of an empire and a sense or regained pride. It does not seem to me in the Russian case to be that different.

Mr Sherr: Russia, in my view, is an integral and important part of our civilisation but there are differences in culture and there are now enormous differences in political culture. My way of characterising it would be to say that most Russians regard themselves as emphatically European but not

liberal. The entire notion of Europe which has been developed, which is rights-based and based on the rights of the individual, is something that most Russians are agnostic about and, perhaps for good reason, sceptical about. And I will tell you why. In the 1990s, Western governments, with very little grasp of what was going on on the ground in Russia, were unequivocal in praising Yeltsin's system as a democracy and speaking about it in positive terms, whereas for the average Russian it was like going over a waterfall. It was a matter of economic anarchy. A Hobbesian reality existed there. When did the West begin, in discussions and publicly, to attack Russia for its retreat from democracy? Suddenly when people were at work and pensions were being paid and so on and so forth. I am not questioning our values at all, I am very rooted to them, but we need, as your question implies, to understand how others are hearing what we are saying. I think we have tended to be rather bad at this.

Q75 Linda Gilroy: You touched on energy security for a second time in relation to that “respect” word. What would an energy policy look like that would be the basis for a respectful relationship between Russia and the EU?

Mr Sherr: I would agree with that word here and, funnily enough, I would say that the first targets of what needs to be an effort on our side to implement the laws and regulations that we have should not be Russian citizens but should be EU citizens in high places who it would seem would appear to have concluded a number of murky and untransparent deals in the energy sector. I think that, as long as they feel immune, as long as I can go to certain new Member States and sit at a table and be told by confidants of a prime minister or a deputy prime minister that X receives so much from this Russian company and Y receives that and nothing is done, and people express concern and they are afraid, we are not addressing that problem. I think the problem is becoming serious. When the Soviet Union was breaking up, a number of my Russian and Ukrainian friends said, “Watch it. You think you are going to be bringing your standards to us. What you are going to find is that the plumbing is going to go into reverse.” If you spend time in a lot of eastern and south-eastern European countries, you will see the evidence of this.

Q76 Linda Gilroy: In fact the whole open, transparent, market-based approach of Europe on one very fundamental commodity is at risk through it.

Mr Sherr: It is very easy to erode that and it does have to be enforced. I personally do not think that Edward Lucas was exaggerating at all about the nature of the scale of the problem.

Q77 Mr Hancock: Countries are doing bilateral deals for themselves and ignoring what they have signed up to do in Brussels.

Mr Sherr: Exactly.

Q78 Mr Hancock: They do it themselves. The Italians, the Germans, the Poles, everyone has done it. The Russians know that the easiest way is to have a bilateral arrangement, and it seriously undermines the whole credibility.

Mr Sherr: We have done far less of it and a number of other states have done far less of it. I think we need, at a very professional level, across-Europe discussions about how we begin to turn this around. Until we do this, I think it is futile to talk about a sensible energy policy for Europe.

Q79 Mr Hancock: Absolutely.

Professor Light: I agree but discussion on energy security should begin at home. We should know what it is we want from one another within the EU or within NATO, as well as what we want from the Russians.

Q80 Linda Gilroy: You are referring to unresolved issues in relation to market liberalisation and energy in Europe.

Professor Light: Yes. Until we create some kind of European grid, which means that the Members of the EU are equally vulnerable or equally invulnerable, we will not get a unified policy on energy. Until we have that, we will have different interests.

Mr Jenkin: It might never happen.

Q81 Linda Gilroy: President Medvedev suggested the European Security Architecture last summer. What do you deem to be Russia's motives in proposing such architecture?

Professor Light: I think that it is going back to something that the Soviets first called for in the 1950s, which is a collective security agreement for Europe, which includes the United States perhaps but renders NATO redundant or superfluous. That I think is the prime motivation for suggesting it.

Q82 Linda Gilroy: It should be of concern to NATO for that reason?

Professor Light: This is one of the issues on which I think we ought to enter into negotiations with Russia in a very serious way. It is really only in the last few months that the EU has responded positively and President Sarkozy has responded positively. It seems to me that if Russia really is serious, then we ought to test them on it and see what they have in mind. What Medvedev suggested is still extremely vague. I have seen it described both as "Helsinki minus human rights" and as "Helsinki plus". I think we need to remind ourselves that—

Q83 Mr Hancock: Plus what, though?

Professor Light: Plus more than human rights is the implication. I think we ought to remind ourselves that at the beginning of the Conference on Security and Co-operation in Europe we did not know that there would be a basket of human rights that would be so influential in the way in which European

security developed in the later years. I do not think we should dismiss it out of hand. I think we should run with it and see where it leads.

Q84 Linda Gilroy: Even if that allows for distraction from those very important economic and human rights, which are part of the comprehensive approach of the OSCE?

Professor Light: At the moment the OSCE is included in the invitation, so is NATO, as well as the CSTO, the United States. The last I saw, even China is invited. So, yes, I think we should run with it until we know it actually does derogate.

Chairman: Mr Sherr, you have some views on this, I think.

Q85 Linda Gilroy: Could I just ask Mr Sherr to embrace in that the reservations that are being expressed within the OSCE that this is posturing on the Russia's part, trying to get away with what it did in Georgia and to distract from the other very important work with which it is refusing to engage on election, the monitoring of their elections recently on human rights, and so on?

Mr Sherr: The Russians have already established to their own satisfaction, whether we like it or not, that in overall security and foreign policy terms, Georgia has been a success, that there has been no turning point in Western thinking, that it has simply reinforced the polarities and differences that exist inside the West. You originally asked about motivations. Apart from relativising NATO, as Professor Light indicated it is also about diminishing in practice the role of the OSCE, so part of this is to move us away from focusing on soft security issues which in the end is what the OSCE has done very effectively. It would surprise those in the 1970s, after CSCE was set up, to see how successful the organisation became in that area. Third, it is to find yet another forum that makes, as Mr Hancock was saying earlier, the bilateral relationships more important than multilateral, because again the theme has come out that we want to see European countries come and negotiate as states, not as part of the bloc. No one has said to them, "We in the UK have been investing a lot of energy in trying not to appear in negotiations simply as a state but as something called the EU and you are not acknowledging this." My last point is that I agree: I see no harm, with the provisos I have mentioned about being well prepared, in sitting down and testing their ideas, which are extremely vague. There is no contradiction between taking measures to strengthen NATO on the one hand and sitting down and testing their ideas and teasing these things out on the other.

Q86 Mr Jenkin: Is Russia really trying to help us in Afghanistan? If they are, why is Russia being so unhelpful with Kyrgyzstan and the base at Manas?

Mr Sherr: There is more than a Russian factor involved in Kyrgyzstan. There is a large rise of Islamist sentiment there, believe it or not. The climate has changed considerably. I think that from the Russian angle, to the extent they can manage

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this, it is something of a bargaining chip. It is a way of saying to an incoming administration: “You need us in Afghanistan and Iran but we have our interests, particularly in Ukraine. Are you willing to talk to us on what we regard as a level playing field?”—meaning, are you willing to do a big geopolitical deal. That discussion is also taking place in Russia. I think that what we are seeing is very well timed and that is the reason for it.

Q87 Mr Jenkin: Does Russia want to help us in Afghanistan or is it just a chip?

Mr Sherr: I have no doubt in my mind they do not want the Taliban to resume control of all of Afghanistan but that does not mean that they would like to see the Taliban defeated in a way which does credit to NATO. I think the situation where there is no victory and no defeat is one which suits them very well and the internal effects on NATO also suit them very well.

Q88 Mr Jenkin: You mentioned Iran, if I may draw you on that. At what stage does Russia begin to realise that they are creating a threat for themselves by giving so much support to Iran?

Mr Sherr: I think they look at it in a different way. Yes, they do not want the Iranians to have a nuclear weapon, but their biggest priority is for both economic reasons and geopolitical reasons to remain Iran’s friend under almost any conditions, and their view is: “If Iran is to have a nuclear weapon we would rather have a good relationship with Iran than have a bad relationship with Iran.”

Professor Light: I agree with that. I think they do not want Iran to have nuclear weapons, and they do not want to lose the deals that they do with Iran, and I think that the commercial relationship in fact is going to become more important, because of the poor economic climate in Russia at the moment, rather than less important.

Q89 Mr Borrow: It would be useful for the Committee to get your views on the effects on Russian foreign and defence policy of the economic problems that Russia is having now. Do you feel that it would make a difference or will Russia essentially remain in the same position?

Professor Light: I think it is likely to have a very severe effect on Russia. After the Georgian war, for example, Medvedev announced a series of very serious military reforms and modernisations that were absolutely essential for Russia within the next two to three years. I can see that it is more than likely that they will not be able to afford those programmes. Similarly the professionalisation and modernisation of the Army which has taken so long to even get started is enormously expensive, and I think that it is likely to suffer. The other thing is that the costs of North Stream and South Stream are rising, the need for the renewing of energy infrastructure in order to be able to provide the oil

and gas pipelines with sufficient volume to make them commercially viable is very great, and I think that the economic climate is going to make it very difficult for them to keep up with any kind of programme.

Mr Sherr: I think the effects will be severe but will continue to be paradoxical. The implications for the defence budget are exactly, in my view, what Professor Light described, but the impetus and much of the animus in the whole recent gas crisis in Ukraine was also influenced by the financial crisis, because it also makes the Russians now much more concerned to press their comparative advantage where they have it. The impact of the economic crisis on Russia is deep; on Ukraine it is dire. They are going over the cliff. Russia wants the pipeline system taken out of Ukraine’s hands. They would like Europe to understand: “Your only real source of getting these imports of gas is from us,” and precisely because money is scarce for North Stream and South Stream, precisely because when they had the money they did very little to repair their energy infrastructure internally, they want us to understand that it is in our interest to come up with cash to help them and to provide political support for what they want to do, which they now describe as an energy union between Russia and Europe—no middleman, just Russia on one side and Europe on the other.

Q90 Mr Borrow: They are essentially saying they have a window of opportunity before Western Europe can develop alternative sources of energy and, therefore, during that period they are going to take maximum advantage despite the economic difficulty.

Mr Sherr: I think they will try to screw down everything they can, precisely because they are under pressure. That makes the timelines shorter than they would otherwise be.

Q91 Mr Hancock: That does not make them any different from anybody else in that position, does it?

Mr Sherr: But I do not know of any other country where it is impossible to distinguish the leading energy companies from the state itself.

Q92 Mr Hancock: What did the Arabs do to us in the 1970s then?

Mr Sherr: That is not different, but that was a very worrying situation—

Q93 Mr Hancock: Yes.

Mr Sherr: —and we all of course remember that even when President Carter came to power, the first plan on his desk was a set of contingency plans for military operations against Saudi Arabia precisely because that was so serious. The fact that there have been other countries and there continue to be other countries that pose very serious problems to us in terms of energy does not diminish the seriousness of the problems posed by Russia.

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Q94 Linda Gilroy: Is there any perception in Russia of the impact which thinking on climate change and energy is having in our country particularly, but in other European countries, and the time scale over which there will be a move to low or zero carbon economies?

Professor Light: Very little. There are words but very little understanding. Certainly it is not nearly so prominent a debate in Russia as it is here, so very little understanding.

Mr Sherr: I agree.

Q95 Chairman: I have found that an absolutely fascinating session. We are most grateful to all three of our witnesses, even though Edward Lucas has gone. Thank you both very much indeed. We have very much enjoyed it.

Professor Light: Thank you for inviting us.

Mr Sherr: Thank you.

Tuesday 17 March 2009

Members present

Mr James Arbuthnot, in the Chair

Mr David S Borrow
Mr David Crausby
Linda Gilroy
Mr Dai Havard

Mr Adam Holloway
Mr Bernard Jenkin
Mr Brian Jenkins
Robert Key

Witnesses: **Professor Jonathan Stern**, Director, Gas Research, Oxford Institute for Energy Studies, and **Mr John Roberts**, Energy Security Specialist, Platts, gave evidence.

Q96 Chairman: May I welcome both of you. You are the first wave of our witnesses this morning talking about Russia. You are our energy experts and I wonder if I could ask you to introduce yourselves.

Mr Roberts: I am John Roberts. I am the Energy Security Specialist with Platts. That basically means I look at the relationships in energy between the Caspian/Russia/Europe. That takes in Turkey as well. I have a predominant, increasingly, interest in gas, because while energy security was once considered to be an oil problem, it is now increasingly a gas problem.

Professor Stern: I am Jonathan Stern, Director of Gas Research at the Oxford Institute for Energy Studies, and I hold appointments at the University of Dundee and Imperial College. I have worked on Soviet and then Russian and CIS energy, especially gas, for over 30 years and I have recently published quite a lot of work on specifically gas security and Europe, not completely but partly in respect of Russian gas supplies.

Q97 Chairman: Would you agree with John Roberts that this is a gas issue not an oil issue? Or do you see it more as a gas issue?

Professor Stern: I think the urgent questions relate to gas. I would not say there is no oil issue but the urgent questions are certainly gas ones.

Q98 Chairman: Thank you. To what extent is Russia using energy as a foreign policy tool?

Mr Roberts: It has declared publicly from time to time—I think it is there in the 2003 document on Russian energy policy—that energy is a tool to be used as part of foreign policy. It has instituted cut-offs primarily to former Soviet or Soviet-controlled areas: cut-offs in energy have been applied in pursuit of political goals. On the other hand, in its relations with the bulk of the European Union, it has been, at least until the latest crisis, impeccably good and a reliable supplier. You have a rather split mentality between the way Russia behaves to former Soviet territories or Soviet-controlled territories and to western partners.

Professor Stern: I would partly concur with that, certainly in relation to European energy suppliers. In relation to CIS supplies, the position is very complicated. When normally it refers to Russia using energy as a political tool, it tends to imply the use of energy as a weapon to threaten countries by withholding energy. This is very complicated,

because the whole of the post-Soviet period has been punctuated with the inability of these countries to pay anything like market prices for energy supplies, so a great deal of the Russian cut-offs of energy have been largely commercial problems with these countries incurring massive amounts of debt in billions of dollars. Nevertheless, there have certainly been situations where the Russians have used energy if not as a political tool then with political motivations.

Chairman: Thank you. That is very helpful.

Q99 Mr Borrow: I would like to move on specifically to the European Union energy policy and the extent to which the European Union is and will be in the future, dependent upon Russia for oil and even more so for gas, and the security implications of that dependency. Would you perhaps explore that a little bit.

Mr Roberts: I think the principal concern is that Russia is almost in a sense the residual supplier. If you look at likely demand increases for European gas imports, more or less you could say the anticipated increase in demand could be met by increasing production from Norway, obviously, North Africa and, in the near-term future, LNG from Qatar and other suppliers, but that presumes that you have a more or less stable supply of gas coming from Russia, which currently accounts for one-quarter of EU supplies and close to half of EU imports. The problem there is that I do not believe we know what Russia will be producing over the next 10 years or so, what it will be consuming itself over the next 10 years or so, what access it will have to Central Asian supplies to make up the balance, and all of this reflects on Russia's inability to come up with what we would like to see, which is a transparent and coherent investment policy for the development of Russia's own gas resources. It looks to me as if the Russian focus is at least as much on development of new and largely unnecessary transit infrastructure in the form of pipelines, rather than upstream infrastructure in the form of developing new fields. Unless we get that one sorted, there has to be, if not a presumption, a serious possibility of declining volumes of Russian gas for export.

Professor Stern: I think it is almost impossible to talk about Europe as a whole. One thing that the crisis in January taught us very starkly is that North West Europe, while dependent on Russian gas, can withstand an interruption of very considerable

proportions; in fact, most North West European countries could have withstood an interruption for months without even cutting off interruptible supplies of gas. The problem is in South Eastern Europe where most of those countries only have Russian gas or have a very small amount of other gas. There is a big issue about a timeframe here. The situation has changed fundamentally in the last six months to the point where in a book that my institute published a couple of months ago but which I finished in June, I was foreseeing a significant supply crunch for Russian gas as early as 2011. That has now completely gone away because of economic crisis and reduced demand in Russia, in CIS, and in Europe, so we are looking at, if there is a problem, a problem for the mid to late 2010s. But let me make two fundamental points about European security. I disagree with John, in that I believe that this crisis has shown that all the new transit infrastructure that Russia needs to build or is trying to build, specifically the Nord Stream and South Stream pipelines, is essential for Europe, because I believe that this most recent crisis proves that the Russian-Ukraine relationship has broken down probably irrevocably in relation to the transit of gas. The other thing that I think it is fundamental to understand from the Russian perspective is that they do not know what the Europeans are saying to them. Are Europeans saying, "We don't like you and we don't trust you and we want less of your gas—or certainly not more of your gas"? Or are Europeans saying, "Well, in the future we're going to need more of your gas, so please put yourself in a position to provide more by investing"? They do not know and, frankly, I do not know what position Europeans are taking about this.

Q100 Mr Borrow: Following on from that, because it raises the question as to whether the EU needs to develop an EU energy policy, given what you have said in terms of the difference between one part of the EU and the rest. If the EU does need to develop an energy policy should that be one that diversifies away from dependence on Russian energy? If the EU wants to do that, how can the EU develop a more diverse energy policy which is not dependent upon Russia? What are the main planks for that policy?

Mr Roberts: I do not think you can end dependence on Russia. I think you can reduce the level of dependence on Russia. To put it bluntly, Russia is the world's biggest gas exporter and the European Union is the world's biggest gas importer and they live next-door to each other. The logic is a partnership. This is where I think I move to disagree with Jonathan. It makes sense to insist on good and smooth transit across Ukraine because repairing the pipelines, restoring the pipelines, improving the pipeline infrastructure in Ukraine comes a lot cheaper than either €15 billion or so investment in Nord Stream or a similar investment in Russia's proposed South Stream project. For the record, I have to say that I think the Nord Stream anyway will go ahead—it is too late for the Russians and the Germans to pull back. That will be built. There is pipe on order. But South Stream I think is very much

a classic example of a pipeline that brings little or no new supplies of gas onto the market, so therefore does not improve Europe's energy supply system per se. It does, I would grant, diversify Russia's delivery options. But Europe certainly does need a coherent energy policy. It has one, to the extent that it is promoting energy efficiency. The 20-20-20 plan will help reduce what would have been the rate of acceleration of gas demand. Indeed, if you look at one extreme, there are even beginning to be suggestions that the need for European gas imports under certain circumstances could decline. The point is simply that we live in a different era in terms of gas demand assumptions today than we did a year ago, and that is because of recession. Also, the European Union needs to do two things that it is doing. The first is greater integration of existing European networks, improving gas connections that would enable the states that are 100% dependent, or close to that, on Russian gas supplies to have diversified options. Second, to diversify import supply routes for Europe as a whole by accessing new sources of supply. That is why there is such focus in the EU at the moment on the Nabucco pipeline. That would, as it were, create a route between Turkey and the heart of Europe, and allow any country capable of accessing the Turkish market the ability to transit through Turkey to the heart of the EU. It also is a reason why the EU is very strongly in favour of the Italy-Greece-Turkey interconnector, which is primarily designed to allow gas to flow from the Middle East or probably Caspian suppliers to Italy but which in a crisis could be used in the other direction to allow gas from North Africa to transit Italy and then head into the Balkans to alleviate the pressure in the event of a crisis. So there is a coherent EU policy. What is required, of course, is the implementation of that policy. I think there is a greater effort at that than I have ever seen before.

Professor Stern: I have to say I am a veteran of over 30 years of looking at EU energy policy statements. The EU could never agree and implement an energy policy when it had far fewer members than it currently does. Very briefly, because this is not really our subject today, I feel that the EU is split down the middle, between the old Member States who are largely prioritising carbon reduction and the new Member States who are largely prioritising security of supply, by which they mean reducing dependence on Russia. I have to say that while I think 20-20-20 is admirable, I do not see it as being very realistic. I think the key thing to say about diversifying away from Russia is that this is not a new story. The reason why the dependence on Russia is so great today is not something that anyone intended. It happened because other sources of supply failed for one reason or another. John's description of the Caspian situation I think is fine, but 30 years ago I wrote a paper on pipelines from the Middle East and Caspian region to Europe. Nothing very much happened until about the last five years. These are very, very complicated pipelines. If you look around the world, with the exception of the Russian pipelines which were built in a different era, there are almost no pipelines anywhere in the world which

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cross more than two borders. Even one border is difficult. I would say let us get our framework clear: it is going to be very difficult to do these things. I disagree with John about South Stream because, although I think he is right logically that we should be able to repair the Russian-Ukrainian gas transit relationship, the post-Soviet period suggests to me that that is not going to be possible. Unfortunately. For a number of reasons to do with Ukraine and the Russian-Ukraine relationship. Because 20% of Europe's gas is dependent on that corridor, we cannot, I think, continue to hope that things are going to come right. We are unfortunately required to support transit diversification pipelines.

Q101 Mr Holloway: I hear what you say in terms of how you mitigate this in the longer term, but it strikes me as if they have got us over a barrel. What sort of leverage do we have over them? What could we create over them?

Mr Roberts: Seventy per cent of Gazprom's income comes from its exports to Europe; in other words, we have seen that at a time when Russia itself, when Mr Putin himself decided that he would not pump gas through the Ukrainian system to Europe, the decision he took on 7 January, that had an immediate impact on Russian revenues. You are looking at a country at the moment that has collapsing reserves, that has limited funds for investment, that exhibits an enormous array of problems related with being an energy-reliant state rather than having diversified into a broader economy. Energy is either a form of partnership or it is a two-edged sword. This is a very complex relationship. It is not one in which Russia can use its leverage against Europe or its customers in Europe—and I agree that it is a diversified position in Europe—as a weapon without harming itself. I think the best thing that Europe can do is to prompt Russia to take a more commercial attitude to energy, and the way to do that is by putting Russia in a position where it faces greater competition. At the moment it faces competition to a degree from Norway, North Africa, indigenous North Sea, LNG. I think we should add a new source; namely, Caspian. Put that in and it frees up the Caspian states to sell their gas commercially, it ends Russia's position as a monopsonist purchaser of the bulk of Caspian energy, and at the same time it forces Russia to adopt a little bit greater degree of competitive practice in terms of the kind of market it faces in Europe—not wholly, not completely, but usefully.

Professor Stern: I agree with almost all of that, except I would say that I think it is going to take 20 years before Caspian energy becomes anything like a competitor for Russian energy, certainly gas, in Europe. Although it does not affect this country, because we do not have any contracts with the Russians, the Russians have long-term gas contracts with every single European country. Many of them stretch out beyond 2030. These are internationally legally binding contracts with liquidated damages, so none of this is going to change very quickly. I completely agree with John about leverage of markets and revenues, but the other thing that I

think is possible, because it is non confrontational, is solidarity mechanisms which were sadly lacking, although the European gas companies did their best in January, so that we can indicate to the Russians: "If you attempt to threaten any single European state, whether they are an EU state or not, we have enough infrastructure to be able to make up the gas that you may or may not be able to withhold. I think that is a non confrontational statement. The one thing that I think is completely counterproductive would be to try to threaten the Russians by trying to force them to do something, because then they even more dig their heels in. The gas situation is far more stable than people realise because of long-term contracts and because of the infrastructure which exists.

Mr Roberts: Perhaps I could add one further comment on that. I agree with that in principle, but there was the comment from Mr Golovin, who is the Russian special envoy to the Caspian, and newly appointed boundary negotiator for South Ossetia and Abkhazian, that said: "Do not presume we will necessarily be able to deliver as much gas as you expect in the next 10 years."¹ It was said in Vienna in January and it was quite clearly a reference to the fact that Russia might not be in a position to fulfil contracts.

Mr Havard: You said earlier, Mr Roberts, that as far as the Ukraine is concerned we should "insist". I would like to know how we "insist". There seems to be a different view from you, Professor, which is that that relationship is irrevocably broken anyway, so I am not quite sure how we insist on mending an irrevocably broken process. It spills into whether this means for NATO, red lines, what it also means for them as well as the EU. I would like to be clear. You now seem to suggest that the way you would insist would be the weapons of competition. You, Professor, say that that is going to take too long and in the meantime we will all be frozen to death, so we need to get on with doing something else. Where is the Ukraine in this? Are we wasting our time in relation to that or not?

Q102 Chairman: Could you answer that briefly, because David Crausby wants to come in on this as well.

Mr Roberts: If you are asking about the term "insist" I was meaning that we need to make sure that both Russia and Ukraine, but particularly in that regard, I would say, Ukraine, honours its obligations as a transit state. The key point of that is that Ukraine is now deeply and increasingly in debt to western societies in general to maintain a very shaky

¹ Note by witness: The actual quotation is as follows: "It is highly probable that in a not so distant future Russia will not be able to offer gas to the EU in the quantities the EU will be ready to buy. First domestic gas prices increase in Russia thus opening a huge domestic market to our producers. Second, the Asian gas market is growing so rapidly that Russia will probably be inclined to partially reorient its operations." [Alexander V. Golovin: Ambassador-at-large, MFA Russia. Caspian Sea negotiator. Speech to the European Gas Conference in Vienna, 28 January 2009].

economy. The very least it can do is to honour its obligations on the smooth transit of gas across Ukraine.

Mr Havard: We shall discuss that with both of the Ukraines, shall we? They are not monolithic.

Q103 Mr Crausby: Specifically on Ukraine and its implications for EU energy supply, what are the connections between Ukraine and Russia's wider political struggle? What impact can we have on that? To what extent are these conflicts involved with the use of Sevastopol port, for instance. Will there be future negotiations on Sevastopol that will effectively make a difference to the deal on gas supply and how Russia and Ukraine react to each other?

Professor Stern: I am going to leave the wider political issues to the gentlemen who are coming next because they are certainly better equipped than me to deal with them. I would say that any attempt to barter off gas supply with other issues in the relationship, like the Black Sea Fleet, has been tried before and did not work. I am not sure that it could work in the future. I have to say—and I hope I am wrong about this—I am deeply depressed about the short- to medium-term future of Ukraine. Anyone I see being elected as the next president in January 2010, makes me unsure the situation will get very much better. At the moment we have a completely hopeless situation where neither the Prime Minister nor the President can agree on anything, and we have extraordinary things like armed security services breaking into the gas companies' offices in order to, so called, "inspect their accounts". It is just bizarre. I want to make one comment on transit. John was mentioning Ukrainian obligations. The Ukraine is a ratified party to the Energy Charter Treaty and its transit protocol. The Ukraine failed to live up to any of its obligations and, I am deeply disappointed to say, not a single official European voice was raised in criticising that. That has done enormous damage to the credibility of European transit arrangements in the eyes of the Russians. That is another reason why I am not at all confident that this transit corridor can be a long-term going concern.

Q104 Robert Key: What practical and strategic difference will the Nord Stream project make to this debate?

Mr Roberts: It adds a substantial volume of gas, 13 bcm, from the Shtokman field, as and when the Shtokman field finally comes on line—and we do not know because they have not yet taken the final investment decision in the first place.² Essentially, for the bulk of its projected eventual 55 bcm capacity it simply reassigns existing gas supplies to a direct route, from a Russian perspective, to Germany. The

Russians are perfectly entitled to spend their money on that if they want. The Germans too. The same will go with South Stream and Russia and ENI. But these are essentially pipelines that serve existing production areas; they do not bring new supply online. And that is the paradox. When you look at Nabucco, it is planned as a transit line open to anybody to use, but in practice it accesses new sources of supply. One is a producer's pipeline that does not add fresh production; the other is a transit pipeline that curiously does add fresh production.

Q105 Robert Key: Do you agree with that, Professor?

Professor Stern: I agree with the last part. I think it is important to say that Nord Stream is two pipelines. The first one would bring gas from Western Siberia, and that is over 30 bcm. The second is intended to bring gas from the Shtokman line and when that will occur is hard to say. The key thing is that these pipelines would allow diversification of about 40% of the gas which flows through Ukraine, and that would enormously assist in any kind of crisis that we might have in Ukrainian transit. It would not be a complete answer, but it would be an enormous assistance, because it would mean that the Russians would be able to keep a very substantial amount of gas flowing through a winter if there was a problem with Ukraine. It is an important strategic issue for Europe. However, just to go back to something I said earlier, the problem in Europe in January was not in the North West, it was in the South East, and therefore, the significance of South Stream is considerable.

Q106 Chairman: You said, Jonathan Stern, in relation to Ukraine, that Europe did itself a lot of damage by not criticising a failure of Ukraine to stand by its obligations. It has been suggested to us in the past that the arrangements between Ukraine and Russia were so opaque and had so little transparency that it was very difficult for anybody to work out what those arrangements meant and whether Ukraine or Russia were to blame for what happened. Do you think that is fair or unfair?

Professor Stern: I think it is probably unfair, in this sense: people who are not familiar with the gas business in Europe do not realise how opaque the gas business is. In fact, we know an enormous amount more about Ukraine/Russia commercial relations than we know about, shall we say, German/French commercial relations. In a paper that we have just published on the January crisis, we have the contracts, we have all of the details of the agreements between the countries. I would say there are some legal questions about exactly how to construe some of those agreements, and, in particular, how to construe the January 2006 agreement. But to my way of thinking we need to set this aside a little bit, because the Energy Charter Treaty is absolutely crystal clear in its principles and one of its principles is: No matter what the bilateral disagreement between two countries are, that will not be allowed to stop the transit of energy through either of those countries. This is what I was referring to when I said

² Note by witness: Correction: The 13 bcm/y figure is probably too high. Shtokman Development (SD) AG (which comprises the Shtokman partners Gazprom, Total and Statoil), says only that Phase One field development is intended to produce 11 billion cubic metres a year (bcm/y) of pipeline gas and 7.5 million tonnes a year (7.5 mt/y or around 10.35 bcm/y).

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it was enormously disappointing not to see any European voices raised, pointing this out to Ukraine, that, whatever the rights and wrongs of the bilateral dispute, their obligation was to continue to transit energy to Europe.

Chairman: Thank you.

Q107 Robert Key: As some of us discovered two weeks ago, this all looks a bit different if you are in Latvia, Estonia or Lithuania. Are there any strategic implications for those three rather delicate Baltic economies of the dispute between Russia and Ukraine? Or, indeed, would it make any difference when Nord Stream is on tap, as it were, even though it bypasses those three countries?

Mr Roberts: It is a relatively small gas market. It could be supplied by LNG if the three Baltic states could agree on an LNG common terminal. If the Russians had really been looking to security of their customers as well as their own in developing Nord Stream, the obvious route would have been to have channelled it onshore and through the Baltic states, which as Members of the EU would, one would presume, have been more inclined to honour obligations of international treaties such as the Energy Charter. The Russians had no interest in doing this whatsoever. They wanted direct access to the biggest single market of all: Germany—and, if they could, control beyond that. For the Baltic states I think there is little prospect of diversification in emergency outside Russia beyond either an LNG system or an ability to do without Russian gas in the form of increased electricity interconnection with Finland, which is almost as complicated.

Q108 Linda Gilroy: To what extent was energy a factor in the Russian-Georgian conflict?

Mr Roberts: I am going to be as honest as I can and genuinely say that this is a question that is still to be determined. The reason I say that is that, on the whole, I do not believe it was. The factors, including the nature of governments in both Tbilisi and Moscow, the personal animosity between President Saakashvili and Prime Minister Putin, the impact of the more neocon side of US policy in Georgia that gave the Saakashvili administration an overconfident belief that it was, as it were, somehow a beacon or a bulwark of western strategy in the region, all contributed. The role of Georgia in energy is very important because of its position as a key transit country through which one of the world's biggest transnational pipelines, the Baku-Tbilisi-Ceyhan line, runs. It is a pipeline that currently accounts routinely for around 2% of the world's trans-border flows and is probably going to account for about 4% of it in the next five or six years. It is already a corridor for gas supplies to Turkey and, indeed, to part of the EU, to Greece, and has the potential to play a much more important role as a major conduit for Caspian gas, not only for Azerbaijan but, in time, from Turkmenistan. It is very clear that during the course of the war, the Russians took just about every step that they could, not to be seen to be targeting specifically energy installations. Railway bridges were hit. That

damaged rail traffic and that stopped the flow of rail cars but they did not go for the pipeline. The pipelines were stopped as a result of *force majeure*. Then we come to the most critical question that has the potential to turn all of this completely on its head; namely, what happens if proof ever emerges that the incident at the valve 30 pumping station in Turkey two days before war broke out turns out to have had a Russian connection.

Q109 Linda Gilroy: It seems a big coincidence.

Mr Roberts: It is a big coincidence. It is also true that the PKK, the Turkish/Kurdish guerrilla movement, has stated repeatedly that it regarded the BTC as a target. I can remember two years earlier being in South Eastern Turkey when Turkish security forces told me that the PKK was, indeed, in that area trying to target the line. We are left with a coincidence. We are left with uncertainty. You have Turkish oil company officials saying, "No, it was definitely an accident." You have other oil company corporate officials arguing privately that they think it was too sophisticated to have been an accident and therefore probably too sophisticated for the PKK, and you have western diplomats, including a diplomat from NATO nations, again taking much the same line, that it was sabotage and that it was too sophisticated for the PKK. We do not know and there has not been either an independent investigation or, as far as I know, the leaked report of any internal investigation that would shed significant light on the matter. It is an extreme worry because you start with the presumption, which I still hold to in the absence of any evidence to the contrary, that essentially it was the Georgian Government that triggered the immediate crisis by ordering the bombardment of Tskhinvali, the South Ossetian capital, on the evening of 7 August last year. But if it turns out that the Russians were in some way involved in the valve 30 incident—and, as I stress, that is pure hypothesis—it does turn that argument on its head.

Linda Gilroy: Thank you.

Q110 Chairman: Do you have anything further to add to that?

Professor Stern: I do not have anything further to add to that, but I would like to add a comment on the Baltic question that I think was asked before. Particularly for CIS countries but also for the new Member States and Europe, with the break up of the Soviet Union, every single one of these states repeatedly and almost forensically looked at options to diversify their energy supplies away from Russia. Even with the help of many, many EU studies and consultancy studies, the results over the last 20 years have been very, very modest, and this suggests that it is extremely difficult and expensive and we should not expect that to change very greatly in the future.

Mr Jenkin: The energy consequence of the Georgian conflict effectively now puts this 2% pipeline, with great potential for much more, under Russian control. What is the significance of that?

Q111 Chairman: Do you think it does have that effect?

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Mr Roberts: I do not think it places it under Russian control. I think you could also argue that, were the pipeline for some reason to come under Russian control, the Russians would more or less simply allow it to function but perhaps to function a bit more in their own interest. I think there is a curious thing. Immediately the war happened, you suddenly got something happening that had not been there before; namely interest at the very highest level about the state of the corridor. The Prime Minister drew attention to it in an article in *The Observer*, I think on the last day of August, that there was the need to look to the southern corridor for energy and to safeguard it. That I think shows the kind of attitude that is required. The one point that really does have to be borne in mind is that, as a result of the war, perceptions—which I think were gross misperceptions—in the Governments of Georgia and Azerbaijan that somehow being a partner to NATO might have implied some kind of protection from NATO, have been thrown out the window. These are now very nervous Governments. They are Governments that understand the great commercial advantages of having direct access for their energy resources to European markets but that are also concerned about making sure that they have cover from Russia. In this context I would like to say one thing very, very strongly indeed: any cover for western energy interests or for energy production and transit from the Caspian to Europe has to be essentially safeguarded through diplomatic rather than military means. It has to be made quite clear that, in practice, if there is Russian interference with this, this is contrary to Russia's own long-term energy relations with the West. It is not a question of us, or anybody, whether it is NATO, being able to put military forces in there. I know there is a military aspect because of the lines of communication to Afghanistan, but essentially I do not think we are in a position to put in a military guarantee for the security of either Azerbaijan or Georgia.

Q112 Mr Jenkin: Is Europe wise to become more energy dependent, particularly for gas, on Russia? Or is your advice that we should be seeking to diversify supplies elsewhere?

Professor Stern: I think diversification of supplies elsewhere is fine. It is always the best policy. The problem is, as I said earlier, it is not a new policy. You need to be very, very clear that supplies from the Caspian region coming through a large number of countries, many of which have had problems with each other, may also not be the most secure of supplies.

Chairman: The next question will be the final question to these two gentlemen.

Q113 Mr Holloway: Your answer to this question may not be only energy related—and I know we have covered part of it already. What is the list of measures, short of military confrontation, that we have or where we could create leverage over them? It strikes me at the moment that you send the fleet in their direction if they invade Georgia, and surely we need to develop other mechanisms or other areas where we can do this.

Mr Roberts: The Eastern partnership initiative is one approach. Obviously, improved trade relations. One would hope for an improved focus on human rights, democracy involved in rule of law in the partner states. I think the best way is essentially trying to get across two concepts: (1) that the states with which we are proposing to deal that are not Russia are in and of themselves independent states with a right to be treated as independent states, and (2) that what we really want is, in cliché terms, win-win relationships with everybody, including Russia, and that we do not regard the energy issues of the region as a zero-sum game. We are not looking to replace Russia. We want a productive co-operative relationship with Russia and we are not sure how we are going to get that.

Mr Holloway: How do you restore Russian pride?

Chairman: That is a question, because the previous one was the final question, which could take you a couple of days.

Mr Holloway: It is quite important.

Q114 Chairman: It is important, but may I suggest that we should move on and possibly ask that question to the next—

Mr Roberts: You treat Russia as a grown-up nation.

Chairman: Right. Let us pursue that question with the three people coming after you. Thank you very much indeed both of you. It has been most helpful and very interesting.

Witnesses: **Professor Martin McCauley**, Senior Lecturer, University of London, **Dr Roy Allison**, Reader in International Relations, London School of Economics and Political Science, and **Dr Alex Pravda**, Director of the Russian and Eurasian Studies Centre, St Antony's College, Oxford University gave evidence.

Q115 Chairman: Welcome to all of you for this second part of the session. Would you like to introduce yourselves and give the briefest of backgrounds of your interest in this subject of Russia, please.

Professor McCauley: Martin McCauley. I have spent 30 years teaching and researching Russian history and politics at the University of London, and I continue researching and writing on Russia and also on defence and security matters and so on.

Dr Pravda: Alex Pravda. I am Director of the Russian and Eurasian Studies Centre and a Fellow of St Anthony's College, Oxford. I am also an Associate Fellow of the Royal Institute of International Affairs at Chatham House. Like my colleagues, I have, for more decades than I care to remember, been involved in the study of Moscow's external policy, both in Soviet and what we still call post-Soviet times. I am particularly interested in the homemade nature of much foreign policy, and we do

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well to pay close attention to domestic sources and domestic politics of external actions, particularly in the case of systems like the Russian and the intimate linkages with issues like pride, which was mentioned, to explain and not to over-rationalise their external actions.

Dr Allison: I am Roy Allison. I am Reader in International Relations in the Department of International Relations at the London School of Economics and Political Science, where I specialise on Russian/Eurasian foreign and security policies. Prior to joining the LSE in 2005, for 12 years I was the head of the Russia and Eurasia Programme at Chatham House, the Royal Institute of International Affairs, where my interests spanned Russian foreign policy, Central Asian and South Caucasian foreign and security policy, and relations with the West. I have directed a series of significant research projects, during that period and since, at the LSE, where we investigated not only policy matters at the level of decision-making but also the attitudes of elites, elite thinking within Russia, and also public opinion through survey material. We are looking at these different dimensions of attitudes within Russia.

Q116 Chairman: Thank you. Does Russia have an overall strategy for its foreign policy? I suppose that means a long-term strategy.

Professor McCauley: It does because it wishes to become like the Soviet Union. Its end goal is to become a superpower—a great power and then a superpower. You can say this is really myth making, but this is the goal. If you look at foreign policy, you would have to look first at security policy, which is made in the Security Council, which consists of the Minister of Defence, the Minister of Internal Affairs, the FSB (the political police) and others. They formulate policy and that seems to be passed then to the Presidential Administration which is a carry over from the former Soviet Union, the Politburo of the communist party apparatus. Foreign policy is made there. Underneath that, you have the Minister of Foreign Affairs and the ambassadors, but the Presidential Administration has its own sources. They are experts, they collect information, they get papers from the Minister of Foreign Affairs. Therefore you have a whole lot of people and institutions, if you like, pulling together and making foreign policy, and if you ask for a single coherent decision-maker, I suppose you would come back to Putin as the Prime Minister, but it is very difficult to see. There is no ideology. If they had an overbearing ideology under the Communists, they did at least have an ideology. Therefore in many ways it is pragmatic.

Q117 Chairman: It comes back to Putin, but is it not Medvedev who is in theory in charge of foreign policy?

Professor McCauley: No.

Q118 Chairman: In theory?

Professor McCauley: In theory the President is responsible, but foreign policy is made in the presidential administration, which is full of people appointed by Putin or loyal to Putin, and Medvedev, when he goes abroad, would be accompanied by the Head of the Presidential Administration responsible for foreign policy, Serge Prikhodko, and others, and they will advise him on foreign policy. He is not an individual foreign policy maker, neither is the Minister of Foreign Affairs, Sergei Lavrov. He just articulates the policy, I think.

Dr Pravda: I disagree in some respects with what my colleague just said. I think the notion of any state having a coherent overall foreign policy strategy long-term is a difficult one to sustain in practice. Russia has struggled more than most states with incoherence of strategy. It has various visions, set out in long documents which are readily issued, both on security and foreign policy. It has tactics, at which it is quite adept, in a chess-playing way, self-consciously. It often lacks the middle, which is the strategic element of how to match the visions with means. Things have improved somewhat and we conventionally compare the incoherence of the Yeltsin 1990s with the increasing coherence and control of the Putin two administrations, and that goes through to, in most people's analyses, the Putin-Medvedev tandem era. However, I think that the two regional conflicts, the armed conflict with Georgia, the gas conflict with Ukraine, and the handling of the global crisis with which Russia has been trying to grapple, show up the very important elements of lack of co-ordination between various agencies, the high degree of personalisation and decision-making, sometimes the improvisation of decisions, because obviously crises tend to bring that out even more strongly. I do not think one wants to look for enormous differences among decision makers, but one wants to be realistic about the degree of improvisation they have to undertake. From their view of things, as often from inside, things look much more chaotic than any smooth advance towards a strategic aim. He increasingly comments on what they are aiming to achieve, the vision. The vision is not a Soviet vision. No one I think in Russia wants to spend what they saw as needless resources on maintaining some sort of semblance of global reach. The moves to send warships to Venezuela and so on, echoes of global ambition, are often more criticised than supported in Moscow and they are very tentative. The aim of the exercise—and this relates to the question you finished your last session with: Russia's pride—is to be acknowledged as a senior great power, not just any great power on a par with France and Germany. Not a superpower, because that is too expensive and beyond Russia's reach and ambition in a global sense, but a senior great power which has particular *droit de regard* in the former of Soviet space, dealing in a very difficult way with post-Imperial situations. We have to at least emphasise—not sympathise—with the difficulties of dealing with states that were part of an imperial structure, linked up in gas pipelines, security arrangements, mental outlooks, ethnic blood links; so dealing with all that and yet

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achieving an equal great power status with the large senior great powers of the world, and inclusion in the clubs of senior great powers to work within the system.

Dr Allison: I agree with Dr Pravda that in many ways it is easier to find a lack of co-ordination, and a dysfunctionality of decision-making in foreign policy than coherence and real design and strategy. One could argue that in some respects this difficulty in co-ordinating and developing a coherent consensual policy has increased as the decision-making process has become even more centralised. This is a comment more generally, of course, about the Russian political system as well. In that system there is reluctance to provide information which could be viewed as gloomy or negative, so there is not an effective feedback process to assess and evaluate where things have gone wrong. This is one way one could interpret some of the crises that have taken place that seem to have been against Russia's best interest in any measured sense. But Russia tries to present a coherent set of principles or concerns in a programmatic way. We have heard reports recently that President Medvedev commissioned a new National Security Strategy for the period 2008 to 2020, that this should be published soon, and conceptually that would fit alongside the Foreign Policy Concept signed into force by Medvedev last July and also the rather ambitious development plan to 2020. These kind of documents do not allow one very clearly to assess priorities in policy. Often they set out a range of different objectives without really showing how they interact, one with another.

Q119 Chairman: That document has not been produced yet, has it?

Dr Allison: No. It has not, to my knowledge. As far as ambitions and vision are concerned, this has been driven by the Russian perception of its relative status and influence globally. Here, certainly until last autumn, the Russian ambition was to find itself or to work towards becoming one of the top five economies in the world and a state still more influential than that suggests. Its claim was that it was already in the top ten, and I think this sense of becoming in the top five has coloured much of its policy, how it relates to other countries. This expectation is one of course that could be challenged now, or maybe is under challenge, simply because of the fact that the Russian economy now has moved into recession, perhaps in the order of 2 or 3% this year; more than three-quarters of the stock market value has been wiped out. Of course there is a question of possibly sustained low energy prices. All of this is, I think, creating an existential challenge to the fundamental Russian attitude about its position in the international system and therefore its global aspirations. It certainly still has the aspiration to be a global player. It expects to receive the kind of response from other countries that befits that status. As part of that is the assumption that the world is moving in a multipolar direction rather than sustaining a unipolar or America-centric system, and that Russia is one of the rising poles within that conception, alongside countries like China and

India. How far this belief about Russia being on the crest of a wave of the future is dented by the economic misfortune it now has is something we need to watch carefully.

Chairman: Thank you very much.

Q120 Mr Crausby: After such a show of suspension, August last year, was it the right decision to resume meetings of the NATO-Russia Council? What sort of message did that send to Russia as a result of its conflict with Georgia?

Professor McCauley: Russia is very, very sensitive to the penetration of NATO into the former states, the states which are the successor states of the Soviet Union. Georgia and Ukraine are two very important states to them from their security point of view. It is their top priority to prevent those states slipping into NATO membership. They do not mind those states becoming part of the European Union, because it is economic, but they take great exception to those states possibly going into NATO, and therefore they have made that a top priority. On the conflict in Georgia, one can say that the consensus seems to be that it was provoked by Georgia, that they were the ones who in fact initiated—although they deny this—and it led to a situation where the Russians then penetrated Georgia. The security situation there is still quite uncertain. There is at least one Russian commentator who thinks that the prospect of continued war and renewed war between Russia and Georgia, beginning in May, is possible, but most Russian commentators do not think that is possible. So Georgia is an allergic point, a very, very sensitive one. They would like to see President Saakashvili go and a more malleable president come to power.

Dr Allison: In my belief there is no practical alternative for NATO to having a mechanism of dialogue with Russia. The only one available is the NATO-Russia Council—at least, that is the one which has a structure underneath it to allow NATO to engage Russia in many areas. However, there is a precedent, and that was the breakdown of NATO-Russia relations after the beginning of the Kosovo campaign by NATO in 1999. That took years to be properly restored. In my view there were two requirements of that, and we could look at this as some kind of analogy. The first was that Russia demanded a jettisoning of the structure that previously existed and claimed that the Permanent Joint Council, which was the mechanism then existing, did not allow Russia a voice of any consequence on matters essential to European security. Indeed, that was sidelined and then dropped in favour of the NATO-Russia Council set up in 2002. Crucially, I think, also, the revival of relations at that time depended upon the ability to find a consensus on a range of key security issues, a new agenda for security relations post 9/11. If we look at the contemporary situation, there are no plans to replace the NATO-Russia Council that I am aware of at the moment, but Russia has become increasingly disparaging about the workings of that body, claiming that it failed fundamentally last September and that it has made little progress in implementing agreements in the period since 2002,

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that much of its work has been fairly low grade or public diplomacy relations without leading to any practical results. So there is scepticism from Russia on that front, but, in addition, we do not have a new agenda that is equivalent to the post 9/11 one that would really galvanise the two sides, to encourage them to bond together. In my view, common interest can be found on such matters as non-proliferation or seeking to curtail Iran's capacity to develop a nuclear bomb, some aspects of counterterrorism or more mundane matters such as piracy and quite important transnational threats such as narco-trafficking, and all of these are important for discussion. At the higher strategic level, I think this discussion is beginning already between the United States and Russia. But it is not clear at all that the NATO-Russia Council is an adequate and suitable structure for that discussion.

Q121 Mr Crausby: Are the Russians right about the NATO-Russia Council? How effective is it? Is there any point? Is that effectively why it was suspended in the first place, because of its unimportance?

Dr Allison: It is important to the extent that there is political will on both sides that infuses the discussions. The institutional structure, as such, can be as empty or as full as that which is brought into it. Really this is an issue about the wider political climate of relations between Russia and NATO states now, so we should not invest too high hopes in the restoration of this relationship simply because of the channels that have been reopened between NATO and Russia—the institutional channels.

Dr Pravda: To comment on your question on the wisdom of the restoration of those ties, despite perhaps a feeling among some new East European members of NATO that one should have held out longer in order to influence some degree of influence for Russian thinking, I think that the restoration was a wise move because withholding that is likely to increase the very high levels of suspicion that tend to prevail between Russia and NATO, and not likely to help in any sense to rebuild degrees of trust. I think the dialogue, as my colleague has said, may not bring any specific improvements early on in the day, it is contingent on a whole climate of relations; however, having that forum for dialogue at least reduces the chances of the kind of rhetoric of distrust and mutual accusation that we have had for so many years in the Russia security interchanges with NATO members. I think the restoration is a useful and productive way to go forward, therefore, particularly as we are likely to have parallel forums and parallel channels opening up on security issues of a wider kind between Russia and the United States on strategic nuclear arms, the one platform where Russia, even in its diminished economic stature, can claim to deserve a seat at the top table. I think the Russia-NATO Council is a way of trying to reduce mistrust, to try to build some degree of confidence, and is a useful adjunct forum working in parallel with others. However, I do think that we need to open up new ways of exchanging both information and opinion with Russia on broader security issues which bring together energy, military

security, political dialogue and therefore try to take advantage of the apparent Russian willingness to think in broader terms of a process which may lead to something approaching a pan-European security arrangement. That process itself, not the product—which is not going to be with us for many years—is useful, and the Russia-NATO Council is part of that process.

Chairman: Clearly, you have all sparked some interest here because four colleagues have caught my eye wanting to ask more about the NATO-Russia Council.

Q122 Linda Gilroy: My question is to Dr Allison. In your written submission you say, "It is difficult to envisage the further development of NATO-Russia interoperability exercises, given Moscow's characterisation of its war with Georgia effectively as a proxy war with the United States." To what extent was that a feature before the halt in the relationship? How do you see the claim about a proxy war fitting? What does it say about attempts to characterise the Georgia conflict as something which was the result of Saakashvili being rash and him starting it?

Dr Allison: I make that assertion about the problematic nature of discussions and attempts at further exercises to encourage interoperability because I consider this is not just a military technical matter. It is very much a political and diplomatic matter. In many ways I think those kinds of exercises had more a diplomatic function to try and open out the security relationship, to encourage the two sides to overcome the kind of mindsets which were antagonistic or suspicious. Therefore, I think that the war in Georgia, in the way it was characterised, in particular on the Russian side, has seriously damaged further the hopes to really overcome the lingering legacy of Cold War thinking, the adversarial thinking. In Russian military planning there is no doubt that the scenario of major, large-scale war with the West or NATO still influences their force structure and planning concepts, so in this sense we are working on two levels. There is a surreal quality to it. There is the hope that through interoperability one can develop forces which are able potentially to work together in different kinds of scenarios for managing conflicts in third regions, potentially even some kind of joint peacekeeping, but the Russian military culture and attitude towards the use of force has been a consistent problem here. That was shown in the early operations in Chechnya. I think the way in which the American role in the Russian—Georgian conflict has been presented by senior Russian military officers makes it very difficult for those kinds of interoperability exercises to work to promote trust military to military. It may require a pause of quite some time, and then to see if we can resume some of the thinking that was developed earlier. For example, the NATO-Russia Council has a working group on peacekeeping where the conceptual aspects of peacekeeping were being jointly worked out and a joint conceptual understanding of peacekeeping was worked out. This kind of issue may be possible to

return to in the future, but when Russia characterises its military operations in Georgia as a form of peacekeeping, a highly coercive form of peacekeeping but some kind of peacekeeping, you will see the difference between the Western and the Russian interpretations of those concepts. The proxy war notion I think is more a political characterisation. It feeds into a wish to present the United States as in some ways adversarially reacting to greater Russian influence in the international system. Among the Russian military, some have claimed that the sharing of information, between the American and the Georgian authorities, may have been a contributory factor to the onset of the conflict. I think that there is not much substance to the idea of a proxy war but it plays also into a Russian wish to view the conflict as a test of the weapons systems on both sides. And the extent to which Russian weapons, Russian forces, Russian tactics can prevail in some kind of putative scenario of combat with Western forces is one lesson, perhaps a false lesson, that has been drawn in Russian interpretations of that conflict. There is a lot of military writing along these lines and therefore there is a temptation to view this in some way as a proxy war.

Q123 Mr Havard: I would like to return to this NATO-Russia Council. It has a utility, you suggest, and you have suggested ways in which we might increase its utility and that is fine; it opens a dialogue and it provides a forum and it is an opportunity. That is fine. The truth of the matter however is that Russia wants a bilateral relationship with United States of America that is only partly invested in the NATO-Russia Council and would prefer presumably America to get out of Europe in some fashion in the longer term and have a relationship with Europe, which we will come on to later. What I want to be clear about is, the French are now joining NATO fully, apparently. That might provide a change; it might not provide a change. I am just wondering the extent to which really the deal is between Medvedev and Obama on 2 April, the two mathematics or law professors, whatever they are, come together, and that is the relationship that is really important and, in a sense, the NATO-Russia Council is a surrogate for the opening of those discussions. Is that right?

Professor McCauley: I would say the Russia-NATO Council until a year ago was not treated very seriously by the Russians. The Russian representative in Brussels was Dmitry Rogozin—it still is. He is not a military person, not a security person, and he was quite aggressive in his language. Therefore, if the Russians are to treat the Russia-NATO Council more seriously, perhaps if Rogozin were replaced by a much higher person, because he is just a nationalist politician.

Q124 Chairman: You do not have to use the word “just” in those circumstances.

Professor McCauley: Well, he just does as he is told. He is not a decision maker and he is not a very good diplomat in his language. If he were replaced by

somebody further up the security ladder, a more senior politician, perhaps they will begin to take it more seriously, but you are absolutely right; the Russia-NATO Council is small bread from the Russian point of view. The key relationship, obviously, is the US one.

Q125 Mr Havard: Unless the US invest in it.

Professor McCauley: That is it. That is the key relationship. The decisions would be taken there and then the NATO Council will just talk.

Dr Pravda: There is no question that Russia has and continues to regard Washington as the key to all matters western in the security arena, and in fact many others too. It would like to, I think, concentrate very much on that relationship for reasons we mentioned earlier, of status, and only the United States can provide Russia with the assurance that it really is playing at the top level of international affairs. The Russia-NATO Council cannot do that. On the other hand, Russia is, with some difficulty, taking major European states, the large European states, more seriously as security participants, if not the determinants of NATO security policy, with clearly the strongest vested interests and clearly the greatest stakes in the area most vital to Russian interests, which is the shared neighbourhood with both NATO and the EU, overlapping institutions, which are becoming increasingly overlapping in the sense of being concerned with various dimensions of security. Russia, like ourselves, does have a strong sense that security, not just for academics but for practitioners, is now multidimensional, and Russia is well advised to focus on the interplay between the various dimensions. For that it needs dialogue with the Europeans sitting within the Russia-NATO Council because they also sit within other councils in other forums and they deal with energy issues and issues of political relations and movements of people, which are just as essential, arguably more essential to Russia’s security interests in places like Kaliningrad than purely military issues.

Q126 Chairman: I want to move on from this subject as quickly as possible.

Dr Pravda: The conclusion is the Russia-NATO Council in and of itself is not considered to be a weighty body. However, given the increasing securitisation of European issues, it is more worth the Russians’ while engaging with members of the European Community on that.

Q127 Chairman: Dr Allison, can you give us one sentence?

Dr Allison: The basic problem is that the Russian NATO representative, Rogozin, has said that he does not envisage any more “small business as usual” and much of the activity of the Russia-NATO Council in the past could be described as in that category. But the big business, on strategic questions mentioned, would be, as Dr Pravda described, viewed as better undertaken with the United States. The further problem is the Russian claim now that the NATO-Russia Council is acting in effect as a

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consolidated NATO group in, the positions it takes. It is “pre-cooking” the agenda and presenting it to Russia, which is exactly what this body was intended to avoid, particularly by the creation of a preparatory committee. Russia believed that this kind of relationship had been overcome in the first years of the NATO-Russia Council.

Mr Jenkin: Did the war in Georgia alter your perceptions about how Russia is likely to behave, what kind of Russian foreign policy there is, and were we right to break off the Russia-NATO Council?

Chairman: That is enough.

Mr Havard: It is so important.

Q128 Chairman: We can come back to it. Could you answer that question?

Professor McCauley: Very quickly, last August Russia felt itself very powerful and very rich, and it thought it could basically go ahead, but now its economic situation is in fact deteriorating by the day, and Russian activities and Russian power has declined. Therefore Russia’s ability to project its power and its perception of Russia as a great power is declining. Therefore it in fact is not now as belligerent or it does not feel so confident now as it did last August. The economic decline, I think, has radically changed the situation in changing their perceptions. I think we will come on to this because it could be quite dangerous: if they decline to a certain point, what will they then do to protect Russia?

Q129 Chairman: Was it a mistake to break off relations?

Professor McCauley: No.

Dr Pravda: Directly to your question, I was not surprised by the direction of Russia’s policy in Georgia, even in August. I together with many of us was surprised by the degree to which Moscow decided to disregard international opinion by using the degree or proportion of force that it did and as a signal of the disapproval of the amount of force used and the way it violated undertakings on sovereignty, suspension was a good move. I think in the past we have not made enough moves which clearly signalled disapproval.

Q130 Chairman: Dr Allison, do you have anything to add?

Dr Allison: On the interpretation of Russian action. Russia, confirmed that it had the capability to intervene militarily on its perimeter, to concentrate forces for a small military engagement and prevail. This is nothing that would surprise us. There was some evidence that the Russian forces worked better than perhaps many expected. On the Russian side they interpreted it as an operation overcoming a period of military humiliation, a much exaggerated period of military humiliation of the previous decade. But the question which remains unanswered here is whether the result of this, of both the way in which Russia carried out the operation and the way it interpreted the Western reaction, has in some way lowered the threshold for Russia for intervention, for when the use of the military instrument for

political or foreign policy purposes is considered appropriate. Has Russia drawn the lesson that, as a state with global aspirations and regional predominance in the CIS region, it can and should use military force, as the United States has, in support of its perceived interests? And is it more ready to do that than in earlier years?

Q131 Mr Jenkin: Does a resuming of the meetings of the NATO-Russia Council send a signal that we have now downgraded . . . Will Russia regard the Georgia crisis is now less important to the West as a result of resuming the Russia-NATO Council, in particular, the illegal recognition of south Ossetia and Abkhazia?

Dr Allison: Russia chooses to interpret the restoration of links as some admission on the NATO side that it had mischaracterised the conflict last autumn. Russian officials are talking about a significant re-evaluation in NATO about the causes of conflict, the role of Saakashvili and so forth. This is partly, of course, to justify on their side and domestically the resumption of ties with NATO, given the way in which NATO was vilified last autumn, but I think it does also play to a belief in Russia that their actions have gained, if not international approval, at least a measure of acceptance and tolerance and that, with a new American administration in office, they are in a much better position to wipe the slate clean and to set out a new agenda for discussion. That is the way that they would like this to be viewed.

Q132 Mr Holloway: Is it muddled and woolly thinking to, on the one hand, see it as quite correct that Russia should treat countries on its borders as independent states but, on the other hand, to sympathise with Russia over Ukraine and Georgia joining NATO?

Professor McCauley: Russia treats the former republics of the Soviet Union as the “near abroad”. They would obviously like to treat Eastern Europe, the former Warsaw Pact countries, as the near abroad. That is not now possible. Their thinking is that Georgia is part of the near abroad and that is very important to grasp. They do not see it as a country which is separated from Russia and so on. They would like Georgia to come back within the fold. They would like Ukraine to come back within the fold. So you have this conflict about the sovereignty of these states and President Medvedev has said that Russia has the right to intervene in these states. He talks about a zone of privileged influence, that Russia has the right to intervene to protect ethnic Russians and Russian speakers in these states. That may be rhetoric but it articulates a longstanding Russian view; that is not a new view. They believe that they have the right to do this and therefore their right should be respected. They would like to get the Americans out of NATO, out of European security, so it is only European states and they would become a major player as well. In that way they will achieve their objective.

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Q133 Chairman: But in their European policy, how does that differ from the Cold War? Dr Pravda, you described Russia as wanting to be a senior great power. How in their European policy does their approach to their CIS neighbours differ from the Cold War?

Dr Pravda: I think that the view from Moscow of their relationship with what are now independent states within the former Soviet space is extremely difficult because of a residual set of both beliefs and emotions that those states have something of a qualitatively different relationship with Russia than, as it were, other truly sovereign independent states. I think it is much easier for Russia to think of sovereignty in the case of the former East European member states of the Warsaw Pact than it is of course of the states of the Soviet Union itself. I think the whole notion of sovereignty within what has been correctly described as “the near abroad”—and although Russian officials do not use that, they are used to refer to it and it gives a sense of the distinction—the whole sense of sovereignty and the whole notion is rather unclear. This particularly came out in the Georgian crisis, where you saw the unilateral recognition of two parts of a sovereign state and yet still a commitment to international law on sovereignty on the other hand. To explain that or to try to bridge that gap, there has been much talk, of course, of the conditionality of sovereignty on the exercise of responsible policy by the state towards its populations. This is not, of course, exceptionally only a Russian view of the qualified nature of sovereignty; it is part of a debate about sovereignty. To turn to the European policy—

Q134 Mr Holloway: Really the question is about whether or not the two are incompatible. The question is whether or not Russia is reasonable to be wound up about Ukraine and Georgia joining NATO and, on the other hand, the fact that we should treat these as independent countries. In my ignorance, I think both are reasonable positions. How do you square that?

Dr Pravda: They square it by stating that they of course recognise—and they do this repeatedly—the right of all sovereign states, including Ukraine and Georgia, to join whatever organisations they wish to join. They always accompany that statement with another one which says of course, this affects Russia’s vital security interests and Russia has the right to be concerned with exclusive security organisations, such as NATO, extending their reach to its borders. They do not question, in other words, the notional right of Ukraine or Georgia or Belarus to join NATO. They point out, however, exactly at the same moment that this has serious security consequences for Russia and Russia’s responses to those security concerns might lead to the diminution of security on the border with one of those states, which is a perfectly fair set of parallel statements by any state in that particular position. I do not think from their point of view it is something which contradicts their notional belief in sovereignty but of course qualifies it, and in practice, we see with the Georgian crisis that their understanding of what is

sovereign in a legitimate way from a Moscow point of view is conditioned by the threat it presents to the security of Russia and the threat it presents to Russian citizens or Russian passport holders. That particular lever, of Russians living beyond Russia’s borders, which Russia has often talked about but rarely pulled, is something it holds in reserve. So there is a very fragile recognition of sovereignty, conditioned on Russian security perceptions and that is why the best way to respond to the fragility of both those statements is to try and overarch the problem with some kind of inclusive organisations which make it easier for Russia to accept the fact that these are truly independent states with their own security.

Q135 Chairman: Like perhaps a new European security architecture, such as they suggest. How should we react to that?

Professor McCauley: I am just going to make the point that the problem of sovereignty and Ukraine and Georgia joining NATO also has a political aspect. The elites in Moscow know that they are not really democratically elected. They fear a democratic revolution. We saw this last year. Therefore the penetration of American ideas, of American power, into Ukraine would in fact make them very nervous. They see this as a long-term strategy to overturn them, the elites in power in Moscow, and to make Russia subservient to the United States. Therefore it is these political elites that wish to keep power. We are now in a situation where the economy is going down very fast. Will they become more amenable and how will they react to economic decline is another question.

Dr Allison: The imagery of Cold War is to some extent there in the way that NATO is characterised and NATO objectives are characterised in Moscow, particularly the way in which it is viewed as representing some kind of offensive policy of containment. As far as the arguments against expansion are concerned, Russia points to problems within those countries. In particular, in Ukraine that the public support base for NATO accession is low and has remained consistently low; indeed this is something accepted on the NATO side. It would have to be changed significantly if accession were to be regarded as a realistic prospect. In the case of Georgia the argument is that the prospect of possible eventual NATO accession has acted to encourage policies of non-negotiation over the separatist territories, of military solutions to those problems, and that this would mean importing security problems into NATO and therefore be unjustified. So there are some Russian claims of this kind, which are taken seriously in a number of NATO states, but the underlying problem I think is the change in Russia-Western relations since the time when this large accession process began in the 1990s. At that time the hope, if not assumption, was that some kind of meaningful partnership, if not integration, and shared strategic goals, was a realistic track and that NATO would be working with Russia as a partner. The divergence between the two sides since then has

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meant that Ukraine and Georgia have effectively positioned themselves on one side of a significant political divide.

Q136 Chairman: Thank you. How should we react to the European security architecture proposed?

Professor McCauley: How should we react to it? We should welcome it because—I come back again to the situation in Russia today—we are getting to a situation where Russia may become more amenable. Russia needs the outside world more than it did before. It is possible by the end of the year they will need foreign loans and this, I think, would then make a more reasonable scenario for a debate and discussion between Europe and Russia. Of course, the Germans, Frank-Walter Steinmeier, the present Foreign Minister, who may become Chancellor in the elections later this year, is for Russia becoming very close to NATO, perhaps Russia even possibly joining NATO, and Joschka Fischer, who is the Green candidate and may become the new Foreign Minister, is very keen on Russia joining NATO. Therefore, at the end of this year you may have a different scenario where you have a very powerful state, Germany, which is keen really to exclude to a significant extent the United States from European security and to make European security the responsibility of European states, with Russia playing a much more important role in this pan-European strategic and military relationship.

Dr Pravda: I think we should welcome the opportunity of discussing greater European security with Russia on a more equal basis institutionally and politically than has been possible with NATO enlargement and EU enlargement, where Russia never can be regarded as a founder member of the exercise but has to respond to momentum and developments from elsewhere. While welcoming the opportunity, and I think it is something which will help those within Russia trying—and they are a minority often—to put the case for greater interaction and perhaps even partial integration with Europe. While welcoming the opportunity to do this, we should of course be wary, and Russia will be conscious of our wariness, of talk of a greater Europe being exclusionary in terms of the United States' role both in European security and political and economic matters. We want to make sure, I think, that Russia understands the fact that this is a complementary process of dialogue to that in major international institutions, the UN, and also complementary to its own bilateral talks with the United States. I do however think that, even with the inbuilt dangers of excluding the United States, which exist, the advantages far outweigh the costs of engaging in such a dialogue. I do think that continuing merely to conflict over the expansion of Western institutions closer and closer to Russian orders is not the most fruitful way forward and it would lead, I think, to a strengthening of the kind of insulationalist, nationalist arguments that still have quite a lot of purchase in debates in Moscow. The global economic crisis, after all, can both induce

greater co-operation and greater participation in forging a new economic global architecture. On the other hand, it can also, as we know, increase the pressure to protectionism and to political defence and insulationism. I think we should grasp the process offered to us ever since last summer of a dialogue on European security architecture and inject into it our own content and ideas, because classically, and quite typically of Russia, this is a framework without content, an invitation to contribute and to give them ideas. Last and not least, a dialogue of this kind, although unappealing perhaps to officials already engaged in multiple dialogues, is an opportunity to try to forge our own coherent policy towards Russia. So it is not just an opportunity for Russia to get content on its thinking about its relations with the greater Europe; it is also a further opportunity for the European states to get together and try to work out something approaching a coherent policy in its relationship with Russia.

Q137 Linda Gilroy: Is the Organisation for Security and Co-operation in Europe the right place to have this debate? Is it an organisation that should be thinking about the shape of its own future? Do any of you study the OSCE and the contribution it has to make, or not?

Professor McCauley: In general, one can say the OSCE has been downgraded. It is less and less effective because the Russians have pursued a policy which is to ensure that it does not take any decisions against its own security, political and economic interests. So OSCE has become rather toothless, I would say, and therefore, if you are going to have a real dialogue with the Russians, it has to be something like the Russia-NATO Council or some other grouping or a conference where you bring the Security Council thinking into it so that both sides feel that they are going to gain something from the relationship so that confidence is built on both sides—but not the OSCE.

Dr Pravda: I do think the OSCE is the natural starting place, at least, for thinking about the forum within which this dialogue on Europe could take place. After all, the Russians themselves and many western commentators have seen the new proposals being a kind of “Helsinki plus”, not a replacement but a follow-on to the Helsinki process, including a structure of particular clusters or baskets of issues which could be discussed in parallel, between which linkages could be made. So I do think the OSCE, much maligned for being inclusive and rather weak and losing out in functional terms to NATO and the EU, is the natural starting place precisely because of its inclusive structure and because of its historical inheritance from the Helsinki process. I think a European summit of a kind based on OSCE, and then a long process of complex negotiation—one hopes not quite as long as the first Helsinki process, 2,500 meetings of some kind—a long process, which would itself yield benefits in terms of the climate of confidence and understanding. It is this climate of confidence, the degree of mistrust,

misrepresentation, lack of understanding, conspiratorial theory, which has really very badly affected our relationship with Russia ever since the end of the Cold War. Milieu matters.

Q138 Linda Gilroy: Is that not understandable? The way it was put to us when we were in Russia by some people was: “The Warsaw Pact has gone. How can you expect us to accommodate ourselves to NATO, an organisation that was set up to effectively oppose us?”

Dr Pravda: There is long recognition that there is a fundamental asymmetry there which we have not been able to correct and which the Russians have grappled with rather unsuccessfully. I think the chance of recasting it, relocating it, in a forum which is one which includes not just Russia but all the former members of the Soviet space and of the Warsaw Pact, together with their European counterparts, is a good start. Obviously, it has to be not over-ambitious in achieving specific goals but again, it is the health of the process that is probably the main thing about it, and I think the OSCE is the natural starting point.

Dr Allison: I think the Russian proposal is driven by the claim that you hear frequently made that the existing framework in the Euro-Atlantic region based on NATO is inadequate to the security requirements that countries face, and Russia links this to the events in the south Caucasus last autumn. This gives rise, of course, to concern that the underlying motivation is to displace NATO, and indeed, Russian proposals going back to the early 1990s or even before on reform of the OSCE seem to be aimed at boosting the security framework of the OSCE at the expense of NATO, to displace NATO as the primary security organisation in the European continent. However, we should not forget that the CSCE process when it was initially mooted was received with great suspicion as well in the West, and over many years of negotiations in effect that concept was adapted and developed in ways which then worked very much to the benefit of security on the European continent, and that process is what my colleague Dr Pravda was referring to. It is necessary to go into this with wide eyes open. It is clear that Russia has an interest in downgrading the so-called human dimension in these discussions, as indeed it considers that the current OSCE emphasis on this, and on electoral monitoring and so forth, has skewed the original purposes of that body. But this does not mean that we cannot bring this dimension to the table and insist on it being integral to an understanding of security—that it is not simply a military defence definition of security at issue. Another concern in the West is the this notion of “Greater Europe” could in some way act to reinforce Russia’s claims for a controlling influence in the CIS region. If you look at some of the definitions by senior Russian officials, they suggest that you have two parallel poles and two parallel integration processes, one centred around Brussels and the other around Moscow, and that these two should be interacting in a greater Europe but that Moscow should have the pre-eminent influence within the

CIS region. That is certainly not, I think, how the EU views its relationship with those CIS countries, nor indeed how Western countries in general would.

Q139 Linda Gilroy: Before we move on from there, I want to ask what the implications are of what you have just said to the Committee about the Russians undermining the democratic part of the OSCE and its role in encouraging democracy, given that the very least one can say about Russia is that its progress towards democracy has stalled and it does not have any effective democracy. What does that mean for defence? NATO is very much about democratic countries which have their military under some varying levels of democratic control.

Dr Allison: This is a fundamental issue concerning the normative dimension of these institutions and the expectations in the West of those institutions acting to advance normative agendas which are ones which are held dear by Western states. Of course, NATO membership does assume a certain consensus around basic principles of conduct for Member States. This is not built into the NATO-Russia Council structure however. It is built into EU relations through partnership agreements and through the European Neighbourhood Policy—one reason why Russia has been reluctant to engage with that programme. With the OSCE, Western states believe that this cannot function without giving due weight to the human dimension but Russia has been seeking to develop, in some senses, counter-processes within the CIS region. I mentioned, for example, election monitoring; the election monitoring process under the OSCE, in ODIHR, is now paralleled by CIS election monitors, which invariably give a clean bill of health to elections within CIS states.

Q140 Linda Gilroy: And do not work to any international standards.

Dr Allison: No, and indeed, you even have Shanghai Cooperation Organisation election monitors nowadays. So you have this kind of competitive monitoring process under way which ultimately does not tell you very much about what is happening on the ground.

Dr Pravda: One important reason for making the OSCE the forum of basis is precisely because Russia, as my colleagues have pointed out, has been extremely critical and wary of the normative mission of OSCE and they, on the other hand, want an all-European security conference. The thing is to match the two together. The second thing about the normative aspects of the problem is not to take the kind of cultural, full frontal approach of pointing out, quite rightly, that democracy in Russia has regressed rather than developed, but to take the more rule-based approach and to see if we can agree on a set of regulations which they would want to observe for reasons of effectiveness, which is becoming ever more important in the economic recession, and working our way through what might be called, and is often called in international analysis, a community of practice rather than a community of values. One gets to it, I think, with

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Russia through the practice to the values rather than, as it were, insisting first and foremost on building a community of values and then working through to other sets of relationships.

Q141 Mr Borrow: I want to come back to the comments that Professor McCauley made, which was the concept of a Red-Green government in Germany pushing NATO membership for Russia. I would be all in favour of Russia becoming a member of NATO but that would mean Russia would have to comply with the terms and conditions involved in NATO membership. From what has been said since that comment by Professor McCauley, I certainly get the impression that there is little likelihood of the position of a Red-Green government in Germany, pushing Russian membership of NATO, actually getting anywhere because it would imply fairly quickly that Russia would need to have significant internal changes to its government and its structures, which is not perhaps tactically the best way to go about things.

Professor McCauley: I would expect a Red-Green coalition in Germany to push Russia's membership of NATO because a Red-Green coalition would like to see the Americans out of European security. Anti-Americanism gains votes in German elections and Gerhard Schroeder proved that. Therefore, I would expect them to go quite left and the policy to be very pacifist and quite anti-American and pro-Russian and, for instance, Steinmeier, who may become Chancellor, only addresses his comments to Medvedev and regards him as a key decision maker and then ignores Putin. That, of course, is technical but the Germans would argue that case, which means that inside NATO, NATO will be to a large extent paralysed. The new members of NATO, the Eastern European members of NATO, would fight tooth and nail to keep Russia out of NATO because they would see it as signing their security death warrant. Therefore the old and new, France and Italy, may in fact have some sympathy for the German point of view but, as you say, you are going to be in a situation where neither side can win and Russia would not become a member of NATO because, if that happened, it would basically be the end of NATO, from many points of view. In order for a member to join NATO you have to have unanimity, and the United States would block it.

Q142 Mr Jenkin: Briefly, coming back to this question of the Moscow sphere and the Brussels sphere, did Brussels rather accelerate the credibility of that concept by forcing the recognition of Kosovo?

Professor McCauley: How can it force the recognition of Kosovo? The Russians will never recognise Kosovo with their present regime. It is possible in years' time when we have a totally different set of decision-makers.

Q143 Mr Jenkin: Did it not rather encourage the Russians to say, "If you Europeans think you can recognise what you want in the European sphere, we will recognise what we think in our sphere"?

Professor McCauley: But if they recognise Kosovo, they sign Kosovo away, and then you go back to South Ossetia and Abkhazia, and they have other interests. We have not come to the risk of a conflict, say, in Crimea, over Sevastopol. They would then want Crimea; they would like to recognise Crimea as a sovereign state. There is no *quid pro quo* here. I do not see one.

Q144 Chairman: Dr Pravda, you reacted.

Dr Pravda: Yes. I want to say that obviously, the precedent of Kosovo, although much denounced before the Georgian conflict, was useful as a way of justifying recognition of those two enclaves. However, I think the notion that Russia is going to continue this kind of wars of recognition or conflicts of recognition and extend that to Crimea is fanciful, and I wanted to bring up Ukraine in this regard. Ukraine is qualitatively different from anything to do with Georgia. The relationship with Ukraine is an absolutely existential one and here, to refer back to our previous session, I do not think, because it is so vital to Russia, that one can think in terms of an irretrievable breakdown of the relationship between Russia and Ukraine, whether on energy or on other matters. I think it is something which Russia has to manage and has to make sure that it is as stable as possible rather than excessively destabilising what is already a fragile situation by playing with Crimean secession. To overcome the problem of two poles, which were pointed out as a danger within a greater European framework, one has to again work within the process of making quite clear the terms on which we go forward in the process, that there is going to be no distinction within a greater European area between spheres of influence and trying to at least weaken the natural tendencies of poles of attraction to develop in West and East.

Q145 Chairman: I am afraid you remind us of how very much we have to cover and how very little time we have to cover it in. I want to get on shortly to the issue of Afghanistan. Professor McCauley and Dr Allison, did you want to add anything to what has just been said?

Professor McCauley: I was just going to say about the Moscow pole of attraction attempting to drag in former republics of the Soviet Union. Central Asia has no intention of becoming subservient to Moscow, nor would China in fact really favour that. Central Asia is between Russia and China. Turkmenistan has just signed a gas deal to run a pipeline to Xinjiang in western China, and therefore China is economically and politically attempting to pull Central Asia towards itself. In the long term, I would see China winning that relationship and Russia losing out.

Q146 Chairman: It is good that we mention China in this discussion this morning because I think that is the first time.

Dr Allison: The important political background is the Russian interpretation of the Orange Revolution in Ukraine and the Rose Revolution in Georgia. To the extent that those could be accepted as political

faits accomplis, then it does allow for an easier negotiation process on the wider security framework in Europe. To the extent that there are temptations in Moscow to try to pursue strategies, including political strategies, with those countries or within those countries to revise those revolutions, as some kind of roll-back, out of a perhaps heightened and exaggerated sense of self-confidence over Russia's rising global status, then it becomes much more difficult. If there is that temptation and it coexists with Russia's perception of the European Union itself as revisionist within post-Soviet territory, through programmes such as the European Neighbourhood Policy, which are seen as aiming to change the previous policies increasingly towards an EU-driven normative and political framework, it means that there is a very sensitive political climate within which these negotiations have to take place. I think we have to make clear that the results of elections which are at least fairly free and well conducted have to be respected within these states, and that is a bottom-line consideration, and in that sense hold Russia to its word when it says it does support democratic governance.

Chairman: We must move on to the issue of Afghanistan.

Q147 Mr Borrow: Russia has offered NATO some assistance in terms of transport arrangements for NATO to get equipment, et cetera, into Afghanistan, but there is a suspicion that that is less than wholesome help, and that it may actually be in Russia's interests, not necessarily to see NATO defeated in Afghanistan, but to see NATO bogged down for many years in a conflict which seems not to end.

Professor McCauley: Dmitry Rogozin, who is the Russian representative in NATO, stated that Russia welcomes NATO participation and fighting in Afghanistan and hopes that NATO will stay there but fears that they may become war-weary and withdraw. Would Russia think that a Taliban-dominated Afghanistan was in its interests? The answer, obviously, is no. Northern Afghanistan had a segment which held out against the Taliban before 2001 and it is dominated by Tajiks and Uzbeks, and my instinct tells me that if NATO decided to give up in Afghanistan, basically from Kabul to the South—the North is totally different—then Russia would regard northern Afghanistan as part of its security zone and would need to protect it against the Taliban penetrating that region, as they did before 2001, because they fear Islamic forces, fundamentalism, penetrating Central Asia. If that happened, they could then penetrate the Volga, Tatarstan and Bashkortostan, and the Caucasus and so on. They are very concerned. The Central Asian governments, especially Uzbekistan, are very exercised by what they call the Islamic threat and they would do everything in their power to prevent the Taliban penetrating northern Afghanistan. I do not think they would attempt to do anything south of Kabul but that zone would be their perimeter. They would defend that and so on.

Q148 Chairman: I think you answered a different question from the one that David Borrow asked. I think David said that there was a suggestion that Russia did not want to see NATO withdraw, which was really what you were talking about there, but NATO bogged down. Do you think that is what they would be quite interested in seeing?

Professor McCauley: Yes, the danger of being bogged down is, if you look at it from the British point of view, you are fighting a war, you are fighting an anti-insurgency war, you are fighting rebels, you are fighting a new type of war. You develop high-tech weapons, drones and so on; military technology is developed as you fight these wars and Russia has not fought these wars. Russia has not fought a modern war since 1945, and the technological gap between the American forces' capability and the Russians is widening all the time. They might say it is a good thing for NATO to be bogged down but, from the military technical point of view, the Americans are developing all the time. China is also very concerned about that. China does not want to see the Taliban or Al Qaeda win in Afghanistan and in fact, if there is a threat of the Taliban coming to the door, they might come together with the Russians on that matter.

Dr Allison: I think there is a quite strong tendency among Russian military officers to look at this in terms of *schadenfreude*, particularly given their woeful performance in the first Chechnya campaign and arguably in the second. So there is that personal sense of the humiliation they went through, which feeds into their assessment of NATO now. But I think, more importantly, there is a concern among Russian strategic thinkers about this as a test of NATO's globalist mission. Afghanistan is the first fighting war in which NATO has really put to the test its far expanded out-of-area mission objectives, and to be seen to be successful in this in some sense, would then encourage a direction of development of NATO which Russia sees very much as against its interests. So something short of success but which would still contain and manage the Taliban for a good period of time might be seen as the preferred outcome from that Russian perspective. However, I think there is a rising concern that NATO simply cannot manage the scale of resistance by Taliban and other forces within Afghanistan, that the broader destabilisation of Central Asia is once again in prospect. Russia is looking at developments in Pakistan now with alarm. There is not much discussion of this but they are certainly concerned about Pakistan acting as a hinterland, which would mean that the kind of threat that they saw from the Taliban at the end of the 1990s would actually be in the future on a much larger scale, much more serious potentially for Central Asia. There are some Russian officers who simply say now that NATO is losing in Afghanistan and should withdraw. Boris Gromov, the last Russian commander in Afghanistan in the Soviet period, explicitly said this recently. Russia is also exploring the possibility of developing a more substantive, direct security relationship with the Karzai government, which should be monitored, as well as of developing co-operation through the

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Russia-dominated Collective Security Treaty Organisation, initially on counter-narcotics efforts but possibly there will be a range of other areas of possible collaboration. That is not at the moment co-ordinated with NATO in any way. I think now we should find ways to ensure that whatever efforts are being made to a common goal are not being done wholly independently of one another and cutting across each other.

Dr Pravda: Can I just agree with that. There is obviously a degree of satisfaction in seeing NATO faring with great difficulty in Afghanistan. On the other hand, the greater problem for Russia is instability and insecurity in the South. Were NATO to either fail or to withdraw, that would mean that Russia would have to engage to some extent in securing that area, either through political and economic agreements or through—reluctantly probably—engaging military resources. I think we ought to capitalise on this greater danger for Russia in having yet another theatre of instability to deal with when it does not have the resources to cope with the instabilities and potential instabilities in Central Asia at the moment, and to build some sort of terms of engagement to co-operate in various ways on maintaining that as a relatively secure region for the foreseeable future.

Q149 Mr Jenkin: So if the Western powers invited Russia to be part of some international conference to bring about a settlement in Afghanistan, Russia would be likely to be a constructive player in that, in helping NATO to disengage?

Professor McCauley: I do not think the Russians are going to take over the fighting if NATO says this is a wonderful way of getting out of—

Q150 Mr Jenkin: No, I am not suggesting that.

Dr Pravda: I think the answer to the question is yes. I think Russia would try to play a constructive role in that. I think there might be, as there has been on similar occasions, some dubious contacts made and concerns voiced about what games Russia is up to on the periphery but I think, generally speaking, if it were a genuine attempt to involve Russia in some sort of framework of stabilising and managing Afghanistan, it would probably prove to be a constructive partner for its own interests.

Q151 Mr Crausby: Can you say something about the effect of the economic crisis? Is Russia more likely to be aggressive to its neighbours as a result of the difficulties that it is having in the economic crisis? It is probably the question that was asked earlier: is a poor Russia more dangerous than a prosperous Russia?

Professor McCauley: It depends. It is in the hands, I would say, of Vladimir Putin. The economic situation is deteriorating by the day. The Central Bank still has considerable reserves, which will run out possibly in six months' time or even before that. Before that happens, in order for Vladimir Putin and

the elite that forms the group which rules Russia to stay in power, will they in fact then consider a short, successful war to unify the nation and, if you like, militarise the state and eliminate any opposition by saying it is anti-Russian and anti-patriotic and so on? There is one place which is an obvious candidate and that is Crimea, because Sevastopol is the Russian military base they have to leave by a certain date. In Crimea, the majority of the population is ethnic Russian and therefore there would be a lot of support for Crimea becoming part of Russia. That is one scenario. Then the question is, would the military actually follow Putin in that? Would they in fact obey him? That is impossible to say because the military reform, which has been put on hold, which may result in 200,000–350,000 officers and warrant officers being sacked, in a situation where the economic situation is deteriorating, that has been put on hold. I have been told that middle level FSB officers are also rather unhappy. Therefore you have a scenario where, would Putin risk a military action and would the military follow him? There were to be reductions within the Ministry of Internal Affairs but they have been put on hold because they expect social unrest in the summer. If you look at the social unrest which has occurred, in Moscow they are bringing in troops and police from outside, and in Siberia they are bringing in troops and police from outside Siberia, because Siberian police and military would not shoot at Siberians, their own people. So you have a situation which could be quite volatile. It is possible you may have a war scenario and I do not know what the probability of that is but it is one. The other is that the situation will deteriorate to the point where there is some kind of coup, where Putin is removed, and then the obvious person to play a leading role would be a military general. All we are doing at present is guessing. There is no hard evidence one way or the other but there are these two scenarios. The third scenario is that you get back to 1991, that the elites cannot agree and the state disintegrates.

Q152 Chairman: Those three are all profoundly serious, and all within the next six months, you are suggesting.

Professor McCauley: Yes. The military industry is in a very bad state because they do not have any market for their products. China has basically stopped buying Russian military hardware because it is not good enough. They are relying now on Israel; they get most of their military material from Israel.³ They have signed lots of agreements but the technology is not very good. They have a very good agreement with Israel and they are exporting to India and so on but, apart from that, the military industries face tremendous problems. Russia has one-industry towns, over 100 one-industry towns. If the one industry fails, then there is no employment. The whole town has a problem. You can add all these things together and you can see that within the next

³ Note by witness: Factually incorrect.

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six months all this could come together and cause an unprecedented challenge, shall I say, to the Putin regime.

Dr Pravda: Could I just say that obviously, the economic crisis has intensified the debate within the elite about how best to respond in terms of adapting the regime. There are people who wish to tighten controls, mainly in terms of administrative controls. However, I do think it is alarmist to talk in terms of the real chance of some sort of short, sharp war to mobilise the population and increase the popularity of a regime which cannot deliver economic performance.

Q153 Chairman: Although Professor McCauley is not the only person talking in such terms.

Dr Pravda: I am sure he is not but I do wish to state my opinion that I think it is alarmist and unrealistic; a short, sharp war, particularly over Crimea, would not be one greeted by the Russian population with great enthusiasm. All the poll evidence shows that there is a great deal of division of opinion on that and very small support for any use of force to deal with Ukraine relations. There is much more support for dealing with it through economic and political means. The more serious problem is that yes, there are people within the military who are dissatisfied with how they are faring. There are budgetary cuts coming. Everyone is aware inflation plus budgetary cuts effectively take out the real increase in military spending, the effects of that increase, but that is something that is felt across the board. The serious discussion is between increasing the vertical hold of Moscow over the regions and using administrative means to increase performance and delivery in times of difficulties and, on the other hand, an argument put by many people in the economic side of the administration, and some liberals in business circles, to ease controls to try and absorb some of the dissatisfaction, the disappointed expectations, of the Russian population with the impact of the economic crisis. There is disappointment and surprise, I think, among some members of the elite about the extent to which the economic crisis has sucked them in, that they were not immune from that crisis through lack of development of financial institutions, by which they initially thought they might be usefully insulated. The major thrust of debate, I think, and what we should expect to happen is, on the one hand, greater nervousness about social unrest, tackled in terms of administrative tightening; on the other hand, a greater wish to get all the help they can in terms of either economic advice or help or an engagement in re-fashioning global economic structures, hence the proposal put recently of their own points, on which we should get together and reform both institutions which already exist and create new ones. So I think the overall effect of the economic crisis on Russia's external outlook is to be more engaged rather than less and, to answer the precise question, to deal with their neighbours on more strictly commercial terms, and to actually make sure that foreign policy is cost-effective, and often cost-effective in economic terms.

Dr Allison: One effect of the economic downturn in Russia could be much more severe economic circumstances in particular localities and regions which are in themselves potentially volatile, such as the North Caucasus. As this becomes possible, it would then, in terms of Russian official thinking, be proper justification for a more rigorous security regime within those areas, perhaps to introduce measures for control which go much further than those currently existing. This in turn, of course, would make it easier for the authorities to represent their policy, including external policy, in a light favourable to them and, to the extent that there is a sense of crisis which is securitised, it then raises Prime Minister Putin's profile because he is seen as the man who can best respond to security crises whereas there is considerable scepticism, I feel, growing about his ability to respond to economic and financial crises. I do not think there is any reasonable likelihood of frictions in Crimea deliberately being exploited to the point of a short, sharp war. First, I do not believe that such a war could be carried out in this kind of *blitzkrieg* fashion, despite the presence of Russian forces in Sevastopol associated with the Black Sea Fleet. And secondly, because if the objective is to bring Crimea under some greater Russian influence, that can be done more easily through various forms of leverage on Ukraine directly: through relationships with politicians in Kiev, through leveraging energy relations, as we have seen, and through taking advantage of Ukraine's greater susceptibility to this financial crisis. However, I think there is a significant chance that hostilities could recommence in the South Caucasus, around South Ossetia, this spring. This could be catalysed by events on the ground which, if they involved Russian troops, would then provide the *causis belli* for some further military action. I do not think that is the most likely scenario but certainly I think there is a great deal of frustration in Moscow that President Saakashvili remains politically in power, even though there is little serious thinking about who could replace Saakashvili, who would be more tractable from the Russian perspective. So I think the role of the EU monitors down in the South Caucasus is particularly important because of the uncertain security situation around South Ossetia. Russian troops are positioned now very close to Tbilisi and this in itself means that political temptations could arise. I do not think such a clash is probable but, if it did occur, it would no doubt boost Putin's position within the power arrangements that exist in Russia. At the same time, I think that the notion of a military coup in Russia is fairly far-fetched because the relationships between the political and military authorities are now significantly different to those that existed when this possibility arose in the early 1990s and I would say possibly also in the mid-1990s. However, reshuffling within elites is something that is perfectly possible. In fact, as the economic crisis builds up, there will be more intra-elite factional struggles which would involve those in senior positions in the security services and with

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backgrounds in the security services, but I think the military would be a background influence in that kind of factional in-fighting.

Professor McCauley: I did not want to give the impression that the military of their own accord would intervene. The military will, of course, intervene with the sanction of some members of the ruling elite, and that group might then take over.

Chairman: This has been a very interesting morning indeed, and I am particularly grateful to all the witnesses today for not having given us lots of diplomatic-speak but telling us the story exactly as you see it. I apologise to members of the Committee for having cut some of them short and to our witnesses for having cut some of the short but time constraints forced me to do that. Thank you very much indeed. Most helpful.

Tuesday 24 March 2009

Members present

Mr James Arbuthnot, in the Chair

Mr David S Borrow
Mr David Crausby
Linda Gilroy
Mr Mike Hancock

Mr Bernard Jenkin
Mr Brian Jenkins
Robert Key
Mrs Madeleine Moon

Witness: **Ms Oksana Antonenko**, Senior Fellow, International Institute for Strategic Studies, gave evidence.

Q154 Chairman: Good morning. This is a further evidence session in our inquiry into Russia. Ms Antonenko, thank you very much for coming to give evidence to us. We have quite a few questions to ask you and we are going to try to get through your evidence by about 11.15. Would you care to introduce yourself very briefly and tell us about yourself?

Ms Antonenko: Good morning. I am Oksana Antonenko. I am a Senior Fellow for Russia and Eurasia at the International Institute for Strategic Studies in London, where I have been working since 1996. My area of expertise covers the Former Soviet Union area with mostly security policy of Russia, security issues in the South Caucasus, particularly the Georgian/South Ossetian conflict where I have been facilitating for three years the “Track Two” Georgian/South Ossetian peace process. I also focus on arms control issues and the security of Central Asia and also as far as it relates to Afghanistan.

Q155 Chairman: Thank you very much for your very interesting memorandum in which you said, plucking a couple of sentences out of it—wholly out of context no doubt: “Russian security policy elites feel that vulnerability comes from regions adjacent to Russia’s borders, which it has sought to dominate for centuries. As one expert observed said”—that was James Sherr, who was before us in a recent evidence session, “Russia has gone from a cold war to a pre-cold war security mindset.” What would you say that Russia’s objectives are in those areas it regards as its near abroad?

Ms Antonenko: I would say that, in my view, Russia has tried, ever since the end of the Soviet Union, to develop a new relationship with the countries of the Former Soviet Union. In my view, this has not yet been a very successful exercise. During the last almost twenty years, Russia repeatedly claimed in its foreign policy doctrine, in its defence doctrine, and all sorts of foreign policy statements, that the CIS area is a priority area for Russia’s foreign policy. However, both Russia’s instruments that has been used in the region, as well as Russia’s objectives, remain very unclear and often times very contradictory. I think the Russian overall objective in the region is to see the countries adjacent to Russia’s borders to be stable and secure, because there is still very much a perception in Russia that the threats to its security may originate close to its borders. Of course, we have seen in August this year, one example where that has proven to be true. At the

same time, Russia’s policy in the area, in my view, has not been very conducive to strengthening that security in the areas adjacent to its borders, because it has been based very much on a zero-sum thinking, which has been strengthened the more Russia became stronger itself, because it sees itself as the only—or it has an ambition to become the sole—guarantor of a regional security system, in which Russia is a dominant player. It perceives the engagement of other global powers, including the United States, as well as regional powers such as the European Union increasingly, and organisations like NATO, as a threat to Russia’s security *per se* even if objectively speaking those players actually help to promote security and stability. Therefore, the rivalry, the great power rivalry, the zero-sum thinking, has been the main factor in defining security dynamics in Russia’s post Soviet space, and therefore undermines this objective of creating a stable environment around Russia’s borders.

Q156 Chairman: You said “as Russia has become stronger”; do you believe Russia has become stronger over the last 10 years?

Ms Antonenko: Yes, I certainly believe that. I think the strength is not necessarily based on an objective definition of Russia’s military capabilities or Russia’s economic power, which of course has been substantially affected by the current global economic crisis; but I think Russia has become a much more assertive and confident player, both globally and regionally. It has now more resources available as a result of its continuing economic growth; and despite the current economic crisis, I think the economic situation remains in the short term at least a relatively stable one compared with all other countries in the post-Soviet areas. It is still able to maintain a substantial defence budget, which will grow in the next several years, according to President Medvedev. It also has other resources available, economic resources to not only provide investment but to provide loans. We know that in the past several months Russia has offered substantial loans to support economic development of the countries of the post-Soviet area, particularly in Central Asia. There are also now apparently negotiations on providing loans to possibly Belarus and Armenia. There are obviously ambitions and resources that Russia has now to become stronger. There is also a growing understanding in Russia of itself as an important player in the world, and one that now not only plays a role as one of the poles in the world, but

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also, increasingly, as one of the key players in shaping the new world order. We have seen in the last several months a number of very ambitious initiatives coming from Russia, starting from Medvedev's proposals of course of negotiating and concluding a new European security treaty, and ending with a whole set of proposals which Russia put on the table on shaping the global financial system. In that sense, Russia sees itself as an important player that wants to shape the global world order, and in that sense it is now much stronger than it was, for example, 10 years ago, when they had no such views.

Q157 Mr Borrow: I want to take you back to an earlier comment you made. You said that in your view, the threat to Russia came from its neighbours, by which I assume you mean former members of the Soviet Union. I was not quite clear whether you meant that there was a real threat to Russia from neighbouring countries or whether you meant that those neighbouring countries were an area of instability, rather than a direct military threat to Russia. Can you clarify that?

Ms Antonenko: Yes. Of course, when they say there is a military threat to Russia, it means that the countries along Russia's borders remain in many ways very unstable, and therefore the instability in those countries will involve or will influence the stability in Russia itself. Again, in the South Caucasus we have seen the existence of the so-called protracted and often-called frozen conflict, which has had an impact in Russia, and will have an impact in Russia if, for example, the Nagorno Karabakh conflict escalates, which will have an impact on the entire Caucasus region. In Central Asia, equally, the instability and growing radicalisation as well as trans-border crime and drug-trafficking from Afghanistan, represents a very substantial threat to Russia's security, given that its borders with Central Asia remain not very secure, and in many ways open. Instability in Ukraine, I would say, could also represent a challenge to Russia, given how much Russia is connected to Ukraine, both historically and with everyday human ties.

Q158 Mr Crausby: Specifically on Ukraine, you talk about instability in Ukraine, but what are the prospects of Russia using military force in Ukraine in the same way that they did in South Ossetia?

Ms Antonenko: In my view, there is no such a prospect at all. I cannot imagine under any circumstances at all Russia using military force in Ukraine. Having said that, Russia is, involved in seeking to influence the domestic situation in Ukraine by supporting certain forces in a very unstable political environment in Ukraine, but I cannot imagine any possibility of Russia using military power because, again, the perception in the population in Russia about the closeness of ties between Russia and Ukraine—more than 30% of Russians have relatives in Ukraine. The exchanges, of travel and human contacts that exist will make it absolutely impossible, in my view, to get public support. Such public support that existed when

Russia used military force in Georgia, for example—there has been overwhelming support across the entire spectrum of the political elite in Russia. In Ukraine I cannot imagine that happening.

Q159 Mr Crausby: In regard to the Sevastopol base, what are the prospects for tension in Sevastopol with the expiry date of 2017? Is it a time bomb, this issue of the use of the base; and what is the timescale effectively for negotiation? I assume that 2017 is the date you expect the Russians to leave, should that be the case, but that will not happen overnight, will it? When will the negotiations start, and could that be a potential problem?

Ms Antonenko: It seems to me that the Ukrainian Government has not yet made a very clear decision that they want to see the Russian bases in Sevastopol closed in 2017. If such decision is taken, I would assume it would take at least, I would say, five years, to actually close down the base; so of course the negotiations will have to start relatively soon. However, it seems to me that it is unlikely that these negotiations will be put in a way which can provoke a political crisis. It seems to me that both Russia and Ukraine are preparing to make decisions. For example, on the Russian side it seems to me that the decision to open military bases in Abkhazia, including the construction of big military base in Ochamchire, which will involve building a big port facility, is in a way preparation for relocating some parts of the Black Sea Fleet to that location. For the last three years there has been a specially allocated investment within the Russian defence budget to start developing facilities near Novorossisk to build Russia's own base on its own territory for stationing elements of the Black Sea Fleet. I think there are people in Russia who are seriously thinking of planning for possible withdrawal of the Russian Black Sea Fleet from the Crimea, and I think there is still enough time to prepare for that. In terms of the Ukrainian domestic situation, the closure of the Russian base in Sevastopol at the moment, in my view, will present a substantial threat to domestic stability in Ukraine, given that at the moment at least, the population of Crimea certainly supports the continued presence of the Russian Fleet as well as having substantial economic benefits from it. I think that if the Ukrainian Government is determined, or if it makes a decision to withdraw the base, it will have to prepare very carefully this situation, in my view, mostly in regard to its own domestic stability. However, I think Russia is able to address this issue.

Q160 Mr Jenkin: You said something very interesting, and maybe it is important for us to understand Russia in these terms; that it is not that they regard the CIS states as a direct threat; it is just that what they represent is a threat to Russia's existence in that if Georgia becomes a modern democratic state right on the border of Russia, that in itself threatens the nature of the Russian oligarchy and the rather retro regime that exists in Russia, just by being a good advertisement for a liberal

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democracy. Would you agree with that? Is that why they want to maintain an influence over these CIS states?

Ms Antonenko: Certainly within Russia, particularly the current government, sees the so-called coloured revolutions as a direct threat to Russia; there is no doubt about that, and that has been very much the factor that shaped the perceptions of the West in the late Putin Administration and now even during Medvedev's time in office. Equally, Russia does not view the so-called democratic coloured revolutions in Georgia and Ukraine as a grass-roots democratic processes but they rather view it as a crude American intervention to change the regimes in those countries and to install what the Russians see as anti-Russian regimes. At the time of the Rose Revolution in Georgia and the Orange Revolution in Ukraine, in my view that is a completely wrong assessment, and it was indeed an attempt by the population in those countries to bring about more democratic governance. The problem in both Ukraine and Georgia is that since that time there has been a very substantial deterioration, in my view, of the democratic processes in those countries. In Georgia this is particularly true, with a number of very fundamental democratic principles such as independent judiciary, such as balance of power, existence of opposition, freedom of media, being violated. As long as the West simply presents Georgia in those terms, as a kind of beacon of democracy still today, I think Russians will be more and more convinced in their minds that it is not a true democratic process; it is just a Western ploy. If the West and the European Union in particular is doing a lot in that area, and genuinely engages with Georgia in bringing about democratic change, I do not see what Russia can do in terms of affecting the fundamental democratic transformation in Georgia, if that takes place. We have the precedent of other countries in the post Soviet area trying to move closer to democracy, and some countries being more able to slowly develop a kind of competitive, pluralistic system. That has not actually affected Russia's relations with those countries. If there is a genuine democratic process I do not think that Russia sees it as a threat.

Q161 Mr Jenkins: You have partly answered the question I had in mind when you said that Russia requires some degree of stability in those countries on its border, and rightly so. But, some of the actions that Russia have taken and some of the utterances they have made, have tended to create instability in the very areas where they want stability, in the very countries. Is their greatest goal at the moment stability, or influence in those countries, and does it see the fact that it is losing influence in those countries as in itself an act of instability within those countries?

Ms Antonenko: I think in the minds of Russian policy-makers the two things, stability and influence, come hand in hand. There is a genuine belief—and we have heard that repeatedly articulated by President Medvedev and Prime Minister Putin—that Russia views regional stability

being dependent on Russia being able to play the key role in the region. Of course, the first real experiment we are having in terms of changing the paradigm is post-August Georgia, where we now see the European Union being very much engaged on the ground in Georgia, and Russia is almost completely absent. It is totally absent of course now in terms of its relations with Georgia, either in the economic sphere where it is still enforcing a blockade in Georgia, or politically. There are no pro-Russian forces in the Georgian Government in opposition now. In this sort of situation, the presence of the European Union is acknowledged by Russia as a stabilising force. We will see how that is going to develop. If for the next five years or more we have a situation where Russia and the European Union slowly establish a *modus vivendi* in the region—and the new initiative that has just been announced, the Eastern Partnership Initiative, is very interesting in that regard because it creates not only bilateral relationships between the EU and those countries, but also a multilateral forum where all those countries together with the European Union sit around the same table with Russia being absent from that. It is a very interesting experiment in that sense. I see real promise of Russia slowly being able to review its attitudes, and acknowledge, as it did after August, that there could be other stabilising forces in the region. As far as Central Asia is concerned, similarly we see a changing pattern. In the last 10 years Russia has moved from claiming to be a sole guarantor stability and predominant player to engaging in a real sharing of influence and power with China, through the Shanghai Cooperation Organisation, in which the role of China in Central Asia has grown substantially, while Russia's own influence in Central Asia, both economic, political, and increasingly in the security sphere, has been declining. Again, that has not produced a conflict; rather it has produced a new type of relationship with China, which is complex, but Russia's acknowledgement that it is no longer the sole player and acceptance. For example, at the end of August, I was in Tajikistan during the time of the Shanghai Cooperation Organisation summit. None of the SCO countries have recognised the independence of Abkhazia and South Ossetia, despite the substantial pressure which was put on them by Russia. They all stood behind China in articulating this position to Russia, and yet since that time there has not been any crisis, either within the SCO itself or in relations between Russia and Central Asian states. Here again Russia is willing to accept that it is not a sole player.

Q162 Robert Key: Please could we turn to the question of Article 5 guarantees, to which you have drawn attention in your memorandum! Should NATO have explicit contingency plans for the possibility of Russian military action against NATO members such as Estonia?

Ms Antonenko: I think so, yes. I am sure that the August war has raised many fears and concerns, very legitimate ones, in my view, among the countries that have a very difficult history with the Soviet Union, the Russian Empire. I think they have a very

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legitimate right to be reassured; otherwise the credibility of the NATO Alliance will very much be put in doubt. The question is, what is the best way to reassure them? There have been a number of proposals on the table. In my view, the strategy you are suggesting is the right one; it is to have credible contingency planning and greater investment in the development of infrastructure and facilities and capacities within those countries, including protecting them against cyber attacks. However, I do not think that to create a standing force assigned for territorial defence purposes is the right way to go, because this will send a wrong signal and may not be seen as credible, given that NATO countries are obviously busy with other commitments, including in Afghanistan. Maintaining a substantial force separately assigned to territorial defence may not be their first priority. However, in my view, contingency planning is extremely important.

Q163 Robert Key: Do you think that the Secretary of State for Defence was wrong in what he said in Krakow on 19 February, when he called for an allied solidarity force of 3000 personnel?

Ms Antonenko: I do not know whether he was wrong. In my view, it is a commitment that will be too difficult for NATO now to implement, given the other pressures that exist within the Alliance, particularly with regard to the mission in Afghanistan and the new requirements for this mission with the new US Administration committing more troops and expecting the Allies to commit more troops. In addition, if this force is *de facto* seen as a way to protect Estonia or Poland against Russia, in my view 3000 men is not a credible scale of the force. The contingency planning which involves all elements of NATO policy and its toolbox of instruments is that NATO has a more credible reassurance.

Q164 Robert Key: Estonia has told us that it would like to see a high-profile by NATO and its forces as a deterrent in Baltic, for example air policing; do you think that would be seen by the Russians as provocative?

Ms Antonenko: We need to be mindful of the way Russia views NATO commitments. At the time of the first NATO enlargement, when NATO signed the Founding Act with Russia there, was a very clear pledge on behalf of NATO not to deploy new permanent infrastructure bases in new member states. It is very important to see how that pledge can be in principle be observed, because of course with the absence now of the CFE treaty—in the future we may see a revival of the CFE, although I doubt that—it is important that we have a clear commitments both on the part of NATO and hopefully on the part of Russia which are observed. At the same time, there is still enough room within these commitments for a highly symbolic and visible reassurances for Estonia and other countries, which need to be put in place.

Q165 Robert Key: The cyber attacks on Estonia in 2007 were very, very effective. I think they were the only occasion on which one state has intervened in another state in this way. One of the problems appears to be that the law of armed conflict clearly does not apply, and there is no other international law in this area: is that something that the international community should be concerned about?

Ms Antonenko: Yes, I think so. It is certainly understood that any future war will involve the very important dimension of cyber security, and that is something for which NATO needs to develop a consensus regarding policy and instruments to address this threat. On one hand, it can be addressed through a new treaty or it could be included as an agenda item in the new discussions with Russia, either in the Russia NATO Council or within the discussion of the Medvedev proposals on the new European Security Treaty, to discuss the obligations the countries have not to use such kind of attacks to achieve their vital security interests.

Chairman: There were significant cyber attacks on Georgia shortly before August 7th.

Q166 Robert Key: Yes indeed, but Georgia has a small sector of information technology, whereas Estonia is the most wired country in the European Union, and depends almost wholly on their system not only for government but for civilian interaction. Can I ask finally about the impact of climate change on the northern shores of both North America and the Russian Federation? We have been told that Russia is focusing once again on trade routes across the north of Canada and the Arctic shores. Does this have the potential or seeds for new confrontation between North America and the Russian Federation in the Arctic?

Ms Antonenko: There are two views on that. One view is that it has a lot of potential for confrontation because it is an area potentially rich in natural resources and occupying strategic location, but it has not been regulated through multilateral mechanisms. Each country at the moment is trying to implement unilateral policies and that can potentially lead to conflict. At the same time, I personally think that it is also an area of opportunity for cooperation. If there is one area where NATO and Russia in the long run would have a common interest in avoiding conflict, because if a conflict starts it would have a huge impact on the security both of Russia and the main NATO countries, it is the Arctic. If we need to develop a new agenda in which cooperative security mechanisms can be applied and developed within a multilateral forum, this is, in my view, the most important opportunity. I hope we will take that on, because I cannot imagine that NATO and Russia will be content with a view of developing just a unilateral military posture in that area.

Q167 Mr Hancock: In your very interesting memorandum to us you suggest that it is high time somebody should start to re-boot the NATO/Russia relationship. How would you suggest that can be best achieved, and who has to start that process?

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Ms Antonenko: If one summarises the argument, the strategy we used before the August war, in building relations with Russia, was counter-productive because, in my view, it was based on false assumptions and expectations on both sides. On the NATO side, the assumption was that the more meetings and working groups and committees they had, the more approximation and rapprochement we have with Russia to develop common threat perceptions and capabilities. On the Russian side the perception was that the Russia NATO Council is a kind of back-door membership to NATO. In both cases that was wrong, and there was a huge disappointment in the relationship, even before August. As a result, even before August, starting from last year, the bilateral programme of activities for Russia—NATO military cooperation had been almost suspended and there was no plan of action approved. I think now we should use the pause in the relationship after the August conflict not only to send a signal to Russia, which was the right thing to do—that “business as usual” could not be pursued with Russia until it implemented its commitments regarding the consequences of the August war—but at the same time to re-think strategically how we approach the relationship with Russia. There is no doubt in mind that it is very much in NATO’s interests to have a productive and constructive relationship with Russia, and to avoid by all means possible a new confrontation and overcome mistrust shaped by Cold War attitudes. In my view, in regard to the new strategy the motto should be “the less the better” in a way. We should stop thinking about creating a multitude of instruments, committees and meetings, but instead focus on the few very clearly targeted areas, where Russia and NATO clearly share common interests, and where they can develop not just dialogue but common actions. The Arctic is clearly one of those areas. The second area is Afghanistan, where NATO and Russia have a common interest in seeing Afghanistan stabilised.

Chairman: We will come on to that.

Q168 Mr Hancock: Your answer really begs the question. Do you believe that Western leaders really understand Russian diplomacy and what Russia is seeking? Do they have a clear vision of what Russia wants for itself and how it sees itself?

Ms Antonenko: I think the West is very much divided on this, and it is no secret. Some countries within NATO and the EU see Russia very much as a member of the Euro/Atlantic community, which needs to be brought closer and possibly integrated in some way. Other members of NATO see Russia as a new threat. We discussed about the need to reassure some of the new member states of NATO who feel threatened after the August events. In my view, it will continue to be a challenge to bridge this divide. The only way we can achieve that is to focus on the narrow window of opportunity where there is a consensus within NATO on those areas that have to be addressed, like cyber security and the Arctic, or Afghanistan and arms control. Slowly through that interaction we can build a new type of relationship, which will help to bridge the divide with the West

and over time change Russia’s attitudes. It is very important to note that when Medvedev became President, all the statements that came out from Russia clearly prioritised a relationship with the West. There is almost no appetite in Russia now either for a so-called new cold war or confrontation with the West, or moving away from the West towards China. We have seen repeatedly, even after the August events, Russia’s attempts to position itself as a member of the Euro/Atlantic community. Of course, it wants to position itself within that on its own terms, and of course we need to have a very long conversation with Russia about the consensus model for engagement and cooperation. We have to remember that in 1975, when the first Helsinki process was negotiated, it took six years and 4,600 different proposals were discussed. If we are now embarking on a new project, in my view it is a window of opportunity to start reshaping relations with Russia in Europe.

Q169 Mr Hancock: Do you see a divergence of opinion now coming from the President, as opposed to the Prime Minister, and is there a shift of power from the Russian White House back to the Kremlin; or is Russia’s foreign policy still very much in the Prime Minister?

Ms Antonenko: I think Russian foreign policy is an area where the President is increasingly playing an important role. Domestic policy is somewhat harder to judge.

Q170 Mr Hancock: Is he making the policy or following it?

Ms Antonenko: I think he is making the policy too. Clearly, the August events have been a very shocking development for the Russian President, who came to power and articulating this pro-Western agenda, and the August war represented a setback. But after the August war we have seen re-emergence of Russia’s emphasis on multilateralism, on creating a new relationship with the West, and on international law. In my view such priorities do not exist in Putin’s view of the world, which is very much based around realpolitik, rivalry and competition and making Russia prevail in this rivalry. Whether at the end of the day President Medvedev can implement changes in Russia’s domestic and foreign policy which are necessary for Russia to be brought into the Euro/Atlantic as an equal partner is uncertain and yet to be seen.

Q171 Mr Hancock: What could or should NATO do to positively allay Russia’s fears about what their objectives are? Do you think NATO has clear objectives, or do you think they are so vague they could be misrepresented or misinterpreted by anyone?

Ms Antonenko: They are not vague. As I said, the members of NATO are divided, and often times Russia tends to pick up the views of the individual NATO members and interpret them, when it suits it, as NATO policy, and in other ways not to interpret it as NATO policy. For example, is missile defence a NATO policy or just a US policy? There has been a

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shift: Russia saw NATO policy, and it is now increasingly presented as just a US policy. NATO enlargement is another very painful issue of course, which will remain very painful; but not only the August events but the domestic situation both in Georgia and Ukraine have made it less likely that this issue will be on the agenda in the foreseeable future, and therefore it offers us room for discussions with Russia where those most difficult issues are not on the agenda. If we shift from that divisive agenda over NATO enlargement, missile defence and other issues, to a more cooperative agenda, including Afghanistan, the Arctic and other issues, we can achieve much more in terms of bringing Russia into the process. There are people in Russia and in the political establishment who see the relationship with NATO developing in a positive direction and want to support that. Nobody wants to see confrontation with NATO because clearly Russia is not going to win from that.

Q172 Mr Jenkin: It is a fantasy, is it not, that NATO is a threat to Russia? It is a complete fantasy, and we should be quite robust about telling them so, should we not? We are not a threat. We do not want to threaten Russia.

Ms Antonenko: The perception of threat often times is very subjective.

Q173 Mr Jenkin: They use that, do they not, as sand in the face of Western diplomacy to try to disrupt what else we are doing, and get themselves more cards to play? It is disruptive, is it not?

Ms Antonenko: There is a part of the Russian political elite and policy-making community that genuinely believes that NATO is a threat, and this is because they have a profound mistrust of what NATO officials say; they do not tend to listen to their statements which Russians dismiss it as NATO's attempts to mislead Russia. They look at NATO military capabilities, and they see that these have increased after the end of the Cold War and after the enlargement, while Russia's own military capabilities have declined. Given that they are not members of NATO and do not make decisions within NATO, they conclude that NATO is a threat.

Q174 Mr Jenkin: You described two views: that Russia is becoming a threat to us; and that we should include them in the Euro/Atlantic area. Is it possible to hold both views, is it not? But the way they behave is sometimes threatening—cyber attacks, over-reaction in Georgia—that is aggressive, threatening behaviour; but on the other hand it is reported that George Robinson invited Putin to consider joining NATO. Should that not be our long-term objective? It was suggested to us by an albeit minority party when we visited Moscow. Should that not be the long-term objective? Should we not welcome Russia as a member of the Western democratic family of nations, to put them round the table on an equal basis, rather than allowing themselves to isolate themselves? Would that not demonstrate that we are genuinely friendly?

Ms Antonenko: You are right that it is possible to hold both views to see if some elements of Russia's behaviour as threatening, and at the same time to be committed to bringing Russia into some new Europe/Atlantic security system, which will discourage Russia from behaving in a threatening way. That is possible, and therefore I personally think it is completely legitimate to reassure the Baltic States and other NATO members, while at the same time pursuing a dialogue with Russia. On the question of whether it is wise to offer Russia membership, we have to remember that all Russian leaders have at one time or the other, expressed tentative aspirations to join NATO. We heard that from Gorbachev, from Yeltsin, and from Putin in 2000. President Medvedev is the only one who has not said it so explicitly. That is something that is more a theoretical than practical question at the moment. Just saying that is not going to add confidence. We need to see it as a long-term process, that some time in the future Russia could join NATO. That will require NATO to transform itself fundamentally.

Q175 Mr Jenkin: And Russia to transform itself fundamentally!

Ms Antonenko: Yes, Russia too, of course—Russia even more so, absolutely. What I mean is that, in the meantime, it is important to build on these proposals from Medvedev to create a Euro/Atlantic security community, loosely defined, in which certain principles are agreed ideally in a, legally binding document. That will be very difficult.

Q176 Mr Jenkin: Values!

Ms Antonenko: Values, of course—principles and values in my view are the same thing; that you treat your neighbours in a certain way; you avoid using force unless it is the last resort and has legitimate mandate from the UN. You again have a commitment to sovereignty and territorial integrity of states, et cetera. There is a whole set of issues that need to be agreed, including arms control, transparency, et cetera. In my view, this is a realistic prospect to agree on a new document on European Security which can help to overcome mistrust and create incentives for Russia to cooperate with Euro-Atlantic community on regional and global security issues, rather than talking about Russia being a member of NATO, which is very, very theoretical proposition.

Chairman: And Afghanistan, which we need to come on to now.

Q177 Mrs Moon: It is very interesting—you talked about the rivalry and competition that goes on between Russia and Europe, but you also talked about the need for cooperative security. Your last description of going forward was almost the Shanghai Cooperation Agreement that was taken with China and neighbours there. How much, in terms of Afghanistan, is it in Russia's interests for NATO to be as committed as it is, and is that also the basis of some new relationship between NATO and Russia perhaps?

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Ms Antonenko: There is clearly a shared interest in Afghanistan. Russia does not want to see NATO fail in Afghanistan and the radical Islamic forces again coming to power and threatening both the immediate region and global security. In that sense, Russia is interested to see NATO remaining in Afghanistan and reinforcing its presence. There is a growing scepticism in Russia whether military presence on the ground is contributing to stabilisation of Afghanistan in the long run. There is a growing perception not only in Russia but increasingly in Central Asia that the NATO's current strategy is part of the problem not part of the solution in the long run in Afghanistan. We have seen Taliban and radical elements of the insurgency are gaining momentum in Afghanistan. The most important threat that Russia feels immediately from Afghanistan is drug-trafficking. The volume of drug-trafficking from Afghanistan has not increased under the Taliban but it expanded substantially during the period of the NATO presence there. Thirdly, there is very little regional involvement by states that are potentially the most threatened by instability in Afghanistan but which also have a lot to contribute in terms of their historic and ethnic links and experience. Russia sees itself also as part of that regional grouping, which needs to be involved bilaterally or through the Shanghai Cooperation Organisation or the CSTO (Collective Security Treaty Organisation). Russia has been offering a dialogue for almost four years between CSTO and NATO on Afghanistan. The CSTO is a regional security grouping, including Central Asian states except Turkmenistan, as well as Belarus and Armenia. It has been increasingly involved in Afghanistan, including in the areas of training police, broader security and training and supplying the Afghan National Army. On the NATO side, because of the Bush Administration, there has been a complete unwillingness to have that kind of dialogue develop. I understand that the Obama Administration will reconsider that, and there have already been various signals coming out of Washington that they might accept a dialogue. It will be preferable for them to establish the NATO/SCO and NATO/CSTO dialogue rather than just working with Russia bilaterally, because involving other Central Asian states as well as China will be more productive, as they have more to contribute to stabilising Afghanistan, rather than only speaking to Russia.

Q178 Mrs Moon: In terms of bilateral relationships with Russia, is it unhelpful at the moment that some NATO states are to make bilateral agreements in relation to the transport of equipment to Afghanistan? Rather than lots and lots of bilaterals, should there be a clear agreement of cooperation with Russia set out for NATO generally in regard to equipment?

Ms Antonenko: There has been a Russia/NATO agreement signed in Bucharest, and that has been observed ever since that time, including through the

times post August when the relationship has been difficult or suspended; Russia has still implemented its part of the bargain in terms of allowing the non-military cargo to go through. In terms of the NATO-wide strategy on the northern supply route, I think it will be better if it is articulated within NATO. Of course, some NATO countries, including particularly the United States and Germany, feel that it would be easier for them to sign bilateral agreements, and they have no time to wait, in a sense, for the NATO consensus to emerge and for NATO and Russia to negotiate the agreement. They feel they can do it better bilaterally. Germany and Russia, for example, already have that sort of agreement. In the longer run it will be useful. For example, NATO has a special forum (NATO plus Central Asia plus Afghanistan dialogue) where it meets with all Central Asian states together to discuss Afghanistan. It will be useful to bring Russia into that, and within that forum to start discussing a more comprehensive agreement on all supply routes because we need a number of them, not only for non-military but also military supplies.

Chairman: A very quick final question from Mr Brian Jenkins, and a very quick answer, please because we need to get on!

Q179 Mr Jenkins: You feel that Russia and China can sit down and do a deal. Is this because Russia sees China as a legitimate entity because it has a border with Russia, and it sees NATO however as being merely an American puppet in Europe, therefore, because it has no border, and it sees the European Union as having more efficacy because it has a border? Does that work into Russia's concept at all?

Ms Antonenko: It is a difficult question to give a quick answer! The quick answer is that China has been very, very clever in the way it approached Russia in the post-Soviet space; it always gave very reassuring messages, acknowledging Russia's role et cetera, while behind the scenes and slowly building its own presence in the region. In the case of NATO we have the reverse situation where a lot of ambitions were articulated straight away, even before the real influence and real presence was established; so we had a very negative dynamic, which then influenced the real cooperation. The other dynamic in regard to China was more productive, when Russia and China solved border disputes together; it helped the Central Asians to slowly build on that confidence. That has happened, and it is totally the opposite in the case of NATO enlargement where trust has been deteriorating over the past decade.

Q180 Chairman: Thank you very much. We have a problem that NATO has a large number of different countries, whereas China is one.

Ms Antonenko: Absolutely.

Chairman: Ms Antonenko, thank you very much indeed for your evidence; it has been both helpful and fascinating.

Witnesses: Mr Denis Corboy, Director of Caucasus Policy Institute, King's College, London (and former EU ambassador to the Caucasus), and *Sir Andrew Wood*, Associate Fellow at Chatham House (and former UK Ambassador to Moscow), gave evidence.

Q181 Chairman: Would you like to introduce yourselves, please?

Sir Andrew Wood: My name is Andrew Wood. I used to be, at the end of the last century, the British Ambassador in Moscow, and since then I have returned to Moscow a great deal mostly on commercial business. I am also a member of Chatham House.

Mr Corboy: I am Denis Corboy, and for the last five years I have been Director of the Caucasus Policy Institute, King's College, London. From 1994 to 1999 I was the EU Commission representative in Georgia and Armenia. I went back to Georgia again in 2002 as an envoy of the European Commission, so my focus has been on the Caucasus and in recent times particularly Georgia.

Q182 Chairman: Can I begin by asking you, Sir Andrew—and thank you for your memorandum, which was very helpful indeed—you said: “Russia and NATO often appear to exist in parallel worlds, we do not have a dialogue in depth so much as the two entities talking and engaging in shouting past each other.” Do you think the Russian leaders misunderstand Western diplomacy and that perhaps Western diplomats misunderstand Russia? If you do think that, what are the consequences?

Sir Andrew Wood: I think the Russians are particularly good at setting an agenda. They are particularly good at tactics. They are not necessarily quite so good at strategy. The Russian foreign policy establishment is quite a small one, and it tends to lag behind real events. The attitude within Russia towards the West in general, to NATO in particular, and especially the United States, is part of the defining mechanism by which Russians recognise themselves as Russians. That leads to automatic—what to us are total distortions. Mr Jenkin rightly said during the previous witness's very articulate (if I may say so) presentation that it is a fantasy that NATO is aggressive. It is a fantasy that grips a lot of people within Russia, however. At the moment I think there are the beginnings of a differentiation within Russia as to the attitude towards NATO. I referred in my memorandum, perhaps rather briefly, to the process of military reform that is going on. The essential thrust of that is that the Russian military should be shrunk dramatically. There is a very logical case for that. It is not necessarily a case that suits those in charge of the Russian armed forces at present, who make a very nice thing in various ways out of being a major conscript force, but it is a logic that is there. It will, in my view, be a leading indicator for future Russian foreign policy attitudes whether or not the process of reform into a more strategic, focused force continues. On the Western side, I was recently in Berlin at a seminar for British and German participants. As I say, it is no secret that the attitudes within Germany towards Russia and the attitudes within Britain towards Russia are—not across the board but in general there is a different axle. That gives Russia the opportunity to both regard NATO as a sort of generalised threat, and to

pick and choose among the countries with which it has dialogue—this is a whole group of countries—27. It knows very well that there is a huge variety of attitudes towards it. It actually has a great deal of diplomatic manoeuvre within NATO and affecting NATO.

Mr Corboy: I think that Russia misinterprets NATO's actions quite wilfully. I have often asked the question, and if we look at the reasons for that there is a deep sense of grievance. Russians will often tell you that they have a sense of betrayal because they believe, I think wrongly, that Secretary of State Baker gave a commitment that there would be no major NATO extension. I do not believe that commitment was given because it does not make any logic, when you look at the unification of Germany; they have this deep-seated belief that they have been betrayed. This is very much a backdrop to trying to get things back on an even keel, because I am very convinced that there is no better alternative than to treat Russia as a partner. We have to work in that direction, no matter how difficult and whatever aspect of this we are looking at.

Sir Andrew Wood: I agree with the last sentiment, but I would just like to remark that, first of all I was in Washington at the time and there was no such commitment given; second, even if there had been, it would have been a commitment to the Soviet Union and not to Russia. Russia regards itself in every possible way as the successor to the Soviet Union, and therefore what Mr Corboy said is perfectly true about the way that many Russians think; but, nonetheless, it is a bit of a false perspective.

Q183 Chairman: If the mythology has grown up within Russia, it is an issue that has to be dealt with.

Sir Andrew Wood: Absolutely.

Q184 Mr Causby: It is the same question I asked to Ms Antonenko on the question of Ukraine. What is the likelihood of Russia using military force in Ukraine in the short term or long term?

Mr Corboy: I would agree with what Ms Antonenko said. I do not see this as a real danger. I do not think it is in Russia's interest to have a conflict with Ukraine. It is not, in my opinion, the next flashpoint. If there is a next flashpoint, it is probably in Georgia—and you will probably come on to that—but I do not rate it. I would not consider it.

Q185 Mr Causby: You do not see any problems in the Crimea?

Mr Corboy: Yes, it is very hard to know how this would play out. It is a very specific situation where the population of the Crimea—I know a number of them are receiving Russian passports. The political situation of Ukraine is not stable, and it could play into all of that, but I do not really see military intervention by Russia in Ukraine. I believe that if settlement is not reached about Sevastopol that Russia has other alternatives now in Abkhazia to have its naval base there.

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Q186 Mr Crausby: Do you have a view on the outcome of the negotiations on Sevastopol base and do you expect that a deal will be done?

Mr Corboy: I do not think we know what the Ukrainians are going to put on the table; we have to wait and see.

Q187 Mr Crausby: You do not believe that will cause any problems in the sense that Russia has alternatives?

Mr Corboy: I really do not see—I have a feeling that there will be a settlement here. It depends. There are so many ifs and buts and so many unknowns about what is going to happen with Ukrainian politics. It is very hard at this point in time to know. I agree with what was said earlier on, that it will need at least a five-year run-in to 2017 before the lease runs out.

Q188 Mr Crausby: You would expect negotiations to be imminent!

Mr Corboy: They should start in the next couple of years, I would say. The political situation in Ukraine is not such that that is on the agenda immediately.

Q189 Chairman: We heard what Ms Antonenko said about the building of the port in Abkhazia. Do you think that was a factor that came into the events of August of last year?

Mr Corboy: Yes, I tend to believe, having looked at much of the evidence—and there is very conflicting evidence about the August war—I tend to be one of those who have come to the conclusion that after the Bucharest summit that Russia had started to make preparations for what happened in the August war. The evidence of this that struck me as important was the change in the equipment provided to the peacekeepers in Abkhazia and South Ossetia. The training exercises that took place in the north Caucasus—

Q190 Chairman: That was an annual event, was it not, that training exercise?

Mr Corboy: I am informed that the training was a rehearsal for having to move into South Ossetia. There was the movement of the Russian navy to the Black Sea where they were made ready, poised to act, and the landing of 4,000 naval troops in Abkhazia within 24 hours of war breaking out. There again, the Russian view is that the 7 August attack on Tskhinvali was provocation and they were reacting. The evidence is on both sides, but I think that there is very little doubt that Russia was preparing for such an eventuality. It now has achieved some of its objectives. It has established military bases in south Caucasus; it will have naval bases in Abkhazia; but it has not effected a regime change in Tbilisi, which was one of its major objectives. Among the people commenting on these things, some are saying that the next flashpoint would be in regard to what happens at the end of April or May of this year because of unfinished business. They believe that elements in Moscow feel that this should put a stop to any Caucasian country ever joining NATO. They see a danger that if something is not done now that is the way it would still go. I do not accept this argument for one reason. They misinterpret the EU

monitors. The presence of EU monitors is very different from the presence of OSCE or UNOMIG monitors for this reason. For Russia to take action in Georgia this year would mean a confrontation with the EU, and the EU is a very different animal as far as they are concerned. It is their largest customer. They want good relations with the EU and they would not be prepared to face EU sanctions. I think the danger of another war this summer has been grossly exaggerated.

Q191 Chairman: We now have two months to see whether you are right!

Sir Andrew Wood: Can I comment on that and Mr Crausby's question? Basically, I do not think they give a toss about the EU and they keep demonstrating it in almost any context that is presented. They should but they do not. They have no faith the EU would ever stick together and present a united front for very long. On a historical record that is pretty much accurate, I would have thought. I agree that the chances of a further direct intervention in Georgia now are a bit limited, but possible. I also agree that that is a more of a danger than a direct military intervention in Ukraine, which for all sorts of reasons a lot would have to go wrong before anything like that happened. The Sevastopol question is so far into the political distance for Russia and the Ukraine that it is not an immediate flashpoint in that sense. In the attitude both to Ukraine and to Georgia, there is a very long-standing and deep-rooted assumption by the present ruling people in Moscow that they have a right to dictate what goes on in those countries. I note Prime Minister Putin's reaction to an investment conference in Ukraine yesterday, which was attended by Benita Ferrero-Waldner, the new Commissioner for External Relations, in which the proposal was that we should work together with Ukraine to improve and modernise the pipelines. Putin said that this is absolutely not serious: "It seems to me that the document about which we are talking is at minimum ill-considered and unprofessional because to discuss such issues without the basic supplier is simply not serious." That seems to me very indicative of an attitude. There is in principle no reason whatsoever why Ukraine and the EU should not cooperate to make better pipelines. Ukraine is an independent country and we are entitled to have relations with it as we wish; but in Russian eyes that is an emotional shock, including because they would like to have control over Ukrainian pipelines. I think that is a far more serious threat than military intervention. As I said, a lot would have to go wrong before that.

Q192 Chairman: Thank you. I note that Mr Corby is nodding.

Mr Corboy: To some extent, yes.

Q193 Mr Hancock: Could I ask you a similar question to the one I asked before about the balance of power in Russia and where the clear political lead is coming from now. Is it coming from the President at Kremlin or is it coming from Mr Putin at the

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White House? Is there a divergence now which could cause some sort of instability in their attitude to foreign policy?

Sir Andrew Wood: Personally, I think there is a potential for instability, and that there is a bit of a different attitude, but it is one that is also tactically useful. There is a little bit of the soft cop/hard cop about it. Prime Minister Putin's personal political style has often been to put off a decision and to let debate and suppositions develop and subsequently to take his own decision. I do not believe, and more to the purpose, nobody of influence that I have met recently in Russia believes, that anyone except Putin is in charge. If you pose the theoretical question: "Could Putin be dismissed? It is the President's right to appoint his own Prime Minister" the answer is clearly, "No, that is just not going to happen"—absent some huge popular outcry against Putin, which, again, is not on the cards. You could perhaps describe the Russian Government as a frozen conflict. We are all familiar with that sort of sensation, it is not untypical of any country, but, nonetheless, it is particularly, because in logic, the President holds the power, in practice he cannot exercise it.

Q194 Mr Hancock: If it is not going to be in Georgia, do you see that Russia's willingness to lend quite substantial sums to Armenia as a ratcheting-up of the conflict in Nagorno-Karabakh? Do you think Russia would be supportive of Armenia taking action in that field as being a potential bigger threat than Georgia?

Sir Andrew Wood: I would defer to Mr Corboy but I would be surprised if that were the case.

Mr Corboy: I would think that Russia is supporting Armenia. It is its strongest ally in the Caucasus. The signs are that there is progress being made with regard to Nagorno-Karabakh and I think Russia is generally wanting to see a solution there. I do not see it as taking sides. They certainly do not want to see greater hostilities with regard to NK.

Q195 Mr Hancock: It is Bernard's point—he made it earlier and he does it very well—that nobody could seriously contemplate NATO presenting any real threat to the interests of Russia. Can they?

Sir Andrew Wood: I think you can, if you suppose that Russia has, as it has repeatedly said, a right to a privileged sphere of interest from which outsiders must exclude themselves. There is this recent business about the Ukraine pipelines. The Russian Energy Minister talks about the integration of Ukraine into the legal sphere of the European system as far as energy is concerned. That, to them, is illegitimate. To us it is perfectly normal, in principle—I mean, we know the Russians do not like it, but there is nothing objectionable in principle about it. Similarly they, I think, would see it as in the nature of a threat if Belarus suddenly became a more liberal place and if the EU, let alone NATO, began to establish closer relationships with the East European, former Soviet states. That just makes them feel uneasy. I find, anyway, that in a discussion with Russia about the potential for instability within

Russia which is there, they quickly go to an apocalyptic situation where all the various bits of it drop off. One can understand the North Caucasus is a particularly dangerous and unstable place from that point of view, but they start to fantasise about the Chinese taking over the Far East and so on and so forth, so this fear of a country breaking up is very real. That extends to a feeling that a cause of that could be a loss of their right, as they see it, to control former Soviet states—with the exception of the Baltics, which sort of do not count.

Q196 Mr Hancock: Do you share that view?

Mr Corboy: Yes. It is the psyche that one is looking at here, this issue of the privileged sphere of influence which has been mentioned by President Medvedev on a number of occasions. Again this weekend at the Brussels forum we saw Mr Lavrov saying that the EU Eastern Partnership was a sphere of influence. I think there is an important distinction to be drawn here. When a sovereign country enters into a voluntary alliance or a voluntary agreement which it does for its own reasons and its own interests, there is very big difference from a sphere of influence being claimed by a country over another sovereign country which does not want that sphere of influence to be carried out. I do not know if you have seen Mr Lavrov's remarks this weekend at the Brussels Forum, but they do not seem to get this distinction. It is a fundamental one, I think.

Q197 Mr Hancock: Going back to what you were saying, that it is very easy for Russia not to take the EU as seriously as they ought to, because they know they can always pick countries offering bilateral agreements and what-have-you and they have been very successful in doing that. Is it not also in Russia's interests to keep the divergence of opinion within NATO, the questions of missile defence and enlargement? So they will always put at the top of the agenda, because it automatically starts with NATO being in a difficult position. They are behind the black ball immediately. Russia will always start the negotiations with NATO and their discussions with NATO by raising those two issues first, so they keep the Alliance split apart. We heard earlier that it would be good if we could find common things to talk about with Russia, but Russia does not want that to happen because it suits them, does it not, surely, to keep NATO in this situation where they are divided on the two key issues that will always be at the top of the Russian agenda.

Sir Andrew Wood: Absolutely. Add into the mix that they have a particular animus towards the United States—which is presently a little bit tested because it is difficult for them to ignore the fact that President Obama is more appealing to world opinion than his predecessor was, but I do not really think that it is likely to be a significantly different relationship between the United States and Russia for the foreseeable future.

Q198 Mr Hancock: Really there is very little that NATO can do to change that situation, is there?

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Sir Andrew Wood: No, I think Oksana was right, in that we should look for areas in which we can talk. Obviously it is true that we want to engage with Russia, but engagement and containment are not opposites. Actually there are areas where we do not agree with Russia, and they have no qualms in pointing out where they think we are doing wrong, so I do not see any reason why we should not perhaps return the favour.

Q199 Chairman: Mr Corboy, you were nodding at that.

Mr Corboy: I would add one thing. I think the United States pressing the reset button is of very considerable significance because it is changing the mood language, it is changing the atmosphere of even the language. I have just been in Washington talking to many different people and I sense a totally different approach to looking at relations with Russia. There is a sense, certainly on the US side, that it is time to prioritise your interests while at the same time not compromising principles. When you look at the prioritising of these interests, the first one is nuclear proliferation. When you look at the order of magnitude of these problems—and we can also come to Afghanistan and all the other places and other issues, but just to take one example of the nuclear proliferation issue and Iran—imagine a nuclear Iran with Russian protection. This sort of situation, if we do not develop this partnership with Russia, it is a horror story to talk about it but it is not something that is totally impossible, and it would have implications not just for the Middle East, which are terrifying, but could have enormous international and worldwide implications. I think it behoves the UK and the West in general to prioritise our interests. I am not denying that we should keep principles, which are extremely important, but another priority must be to have Russia in support in regard to stabilising Afghanistan. That clearly must be a priority. A third is defeating terrorism. We also need—I think this is a strong European feeling—to ensure an energy security agreement with Russia for Europe. These are very important priorities, along with other interests which the reset button, I think, has brought us to a new place—and a better place in my submission.

Sir Andrew Wood: I suppose setting the reset button was inevitable and correct. You can isolate areas where it would be good to co-operate and we should try, but I am not sure that Russia will recognise its strategic interest in behaving as we would wish towards Iran. It has not been particularly helpful so far really. The Russians are usually much better at saying why something is not possible than when coming forward then with anything very positive about it. They do have an interest but it is a question of whether they think it is worth acting on now.

Q200 Mr Jenkin: Sir Andrew, your memorandum talks about the benefit of acting bilaterally. The Defence Secretary John Hutton recently suggested—rather out of the blue, in my view—that

there should be a NATO “allied solidarity force”. How does that fit into the Americans pushing the reset button? Is that a relevant intervention?

Sir Andrew Wood: You are better informed than I am about the Minister’s statement. I am not sure where the force would be or what it would be intended to achieve.

Q201 Chairman: Mr Corboy, do you know anything about the allied solidarity force?

Mr Corboy: There is a bit of a fog there, but I understood it to permit other NATO members to release troops for Afghanistan, to make it easier for them, to give them that sense that their home security was looked at more closely. That is the way I understood it. And, also, because the rapid-reaction force proposals which have been on the NATO table for some years have not made progress.

Q202 Mr Jenkin: How would Russia react to the formation of a solidarity force amongst the Eastern European states of NATO?

Sir Andrew Wood: This would be particularly in reference to Eastern Europe?

Q203 Mr Jenkin: That is what I understand.

Mr Corboy: This was 15,000 constantly available and 15,000 troops in training¹, I understand. As I think was said earlier on by Oksana Antonenko, it is not a threat to Russia but it might reassure countries that we would like to see contributing more forces to the Afghanistan NATO effort to make it more easy for them to do so. That is my understanding of the proposal.

Sir Andrew Wood: The Russians would certainly regard it as a threat.

Q204 Chairman: It would not necessarily be any different from the rapid-reaction force, would it?

Sir Andrew Wood: No, but it would be a splendid excuse to make a noise if they wished to make a lot of noise. And they would be likely to wish to make a lot of noise so that we would back off.

Q205 Mr Jenkin: Might I get back to the question of Iran. We are in a new era. President Obama has sent this letter to President Medvedev, which seems to be getting a fairly cold reception. Ambassador Rogozin told me in a meeting in Paris yesterday that Russia does not regard it as possible that Iran is going to get a nuclear weapon in the foreseeable future, so that they seem to be rejecting a basic premise of the offer that President Obama has made. Coming back to your point, Mr Corboy, does Russia want Iran to have a nuclear weapon, so that their protests are just a cover for that, because they like the disturbance that a nuclear Iran would cause in the West?

Mr Corboy: I am always trying to see a rational Russia there. If Russia is rational it should want to seek to prevent Iran becoming a nuclear threat. You might disagree.

¹ *The Financial Times*, on 18 February 2008, reported that then Rt. Hon John Hutton, Secretary of State for Defence, proposed a force of 3,000 troops—1,500 on standby and 1,500 in training.

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Sir Andrew Wood: No, I do not. I do not disagree with that at all, but I would draw a distinction between the short term and the long term. There is always a temptation in the short term to be Iran's friend and to be, from Tehran's point of view, preventing the wicked Americans or whoever from putting undue pressure on you. There are clear advantages in that, and if you suppose that Iran is going to get a nuclear weapon anyway, you can make that into long-term common sense. It is not that unreasonable. The chances of Iran getting a nuclear weapon must, according to everything I understand, now be within the limits of the possible anyway.

Q206 Mr Jenkin: Finally, on this sphere of influence question, would it be a mistake for the UK or the West collectively to concede a sphere of influence?

Sir Andrew Wood: Absolutely. I could tell you why too, if you would like.

Q207 Chairman: Yes, please do.

Sir Andrew Wood: I think this would be of great harm to Russia, for a start, because I believe that Russia has the potential, and I would say I wish for it to happen, to turn into a stable democratic state, but at present it is not turning in that direction at all, it is turning into the perpetuation of rule by a very small group of people without the capacity for self-renewal. Its economic position is not nearly as healthy and good as it should be for the longer term. That too is associated with a wish to control from the centre. It was recently pointed out to me that there are three cement makers in Russia and 6,000 in China—or it might be 6 in one and 3,000 in the other, but a huge disproportion. Russia is a country of monopolies, of gross inefficiencies, and the only way that it is going to become the prosperous and excellent country it has every right to be is through having a much looser and more credible political system there.

Q208 Mr Jenkin: So a policy of tough love.

Sir Andrew Wood: A policy of tough love.

Q209 Mr Jenkin: And ultimate NATO membership?

Sir Andrew Wood: If Russia changed in the direction that I would hope it to change, then that would be a realistic possibility, but NATO membership does include some attachment and guarantee of continued attachment to some basic values.

Q210 Mr Jenkin: They would have to stop murdering journalists in the streets.

Sir Andrew Wood: That would be one very desirable change, yes—including our streets.

Mr Corboy: If we accept spheres of influence or Russia having a sphere of influence, it would very seriously undermine our commitments to the sovereignty and independence of these democracies. I do not think we could possibly go that route. I do not think it is acceptable that we would not continue to support the sovereignty and independence of these countries.

Q211 Chairman: Bernard Jenkin has been pursuing the issue of NATO enlargement to the inclusion of Russia. What about NATO enlargement in relation to Ukraine and Georgia? Do you think we were right in NATO to withdraw the prospect of the Membership Action Plan from Ukraine and Georgia at Bucharest? How did Russia react to that?

Mr Corboy: I do not think there is any compelling security reason for admitting Ukraine and Georgia at this time. I think the question one should ask is: Is enlargement in the interests of NATO at this time? Eventually Ukraine and Georgia should be, once they are ready for it, members of NATO, and in the meantime we should find measures to reassure their sovereignty and clearly defend their sovereignty and to give them the ways of preparing. That is why this NATO-Georgia Commission and NATO-Ukraine Commission can play a very important role and can, in the view of many people, be as effective as MAP. We made a great mistake in politicising and exaggerating what MAP meant. MAP is a process which could last a long period of years. It became politicised as being the great thing that Georgia and Ukraine were aiming for, but I think what has happened now is a much more satisfactory situation both from the NATO point of view and for both Ukraine and Georgia. They have within these commissions the possibility of doing as much, if not more, than under MAP.

Sir Andrew Wood: I would agree with much of that, except in one brutal sense. If I were a Georgian I might well feel, because I would feel that I had been attacked, that I might not have been attacked if I at least had had MAP status. It is the sort of question personally which I wish had never come up, because it is all the wrong way round. More attention to EU membership, particularly for Ukraine, seems to me to have priority over NATO membership and would be more appealing to the people in Ukraine as well. In an ideal world, that is what would have happened, I think. However, if you look back to what happened in East Europe, exactly the same dilemmas were there then, and, again, we went for NATO membership first and EU membership followed on from that. I suppose that set some sort of precedent and I think that helped to stabilise the situation in Eastern Europe at that time. As Mr Corboy says, the MAP process is extremely long and would not really have committed anyone to anything, so we could have pressed ahead with that but it would have been, in practice again, against the publicly expressed hesitation and so on of major countries within NATO, so it would have been both long and incoherent in meaning if you were sitting in Moscow. I do not think it probably would, in practice, have made any difference to what happened in Georgia, but I can understand why, if I were a Georgian, I might think it had been abandoned in South Ossetia.

Q212 Chairman: When we were in Georgia, a view was expressed to me by some people that, although Russia protested against the recognition of Kosovo, Russia was relieved and pleased to be able to use that recognition as an excuse for what later happened in

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Georgia on the basis that the European Union and others who recognised Kosovo walked into a trap. What is your reaction to that suggestion?

Mr Corboy: It is a very fanciful theory.

Q213 Chairman: Fanciful?

Mr Corboy: Yes. I mean, Russians do play chess, and if you look at it in that way they could have seen moves down the way. But, no, I do not subscribe to that.

Sir Andrew Wood: I would be more sympathetic, possibly because I also spent eight years of my life in Yugoslavia and was ambassador there until late 1989. The Russians certainly saw—and they can make out a perfectly plausible case for so seeing—what we did in Kosovo as a legitimate reason for them to do similarly “humanitarian” actions elsewhere. The recognition step, they had made that link before. They had said to us very clearly, “If you recognise Kosovo then we will recognise, among others, Abkhazia and South Ossetia.. So they did what they said. One can argue about whether they had any justification for it but I do think that it gave them a plausible excuse. What I do not think is, had we not recognised Kosovo, that they would then have refrained from doing what they did in South Ossetia and Abkhazia, because they already had control over them both before and this was just a matter of consolidating it.

Chairman: Thank you. Moving on to energy issues, Linda Gilroy.

Q214 Linda Gilroy: Thank you, Chairman. We have received quite a bit of evidence from witnesses about different aspects of energy security. It would be quite difficult to encapsulate all of that, but one of the things we have been led to believe is that Russian gas and oil supply is depleting fast. Some of it is being wasted, particularly the gas in flaring. We ought to pay as much attention to gas as to oil, that we should, in looking at the infrastructure issues, which you have both already touched on, include looking at the fact that there may not be enough gas to fill the pipelines. The other issue which, having served on our Climate Change Bill, I find fascinating is that climate change just does not rate on the Richter scale as a bad thing in Russia; in fact, it is seen as probably being a benign thing in both opening up agricultural land in Siberia, and of course in the Arctic, opening up the prospect of access to further gas and oil. What are your different perspectives on energy supply as a security issue? Should NATO have a role in enhancing energy security of its members? If so, what should it be?

Sir Andrew Wood: Energy security is one of those wonderful terms that can mean everything to everyone. I agree with everything you have said. There is a serious problem, a very predictable problem, coming up in terms of supply of gas to Europe from Russia. That may be mitigated because demand in Europe will cease to rise. It may be mitigated, rather more theoretically, if Russian energy conservation and so on improves. The Russians use their own gas for domestic purposes at

the same level as these four countries together: UK, India, Japan and Italy, although our countries produce 13 times their GDP if you add them all together. There is a huge, huge area for better use of gas inside Russia. They are raising prices and maybe that will begin to have an effect. I think there is an enormous amount which Western companies could do to help them in that regard and I know that Western companies are very willing to do that. But the scale of investment needed and the shifts of attitudes needed to improve Russian use of its own gas, in terms of using less, is huge, and the scale of investment required for the development of the major fields that they have, the development of which is necessary for supply to recover to the sorts of areas of previously projected European demand, is even huger. That is just vast. If I were Prime Minister Putin and I asked the head of Gazprom whether he could do it, of course he would say yes, and after I had been in office for a very long time, I might even begin to believe him, I do not know, but I do not see how the Russians by themselves can raise either the money or the expertise to do this. It seems to me to follow that this is an area which, in a way, like it or not, will become an area for co-operation. But the Russians are very much—and understandably from their point of view—focused on the idea that we should guarantee to take x amount at an agreed price for as far as in the future as they can get it. That is not the way that the Western market works or I think is likely to work, so I think there will be a good deal of discussion and a good deal of argy-bargy and fighting in a kind of fog before any real resolution comes about.

Q215 Linda Gilroy: Is it a matter for NATO? Is the extent of the threat to security of gas supplies particularly in Eastern and parts of Western Europe?

Sir Andrew Wood: I know NATO does have programmes and interests in this and it is quite a good way of getting nations to talk to each other in a reasonable coherent fashion within the West. Maybe the EU would be a slightly more natural way to do it. But I think the trouble with the involvement of NATO is that it instantly turns it into a somewhat military issue and gives too much weight to the word “security”. Of course we all want to think when we turn the gas tap on it is going to come.

Q216 Linda Gilroy: But it is not just a matter of supply being short, it is also a matter of supply being interrupted.

Sir Andrew Wood: Yes.

Q217 Linda Gilroy: I think we had evidence from one source that suggested that has been fairly extensive, much more than the high profile cases that have hit the press. In that sense, is the Secretary General of NATO right in beginning to give some profile to that as an issue to which NATO needs to turn its attention?

Sir Andrew Wood: I think NATO needs to turn its attention to it but I would not think that NATO ought to be the lead organisation in this. I think the

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initiative that we have apparently just taken with the Ukraine, to talk to them and to try to improve their pipeline infrastructure, is a very good one. I can see various reasons why it might not be particularly welcome in Moscow, but in principle it is a good one.

Mr Corboy: I tend to agree with most of all that, but Russia needs Western investment and Western technical support for its oil and gas industry. The reluctance on this side is clearly understandable after the treatment of BP and the treatment of Shell. The size of the investments are so great that it would have to be a very different climate that that investment took place in. The priority, I think, of having alternative sources of energy is fundamental. There will be reductions in the demand for energy, presumably for the reasons you are mentioning, but there should be alternative sources. This is why Nabucco is important and that it is why we should, if possible, support all alternative sources: liquid gas development and transport and so forth. There are many, many areas where you can look to other alternatives. On the question of giving NATO a role on energy security, I would caution here that the Russian reaction is likely to change the whole way of looking at energy issues if we put it into the NATO situation. I would submit it is much more the task of the EU. If it were in NATO, energy security would be handled in a different climate. I think it would be unwise to put this in a NATO framework. Even apart from the Russian reaction, which would be very negative, I think it would change the nature of that equation.

Sir Andrew Wood: Can I seize the opportunity just to make a point which really I think builds on your question? All the time we find ourselves talking about "Russia wants this" or "Russia wants that", first of all, there are many Russias and many interests in Russia, and, second, I think we always have to draw a distinction between the short-term interests of someone and the longer-term interests of the country as we see them. It is an obvious point but it is easy to forget.

Q218 Linda Gilroy: Mr Corboy, you would, however, agree that in order for the Caspian countries to fully develop their resources, they do need some security from some source, and, therefore, if it is not NATO, it needs to be the EU that guarantees the security of the pipeline to enable them to supply. I think some of those countries have a better perspective on how the energy markets work.

Mr Corboy: You are talking about the pipelines coming through Georgia.

Q219 Linda Gilroy: Yes.

Mr Corboy: Through Turkey and onwards.

Q220 Linda Gilroy: Azerbaijan, Kazakhstan, Turkmenistan all have an interest.

Mr Corboy: I do not think it is a job for NATO, quite frankly.

Q221 Linda Gilroy: But it is a job for somebody.

Mr Corboy: There is not, in my submission, any military threat to these pipelines from Russia. It is a matter of creating an understanding of energy security issues in a way that there is not such a threat.

Q222 Chairman: So the accident that happened to the pipeline in August was coincidence? Accident?

Mr Corboy: The alleged bombing near BTC.

Q223 Chairman: Or whatever it was.

Mr Corboy: I am sceptical about those reports. There were bombs dropped in many places. I do not know but I doubt very much that Russia was targeting the BTC pipeline. I think it would suit the Georgian case that it was to be presented as an attack on the pipeline. I am doubtful.

Q224 Richard Younger-Ross: You talk about long term and short term. In the short term there was an economic crisis. Some analysts have argued that the financial crisis will encourage Russia to pursue a more moderate co-operative policy, but this Committee heard from Edward Lucas, who argued in oral evidence that it may lead to a more aggressive Russian foreign policy. What are your views on how the crisis is going to affect Russia's foreign policy?

Sir Andrew Wood: I believe it will certainly have a tactical effect. They would be rash not to see what they can get out of the new US administration, at any rate for the next few months, and then we will see what happens after that. I do not think it is possible to predict much further ahead than that. They also continue to need a good financial relationship with the West and with Western business. I think again it would be rash to switch straight to, as it were, an assertive and aggressive foreign policy. However, to say that because they are in deep economic trouble they become less assertive, I think is a step too far. Again including because it is bound to be involved in the whole process I mentioned earlier, military reform, it would suit some people within the Russian hierarchies to argue that the danger from the West remains very high and therefore we should not try this shrinking of the Armed Forces. It would suit other people to argue the opposite. It will become, I think, very unclear like that. What I do think is more likely than not to happen is that the will to buttress the monopolistic structure, the state-related structure of the Russian economy, will probably increase. If the present people in power feel themselves threatened by the changes in their economic fortunes, which they may and they probably to a certain extent do, their reaction is much more likely to be to increase control than to loosen it. Even though, as I think I said earlier, the strictly logical thing for them to do would be to return to the deep necessity to restructure their economy and to look at improvement of the infrastructure and so on. I think they are still in a mood of supposing that things will not last too much longer, the good times will return and prices will go up again, and they can sort of relax again. So I think they are still thinking short term but the longer-term danger is greater control, not less.

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Mr Corboy: I would agree with that. I think the financial crisis could make Russia a more difficult partner. You know the argument, I suppose there an increased danger, that when you have internal financial problems and financial difficulties in a very autocratic state there are voices there which would advocate a more aggressive foreign policy. One has to be aware of the danger. It brings me back to the reset button: hopefully the reset button will put some of these dangers out of the way but this remains to be seen. This is why one should have a dialogue, not just on the security issues we have discussed but we should also aim to have an economic dialogue with Russia. I am sure there are ways in which we can help Russian trade and Russian investment and we should openly advocate Russian membership of WTO, for example.

Sir Andrew Wood: Which we do.

Mr Corboy: We do but I think we could do a bit more to facilitate it.

Q225 Richard Younger-Ross: You would say there is an opportunity.

Mr Corboy: No, I just think to show a willingness to help Russia during the financial crisis is important.

Q226 Chairman: You have both talked, I think, with some sympathy about the need for Russian modernisation of its Armed Forces, but in this financial crisis, will Russia be able to afford to do it, because they have to find, as I understand it, accommodation for all of the soldiers who leave the Armed Forces—something like 250,000 officers—presumably much of it in Moscow, where they cannot afford the property prices. How are they going to afford that modernisation?

Mr Corboy: I think that would be delayed, in my view.

Sir Andrew Wood: I think they could afford it relatively easily. They do have quite large reserves and, notionally, at least, I am sure that if they were willing to talk about it maybe we would be even willing to help. I recall we had a fairly good programme in my day in Moscow about re-educating and helping to relocate ex-military. If they were willing to pursue it, that would be a practical thing to achieve. However, this is highly conditioned by the memory that this is by no means the first time that the Russians have proclaimed reforms and significant changes in their Armed Forces and, so far, the officer corps in general has been extremely successful in frustrating it. We shall see.

Q227 Richard Younger-Ross: On the issue of their reserve, you said they could afford it quite easily. According to *The Economist*, the oil price slump has caused currency reserves to fall by more than \$200 billion in six months to \$388 billion. That is nearly a third off in six months.

Sir Andrew Wood: Yes.

Q228 Richard Younger-Ross: But you still think that is not going to give them a problem.

Sir Andrew Wood: If they were really seriously going to shrink their officer corps by two-thirds, that is a quarter of a million houses or something like that, on the assumption that they do not have any at all. It is of that sort of order of magnitude. It is perfectly true that Russia construction costs are absolutely heroic. For example, the cost of one kilometre of building the Moscow ring road was approximately the same as the total cost of that very elegant Norman Foster bridge, so there are areas here which it might be difficult to manage but, in principle, I do not see why that should not be possible.

Q229 Mr Crausby: With the price of oil falling so dramatically and the prediction for some that there will be serious public spending cuts, what are the prospects for political instability within Russia? Outside of the costs of military reform, what are the political implications of making hundreds of generals redundant at such an unstable economic time?

Mr Corboy: That is one of the reasons that I said I think they would slow their proposed military expenditure. They would do it for that reason and also because of their financial situation. They do want to keep their reserves up. There are still very substantial reserves, I point out: \$380 billion is a substantial reserve which would see Russia through whatever difficulties, certainly up to the end of 2010. But I do not see unrest in Russia getting out of control. Look at what happened in Vladivostok in the two recent incidents. There is sufficient control. The regime has sufficient control. They are not bothered by outside public opinion on these issues as to how they handle unrest. I would think that there is not a great danger of social unrest following these developments.

Sir Andrew Wood: It seems to me that the fear that there might be social unrest is a very real political factor. It seems to me, personally, unlikely that there will be such unrest that it will get out of control—the North Caucasus, perhaps, apart. That is an area of serious unrest and violence. The fact that they are afraid of it is itself a political reality and can cause them quite easily to make mistakes. What they did in Vladivostok was just daft, but, anyway, it provoked riots, and they do not like that. It worries them, not unnaturally. But your question had a second part to it, I am sorry.

Q230 Mr Crausby: Is it the ideal time to get rid of hundreds of generals at a time when you are concerned about political unrest.

Sir Andrew Wood: Sympathy for the military has become progressively more limited. The conduct of the Armed Forces and the treatment given to conscripts is sufficient to cause a major riot in most countries, so I think that, yes, some of those people would have sympathy because they would attract memories of glory and the Soviet Union's past and that sort of thing. It is also true that the military have been quite successful over the years, including in Yeltsin's time and Gorbachev's time, in becoming people who on an individual basis have political

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weight and can frustrate things, but there is no tradition of the military as a group taking on the State.

Q231 Chairman: What does Russia mean by their proposal for the European security architecture? How should we react?

Sir Andrew Wood: We have reacted in a curious way, with the EU saying we should discuss it. That seems to me a curious reaction because it should have been NATO rather than the EU. At any rate, the EU does not normally talk about NATO in security architecture, so that to me was an oddity.

Q232 Mr Jenkin: You had better get used to it.

Sir Andrew Wood: I think we probably have. But the Russians would have noted that and that is grist to the mill they would like, which is for everything to rest on propositions whose legal force would remain untested. The Russian record of subscribing to and fulfilling the agreements they have signed is not particularly distinguished, so I personally would have no faith at all in replacing NATO with a set of agreements whereby we would all promise not to interfere with each other's internal affairs and so on and so forth. I think that would simply not work. Anyway, our own record suggests that we would not necessarily respect it. The Westphalia model does not really apply so easily. We are bound to talk to them about it. The best way of talking about it is to get them to elaborate their ideas and put more flesh on the bones. We have already, I think, successfully added in human rights, and the other provisions of Basket III of the Helsinki Accords would remain of critical importance to us. Any such architecture would be made to imply that they had no particular rights over Ukraine or Belarus or anybody else, so I think we could use it and we should use it as an area in which we should discuss things. Do I think it is going to lead to practical results? I think it is outside the realm of a sensible prediction.

Mr Corboy: I have a slightly different view, I am afraid. I do think we should have a dialogue on the security architecture, but let us be aware what Russia is likely to want. Russia wants to have an equal say, would like to have a veto. It clearly wants to be an interlocutor, certainly on security and on energy, for those countries that it sees as near abroad. I think one of the reasons behind the proposal for a new European security architecture is that they want to reduce the humanitarian dimension, as Sir Andrew was saying. They want less of OSCE, they want less human rights monitoring of elections, promoting democracy and all that. We do not really know what they want. I think we must see what would come of it. "Helsinki plus" I think was the expression they used. I think some other people said "Helsinki zero minus five" would be a more correct description. I still think, in spite of all these problems that will come down the road, and we can see them coming, we should open a dialogue on the European security architecture. I agree it should be perhaps more in the NATO sphere than the EU sphere, but, then again, I am hoping that EU and NATO are going to work much more closely as a team on all these issues.

Q233 Chairman: When you say "We do not really know what they want" do you think they know what they want? Or were they just chucking a stone in the pond to see what came out?

Mr Corboy: I do not know that they have fully put together what they are going to look for in this. I think they have just pitched it out there, as you say, as a stone. There probably is a lot of reasons why we need to look at the security architecture again. There are lots of things that happened, not least Kosovo and other things, where we need perhaps a bit of time.

Q234 Linda Gilroy: Is the OSCE, where the debate appears to be going to at least start, in fact the right place to start it?

Mr Corboy: "What other forum is there?" is the question. It is the most likely forum.

Q235 Linda Gilroy: Does that allow NATO to engage in a constructive way?

Sir Andrew Wood: No.

Mr Corboy: No, it does not. Frankly, Russia has made a lot of problems for the OSCE, as you know. I am not 100% in saying it is the ideal, but it is the only organisation that is sitting there at the moment which has all the ingredients so that you could have such a conference about it. But maybe some other forum, some other method should be found rather than going into the OSCE.

Sir Andrew Wood: It seems to me that while the Russians do not have the detail in the proposals particularly worked out, they do have a pretty clear agenda. They think that an organisation where security rests on three legs: the United State, the EU and Russia, is the right model. That clearly excludes a number of countries. It is paying an undeserved, elaborate complement to the EU which they do not really mean to the EU. They look on this as a US-Russia issue and they would very much like to get back, including for psychological reasons, to what they see as the good old days of the Soviet-United States diarchy. I do not think that is going to be a very practical proposal, and I think in discussing Russian ideas about security, which we should always discuss and listen to and be prepared to talk about, we should not hasten to accept the implication that the present arrangement is ineffective.

Q236 Mr Jenkin: Whatever dialogue we are having it is still going to be in the context of what next happens in Georgia, which is the requirement to renew the UN mandate, the requirement to sustain the OSCE mandate, which is the only organisation that patrols on both sides of the new line of control. What do you expect Russia to do in the UN on Georgia? If they chose to veto, for example, a UN resolution that reaffirmed the territorial integrity of Georgia and renewed the UN mandate, how should we respond to that?

Mr Corboy: The mandate has recently been renewed. Perhaps that does not sound very helpful but what is going to happen—

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Q237 Mr Jenkin: It comes up again in June, does it not?

Mr Corboy: To the end of June, that is correct. It is in Russia's interests to find a compromise and not to make further difficulties with regard to either the UN or OSCE mandate in my opinion. They have achieved most of what they wanted to achieve in the war. As I have said, my understanding is that they are quite happy to have come this far: they are there and they are consolidating what they have achieved. The worry I have is for the stability of Georgia itself. I have serious concerns about the events which will happen on 9 April next, where there would appear to be a build-up of plans to have major unrest, which both sides, the opposition and the government, are not being terribly reasonable about. The opposition are not being reasonable, in that they are claiming something that is not sensible or achievable. They want to have the President go. That is not an achievable objective in the immediate future, in my view, and the great danger is the street unrest which would follow. Hopefully you will not have the same turn of events as happened in November 2007, but continued instability in Georgia could be a trigger for other developments to happen and other people to restore stability. It takes very little to create an incident on that border. All you need is the shooting of a couple of Russian soldiers. That provides the pretext, particularly, then, if there is unrest south. I think it is a worrying, unstable situation which we would have to monitor carefully between now and

what happens in mid April. But the signs are that there is a great deal of tension and a great deal of concern. With the rhetoric of conspiracies being disclosed, of Russian money being given to the opposition to stir up difficulties, and certain arrests in the last two days of very minor people in the opposition party, it does not augur well for getting through the next two months with a stable internal situation in Georgia. I think that is the biggest danger we face.

Sir Andrew Wood: That must be right, but I think a great deal depends, looking at Russia, how their polity evolves. They have, if they wish, to be brutal about it, a wonderful opportunity in Georgia just to seize the lot or find an excuse to do so. And it would not be difficult, I suppose. At the same time, however, that would just add to the difficulties they already have in North Caucasus which are exacerbated by what they did in August of last year.

Mr Corboy: I agree with that very much.

Sir Andrew Wood: I think it is a very unstable and worrying situation, yes.

Q238 Linda Gilroy: That would surely make it very difficult to discuss a new security architecture on any sensible basis.

Sir Andrew Wood: Certainly if you add "on any sensible basis" yes.

Chairman: Thank you very much indeed, both of you, for another fascinating session. Our next session on Russia will be our final one. We are most grateful to you.

Tuesday 21 April 2009

Members present

Mr James Arbuthnot, in the Chair

Mr David S Borrow
Mr David Crausby
Linda Gilroy
Mr David Hamilton
Mr Dai Havard

Mr Adam Holloway
Mr Bernard Jenkin
Mr Brian Jenkins
Robert Key
Mrs Madeleine Moon

Witnesses: **Rt Hon Baroness Taylor of Bolton**, a Member of the House of Lords, Minister for International Defence and Security, **Group Captain Malcolm Crayford**, Deputy Head Security Co-operation, Counter Proliferation & Security Co-operation Division, **Ms Gloria Craig**, Director, International Security Policy, Ministry of Defence; **Rt Hon Caroline Flint MP**, Minister for Europe, **Mr Nick Pickard**, Head of Security Policy Group, and **Mr Justin McKenzie Smith**, Deputy Director of Russia, South Caucasus and Central Asia Directorate, Foreign and Commonwealth Office, gave evidence.

Q239 Chairman: Welcome to this further evidence session in our inquiry into Russia. Minister, I understand that you have to leave at about 11 o'clock but your officials are able to stay behind.

Caroline Flint: Yes; Mr Pickard and Mr McKenzie Smith will stay behind.

Q240 Chairman: Since we are starting half an hour earlier than we normally do, let us aim to finish by about 12 o'clock. We have a number of witnesses and each of them does not have to answer every question. Perhaps you would introduce your teams.

Caroline Flint: On my right is Mr Justin McKenzie Smith, Deputy Director of RUSCCAD at the FCO, and on my extreme right is Mr Nick Pickard, Head of Security Policy Group at the FCO.

Baroness Taylor of Bolton: I have with me Group Captain Malcolm Crayford, sometimes called "Ginge", Deputy Head Security Co-operation, and Gloria Craig, Director of International Security Policy.

Q241 Chairman: Perhaps I may begin by asking about the issue of spheres of interest. In our inquiry so far, it has appeared that Russia would be keen on maintaining privileged interests in countries which were formerly members of the Soviet Union, if they considered them to be their "near abroad" over which they should have greater power than over other countries. Is that legitimate?

Caroline Flint: We do not accept that Russia per se has spheres of influence or interests in the way they would see it. We accept that they have legitimate interests in a number of the countries that once formed part of the Soviet Union. However, insofar as "spheres of influence or interests" somehow suggests that they have some sort of high authority to influence what those countries may want to do in relation to NATO and the EU we do not accept that. I give the example of the Eastern Partnership which the EU supports. We recognise that for some of the matters that partnership might look at, for example energy, there is a potential opportunity for joint co-operation also with Russia, but we do not accept that there is some sort of post-Soviet space that Russia above anyone else should dominate or

occupy in terms of what those countries may or may not want to do in future for their security or economic interests.

Q242 Chairman: Do you think Russia understands the notion that these countries should be entitled to their own sovereignty?

Caroline Flint: Russia is concerned and defensive about why these countries might want to work with NATO or the EU. In many respects in our discussions, it is about trying to allay some of those concerns. We believe that in relation to both organisations a number of the countries that have become members of them have contributed to greater stability in Europe. That is a plus not only for countries that were already in the European Union or NATO but also for Russia. We do not believe that these countries, which vary enormously in terms of what they want to do, should be seen as a threat. We see Russia as a very important partner, bilaterally, but also within the organisations of which we are part. Part of it is about a better sense of partnership and trying to find some way to deal with what is evident, that is, a certain amount of distrust of the present relationship and attitudes to NATO, the EU and so forth.

Q243 Chairman: But that is what you would like to persuade Russia of. How are you doing it?

Caroline Flint: It will always be work in progress; I do not think it will ever be particularly easy, but that is why we have to find mutual interests, whether in terms of the economy or stability. There are matters on which clearly we want to engage with Russia, but at the same time, despite that multilateral and bilateral co-operation, there are matters on which we do not agree, and of which we don't have the same common ground, and Georgia is an example of that, where not only ourselves but other countries and organisations, have had to say that we don't accept Russia's actions in regards to that.

Q244 Chairman: We will come to those matters on which we agree and disagree and to Georgia. I want to press you not on what British policy is towards those countries but whether Russia understands

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what you have just said. You have been talking in terms of what we hope they will see, but do they see it?

Baroness Taylor of Bolton: In recent speeches President Medvedev has talked about the primacy of international law and issues of that kind. He is trying to persuade us that there is scope to look again at a European security architecture. I think it is incumbent on all of us at the different levels that Caroline Flint has been talking about to remind him that if international law has the status which he claims he must understand all of the ramifications of it. There is a slight dislocation in terms of what Russia wants to sign up to and its belief in the principles of international law and yet it clearly breaches them on other occasions. We must show that difference in attitude and ensure that in all the discussions held at different levels that point is brought home to them, and that they cannot proclaim a belief in international law and flout it at the same time.

Q245 Chairman: What would be your answer to the suggestion that Russia does not really give the right to its near neighbours to their own independent sovereignty?

Baroness Taylor of Bolton: I think it is a question of dislocation. In theory they would say they respect international law but in practice, as we saw in Georgia, clearly they did not and took several steps that were incredibly difficult from the point of view of anybody who accepts international law. It is a question of getting the right levels of engagement. We have to talk to the Russians and discuss things with them but we must repeatedly make clear what the ground rules are. It will not surprise you to know that we talked about this amongst ourselves earlier. We thought that in the 15 years after the end of the Cold War—it took a little time for that to settle—we in Britain, the EU and NATO were having discussions with Russia about the future as a partner, that they accepted the principles of international law and we were talking the same language. The credibility of Russia in terms of that partnership has been severely dented by events in Georgia. That dislocation is something that we must work through. We are pretty clear about the damage that has been done. I am not convinced that as a whole the Russians are clear about it, but I suspect that within Russia there are people who see things in different ways. There will be internal tensions and not just one view.

Q246 Mr Crausby: The former Prime Minister, Tony Blair, told the House in 2007 that, “A close relationship between Europe and Russia is important”, but he went on to say that it was sustainable only if it was based on shared values. The evidence we have heard on our visits to Estonia, Georgia and Russia is that many people believe the existing regime in Russia does not share many of our values. That certainly appears to be going in the wrong direction. Is it possible for the West to engage in the way it had hoped on the basis of shared values?

Caroline Flint: Russia does sign up to a number of international agreements in which we are meant to share values, so as a starting point as an important country they have on the surface signed up to them, whether it is the United Nations or various treaties. The problem arises when they take actions that go against the very obligations with which they have agreed. Part of the reason we look to continue to engage with Russia on a number of different fronts is that we recognise it has an important influence not only in terms of Europe but globally. There are a number of areas in which we can seek co-operation, but the reality is that there are some areas where we do not. Therefore, the relationship is not always straightforward. I do not believe there is an easy solution to it, but part of what we endeavour to do is to counter some of the concerns and distrust that clearly exist within Russian circles about our motivations or interests whether from a NATO or EU perspective. Later this year there will be further discussions on the proposals by President Medvedev about European security architecture. Those will be interesting in the sense that we are open to holding those discussions, but we must also recognise—again, this is where values come into it—that we would have disagreements, first that somehow organisations like NATO or OSCE are not up to the tasks that they currently perform. We think they are. Importantly, we also believe that when you talk about security you cannot consider just the hard security issues but also human rights, economic and geopolitical issues. I am afraid that the last two are areas that the Russians have not wanted to include as part of the discussion. It is not easy, but engagement is important and within that there must also be constructive criticism. We have to be clear about the standpoints and values in which we believe.

Q247 Mr Crausby: Do you accept that effectively things have changed and they do not share many of our values? Which values do you think they do not share with the West?

Caroline Flint: It is quite a difficult issue. In many respects the Russians might say they do share values around stability and peace; they want an economic connection to the EU and as a partner whose economy has grown and grown. For 15 years after the end of the Cold War we worked with Russia as a partner, but the incident involving Georgia last summer abruptly indicated how by their actions they went against the very principles and international obligations to which they had signed up. That is why they have found themselves isolated not only in terms of NATO and the European Union but also the OSCE. They isolated themselves because the members of those organisations and others did not feel that the Russians were abiding by the values to which they had signed up by the disproportionate action they took in relation to Georgia.

Baroness Taylor of Bolton: When one asks if it is possible to engage it begs the question: what are the consequences of not engaging? There are many areas that make it essential we engage. Issues such as

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democracy, human rights and good governance underpin all of the agreements that we have entered into and should have underpinned all the agreements that the Russians entered into. Sometimes their interpretation of some of those issues is not the same as ours. I know that a number of Members of the Committee visited Estonia where there are shared interests but not shared values. That is one of the themes they often put forward. That cannot mean that you just do not engage because there are so many important issues, be it energy, climate change or stability. We cannot fail to engage; it is a question of how we make sure we have the right kind of engagement at both bilateral and multilateral level.

Q248 Mr Jenkins: I always have a problem with regard to shared values. Am I right in thinking that after the collapse of the Soviet Union when Russia was in a weakened position, we made certain promises to them, which we did not deliver on and extracted the maximum penalties with regard to any contracts we entered into? We marched NATO right up to their border and threatened them with the force of NATO. Therefore, we do have a shared value, that strength is all that matters in this world?

Caroline Flint: Stop me if I am going in the wrong direction, but if we are referring to the enlargement of NATO and how that is perceived clearly that has become a greater issue in the past year. As an organisation NATO does not have a policy of enlargement per se, but there is an opportunity for individual countries who wish to join NATO to do so. In doing so they have to meet a number of conditions before they are accepted. I think that is a difference. If you are coming from the perspective that NATO has a policy of enlargement, which may be the Russian perspective, that will affect your view of the Organisation, but that is not the case. If you look at the results of countries joining NATO in more recent times it has offered greater stability rather than less stability for the Alliance as a whole but also for those countries too, whether in terms of governance, human rights and the requirement to abide by international law, and in that respect it has been only a force for good.

Q249 Chairman: Is it really possible to say that NATO does not have a policy of enlargement given the Statement at Bucharest that Georgia will become a member of NATO?

Caroline Flint: In a sense that is subject to the caveat that there is no reason for Georgia not to become a member of NATO, but it must still undergo a number of different changes and reforms to meet the conditions to join NATO. It is not a green light to say that it can join regardless. They have applied to join and in principle they can become members of NATO but they must meet all the conditions.

Q250 Chairman: There is a difference between saying Georgia will become a member of NATO and there is no reason in principle why it should not become a member of NATO.

Baroness Taylor of Bolton: Yes, but there is an essential difference between trying to recruit Georgia as a member of NATO and responding to Georgia's desire to be a member. NATO has an open approach to countries that want to apply to join; it does not actively recruit members.

Q251 Mr Holloway: Mr McKenzie Smith, you have spent time living in Russia. How do the Russians feel about a country right on their doorstep joining the EU and NATO?

Mr McKenzie Smith: That is an interesting question. There are probably lots of different levels of Russian feeling as there are here. On an official level I would make a slight distinction between those two institutions. The European Union is seen as a neighbouring organisation that does not have the mythology or history of threat that NATO does in Russian minds. During the Soviet era, NATO was regarded as a direct threat to the soviet and Russian people. My impression is that that perception has not really changed. As both Ministers have said, part of the challenge for us is to try to change that perception within Russia, to demonstrate that NATO does not represent a direct threat and that the interest of NATO lies in working with Russia in partnership to achieve stability and security in Europe.

Q252 Mr Hamilton: I had the opportunity of being in the Soviet Union some time ago and then going back. The mindset is exactly the same. When we talk of negotiation and discussion between Europe and Russia are we not talking of two different things? Germany's interests are not Britain's interests; Italy's interest are not Britain's interests, and France's interests are most definitely not Britain's interests. Is it not the case that the Russians talk with one voice and deal with Europe on a patchwork basis? They are taking us on one at a time. How difficult is it for you as Minister for Europe to go and talk to the Soviet Union knowing full well that you are not talking for Europe but part of Europe, and how easy is it for them to divide and rule?

Caroline Flint: As a UK European minister there are bilateral issues in which we would want to engage with Russia in terms of the UK economy, trade and so forth. There is a whole number of bilateral issues, whether it is the British Council or other matters, that we take up with our Russian counterparts. You are right to point out that within the European Union there are different nuances in particular countries. They have different relationships, histories and legacies with Russia. To go back to Georgia and the action taken in August of last year, regardless of some of those different levels of relationship and views the European Union did come together in condemning that action.

Q253 Mr Hamilton: Some of them were quieter than others.

Caroline Flint: That may be so, but the fact is that there was a united position and the ceasefire proposals are still the backdrop to the Geneva talks

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that are under way and on which there is unity across the European Union. When you have 27 Member States it is difficult to get unity whether you are dealing with Russia or anybody else, but I believe that on this occasion people felt that Russia went beyond what was expected of a country the size and importance of Russia in terms of its international obligations. I do not think that it will necessarily always be easy, but it is something that we must deal with. In terms of the European Union and the partnership and co-operation agreement and in terms of NATO and the NATO-Russian Council discussions in those areas will still be affected by the backdrop of Russia's actions last year. How those discussions will progress will be affected by what Russia does as well as what it says it will do. Having said that, none of us wants an atmosphere of distrust and we want to work to reduce it.

Q254 Mr Borrow: I want to move on to the violation of UK and NATO airspace. It was reported in *The Times* in July 2007 that two Russian bombers had attempted to violate UK airspace. How many similar attempts were made in 2008?

Baroness Taylor of Bolton: There has been a lot of misreporting on this issue. People need to remember that NATO airspace is all NATO territory plus 12 miles around a coastline. The problem is not specifically that it is considered as a military threat but that there are safety and air traffic control issues. As I understand it, civil air traffic control relies on secondary radar and getting signals back from aircraft to stations. The flights coming from Russia are often without flight plans and pass through the busiest air routes and that could cause difficulties and concern. They can be tracked from an MoD point of view but not necessarily easily from the point of view of civil aviation. That is where the difficulty lies. The Ministry for Transport is particularly involved in this. Alarming headlines appear in the press despite the fact that when they contact the MoD they are told a different story, but that is the press for you and it is what you learn to expect. Therefore, the problem is really one of air safety and problems for civil aviation. I do not know whether my colleague Group Captain Crayford with his hands-on experience wants to add anything.

Group Captain Crayford: That is entirely right. Back in August 2007 the then President, Putin, announced the resumption of long-range aviation flights as much for symbolism in terms of domestic and international consumption, if you like that Russia was back. From August to December 2007, the RAF launched its Quick Reaction Alert Force on 15 occasions to intercept Russian military aircraft approaching or entering NATO's Air Policing Area. One must remember that they are unidentified at that stage. In 2008, the RAF launched on 11 occasions¹; and so far in 2009 the RAF has launched three times, of which the latest occurred last Tuesday when aircraft circumnavigated Iceland. The flights do not pose a threat to the UK; they are flying in

international airspace but, as the Minister says, we are concerned on flight safety grounds as these aircraft cut across some of the busiest air routes in the world. Whilst we intercept them with RAF aircraft, the UK's air defence system can track Russian aircraft throughout and we liaise with our civil air traffic control counterparts in terms of safety. It is that issue with which we are concerned, not any military threat from what is, if you like, symbolism that Russia is back.

Q255 Mr Borrow: There has been a suggestion that those aircraft movements were part of military action by Russia against NATO and were more of a probing exercise.

Baroness Taylor of Bolton: I think it is seen more as a demonstration of presence for internal and to a certain extent external consumption, not as a threat.

Q256 Mr Borrow: Some people have expressed surprise at how little reaction there has been by the UK Government concerning those flying exercises. They are not the sorts of things one would expect to happen between friendly states. Whilst there may be legitimate reasons to have aircraft movements one would normally let one's close friends know what one was planning in this situation.

Baroness Taylor of Bolton: There are no flight plans and that is our real concern rather than seeing them as a threat. We have the opportunity to do exercises ourselves and we respond in that situation when there is an unidentified flying mission, but I think the situation is very much as we see it. We do not see it as a threat. If they are in international airspace that is legitimate.

Group Captain Crayford: These (Russian military aircraft) are infringing the rules and procedures laid down by the International Civil Aviation Organisation and it is within that body that these are being addressed.

Q257 Mr Borrow: Would it be possible for the Ministry to inform Parliament on a regular basis of any similar exercises or movements in future?

Baroness Taylor of Bolton: Obviously, if Members table PQs we answer them correctly, but we are not withholding information. It is not always considered to be sufficiently significant to have a written statement or something of that kind, but if there is a desire for information it is not classified.

Q258 Mr Borrow: Given that earlier the press have on occasions misinterpreted certain movements, would it not be better for the Ministry to issue a statement rather than that reporters should hear something on the grapevine and run with the story?

Baroness Taylor of Bolton: I think reporters will run with the story. We did correct the story and they still ran with it.

Q259 Chairman: There was a request made by *The Sun* under the Freedom of Information Act about the number of Russian incursions between July and December 2007, was there not?

¹ Following the evidence session, the Ministry of Defence confirmed that the correct figure is 10.

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Baroness Taylor of Bolton: I do not recall; we get so many.

Q260 Chairman: The RAF took to the air 28 times during that time to deter Russian aircraft from entering UK airspace.

Baroness Taylor of Bolton: I do not know about deterring them from entering UK airspace. If they are in international airspace that is legitimate. I do not believe we have any evidence that they have entered UK airspace. We scramble aircraft when there are unidentified missions including ones of this kind. That is not over UK airspace but international airspace.

Q261 Mr Holloway: Group Captain, you said that these aircraft crossed busy commercial areas. What level of awareness do the crews of these aircraft have about civil aviation movements?

Group Captain Crayford: I cannot answer for what equipment is on board the Russian military aircraft, but in terms of putting a Quick Reaction Alert fighter, a Tornado or Typhoon, alongside as they approach UK airspace we would always be in contact with them.

Q262 Mr Holloway: But are they an accidental threat and they do not know what else is out there?

Group Captain Crayford: I assume they have radar sensors on board that can tell them what other movements are going on around them, but it is not similar to what we would have on, say, civil aircraft.

Q263 Chairman: Why do you assume that?

Group Captain Crayford: Most military aircraft do not have compatible equipment (Traffic Collision Alert System) to comply with the civilian requirements for separation.

Q264 Robert Key: To go back to the events in Georgia in August last year, eventually there was a ceasefire agreement. Why was that agreement brokered by the EU and not NATO?

Caroline Flint: I think that at the time President Sarkozy sought to get the backing of the EU to an agreement and simultaneously NATO suspended the NATO-Russia Council, so a number of organisations took action. All members of the OSCE but Russia condemned the action. I do not think it was seen necessarily as wrong. A number of organisations felt that action should be taken. Obviously, for the EU and countries that want to work more closely with it security in Europe is important.

Mr Pickard: As the Minister has said, both organisations took action. The French were president of the EU at the time and I believe that President Sarkozy took a personal interest in ensuring that the ceasefire took place. He had personal and political involvement in the diplomacy required on behalf of the EU.

Q265 Robert Key: Minister, it has been put to us in evidence that the events in Georgia caught NATO completely unprepared. Is that true?

Baroness Taylor of Bolton: You could say that if NATO had been the body to take the lead at that time it could have been seen potentially as more likely to escalate the situation or make it more difficult. Some people might have put that kind of interpretation on the activity. I am not saying that it would have been justified but it could have been interpreted in that way. I think there was a feeling of that kind at the time.

Q266 Robert Key: When aircraft from Russia overflew Tbilisi on the same day that Condoleezza Rice was there, the Georgians say that the response from the United States was extremely weak: just six days later there was a note of disapproval which gave the wrong signal. Do you think the international community bears some responsibility for the conflict in Georgia?

Caroline Flint: I believe that the international community did as much as it could at the time in response to the conflict. There is an independent inquiry going on into the circumstances around the hostilities, tensions and the consequences of that in terms of the displacement of people and those directed affected by it. But in many respects these are difficult areas and the international community did come together. It was the EU and the OSCE that brokered the ceasefire. I think their ability to step in demonstrated the worth of those organisations. Insofar as where we are now clearly it is not over, but there is a level of engagement. Despite some recent worrying concerns about violence and escalation in troops things have held pretty well considering the hostilities and damage done last August.

Mr Pickard: Another important part of that ceasefire was the monitoring mission that the EU put in place. That was a civilian monitoring mission and I do not believe it would have been possible for NATO to provide that mission, not least because Russia would not have accepted that given the antagonism it feels towards NATO. I think it was a demonstration of the value of the European security and defence policy that the EU was able to provide that mission and was the right organisation at the right time.

Q267 Robert Key: Minister, with respect you have not answered my question. What you have described is the reaction of the international community once the events had happened. What I asked was whether the international community was responsible, by neglect, for not reading the signs and giving Russia the opportunity to move in quickly. Should not NATO, the EU and rest of the international community including the UN have read the signs and prevented this happening in the first place?

Caroline Flint: I do not think that in terms of the build up and what took place in those days we could necessarily have done anything more than we did.

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Q268 Mr Jenkin: Minister, were you not aware that the OSCE was persistently warning before the invasion that such an incident was becoming increasingly likely?

Caroline Flint: I think people were aware of the danger of the situation, but I do not think that what happened in terms of the actions taken on both sides, which are being investigated, was necessarily something that we would have been prepared for. There was a shock and that was why there was unity at the way that Russia took action and the level of force used in that situation last August. That was why there was such unity in the response to the actions taken by Russia.

Q269 Mr Jenkin: Would you confirm that the British Government and the Americans were completely aware that the Russians had built up a military capability on their side of the rocky tunnel and had regularly exercised their forces for just such an eventuality?

Baroness Taylor of Bolton: We were aware that there were a number of unresolved conflicts, which used to be called frozen conflicts. What I believe was unreasonable was the event that took place.

Q270 Mr Jenkin: Nobody disputes that.

Baroness Taylor of Bolton: I want to put it in context. The events that took place were not of the kind one would expect from a country that signs up to international law and different ways of operating. We said earlier that we had been operating on the basis that Russia was a partner and had a certain kind of relationship with us, the EU and NATO. A partner in that way does not try to resolve a situation in the way the Russians did. That is the issue, not a lack of awareness of the problem and a dispute which had existed for the best part of 20 years certainly in those two areas. Everybody was aware that there were problems in this area. It was the scale and nature of what happened that took people by surprise.

Q271 Mr Jenkin: Despite the military capability that had been built up in order to deliver that?

Baroness Taylor of Bolton: Yes.

Group Captain Crayford: We were well aware that the Russian 58th Army had just finished its exercises in July in the North Caucasus, as they do every year, but I do not think that anyone could have foreseen that President Saakashvilli would launch an attack on Tskhinvali. In the preceding months we had monitored increasing Russian provocation, such as the downing of a Georgian UAV by Russian aircraft over Abkhazia. The US, French, Germans and the former Minister for Europe visited Georgia in the preceding months. We were well aware of the indicators and warnings. What we could not have anticipated was the disproportionate reaction on the Russian side after President Saakashvilli launched the attack.

Q272 Mr Jenkin: So, it is your view that this was provoked by President Saakashvilli?

Baroness Taylor of Bolton: There was an element of provocation.

Q273 Mr Jenkin: But this is Georgian sovereign territory and internationally recognised. I rather sense that a lot of people are more comfortable putting some of the blame on President Saakashvilli because we were so unprepared for this event.

Caroline Flint: I do not think it is about apportioning blame. For some years there has been international concern in many different fora about conflicts in this part of the world and the potential for those to escalate. Many people have been involved in supporting conflict resolution in different ways. I think that part of the job of the independent investigation that is under way is to look at what happened and what actions were taken by both Georgia and also Russia and to answer some of the questions that you and other colleagues put about the level of force mounted by Russia in this conflict. In addition to the numbers, I understand that the level of weaponry used—which is why we talk about the disproportionate response—was something for which people were not prepared. Everyone is aware of the fragility of the conflict there, but I do not believe people were ready for Russia's actions. There has also been a lot of debate about whether or not measures could have been taken by both sides, including Georgia, so that this did not become the crisis that we saw on our television screens in terms of displaced people and those who died and were injured as a result of it.

Q274 Mr Jenkin: Perhaps I may add another possible element of provocation that came from we, Europeans. What did Russia do? They recognised South Ossetia and Abkhazia as independent countries without a UN mandate. Was that not what we did in Kosovo? Did not the recognition of Kosovo, without a UN mandate create a pretext, if rather a false one? It was a bit of a trap to fall into, was it not?

Caroline Flint: That point of view has been raised. I disagree with it in the sense that in relation to Kosovo, we are talking about a situation where for many years there have been different attempts to look at how there could be a way forward, but those attempts in that part of the Balkans did not succeed. As to Kosovo, there is an awareness that in terms of stability and peace in the region this would ultimately be the best way forward. There is a huge number of countries, including many members of the European Union, that now recognise Kosovo and we are embarked on a process of continuing to seek peaceful resolution to that part of the western Balkans. It is a different situation from that in South Ossetia and Abkhazia and alongside that following the actions taken and recognition violence ensued, whereas Kosovo was a means further to entrench peace and stability in the western Balkans.

Q275 Mr Jenkin: The one organisation that is distinguished by having warned about this, the OSCE, has a monitoring mission that has been

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operating since 1993 but its mandate expires in June. It is the only monitoring mission that operates on both sides of the administrative line of control. What are we going to do to extend their mandate?

Caroline Flint: Obviously, we want to see the mandates of both the OSCE and the EU renewed. I think that a proposal for the OSCE mission has been circulated and we are working with our partners including Russia to get support for that. I think it will be a test of Russia's willingness to engage, linked to the ceasefire agreement and the Geneva talks, to ensure that that happens.

Mr McKenzie Smith: Over the past three or four months there has been a concerted effort to try to get agreement on extension of the mandate of the OSCE monitoring mission, which I agree is extremely important. The first effort was led by Finland as Chairman of the OSCE. Right up to the end of its tenure on 31 December it tried to reach agreement with the Russians on extending that mandate. The baton has been passed to Greece which we believe has come up with a workable proposal that would go some way to meet the interests of the various parties concerned but crucially will maintain a presence both in Georgia proper and the separatist territory and South Ossetia as well. Russia is holding out on agreement to that proposal and if it means what it says about working with the international community to resolve this crisis the onus is on them to come on board with that proposal. I make one clarification. Reference was made to operating on both sides of the administrative boundary line. There have been considerable problems in OSCE monitors accessing South Ossetia. I picked up a news report from colleagues earlier that two OSCE monitors have been detained over the past 24 hours.

Q276 Mr Jenkin: By the Russians?

Mr McKenzie Smith: By the South Ossetia militia. Russia has fundamental responsibility for security within the separatist territories and for access to those territories. We have been calling on the Russian authorities to allow safe access to those territories by the OSCE.

Q277 Mr Jenkin: Will the resolution to extend the mandate of OSCE specifically restate the territorial integrity of Georgia?

Mr McKenzie Smith: Yes. The proposal is for a single mission to Georgia with two offices, one operating in Georgia proper and one operating in Tskhinvali in South Ossetia, but under the umbrella of a single mission, ie a mission to Georgia.

Q278 Chairman: May I suggest that you delete from your vocabulary "Georgia proper" in that context?

Mr McKenzie Smith: Or "rest of Georgia", yes.

Q279 Mr Jenkin: Presumably, it would be better to force Russia to veto the renewal of the OSCE mandate than compromise on the territorial integrity of Georgia which includes South Ossetia

and Abkhazia. Can you confirm, Minister, that under no circumstances will the Government compromise on that question?

Caroline Flint: We are not compromising on that, but we are also in the business of trying to reduce potential conflict. Members of the Committee may be aware that in recent times we have been concerned by the increasing potential for more hostility including greater numbers of Russian troops in South Ossetia and Abkhazia. We recognise the integrity of Georgia, but we are also trying to manage the situation to prevent more people being killed or injured as result of the continuing conflict.

Q280 Mr Jenkin: I am grateful for the elimination of that answer, but I take it as an assurance that we will not compromise on the territorial integrity of Georgia in any resolution in order to try to get Russia's support for extension of the mandate.

Caroline Flint: Yes.

Q281 Mr Jenkin: Of course, the EU mission is a poor substitute for the OSCE because it operates only on one side of the border.

Caroline Flint: Yes.

Q282 Mr Jenkin: Will there be any change in that?

Caroline Flint: I think that also addresses the point about how the nature of different organisations and their memberships can add value in various ways.

Q283 Mr Jenkins: I want to take the Minister back to the action taken by Russia step by step. If you had a number of citizens across the border who were ethnically British and held British passports, and they suddenly came under attack or were shelled by a surrounding country and you had the troops on this side to stop it, would you press the button and send the troops across to do that?

Caroline Flint: I do not think it is a comparable situation. We live in a world where there are rules of engagement and binding agreements that should underpin our actions. In this regard we feel that Russia did not abide by that. That is not to undermine individuals' families and the threat to their lives, but I would hope that first and foremost we would be clear that where we took action it was in line with our international obligations. It is difficult to draw a comparison with British people living somewhere. Conflict resolution in this part of the world has been going on for many years to try to keep things at bay.

Q284 Mr Jenkins: So, you would let people die?

Caroline Flint: Russia itself has agreed that conflict should be resolved without the use of force and that has been part of many years of discussion in relation to Russia's relationship with Georgia. There must be a peaceful resolution to it, and Russia has said that. As to the circumstances in August last year there are also concerns about the action taken by Georgia. The Government has acknowledged that. It is easy to turn round and say that two wrongs make a right.

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Q285 Chairman: All of this must be put in the context that both sides accused each other of shelling their own nationals. It will be interesting to see the international report that comes out.

Caroline Flint: The Foreign Secretary has said that Georgia's actions were reckless but they did not justify the disproportionate response of Russia. The independent inquiry is looking into the actions taken by both sides, particularly the atrocities committed against civilians.

Q286 Chairman: I draw attention to the fact that it is 11 o'clock. Minister, I do not want you to go but we have asked a lot of questions about Georgia. Perhaps we should allow you to go. We know that Baroness Taylor will be able to answer all the questions.

Caroline Flint: Mr McKenzie Smith and Mr Pickard will ably support as well.

Q287 Mr Jenkins: Minister, before you go perhaps I may ask: if the amount of force used by Russia was disproportionate—I do not say it was or was not—in the opinion of the British Government what would have been a proportionate?

Caroline Flint: I think it would have been to go to the United Nations to try to stop the violence as soon as possible. That should have been the reaction.

Baroness Taylor of Bolton: I think a proportionate response is not to do things that escalate the situation.

Chairman: Minister, thank you for your help this morning.

Q288 Mr Havard: I want to be clear about the various monitoring missions and organisations. There are three on the ground in what was or is Georgia. As I understand it, UNOMIG operates in Abkhazia and two operate in South Ossetia. One crosses the border and one does not; the OSCE does and the EU one does not. I do not want to see it ossifying over the years into the situation we have seen in Cyprus. There is however confusion on the ground because they have three different mandates. As I understand it, the mandate of the UN mission ends on 15 June; the OSCE's mandate ends on 30 June and the EU mission is scheduled to end in September. Therefore, a revision of these must take place. As I understood from what was said earlier, as far as South Ossetia is concerned, the OSCE mission will continue and the hope is that it will be able to operate on both sides of the line of control and the EU mission will also continue in some fashion. Based on my conversation with the Georgian president, clearly the importance of Abkhazia to Georgia is different from South Ossetia. That would be true of the Russians to whom I have also spoken. What is the future for the Abkhazia mission? We have had some description of South Ossetia, but what will happen with the UNOMIG mission, or what will take its place?

Mr McKenzie Smith: Your description of the three different missions is absolutely accurate. We succeeded in extending the mandate of UNOMIG,

which is a long-standing UN mission, at the end of last year until June. That was a good outcome because up to the end of last year it looked as if we would not be able to agree on the extension of its mandate at all. If that mission had been wound up it would have been a difficult outcome for all concerned. Running up to 15 June we face negotiations principally with the Russians as a permanent member of the Security Council like ourselves on maintaining that mandate. We see a case not only for maintaining that mandate but building on it. The situation has changed fundamentally. There remains an important role for the UN to play in Abkhazia. As yet there is no perception that the Russians agree with that. You will have seen that yourselves in Moscow. Interestingly, that position is not exactly the same as the Abkhaz position. The Abkhaz are interested in maintaining that mission on a long-term basis. They believe that it provides them with stability and a much needed window on the outside world that they do not get from the bilateral relationship.

Q289 Mr Havard: Perhaps it protects them from Prime Minister Putin?

Mr McKenzie Smith: Conceivably. We shall be working hard over the next few weeks—the discussions have already started—to make sure that we secure agreement in the Security Council, if we can, to maintain the UNOMIG mandate and where possible build on the platform we have in Abkhazia. We would very much want that mission to be maintained. As I said in response to Mr Jenkin earlier, the onus here rests with the Russians. There is broad agreement in the Security Council, minus Russia, that that mission should continue, so we shall continue to press the Russians to come on board with the majority view of the international community that we need a continuing UN mission in Abkhazia.

Q290 Mr Havard: I ask the question because it seems to me that there is a significant difference between South Ossetia and Abkhazia in the sense that the former is rather like home rule for Powys; frankly, it is really not of great significance in terms of its strategic position or anything else, whereas Abkhazia is of a different order. If they are to run in parallel what complications does that create in terms of getting an agreement with what are now two independent states as far as Russia is concerned: Russia itself and Georgia? What is the maintenance of Georgia to be in future in terms of those two separate negotiations, or do they have to be done together at the same time? I am sure I am asking a question that is impossible to answer in the sense that it is subject to negotiation, but it is of significance in the sense that a lot of attention is on South Ossetia and less on Abkhazia and in terms of future conflict my suggestion is that that is where there is potential.

Baroness Taylor of Bolton: Abkhazia is very important for Georgia economically in terms of tourism.

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Q291 Chairman: and the Russians “naval-ly”!

Baroness Taylor of Bolton: Yes.

Chairman: Because of these unanswerable questions and the fact that this morning we have already discussed the idea of the European security architecture in the context of all this illegality and the difficulty of negotiations with Russia I move on to Linda Gilroy.

Q292 Linda Gilroy: We discussed earlier the security architecture. I heard it said that there were expectations we would hear more about the Russian proposals. Have they yet put anything into the public domain?

Baroness Taylor of Bolton: The things that have been put into the public domain are very vague. There is a suggestion that the principles which underpin some of the existing agreements should be there, but there is very little that is clear about what is being proposed. We are clear that anything that is put on the table we shall look at and will be willing to discuss, but not in the context of undermining the international institutions already there, that is, OSCE and NATO. That is one of the pointers that will lead to some significant discussions. So far we have heard a great deal about the fact there will be proposals but we do not have any real detail on what those will involve.

Q293 Linda Gilroy: As far as the international institutions, NATO and OSCE, are concerned the idea of European security architecture could be seen to undermine that. Some commentators have been saying that Russia’s approach is to try to weaken and gradually exclude the United States from European security.

Baroness Taylor of Bolton: We are very clear that the Transatlantic Dimension is extremely important for NATO and OSCE. It is not something on which we shall turn our backs and we do not expect other NATO allies to turn their backs on it. We are not looking to detach Atlantic allies from any future agreements we would want to enter into. We have one or two issues about this. In part it is about throwing out existing arrangements which we are not prepared to do. It is also about what Caroline Flint said earlier: we do not want to talk just about security but also human rights, economic development and issues of that kind. There is also a very significant point of principle. If we are to talk to the Russians about a new European security architecture based on certain principles we will have a difficulty whilst Russia is so clearly in breach of those principles on South Ossetia and Abkhazia. That is something that the Russians must realise when they want to enter into those discussions, but those issues of concern will still be on the table.

Q294 Linda Gilroy: Some of the people from whom we have taken evidence have suggested that Russia is very good at tossing ideas into the arena but not having any clear idea of how to back them up. Certainly, some of the people with whom we were able to speak when we were there said that this was

on the table and it was now for others to come up with ideas. Do you have the sense that we might reach a point where the discussions—the Parliamentary Assembly is due to meet in early July—do not progress at all and there might not be any proposals forthcoming from the Russians?

Baroness Taylor of Bolton: I think there will be proposals at some stage; how specific they are is another matter. Whether they will deliberately or otherwise contain certain elements that people cannot sign up will be up to the Russians. Basically, they know our approach and the importance we attach to the Alliances we have and the principles that underlie them. Therefore, we await the next stage because that is not for us but those who want to put forward new ideas.

Q295 Linda Gilroy: We also keep talking about Russia as if it is one entity. I was somewhat taken aback—I should not have been from what I knew—by the extent to which there is an oligarchy now ruling Russia. Do you have any sense that there will be any opportunity for civil society and other players in Russia to contribute towards the debate about security architecture, in the way that would be the case if this was being initiated from Western Europe, the United Kingdom or another state with long-standing roles in the security arena?

Baroness Taylor of Bolton: Clearly, there are individuals within Russia who are commentators and members of think tanks and have their own ideas. To what extent those ideas get much visibility among a wider group or population as a whole, or to what extent the population as a whole would be interested in those ideas, is difficult to assess. I do not believe there is the same openness or dialogue you would expect here on similar issues. I simply do not think that is the case. We must also remember that no country has complete control of everything. There are internal tensions that can build up in any country on any issues. Sometimes internal management issues can cut across how individual countries present certain aspects of their policy and that factor can apply in Russia as it does elsewhere on other occasions.

Q296 Linda Gilroy: Some commentators also say that that was a key factor in relation to Russia’s disproportionate reaction to the circumstances in Georgia, that they were playing to a home audience and perhaps did not think sufficiently far ahead as to what the repercussions could be. Do you see that as a possibility?

Baroness Taylor of Bolton: We can analyse, possibly over-analyse, and who knows what is exactly in the minds of those who have made those decisions, but if you are making decisions of that kind there can be unintended consequences internally and externally in the long term, so it is a judgment for others to make.

Q297 Chairman: Given how Russia behaved in Georgia and its recognition of Abkhazia and South Ossetia in breach of the United Nations resolution

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that it had itself signed in April of last year, would you describe their presentation of the European security architecture as ironic or cynical?

Baroness Taylor of Bolton: I do not know when they first started the plan of the European security architecture. I have not been a follower of Russia for the same number of years as my colleagues round this table. Until we see the detail we do not know how cynical it is.

Q298 Chairman: We know there is no detail.

Baroness Taylor of Bolton: Exactly, so until we see it we will not know how cynical it is. I think the Russians have a very basic problem in terms of how the rest of the world will press them and can take them seriously unless they take steps on South Ossetia and Abkhazia that create a more stable situation there and stand by the agreements. We can only operate successfully in an international field, if people take seriously the agreements into which they enter. The fact that 55 out of 56 of the countries of the OSCE condemned the action and that only Nicaragua has only acknowledged South Ossetia and Abkhazia shows the weight of international opinion against them. I think that is a very good sign and it should have some resonance on the Russian side; they should realise that, but whether it will alter their behaviour or make them more reasonable on this particular issue, or in terms of putting forward proposals, I do not think we can judge. I do not believe the signs are particularly hopeful but the fact there is a united international community is extremely important.

Q299 Mr Jenkin: Does Javier Solana articulate the same sentiments as you in terms of upholding NATO and refusing to allow for example, any partnership agreement with the EU to undermine NATO?

Baroness Taylor of Bolton: As far as I know, but I have not heard him comment on those issues. I think if you asked him whether I agreed with him he would probably be a bit puzzled as well. Maybe Foreign Office colleagues have monitored that.

Q300 Mr Jenkin: Is there not a danger that because there is dialogue on so many fronts we may be very solidly for maintaining NATO's integrity in the face of Russian subversion by a new European security architecture but there are other players who may not be quite as solid as us? How are we to guard against that?

Baroness Taylor of Bolton: I think that relationships between the EU and NATO on issues of this kind are extremely good. To go back to Robert Key's question about why it was the EU and not NATO brokered the ceasefire, informally individual countries made an assessment very rapidly. We have seen very good co-operation between the EU and NATO recently, for example on piracy. While the channels of communication may not have the structures that some would want they do exist and perhaps operate better. You are right that we must be aware of any attempt to say we will co-operate on the

EU on this because we do not like NATO or we will do something in this way to drive a wedge between them. Everybody must be aware of that.

Q301 Mr Holloway: Why do you think President Putin is interested in South Ossetia and Abkhazia? What do you think is his motivation?

Baroness Taylor of Bolton: I am not sure that that is not also a matter for the Foreign Office. You can talk about spheres of influence and making the point that it was a sphere of influence. You could talk about proving domestically that you are powerful. You can speculate on a whole range of issues. Our problem is how we deal with the consequences of it rather than how we speculate on his motives. Clearly, all of those things could enter into it.

Q302 Mr Crausby: I have gained the impression from earlier answers that whilst the issue of shared values may well have been re-categorised the question of engagement remains essential. But engagement is one thing and co-operation is another, is it not?

Baroness Taylor of Bolton: Yes.

Q303 Mr Crausby: It is true that prior to the Georgian conflict there was an important and developing level of co-operation between NATO and Russia. What are the UK Government's priorities for the development of areas of co-operation between NATO and Russia?

Baroness Taylor of Bolton: It is true that we were co-operating with the Russians on quite a range of issues and had been for some time. There had been significant naval co-operation and air co-operation was developing. We had been giving advice on a whole range of issues, some perhaps surprising, in terms of modernisation as Russia changed its way of dealing with its armed forces. Areas of co-operation were considered to be valuable on both sides. That stopped as a result of what happened. Some of this is not just about Georgia but about the Litvinenko case. It is difficult to separate the two because they both formed part of that backdrop. Co-operation is important. We have conferences to which people are invited and exercises to which people have been invited. We have partnership for peace work and things of that kind, but with this hanging over us, co-operation is not the same as it was.

Group Captain Crayford: That is from a UK bilateral defence perspective, but the NATO-Russia Council will be key to this as it resumes dialogue in the coming months, because there are important issues that we need to discuss with Russia: Afghanistan, counter-proliferation, counter-narcotics and counter-terrorism for example. I know certainly in Brussels there now looking at the levels of meetings planned for the NATO-Russia Council in the coming weeks and months.

Q304 Mr Crausby: What about joint peace-keeping operations? Is it possible in this environment to consider working side by side with the Russians until things reach a better level?

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Baroness Taylor of Bolton: The Russians have been involved. They are involved in Chad and they are quite keen to remind people of that. I mentioned piracy earlier. The Russians are keen to co-operate on piracy issues. Further, with President Obama we have a new level of discussion about disarmament issues and the whole relationship. That is why the situation is very difficult. For years we thought we were making real progress in that kind of partnership. It is the kind of relationship that we all want to develop. Terrorists and drugs know no boundary etc and proliferation affects anybody and everybody. There are real areas where co-operation would be in everybody's interests but also barriers to co-operation that make it more difficult. That is why we are trying to take a very hard-headed approach and look at issues on a one-by-one basis to see exactly what we need to do to manage that situation. But there is scope and where it is in everyone's interest to pursue that.

Ms Craig: I think the Russian appetite for engaging in peace-keeping in the way we understand it is fairly limited. As the Minister said, they have helped out with helicopters in Chad and they are participating in Atalanta.

Q305 Chairman: Atalanta being the anti-piracy operation?

Ms Craig: Yes. But on the whole, they do not go in for the international peace-keeping that the UN generally does; they think more in terms of peace-keeping in their own neighbourhood than joining in with the rest of the international community.

Q306 Chairman: What about Afghanistan? Is the British Government taking any action to ensure there is a new agreement with Russia on the transit of military as well as non-military goods through Russia to Afghanistan?

Baroness Taylor of Bolton: At present, there are agreements between France and Russia, Germany and Italy and Russia and the Spanish are just entering into an agreement. There is discussion about a NATO agreement for transit.

Q307 Chairman: Are those not for non-military equipment?

Baroness Taylor of Bolton: Yes, but I think there are discussions about wider possibilities. We do not use the northern route in the way some of our allies do; our route is a more southerly one and so it is not quite as relevant to us. I do not think we close our minds to it if we think it will be useful, but our main routes work quite well. We shall continue to use southern routes. If the Russians want to be helpful to NATO as a whole that is something that everyone is pursuing.

Q308 Chairman: In essence, you are leaving the running of the new agreement between NATO and Russia to countries that are more involved in using the northern route?

Baroness Taylor of Bolton: There is a NATO discussion and also bilateral ones and the latter have been mainly with those countries that use the northern route.

Q309 Mr Hamilton: Does that not prove the point I made earlier? Russia is dealing with individual countries in Europe rather than European organisations?

Baroness Taylor of Bolton: On occasions, yes, just as we deal with them on occasion on certain issues. As the largest foreign investors in Britain we deal with them a lot on a bilateral basis, but on this issue we use a southern route and therefore it is not as relevant to us. It would be relevant in the context of a new NATO agreement but it is not as relevant to us bilaterally.

Q310 Mr Holloway: Does the Minister think that perhaps the UK should think more seriously about using the northern route given that at the moment we are in a farcical situation where we pay local security companies along the southern route to ship our goods; in other words, effectively we are paying the Taliban millions of dollars per year?

Baroness Taylor of Bolton: We could talk about that for a long time and I am sure that we would not necessarily agree on the analysis of that.

Q311 Mr Holloway: It is the truth.

Baroness Taylor of Bolton: We as ministers, would not sit down with the map and decide which routes to adopt but would take advice from those who plan these operations, and so far they have been pretty successful in terms of the logistical planning into which they have entered. We have a high degree of confidence in the work they have done so far.

Q312 Mr Holloway: But is it not politically embarrassing to be paying the Taliban all this money? As Ministers should you not be improving your relations with Russia so we can ship stuff through the north and do not pay the same people who are killing our soldiers?

Baroness Taylor of Bolton: If that was the simplistic analysis we would be looking at options.

Q313 Mr Holloway: It is the truth.

Baroness Taylor of Bolton: I do not accept your simplistic analysis. We pay for transit as we would expect and we have arrangements which those who are responsible for the operations think work well. They think they are the best arrangements they can get at the moment in the circumstances and we accept that judgment.

Q314 Mr Jenkin: Perhaps I may put an alternative point of view. It has been put to us that Prime Minister Putin would love us to be dependent upon Russian good will for the support of our troops in the Afghan theatre, for what he could get out of the situation. Is it not rather ironic that they are putting

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pressure on Kyrgyzstan to close an American supply base in order to force NATO into the arms of the Russians themselves?

Baroness Taylor of Bolton: Yes. We do not use the Manas air base but the Americans use it very heavily. I think that it would be to everybody's advantage if that remained open. Your analysis shows the problems of being over-dependent in any way on any one analysis of the situation. I think we have to be cautious on these issues.

Q315 Linda Gilroy: Does the NATO-Russia Council provide any effective platform at a strategic level for strategic discussions? If it does not, how should it be reformed?

Baroness Taylor of Bolton: The NATO-Russia Council has been significant but perhaps not as it might have been.

Q316 Linda Gilroy: At a strategic level as well as a tactical level?

Baroness Taylor of Bolton: I think there are issues we can explore. We have mentioned Afghanistan, counter-proliferation and counter-terrorism. Although I have not discussed this with Foreign Office officials, in the past, the bigger issues have been out of bounds or too difficult or too big for the NATO-Russia Council. It never did discuss Georgia or the conflict areas of that kind. I do not think it has discussed NATO enlargement. Therefore, on some issues it could have been a forum for discussion but it has not been on the agenda or it has been considered too difficult. Therefore, it seems to have concentrated on other issues. We do want a constructive relationship there. Perhaps it should be a bit more robust than it has been in the past. There will be discussions about its future in the summer, but it seems strange to me that those issues were too big for it. Perhaps in retrospect it was ticking over and people believed they were in a partnership that proved not to be quite what they thought.

Q317 Linda Gilroy: In terms of the shared European space in OSCE terms running from Vancouver to Vladivostock, is there an arena in which Russia can have a strategic discussion about that shared space?

Baroness Taylor of Bolton: Yes.

Q318 Linda Gilroy: Has OSCE tended to be a fairly low profile organisation compared with the others where Russia understandably wants to be taken seriously as a country given its great history stretching back many centuries? Where is the arena in which it can do that at a strategic level?

Baroness Taylor of Bolton: There are several layers to this and they are all there.

Mr Pickard: Earlier both Ministers made the point that we believe the security discussions should have a wider definition of security that involves not just hard security on which Russia wants to focus but also human rights, rule of law and the economic dimension. The advantage of the OSCE is that it has these three baskets that allow it to have that wider discussion in a way that arguably the NATO-Russia

Council does not with its focus on harder security. Yes, we want the NATO-Russia Council to do that hard security and strategic dialogue and we can have a major transatlantic dialogue in that sense, but if we want to go broader than that and ensure Russia respects its Helsinki commitments to those other areas of security then we should be using the OSCE to do that.

Q319 Linda Gilroy: That is a sensible answer in terms of where discussions should take place, but in relation to Russian status I suspect that a very large proportion of even the informed world is not aware of the work of the OSCE in the same way that it is of NATO, the United Nations or European Union as a forum for discussion on security. Where does Russia engage in a way that gives it that kind of respect?

Baroness Taylor of Bolton: But Russia is a big player on the international stage and its status is very significant. It might not be the status that it once had and it might feel that very severely, but that is a fact of history. To go back to one of the earlier questions about the end of the Cold War and the disintegration of the Soviet Union, that was an internal disintegration, not something imposed on them; they had to readjust.

Q320 Linda Gilroy: In terms of the NATO-Russia Council and that kind of strategic discussion, your answer to my earlier questions suggests that it could do more and better in that respect?

Baroness Taylor of Bolton: It could do more in terms of scope, but they have to be discussions that acknowledge the basic principles that underpin the organisation.

Q321 Linda Gilroy: Which are as much in NATO as in OSCE to do with human rights, democracy and governance issues?

Baroness Taylor of Bolton: And acknowledgement of international law. Those are the barriers at the moment.

Q322 Robert Key: Minister, I want to turn to Article 5 issues, and the defence of NATO members. It is quite clear that what happened in August of last year in Georgia set alarm bells ringing right across NATO particularly in the Baltic states. It is something of an irony that one of the countries that feels most affected by this, Estonia, is one of our very best allies, is fighting alongside us in Afghanistan and pro rata is taking as many injuries and deaths as we are. That is a record of which they can be very proud. We wish many more NATO members would take their obligations as seriously because most of them do not. The Secretary of State for Defence said in a written ministerial statement on 30 March, that the proposal for a NATO Allied Solidarity Force would "be taken forward in the wider work of the NATO response force". We were told on the website AlertNet that there would be 3,000 troops involved. Can you confirm that that sort of number is what the Secretary of State has in mind?

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Baroness Taylor of Bolton: As the Allied Solidarity Force, the actual number being talked about is 1,500 in strength.

Q323 Robert Key: Is that 1,500 in a permanent state of readiness or 1,500 in training?

Baroness Taylor of Bolton: This is still an idea and it has not gone through all of its stages. You referred to the impact of Georgia on some of the other countries. Your analysis is right; it has concerned a great number of them quite significantly. You mentioned Estonia and you rightly said that it was one of our best allies. It is working very successfully with us in Afghanistan and we are very pleased to be working so closely with them. We wish that some of the other NATO countries would perform as well as Estonia, but the proposal on the Allied Solidarity Force is basically one of reassurance to those countries that are concerned about being on the borders and feel that Article 4 or 5 is important to them. It is important to remember that NATO has never been offensive and wants to reassure its members that it understands their concerns and has changed very significantly. Since 9/11, our main threats have been very external, asymmetric, terrorism and issues of that kind. Therefore, when we look at NATO and how it has to respond, we have to look at more expeditionary approaches to our own needs and protection. That in itself has caused some countries to be concerned about Article 5 protection. Therefore, I think it is right that we look to reassure them. The new approach in the form of the Allied Solidarity Force is not against any specific potential threat; it is there as an act of reassurance and solidarity. That is why it has been suggested. It has been discussed at some stage but not in fantastic detail as yet. It is a relatively recent proposal and one that so far has had a good reception but the detail must still be worked out.

Q324 Robert Key: Reuters has said that the NATO Secretary-General will put this to Ministers in June. Is that right?

Baroness Taylor of Bolton: The Supreme Allied Commander Europe will do that.

Q325 Robert Key: If it is approved by Ministers and we have this standing arrangement in future there would be explicit contingency plans to deploy that force if necessary in the case of any military action by Russia against NATO members. Is that a reasonable assumption?

Baroness Taylor of Bolton: You are saying “by Russia”.

Q326 Robert Key: Yes—or anybody else.

Baroness Taylor of Bolton: It is not aimed specifically at Russia; it is anybody.

Q327 Robert Key: Are there any NATO contingency plans for the defence of non-NATO members as well? What would happen if there was another Georgia?

Baroness Taylor of Bolton: That begs the question whether people would behave provocatively and disproportionately. In one sense another Georgia is not just an issue for NATO but for the United Nations and every international organisation. International organisations have responsibilities as well as limitations, but it would not be a matter simply for NATO.

Q328 Mr Havard: To be clear about the Allied Solidarity Force of 1,500 people—which will pack a huge punch against Russia—it seems to me that it is as much a political force as a military utility except in pretty small conflicts, frankly. It may be a political manoeuvre and maybe a successful one in terms of engaging Russia in taking a better attitude to a number of things; and it may reassure some of the other Eastern European states, but beyond that that is it.

Baroness Taylor of Bolton: There is a lot of truth in that.

Q329 Mr Havard: It need not frighten the Russian bear too much.

Baroness Taylor of Bolton: It is a sign of how you would make it clear at a very early stage in any potential confrontation that there was a wide range of international players willing to take on an issue and show their solidarity on any particular point.

Q330 Mr Havard: But it is as much a political commitment as a military one?

Group Captain Crayford: You are right. Our proposal is for a small, rapidly deployable task force of 1,500 personnel—within the wider NATO Response Force.

Baroness Taylor of Bolton: With flags from lots of different members.

Group Captain Crayford: They would be dedicated to Article 4 and 5, but with essentially a limited political task.

Q331 Chairman: What is the NATO Rapid Reaction Force for?

Ms Craig: This would be part of the NATO Response Force.

Q332 Chairman: Has the NATO Rapid Reaction Force ever been deployed?

Ms Craig: Not in anger; but it was deployed to Pakistan to help with earthquake relief in 2005.

Q333 Chairman: Have not the problems of the NATO Rapid Reaction Force been caused by things like the need to refer any deployment the Bundestag in Germany for example? Would this be any different? Why do we create a new organisation to do something that an existing organisation is already failing to do?

Baroness Taylor of Bolton: This is a sub-role of all of that and it is something that potentially would be more acceptable all round. Part of the problem of NATO and the EU is to try to get the structures that underpins all these things. You can spend a lot of

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time looking at what the structure should be but when you have a situation you have to respond. Many people are very surprised at the speed with which Operation Atalanta got under way because there were not the structures to create it. Yet where there was political will it was possible to get that operation moving quickly. I believe that that is typical of a lot of the institutional problems. Where there is the political will very often things can happen.

Q334 Chairman: Is it not a problem that every time something difficult like Georgia happens, we look at the idea of battle groups and realise that they do not really take off. We look at the idea of the NATO Rapid Reaction Force and realise that that does not take off, so we create a new structure that itself is unlikely to take off because it is easier and simpler to resort to the idea that something bad has happened and so we should create a new structure than take a political decision within a large number of countries and do something?

Baroness Taylor of Bolton: I think that what I have just said about piracy proves that if there is political will, you can take decisions very quickly.

Q335 Chairman: So, the creation of a structure was not particularly helpful?

Baroness Taylor of Bolton: Yes; we just responded quicker.

Q336 Mr Havard: To be clear, the Allied Solidarity Force is part of a sub-unit of the Rapid Reaction Force. How does that work in terms of the commitments that are made to put people into it?

Group Captain Crayford: The UK proposal at this stage, which has gone forward to SACEUR for consideration as part of his wider review of the NATO Response Force—his options will be delivered to the defence ministers in June. Our proposal would form part of the existing NATO Response Force ceilings but dedicated to an Article 4/5 role, to allow the remainder of the NATO Response Force to deal with non-Article 5 crises management-type operations.

Q337 Mr Havard: So, the UK's commitment of numbers of people to the Rapid Reaction Force will be no different because of this proposal from what it was before?

Group Captain Crayford: That is correct.

Mr Pickard: To answer both questions, part of the aim of this is to assist the deployability of the NATO response force because some of the political arguments used in the past have been that we cannot deploy the NRF because it is required at home. Making a small part of the NRF specifically relevant to the Article 5 argument allows us to deploy the rest of the NRF where necessary and counter some of those arguments other nations have made.

Q338 Chairman: So, the Deployable Response Force will now be down to 1,500 people?

Baroness Taylor of Bolton: No; the deployable people ring-fenced under Article 5 will be that number.

Q339 Mr Havard: Of the NATO Rapid Reaction Force?

Baroness Taylor of Bolton: The rest will be available.

Chairman: The Russians will really worry, will they not?

Q340 Mr Jenkins: I am even more confused than ever. At the start I trusted that this Rapid Reaction Force did not have national caveats attached to it and so they would all be able to go and fight after dark. I thought we were going back to an older model. I remember the forces of NATO being stationed across northern Germany with the British Army of the Rhine. That was the Rapid Reaction Force to deter the Soviets at that time. I understood this force to be a recreation of the Army of the Rhine but instead of it being in Germany it would now be at the new frontline as regards to NATO. So Russia would be more loth to kill NATO troops than Estonian, Latvian or Georgian troops because it would fear NATO's reaction itself. Surely, the reason this was generated was to reassure the States around Russia that we could deploy smaller detachments and garrison them in their countries.

Group Captain Crayford: The Allied Solidarity Force proposal is based on the old ACE Mobile Force (Land) construct that we had in the 1970s and 1980s.² That was a potential NATO deployment on the flanks of NATO to reassure NATO Allies. We are adopting an older model, a proposal for SACEUR to consider. All it is at this stage is a proposal to reassure Allies from an Article 4/5 perspective.

Q341 Mr Jenkins: I think that puts it into context much better.

Baroness Taylor of Bolton: There would not be people standing on the border.

Chairman: It would not be a kind of trip-wire.

Q342 Mr Crausby: There is a point of view that further enlargement simply dilutes our resolve particularly when it comes to Article 5. Does Georgia's territorial dispute preclude it from becoming a NATO member in the sense that in their case they would simply not be prepared to invoke Article 5?

Baroness Taylor of Bolton: Certainly, territorial issues would have to be settled before we could move forward. We should be clear on NATO enlargement. As I sought to explain earlier, NATO has not been going out trying countries to come into NATO. If any country wants to apply for NATO membership, there are a whole series of hurdles it must surmount

² Note by witness: That construct was intended to demonstrate NATO's political will during an Article 4/5 crisis. It was rapidly deployable to NATO's "flank countries", and had the aim of putting large numbers of NATO flags on the ground to show resolve and to underpin the Article 5 commitment. The decision to deploy was itself a demonstration of NATO unity.

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and factors with which it must comply with. These have applied to entrants over the past few years, and they would apply to any new entrant, be they Georgia or anyone else. I do not think that NATO is watered down by having more members. We have a greater level of stability, in areas which previously were not as stable, and that is in everyone's interest. Indeed, it is one of the things that perhaps the Russians have not necessarily considered in the same way as we would. We would think that having stable countries around us was a good thing. Some analysis would say that that is not how the Russians would see things.

Q343 Mr Crausby: But we changed our position, did we not, as far as Ukraine and Georgia were concerned in the sense we did not offer them a Membership Action Plan; we went for something a little more careful? Does that reflect our feelings?

Baroness Taylor of Bolton: We did not offer a Membership Action Plan because we were not ready for that. What we offered was an annual national programme which offered them advice and assistance in terms of some of the reforms and changes that they need to make if they were to pursue NATO membership. But they are in any event many of the changes that they want to make in order to modernise their countries and become more stable. They are issues about how they professionalise their armed forces or introduce proper measures of government accountability for the actions of their armed forces and things of that kind. Many of the changes and points in their plans represent the direction in which they would want to go anyway and in respect of which we would be happy to assist.

Q344 Chairman: Is the Membership Action Plan called something else?

Baroness Taylor of Bolton: There is a significant way to go in both countries. A Membership Action Plan might have flagged up a timescale or expectation that would have been difficult to achieve, so I think it was realistic to help explain some of the difficult transitions that they would have to undertake in a whole range of areas.

Mr Pickard: We needed to reach NATO unity on this position back in December. Our position is that Ukraine and Georgia is a new situation. Previous enlargements have used membership action plans but not all; the Czech Republic did not have it. If Sweden and Finland were to join NATO I do not think we would expect them to have Membership Action Plans. Ukraine and Georgia are also different: we have told them that they will become members of NATO. This is a programme that allows them to achieve that, but whether in future they have a Membership Action Plan or this is an entirely new route is still up for grabs.

Q345 Mr Havard: This idea that NATO does not have a formal policy of enlargement or expansion and has an open door and people can apply if they like, may well be true formally. However, *realpolitik*

is that the Russian President sees it in a different way, does he not? In a recent speech he said that one of the reasons for the modernisation of Russian forces was to respond to the threat of "attempts to expand [NATO] on the borders of our country." That is what he says domestically. The real position is that Russia is responding in terms of its armed forces to what it sees as the expansion, never mind enlargement—I suspect that that has some pejorative connotations—of NATO, is it not? What signals are we sending and how are we dealing with that?

Baroness Taylor of Bolton: You will have seen reports or heard commentators who say that the defence reforms Russia is now undertaking are ones that move them away from mass mobilisation and conscription to a more professional army. There is some suggestion that the concept of mass mobilisation was their response to NATO, so if they are moving away from it there is a theory that they believe there is a lesser threat. I do not answer for what the Russians see. Everybody will speculate in his own way, but I believe that the Russians would regard it as being in their interests to have a positive relationship with NATO of the kind that we were working towards for many years prior to the recent difficulties.

Mr Havard: Fortunately, like you I am not required to believe everything the Russian President says and I do not do so most of the time. But the point is real in the sense that, surely, they have learned from the situation in Georgia and the very heavily-caveated position on Article 5; it tells them something about NATO as an organisation, even if Georgia had been a member of NATO. You made the point earlier that NATO was not intended to be aggressive and it had reformed. In terms of the political discussion you are having with Russia what signals are being sent about whether or not other countries are being encouraged to come in, as opposed to being allowed to apply?

Q346 Chairman: This may be another unanswerable question.

Baroness Taylor of Bolton: Yes, because it may involve interpretation of what other people believe. There is one very basic point in terms of what you say: Georgia was not a member of NATO when this happened; it still is not. Had Georgia been a member of NATO would Russia have acted? Who knows? Everybody can speculate about that.

Q347 Mr Havard: Would Article 5 have been invoked?

Baroness Taylor of Bolton: Who knows?

Q348 Mrs Moon: The Bush Administration in 2002 decided to set up its ballistic missile defence scheme, and in 2008 it came to an agreement with Poland with the support of the Czech Republic to have 10 missile defence interceptors stationed in that country. We are now in a different place because with the new Obama Administration we appear to have almost three options facing us. Should we go ahead with the ballistic missile defence scheme, including the proposals in relation to Poland, against Russian

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opposition? Should we pursue the diplomatic route, such as the Obama letter suggesting that perhaps the missiles would not be needed if there was less of a nuclear threat from Iran? Should we take up the suggestion of the former Russian President Putin of a joint missile defence system based in Azerbaijan? What is your view of the options that face us and which would be the UK Government's preferred route?

Baroness Taylor of Bolton: We have said we will support the BMD system that will provide early warning from the radar installation at Fylingdales linked with Menwith Hill. What happens now is critically dependent on the discussions that President Obama is having. Having a reset button and opening up new areas of discussion could be very constructive, but there must also be an element of reality in that there must be some security to what might be on offer. If we do not have ballistic missile defence there is vulnerability. If you remove that vulnerability by removing the potential of others to threaten Europe and the United States that is very welcome, but the guarantees would need to be very significant. The Russians have a role to play in terms of their relationship with Iran and some of the reports and speculation about contracts they might be engaged in to sell missiles to Iran. There are many areas for discussion but also lots of elements that are not straightforward and will take some time to work through. Obviously, security is extremely important and threats can be very real.

Q349 Mr Jenkin: Have we succeeded in persuading Russia that Iran might be about to acquire a nuclear weapon? Is this not one of the obstacles to understanding the importance of missile defence?

Baroness Taylor of Bolton: Different countries make their own analysis of exactly where Iran is in terms of developing nuclear weapons. We in Britain believe we must be very cautious because we have seen so many indications of what their capabilities might be. This is an area where discussions with the Russians could be useful but we will have to see what comes of them.

Chairman: The final set of questions relates to cyber-security. We do not want to go into any classified area; you would not allow us to do so in any event. We do not want to put anything at risk in terms of national security, but with those caveats, it ought to be possible for us to ask at least a few questions about issues to do with cyber-security which affect our country and we need to scrutinise them as part of our work. I know that in that context you will feel free to refuse to answer particular questions on the grounds of national security, but I hope you do not need to say that too often.

Q350 Robert Key: We know that the Government is concerned about this because you told us in an earlier submission to the Committee: "We judge the likelihood of a Russian attack on NATO territory to

be low but there is more possibility that Russian interference could involve other destabilising activity (cutting energy supplies, encouraging civil unrest, cyber-attack)." When some Members visited the NATO Cyber-Defence Centre of Excellence in Estonia recently I was surprised that Britain was not involved in that very important enterprise. Can you explain why Britain is not involved, does not have any personnel there and is not providing any money?

Baroness Taylor of Bolton: It is difficult to get all of your approaches right. There is a limit to what you can do collectively in terms of cyber-security. We have a lot of work and we believe through the Cabinet Office, which obviously takes the lead on national security, that we are doing all we can to support our national infrastructure to make it as resilient as possible. Resilience is one of the key roles of the Cabinet Office in terms of working in that way. NATO itself is working to maintain the security of its own systems. That is important and is something in which we are obviously all involved. We were asked if we wanted to contribute to the Cyber-Defence Centre but we felt that other things we were doing were more important and we should concentrate on those.

Q351 Robert Key: On the other hand, on the other side of the Atlantic, President Obama commissioned his 60-day review, which should have been published around 17 April, and a bill is currently going through the US Senate on cyber-security. Does the Government have any plans to legislate on cyber-security in this country?

Baroness Taylor of Bolton: Not that I am aware of. I am not sure whether new legislation would be required. If there was a need for new legislation I am sure that the Government would not only put that forward but provide briefings on an appropriate basis, but I have not heard of any problems on that. It is more a question of technical matters and issues of that kind.

Q352 Robert Key: Can you reassure us that the Government is giving sufficient priority and resources to the issue of cyber-defence?

Baroness Taylor of Bolton: On behalf of the Cabinet Office I can. It is not our primary responsibility, but I can say that throughout Government it is an issue that is taken extremely seriously. A great deal of attention is paid to it and a considerable amount of work is going on. We acknowledge the importance of that issue.

Chairman: Minister, I said that if we asked for classified material you would not give it to us. On reflection, I meant that if we asked for classified information in this public session you would not provide it. We have decided that we do not want to go into private session to discuss this further, but we are grateful for the answers you have felt able to give on that and on everything else. We thank you and all of the witnesses for helping us so fully with our inquiry.

Written evidence

Memorandum from Martin McCauley

INTRODUCTION

Before examining Russia's relations with NATO and the implications for Great Britain it would be useful to look at the distribution of power in Russia today.

1. The Putin regime exhibits some similarities with the former Soviet and Tsarist regimes. What is striking is the super-centralised state. Decision making is conducted by Prime Minister Vladimir Putin, President Dmitry Medvedev and a small group of officials. The way they reach decisions is opaque and difficult to decipher. The rationale is the self-preservation of this elite in power.

2. There is an ongoing struggle for influence among these officials over Putin. As the economy fails, some will argue that there is a western conspiracy to weaken Russia. Putin, who has a limited understanding of economics, will find it more and more difficult to decide on appropriate policies in the present crisis.

3. The present distribution of power has been called "semi-presidentialism". This refers to the fact that while Dmitry Medvedev is President he does not have the power of Vladimir Putin when he was President between 2000 and 2008. Medvedev appears to concentrate mainly on legal affairs and the fight against corruption. The real power rests with Vladimir Putin who is responsible for foreign, security and economic affairs. However some Russian observers would argue that Putin is the front man for the Yeltsin "family"—a group consisting of Yeltsin family members, officials and oligarchs—which handpicked Putin as President in 2000. In this analysis, Putin is not a free agent but is there to defend the interests of the "family". The Medvedev-Putin tandem is not an example of dual power or a diarchy: Medvedev is the junior in the relationship. Despite what some observers originally feared (particularly in the UK), this relationship has not weakened the Russian state. In fact, it can be argued, it has strengthened existing power relations.

4. Medvedev is the softer face of Kremlin power. He appears more conciliatory and open to dialogue.

How is it that a small coterie in the Kremlin has acquired the right to take all key decisions?

5. When Vladimir Putin became President of Russia in 2000, he had several goals to pursue. He was fearful that Russia could fragment as the Soviet Union had done in 1991. As an outsider in Moscow—he was from St Petersburg—he brought with him a team which was dominated by members from that city. As he had never been elected to a major public office, he had no political support base on which he could rely. His background was in the security services, the KGB and the FSB. It was almost inevitable that former security officials would play a major role in his administration.

6. His first task was to gain control of the media. Two media magnates, Vladimir Gusinsky and Boris Berezovsky, were quickly sent into exile and their empires acquired by the state.

7. The FSB, other security agencies and military personnel now play a major role in the upper echelons of the state administration (they are collectively known as the *siloviki* or strong ones). Putin trusts uniformed personnel. Something like 6,000 FSB officers occupy state positions and military generals are often found as governors, presidential envoys and so on. The military has prevented the development of civilian military experts by simply denying them access to information. This is a "need to know" system, bearing comparison with the Soviet model.

8. Whereas the Duma under Yeltsin attempted to rein in the military and security services, the present parliament, in the words of a Russian critic, is a "puppet show".

9. Another favoured group under Putin is the bureaucracy. The astonishing fact is that there are now more bureaucrats in Russia than under the communists. Putin has secured their loyalty by generous payments and perks. Officials can use their positions to extract bribes from the population and in this way greatly augment their disposable income.

10. Putin has been a lucky politician. The explosion of oil and commodity prices during this decade has made possible the development of a "Putin model" of governance.

11. One estimate is that the oil bonanza has brought in an extra \$1.3 trillion (Russian GDP last year was about \$1.8 trillion). About \$700 billion of this was held in the Central Bank of Russia, stabilisation and wealth funds. The rest could be spent on priming the "Putin model".

12. Since oil was the main source of the new wealth, the state had to gain control over it. The confiscation of Mikhail Khodorkovsky's Yukos—the most efficient oil company in Russia at the time—was part of this campaign.

13. The Kremlin exerts political influence over key sectors of the economy, such as the oil sector, by keeping everything centralised. It does this by appointing senior officials, many of them members of the presidential administration, to chair the boards of directors of key companies. The Kremlin tentacles reach everywhere. A recent example of this was the appointment, in December 2008, of Alexander Voloshin, head

of the presidential administration from 1999 to 2003, as chair of Norilsk Nickel. These company directors report on a regular basis to Putin and the presidential administration. It goes without saying that these high officials are chosen not for their managerial expertise but for their loyalty to the Putin Team.

14. The presidential administration is roughly equivalent to the Party Central Committee Secretariat during the communist regime. Its departments parallel all government ministries and agencies. Hence it can be regarded as a parallel government.

15. Another reason for the state control of the oil industry was that much of it was in Siberia. If Moscow owned the wells Siberia could not think of becoming semi-independent of Moscow.

16. Petrodollars have promoted the emergence of a new, well to do business middle class. It has integrated into the world economy and now has business interests worldwide. It is a major source of legitimacy for the "Putin model". Most of these businessmen are involved in state-owned or state-influenced enterprises. In other words, they are tied to the Kremlin.

17. Some of the new business middle class refer to the present system as "authoritarian liberalism" or "managed democracy". The aim is to restore order to the chaotic market of the 1990s. Hence one can say it is a semi-market economy. The present economic downturn has revealed that the government lacks the skills to manage successfully this new semi-market economy.

What are the components of the "Putin model"?

- A super-centralised state softened now by semi-presidentialism
- A constrained, semi-market economy
- A very limited role for the population, the intelligentsia and the business community in political decision making; their role is mainly to legitimise the existing system
- The emasculation of civil society
- The neutering of the Duma, Council of the Federation and other representative bodies
- The elimination of real politics and its replacement by virtual politics
- The abandonment of the election of governors and their nomination by Moscow
- An expanding bureaucracy and security apparatus
- The toleration of corruption as officials use their office for private gain

Social protests could always be resolved by throwing money at the problem.

18. The population and the intelligentsia were bought off with rising living standards. This is a major reason why there is no meaningful political and intellectual opposition to the "Putin model".

The above is the domestic face of the "Putin model". What is its foreign aspect?

19. Putin's foreign policy was based on two premises:

- The flow of petrodollars would last forever
- America was in decline and, by extension, NATO was in decline

20. The "Putin model" is authoritarian. Its core is anti-Americanism. This is because it detests the US concept of liberal democracy, which Russia views as suffused with "imperial" ambitions and exported to the rest of the world; civil society and a liberal market economy. Anti-Americanism stems from Moscow's perception that Washington engages in double standards. It preaches the rule of law and democracy while sowing chaos throughout the world. The fear is that American values could lead to the breakup of the Russian state. This, in Putin's perception, almost happened in the 1990s. Russia has developed a semi-market economy which acts as a barrier to the penetration of American capital and, indirectly, influence.

When once pressed about how long the "Putin model" would last, Putin replied: "15-20 years".

21. The "Putin model" has developed "managed democracy" or "liberal authoritarianism" which means that the Putin Team tries to take all key decisions. It manages a semi-market economy dominated by state companies. Businessmen operate under the watchful eye of the presidential administration and the FSB. If a company is viewed as operating against the interests of the Kremlin, the tax inspectorate is loosed upon it and it is soon brought into line.

22. As previously mentioned, political-economic power is heavily centralised. The trend of appointing top officials to be chairs of strategically important companies began under Putin. Initially the key factor was to ensure the growth of these key industrial sectors but it is now to prevent the collapse of the economy. This trend is set to continue in the present economic downturn.

23. Abroad it talks of "sovereign democracy". This is an attempt to protect Russia against foreign influence. The new business class is used to spread Russian influence abroad and to legitimise the regime. The myth has to be maintained abroad that Russia is a great power. This leads to self-censorship and is one

of the reasons why Russia has been so slow to react to the world economic downturn. The argument, articulated by Putin, was, until recently, that Russia was so strong that it would not be affected, like America and others, by the credit crunch.

24. The argument is that Russia has special security needs. President Dmitry Medvedev has spoken of a “zone of privileged influence”. He has declined to specify what he means by this. Presumably it means the former republics of the Soviet Union. No foreign power is to encroach on it. Hence Ukraine and Georgia are of special significance for Moscow. Under no circumstances is NATO to be permitted to draw these two states into its alliance.

25. Medvedev has also claimed the right for Moscow to intervene in neighbouring states to protect the rights of ethnic Russian and Russian speakers belonging to other ethnic groups. He has even talked about using force to change borders in certain circumstances. Here he is reiterating arguments first advanced by Putin.

26. Putin was Prime Minister when Russia launched its second war in Chechnya in 1999. That bloody conflict lasted several years and sowed the seeds of the present security problems in the North Caucasus. The ruthlessness displayed during the Chechen campaign is one of the marks of the “Putin model”.

THE CURRENT AND FUTURE RELATIONSHIP BETWEEN RUSSIA AND NATO, AND BETWEEN NATO MEMBERS, INCLUDING EXAMINING AREAS OF TENSION AND COOPERATION

27. As pointed out above, Russia regards NATO as an enemy. It is a cloak for the spreading of American influence and power.

28. The “Putin model” has shallow roots in the Russian population, no loyal institutions to defend it and the United Russia party—the ruling party—may prove of little use in a crisis. The new business middle class is a source of support but economic collapse, as in 1998, would wipe out many members of this group.

29. The liberal democratic model is an alternative for a small part of Russia’s intelligentsia. The Putin Team has to ensure that its appeal is restricted to a small part of the intelligentsia.

30. Given the above, it is not surprising that Putin (the real master in Russia) is relentlessly negative about the United States and all it stands for. A recent example was Davos where he blamed the financial crisis on America. As one Russian commentator put it sarcastically, Putin’s speech would have been fine had it been delivered by any other statesman! Russia’s economic performance since August 2008 has been poor and the rouble has been one of the three worst performing currencies in the world. It is falling almost daily at present.

31. Putin is aware that political and military power is based on economic power. The flood of petrodollars after 2002 made it possible to design a new strategic architecture. The core of this was to exclude the American military and NATO from the republics of the former Soviet Union. Moscow would like to have included the former Warsaw Pact countries of Eastern Europe. However most of them were already in NATO.

32. Moscow’s strategy is to weaken and gradually exclude the United States from European security. It argues that Europe does not need NATO any more. Its security can be looked after by a pan-European security organisation. Naturally, Russia would be a leading member of this club. It follows that it could not take any decision which Russia regarded as inimical to its interests.

THE IMPLICATIONS OF THE WAR IN GEORGIA IN AUGUST 2008

33. Russia won the war but its equipment was often inferior to that of the Georgian army. This led to a radical rethink about the Russian military. Putin, during his period as President between 2000 and 2008, often talked about military reform. However he achieved very little due to the opposition of the top military brass. Georgia revealed that Russia had to modernise its armed forces.

34. In October 2008, Defence Minister Anatoly Serdyukov—his detractors delight in pointing out that he is a former furniture salesman and tax inspector without any military expertise—announced a fundamental shakeup of the military. About 300,000 officers and warrant officers are to go in the next three years. About 150,000 will stay but will have to adjust to a quite different military service.

35. Promises have been made to provide housing for retired officers but Putin has conceded that this cannot be done in Moscow and St Petersburg because of the high cost of property there. Retired officers will have to accept housing in cheaper regions. However the opportunity of employment there will be limited, given the present recession.

36. Retired officers took to the streets of Moscow in December 2008 to protest against the reform. Generals and admirals with full chests of medals were arrested.

The Ministry of Defence has now backtracked and said the reform will be delayed by up to six months.

37. One of the reasons for the rethink was the refusal of police units in the Russian Far East to use force against demonstrators in Khabarovsk and other Siberian cities. It is worth noting that no police units anywhere in Siberia were willing to use force against protestors. Units had to be brought in from Moscow to manhandle the crowds.

38. The Moscow demonstrators were dealt with by drafting in provincial units. Moscow units were deemed too unreliable.

39. The Kremlin might have to call on the military if police units were not willing to use force against protestors. Given that many officers will be forced to retire because of the military reforms, they may be reluctant to use force against the population. One can envisage a rerun of the situation in August 1991 when military units declined to fire on Russian demonstrators.

40. The recent report by the IISS on Russia's military capabilities reveals Russia has lost much of its military might over the last 20 years.

FUTURE OF RUSSIA AND NATO RELATIONS

41. It all depends on the Obama administration. The main priority for Washington is the domestic American economy. Defence spending will be closely examined to see where savings can be made.

42. Russia's economic situation is worsening by the day. Even the Russian Minister of Finance is talking about Russia becoming a borrower next year. Some Russian economists expect Russia to be bankrupt before the end of 2009. Hence the grandiose defence plans to modernise Russian weapons have had to be scaled back.

43. Russia will attempt to make a virtue out of necessity. It is offering cooperation if NATO treats it as an equal, apologises for past mistakes, drops the anti-missile scheme in Poland and the Czech Republic, abandons plans to make Ukraine and Georgia members and stays away from it "zone of privileged interests". Quite a shopping list!

44. Russia's bargaining hand is becoming weaker by the day. NATO does not need to make any concessions to Russia at present.

DIFFERENCES WITHIN NATO

45. There is a tension between "Old" Europe and "New" Europe in NATO. The east Europeans see Russia as a threat. "Old" Europe, in the main, does not share this perception.

46. A major player in the "Old" Europe team is Germany. It does not see Russia as a threat but as an opportunity.

47. Frank-Walter Steinmeier, the present German Minister of Foreign Affairs, is the SPD's candidate for Chancellor in this year's general elections. He has already begun his electoral campaign by addressing an open letter to President Obama about NATO-Russia relations. He sees President Medvedev as a man untouched by the "Cold War" mentality. He omits all mention in his letter to Vladimir Putin.

48. He proposes a new security architecture for Europe which will supersede NATO. However "NATO will be needed in the future too", he remarks, but on a new basis of "common security of East and West, from Vancouver to Vladivostok". This appears to go beyond the idea of a pan-European security organisation.

49. Steinmeier, in contrast to his Chancellor, Angela Merkel, is keen to start negotiations on this new strategic partnership with Russia.

50. As Steinmeier presented the SPD take on security, Joschka Fischer, did the same for the Greens. Fischer was German Foreign Minister from 1998 to 2005. His article is entitled: "Russia in NATO: Finding Russia's Place in Europe". He argues that the West needs Russia's cooperation to address conflicts in the Middle East, Afghanistan, Pakistan and North Korea and global challenges such as energy security and climate change. The price to pay would be an enhanced role for Russia within NATO, "including the prospect of full membership".

51. An SPD-Green coalition government is a real prospect in Germany after the upcoming elections. This would exacerbate divisions within NATO and weaken the alliance.

THE EFFECTIVENESS OF THE NATO-RUSSIA COUNCIL

52. It has been in abeyance since the conflict in Georgia in August 2008. Unofficial contact has been re-established but it is expected that full relations will be resumed after the Munich conference this month.

53. Dmitry Rogozin, who was a leading nationalist politician before becoming Russia's permanent representative to NATO, never misses an opportunity to attack NATO and the West.

54. It was noticeable that Moscow was very subdued in its criticism of Israel's actions in Gaza. This was presumably because it wanted to protect its burgeoning military cooperation with Tel Aviv. The only discordant voice was Rogozin who lambasted NATO for double standards. He compared NATO's sharp condemnation of excessive force in Georgia with NATO's silence on Gaza.

55. The Council could become an important forum for debating cooperation. Russia will set preconditions. These will include the abandonment of the anti-missile shield in Poland and the Czech Republic. Russia is declining economically and this will make it more amenable to compromise.

THE IMPLICATIONS OF RECENT TENSIONS WITH RUSSIA FOR UK SECURITY

56. The Alexander Litvinenko-Andrei Lugavoi affair has soured Russian-British relations. Lugavoi is now a member of the Duma and cannot be extradited. A compromise needs to be reached. One suggestion would be to allow the affair to be quietly forgotten.

- (i) South Ossetia and Abkhazia. Georgia has now lost these territories. The only way they could come back under the control of Tbilisi would be the total collapse of Russia and its fragmentation into many small states. This is unlikely to happen.

Russia would like to bring Georgia back into the "Russian fold". This means it could consider attempting to occupy the whole of Georgia.

The Armenian minority in Georgia is very poor and feel disadvantaged. A pretext could be manufactured whereby they call on Russia to protect them.

The main risk is to Ukraine. Ethnic Russians make up a majority of the population of Crimea. Sevastopol, the main Russian naval base on the Black Sea, is in Crimea. Occupying Crimea would, therefore, have naval advantages as well.

Eastern Ukraine, bordering on Russia, also has a majority of ethnic Russians.

Moldova is a divided state and Russia's influence there is already substantial.

The risks of Russia intervening militarily will be discussed below.

- (ii) Ballistic Missile Defence

NATO regards the anti-missile defence system in Poland and the Czech Republic as a "substantial contribution" to protecting its allies against long range ballistic missiles. Moscow regards the system as having an "anti-Russian potential". If missiles were fired they would reach Moscow "in four minutes after take-off and are so precise that they can hit the window of our President's office in the Kremlin". Such is the graphic opinion of Dmitry Rogozin. For this reason, a strong Russia would never agree to the deployment.

In order to counter the missile defence, Russia announced it would deploy Iskander SS26 missiles in Kaliningrad oblast (the former German East Prussia) which borders Poland and Lithuania which are NATO countries.

The Russian military claim that the SS26 has a range of 500 km and is very accurate and cannot be shot down by any missile defence. They are at present deployed in the North Caucasus and were used in the war against Georgia. However some of them proved inaccurate and hit residential areas. Hence the missile is still being tested. This means there are, in reality, no Iskanders to deploy in Kaliningrad oblast.

President Medvedev and President Obama are expected to have their first meeting at the G20 group of countries in London in April. The Russian President would like to abandon the deployment of SS26s in return for the Americans not installing a ballistic missile defence in Poland and the Czech Republic. This would be a very good deal for Moscow since it has no Iskanders to deploy.

- (iii) NATO Enlargement

As mentioned above Russia will fight tooth and nail to prevent Ukraine and Georgia becoming NATO members. The same applied to other states such as Armenia, Azerbaijan and the Central Asian states.

These states may become members of the European Union but when it comes to a military alliance, Russia perceives the spread of NATO as a cancer which could be terminal for it.

- (iv) Russia's Suspension of Participation in the CFE Treaty

The CFE Treaty was judged as restricting the deployment of Russian armour in the south and in the North Caucasus. This condition had to be removed to permit Russia to fight successfully in Georgia.

Russia always threatens to retarget its missiles on Europe if it finds that its interests are being ignored. Moscow was annoyed that the United States and NATO were not willing to give sufficient weight to Russian objections to the expansion of NATO in eastern Europe. It feels that the West does not treat Russia as an equal or great power.

THE CURRENT AND FUTURE RELATIONSHIP BETWEEN RUSSIA, THE UK AND EU

57. Current political relations between Russia and the UK are frosty but economic relations are thriving. There are many small and medium sized companies (SMEs) involved in trade and consultancy. Many young Russians work for a time in London to gain experience and then return to Russia. They are members of the new Russian business middle class.

58. The economic downturn threatens this relationship. If the Russian state faces bankruptcy—a rerun of 1998—these promising developments may be nipped in the bud.

59. Vladimir Putin was a little more conciliatory at Davos but this was based on his perception that Russia is becoming economically weaker. Russia may use up its currency reserves by the summer. It might then approach the IMF for some emergency loans.

Hence the weaker Russia becomes the more amenable it will become to compromises on defence.

60. Social unrest is likely in Russia if large scale unemployment becomes a reality. The Russian budget is already in deficit and an oil price of \$70 a barrel is needed to balance it. The Central Bank of Russia cannot continue bailing out companies and defending the rouble forever. Food is becoming much more expensive—Russia imports about half of its food—and a major factor in the demise of the Gorbachev regime was its inability to provision the country.

61. The 2009 Russian budget is based on oil at \$41 a barrel and a 5% deficit is expected. If the oil price drops to \$30 or lower some Russian commentators think that mass social unrest will become inevitable. A price of \$10 might presage doom for the regime.

In other words, the Putin Team will not be able to spend its way out of trouble this time.

There is a possibility that the Putin Team will be swept away in the wave of protests.

62. In order to stay in office a government needs the support of its security services. It is debatable if the military would now fully support the Putin Team given the disquiet over military reform. It might not be willing to shoot at Russian demonstrators. There are hints that middle level FSB officers are unhappy with the present state of affairs. In other words the Putin Team cannot rely on the security services carrying out orders to use force against demonstrators.

63. There is another scenario. The Putin Team may become so desperate that it might provoke a conflict in Georgia and Crimea in order to unify the nation behind them.

64. As mentioned above there is a doubt that the military would obey orders to launch offensives in Georgia and Crimea.

65. The US-Georgia Charter on Strategic Partnership, signed in Washington on 9 January 2009, will give the Russian military pause for thought. The US and Georgia have “shared values and common interests” and these are of a “vital” character.

66. This presumably implies that the US would come to Georgia’s aid if attacked by Russia. At present the Russian military are no match for the US military.

CONCLUSION

67. The present situation in Russia is reminiscent, in some ways, of the late Gorbachev years. If the economy collapses it will have a ripple effect throughout the world. British banks are exposed to Russian debt. London will need skilful diplomacy to recover some of this debt.

68. There is however a weakness at the heart of the Putin regime. In the long term, Moscow’s perception is that Obama’s emphasis on an ethical foreign policy is not good for Russia. Britain here can play an important role behind the scenes. Skilful diplomacy is needed to help Russia emerge from the mess the Putin Team is in. Britain can act as a bridge between Russia and the West. This could result in great advantages for Britain.

69. Diplomacy is aided by the business intelligence consultancies and the SMEs which are playing a vital role in meshing the two countries together. Their numbers have expanded greatly since the economic meltdown in Russia in 1998. They are in regular contact with Russia and are poised to play an even greater role in the future.

70. Foreign policy in Russia is elaborated by the Kremlin’s foreign policy team and Putin’s people. The Ministry of Foreign Affairs plays a secondary role. It is worth stressing that foreign policy is made by the Putin Team and not by Sergei Lavrov, the Foreign Minister. Some Russian commentators see him merely as an errand boy for the Putin Team.

71. In this regard it would be useful to establish links to members of the presidential administration (which includes the Kremlin’s foreign policy team) and regard the Ministry of Foreign Affairs and the ambassador in London as secondary figures.

72. It is important to stress that the presidential administration views Britain as the United States' aircraft carrier in Europe. In order to overcome this perception, London could stress that Britain is becoming much more independent in its thinking. Hillary Clinton may speak of "the special relationship" but it is Obama who will decide foreign policy. The experiences of his relatives in Kenya during the Mau-Mau era may be reflected in his attitude to Britain. He may prefer a closer relationship with Germany and France.

73. The point can be made that Russia and Britain are natural allies. London can point to the mutually beneficial economic ties which already exist and argue that mutual political ties would be a natural development.

74. The presidential administration contains a strongly anti-western element. It perceives the British media to be anti-Russian. The *bête noir* is Boris Berezovsky. Putin regards him as a personal enemy. Berezovsky has made some inflammatory statements about regime change in Russia.

75. The Berezovsky problem has to be addressed. Perhaps he could be encouraged to desist from making provocative statements which can only harm British-Russian relations.

76. It will be interesting to read the *Evening Standard's* coverage of Russian affairs now that Alexander Lebedev is the owner. He already owns part of *Novaya Gazeta*, the only independent newspaper left in Moscow. It is critical of the Putin regime.

77. The point can be made to the presidential administration that Russia's PR image in Britain and the West needs to be improved – to put it mildly. London can advise and help here.

78. The security situation in Ingushetia is causing grave concern. Some commentators even envisage it developing into a civil war. Britain could offer to share intelligence about Muslim extremists operating throughout the whole of the North Caucasus. Moscow would appreciate that.

79. During this time of weakness, there are those around Putin who are trying to gain advantage for themselves. One tactic would be to tell him that there are enemies everywhere whose aim is to overthrow him. London can point out to Putin that it will not permit its territory to be used by dissident groups to engage in subversive acts against him. This is a very important point and would send the right signal to Moscow.

80. At this time of tension no move should be undertaken which could be perceived as provocative by Moscow.

81. Relations between Russia and the EU will improve rapidly if the Obama administration can agree a deal on the anti-missile defence shield in Poland and the Czech Republic. This will defuse tensions in the short term, at least.

82. The present Czech government is likely to remain Euro-Atlanticist as is the President who is a Eurosceptic. He favours an Anglo-American version of political and economic conservatism.

83. Energy security will remain a problem as long as the Putin Team remain in office. They have made quite clear by their actions that energy will be used as a political weapon.

84. It is worth mentioning the main pipelines here and Russia's pipeline politics.

85. Gazprom, the Russian gas monopoly, wishes to reduce the flow of gas through Ukraine and Poland to eastern and western Europe. It proposes building two new pipelines to ensure this:

86. Nord Stream: a joint venture with German and Dutch companies will carry gas from northern Russia under the Baltic Sea to Germany and beyond.

87. South Stream: to bring Central Asian gas (most gas that flows through Ukraine to the rest of Europe is now Central Asian gas) under the Black Sea to the Balkans and beyond.

88. The EU would like to weaken dependency on Russian gas and has proposed a pipeline, called Nabucco, to bring Central Asian, Middle East and Azeri gas to Europe via Turkey. The problem is that at present there is not enough gas to fill the pipeline. Gazprom signed a contract with Uzbekistan last month which gives it almost total control over Uzbek gas exports.

89. Germany favours Nord Stream and is cool about Nabucco. Berlin wishes to increase its dependency on Russian gas while EU policy is to decrease dependency.

90. If Radek Sikorski, the present Polish Minister of Defence becomes the next NATO secretary general, the alliance will be in the hands of an experienced official who knows and understands the Russians. NATO, in order to remain relevant, needs to resist German calls for a new security architecture in Europe which would sideline it.

91. Berlin places its own special relationship with Moscow ahead of the interests of the NATO alliance.

92. This said, it was good to hear that Germany turned down a closer partnership with Russia. Apparently Gazprom offered Germany the right to distribute all its gas in Europe. Berlin would then have dominated the European gas industry. In return, Germany had to downgrade its relations with the United States. Angela Merkel, the German chancellor, turned the lucrative offer down. She preferred the Atlantic alliance to a new Eastern alliance.

93. If the next German government is formed by the SPD and Greens, a renewed offer by Gazprom might prove irresistible.

94. The conclusion is that the weaker the Putin Team becomes, the better the outlook for improved British political relations with Moscow. Putin could become more dictatorial as the economy weakens. Internal political conflicts would, however, weaken him. He could end up like Gorbachev in 1991. His writ, he complained, only extended to the door of his office.

95. A more diplomatic and malleable Russian leader than Putin would be a step forward.

9 February 2009

Memorandum from the Embassy of Latvia in London

The current and future relationship between Russia and NATO, and between NATO members, including examining areas of tension and cooperation

1. Latvia supports pragmatic rules based relations with Russia and calls upon its engagement in the existing international security framework. Currently, relations between Russia and NATO are uneasy. On the one hand NATO is perceived as a threat in Russia, on the other hand there are set of issues where both sides are interested to cooperate. As a result we see an anti-Western rhetoric and condemnation of NATO in Russia and at the same time NATO-Russia projects are ongoing, which are mostly unknown to the general Russian public. Unfortunately, we see an increase in anti-NATO rhetoric.

2. Events in Georgia have displayed Russia's current policies, where Russia has walked away from the principles of the Founding Act and Rome Declaration on which the NATO-Russia Council (NRC) is based. Therefore the notion of rules based relations is important when considering a return to the formal NATO-Russia dialogue.

3. While considering the current and prospective security situation in Europe, NATO, as well as the EU need clearly defined goals *vis-à-vis* Russia. Strategies based upon interests of these two organisations and their member states would send a strong signal to Russia.

The effectiveness of the NATO-Russia Council, for instance in increasing cooperation on nuclear and counter-terrorism initiatives

4. We still feel that the NRC has its merits as a valuable format, where we can discuss our differences and cooperate on areas where interests converge. In this context Latvia fully subscribes to the measured and phased approach, which was agreed by NATO. We do see mutual interest in working together in the area of counter-terrorism, which includes co-operation on Afghanistan. We hope that pragmatic relations between NATO and Russia are possible, in which case those activities with mutual interest will be supported.

5. In the light of Russia's proposals of the new security architecture in Europe, we see there are existing formats, where co-operation with Russia could be evolved, namely, the UN, the OSCE, and the NRC. Due to lack of common strategic interests as well as practical difficulties in implementing defined goals, we see NRC format as underused.

The implications of recent tensions with Russia for UK security, including:

— *the Russian-Georgian territorial dispute over South Ossetia and Abkhazia and the implications of this for countries neighbouring Russia with significant ethnic Russian populations;*

6. We believe that events in Georgia can be linked to the previous policies pursued by Russia. In his address at the session of the OSCE Ministerial Council (4–5 December 2008), the Latvian Foreign Minister Mr Māris Riekstins emphasised: “the way in which resolution of the conflict in Georgia is pursued will influence our view on the future security in Europe. What is required is implementation of the existing commitments rather than new process of setting new norms.” Minister also stressed, that “the military conflict in August (2008) between two participating (OSCE) States has put in question the commitments that are at the core of the Helsinki Final Act. [. . .] These developments are unacceptable and have rightly been strongly condemned by the international community.”

— *the US's proposed ballistic missile defence system and Russia's planned deployment of missiles in the Baltic;*

7. The agreements between the US and the Czech Republic and Poland in our opinion are positive steps. It is a considerable investment for the protection of NATO territory and against the threats caused by ballistic missiles. We consider that positioning of the elements of the missile defence system in Poland and the Czech Republic corresponds to Russia's interests as well. In the meantime, Russia's announcement to

deploy its missiles in Kaliningrad does not contribute to the international and regional security and stability. This rhetoric also does not improve security dialogue between Russia, the US and its European partners. Despite the fact that Russia recently has announced the halting of the “Iskander” missile deployment to Kaliningrad, which should be considered as a positive development, one can not exclude that at some point Russia could return to the previous rhetoric.

— *NATO enlargement;*

8. We believe that the NATO Membership Action Plan (MAP) was the best instrument in our preparation for NATO membership. Therefore we support Georgia and Ukraine in joining the MAP process. However, in the context of NATO decisions of December 2008, we see that further talks about the MAP are not productive as this issue appears to be over politicized. It should be remembered that MAP process does not constitute an automatic accession to the Alliance. In the meantime NATO-Ukraine Commission and NATO-Georgia Commission, as well as the implementation of Ukraine’s and Georgia’s Annual National Programmes provide adequate opportunities to prepare both countries for NATO membership.

— *Russia’s suspension of its participation in the Conventional Forces in Europe (CFE) Treaty, and the prospect of its missiles being retargeted towards European locations.*

9. Latvia considers the CFE as an important instrument of the conventional armament control. The unilateral suspension of Russian participation in the CFE and the military conflict in Georgia illustrate fundamental violation of the OSCE principles.

10. The Russian proposal of new security architecture in Europe is seeking to “renegotiate” the current European security arrangements. However, Russian proposals are based upon the same principles, which form a backbone of the Helsinki Final Act. Therefore we do not see the merit in replacing one architecture with another, where both are based on the same principles.

— *The current and future relationship between Russia, the UK, and EU, and the implications for the UK Government’s foreign and defence policy in response to Russia’s current foreign policy and practice, particularly in light of the recent Georgian conflict.*

11. We agree with the assessment that the military conflict between Georgia and the Russian Federation, its settlement, involvement of the international community and the evaluation of relations with Russia caused a major upheaval in the perception of European security policy.

12. In accordance with its foreign policy goals, Russia is aiming at a new bilateral approach with European countries, which is based upon economic considerations, while influencing political positions of countries when discussing important European security policy issues. In this regard, a common European approach towards Russia would be a prerequisite for implementing European security interests.

10 February 2009

Memorandum from Professor Yury Fedorov

SUMMARY

The war on Georgia, the decision to deploy Iskander missiles in response to potential American BMD in Poland and the Czech Republic, the second “gas war” on Ukraine, and at last, intrigues against American air base in Manas, Kyrgyzstan, resulted in close the base down were most recent manifestations of increasingly aggressive style of Russia’s foreign policy. By now areas tensions and collisions in Russia’s relationship with NATO and most of NATO member-countries are much broader than areas of actual or possible cooperation.

AFGHANISTAN

1. Russia believes that the USA and NATO will not be able to stabilize the military and political situation in Afghanistan. However, until American and NATO forces are in Afghanistan Taliban and al-Qaeda groups do not present substantial threat to the Central Asia regimes.

2. Moscow is interested in American and NATO long-term and large-scale involvement in Afghanistan. It will severely limit American and NATO’s strategic capabilities in other regions, including areas of Russian “privileged interests”.

3. Given the current situation in the Khyber Pass Moscow is ready to provide NATO and the USA transit to Afghanistan via its territory demonstrating thus that it holds the key to at least one of baselines of American and NATO forces.

MANAS AIR-BASE

4. Pressing American air-base out of Kyrgyzstan Moscow demonstrated that Russia had effective levers of influence upon the Central Asian states.
5. Russians signalled that American activity in Central Asia should be coordinated with and approved by Moscow; and that America and NATO should not have air-bases in the region.
6. Moscow likes to enforce NATO to establish direct contacts with the CSTO and to recognize it officially with a view to improve the image and prestige the CSTO among the post-Soviet states.

CENTRAL ASIA

7. Central Asia is seen in Moscow as a theatre of rivalry between Russia and the West.
8. Russian military are concerned with a possibility of stationing American and/or some European states' battle aviation in Central Asia capable of striking targets in the depth of Russian territory.
9. Moscow insists that Western transit to Afghanistan via Central Asia is to be under strict Russian control and Western military contingents servicing that transit are to be minimal in numbers and have no heavy armaments.
10. Russian gas industry growingly depends on Central Asian gas reserves. In 2010 Russia's ability to meet its gas export targets will critically depend on the import of gas from Central Asia.

IRAN

11. Russia's position towards Iran's nuclear program may be characterized as "three no": no to Iran's nuclear weapons; no to "military option"; and no to political resolution of the issue.
12. Russians believe that in the latter case Moscow will lose strong lever of bargaining with the West, and that "westernization" of Iran will create for Central Asia a kind of a "window to the West", providing the attractive prospect of exports of Central Asian energy resources to global markets via the Mediterranean, Turkey or, if necessary, to the southern seas.

COOPERATION IN NON-PROLIFERATION AND COUNTER-TERRORISM

13. Mainly the cooperation between Russia and Western states in those areas includes consultations, joint conferences and seminars; some exchange in information and intelligence, mainly on bilateral basis; development of joint lists of terrorists and terrorist organizations; sometimes joint investigation of cases of terrorism and proliferation of nuclear and dual-purpose materials. Those are important yet not critical activities in development of effective international cooperation in non-proliferation and counter-terrorism.
14. Russia's practical cooperation with the West in the principal cases of nuclear proliferation (Iran and North Korea) and counter-terrorism (Afghanistan) is far from truly constructive and effective.

NATO-RUSSIA COUNCIL

15. This is mostly forum for regular exchanges of information, consultations, joint threat assessments, and high-level dialogue in areas of common interest. Some projects are of practical importance yet they are really far from core security issues in relations between Russia and NATO.
16. Main function of the NATO-Russia council is symbolic: it evidences that that both NATO and Russia are interested to demonstrate their ability to work together if they wish to.
17. The only exception of serious practical impotence for NATO is Russia's consent to facilitate transit though the Russian territory of non military freight in support of the NATO-led International Security Assistance Force in Afghanistan.

THE WAR ON GEORGIA

18. The opinion that the war on Georgia resulted in Russia's military victory and political failure is partly true. No regime change happened in Georgia. Russia did not establish its control over the BTC pipeline. Its international standing was seriously damaged.
19. Russian military bases are appearing in South Ossetia and Abkhazia. This strengthens Russian ability to threaten Georgia with a new offensive against its main economic and political centres.
20. The war on Georgia diminished prospects of Ukraine and Georgian attendance to NATO. Thus Moscow was able to achieve, though not in full, some of its principal strategic aims.
21. The Western reaction to the war on Georgia was considered in Moscow as a signal that use of force against the Post-Soviet countries would not trigger crisis in relations with the West fraught with substantial losses to Russia.

22. Some former Soviet republics (Kazakhstan, Azerbaijan and Ukraine) are concerned about growing possibility of Russian use of force. They cannot but think about strengthening their security by development strategic relations with the West. However, there are no chances that they may gain Western security guarantees. This makes new armed conflicts in the Post-Soviet space, above all between Russia and Ukraine, increasingly probable.

RUSO-UKRAINIAN CONFLICT

23. In 2007 Ukraine warned that the agreement on stationing Russian navy in Sevastopol would not be extended. The Kremlin signalled that it did not consider a withdrawal of the Black Sea fleet from Sevastopol as a practical option for Russia.

24. Building new naval base is a very expensive, laborious and lengthy process. Instead of speeding up construction of a new naval base in Novorossiysk the Kremlin thinks about building of a fleet of aircraft carriers, which is extremely expensive.

25. It confirms that Moscow has decided not to evacuate its fleet from Sevastopol. To enforce Ukraine to prolong Russian naval presence in Sevastopol beyond 2017 or annex Sevastopol Russia may stir up disturbances in Crimea with a view to get pretext for military intervention.

NEW RUSSIAN MISSILES IN THE BALTICS

26. Deployment of Iskander missiles in the Kaliningrad region may ignite a new missile crisis in Europe. If Russia stations this “first-strike weapon” in Kaliningrad, Europe will be divided into “two zones of different security”, serious security risk for the countries that are within their battle range will emerge, and European and transatlantic unity will be challenged. The only response to appearance of Iskanders in Kaliningrad that may offset threat to Europe’s security by military means would be reinforcement of American forces in Europe including intermediate range missiles.

27. As Moscow clarifies that the Iskanders will be deployed if only the United States goes ahead with their plans for BMD in Europe, some European countries may demand that the United States refuses from this project. If the Obama administration stops the project it will engender serious doubts about reliability of American security guarantees; will be a severe blow for NATO; and will diminish Europe’s capacity to resist Russian blackmail. The Russian military will obtain a proof that military pressure on Europe is a powerful instrument of achieving foreign policy goals.

28. If the USA, Poland and the Czech Republic go ahead with deployment of the “third site” Russia will deploy the Iskanders in Kaliningrad and Europe will become increasingly divided about what the response to the Russian missiles should be. Some European nations will accuse America, Poland and the Czech Republic of undermining European security. There is no guarantee that NATO will reach a unanimous decision on how to react. As a result, Russia will have new missiles in Kaliningrad while the possibility of the deployment of intermediate-range U.S. missiles will remain relatively low.

29. Potential deployment of Russian missiles in Kaliningrad area does not threaten the UK military security directly, as those missiles, even the medium range Iskander-K, can hardly reach targets at the British territory. However, any rise of controversies between NATO members weakens European and transatlantic solidarity and thus is seriously detrimental to the UK security interests.

NATO ENLARGEMENT

30. Ukrainian and/or Georgian membership in NATO is seen in Moscow as a fundamental foreign policy failure. Traditionally minded elites in Russia consider Ukraine’s and Georgia’s joining NATO as a real threat to Russia’s military security. Other sections of Russian foreign policy and defense establishment fear responsibility for a looming strategic defeat if Ukraine and/or Georgia become NATO members. If it turns out that an issue which Moscow sees as a vital one for Russia is decided contrary to Russia’s demands it will be perceived by Russian establishment as personal failure of a few top figures. This will be used by groups within Russian bureaucracy, who are striving for radical increase of defense budget and suppression of political opposition.

31. In this light, it could be expedient for NATO member states to implement a flexible policy towards NATO eastward expansion and use a prospect of NATO further enlargement as a weighty bargaining chip in relations with Russia.

RUSSIA’S SUSPENSION OF ITS PARTICIPATION IN THE CONVENTIONAL FORCES IN EUROPE (CFE) TREATY

32. Russian arguments supporting the “suspension” of the CFE Treaty are either futile, or based on arbitrary interpretation of some clauses of the Treaty, or have little in common with the actual strategic situation in Europe. No exceptional strategic circumstances justifying Russian “suspension” of the CFE Treaty have emerged in a few years after Russia has ratified the adapted CFE Treaty in 2004; and practically all Russian concerns may be obviated by implementation of the adapted Treaty.

33. "Suspension" of the CFE Treaty does not threaten military security of the NATO member states. Russian conventional forces are degrading and their numbers are much lower than it was allowed by the Treaty.

34. As for Russia, by destroying the only legal instrument preventing hypothetical concentration of NATO's forces nearby its borders, Moscow demonstrated that it is not very much worried about balance of land-force armaments between Russia and NATO.

35. The "suspension" of the CFE Treaty was most probably an element of a Russian strategy of escalation challenging Europe and the USA with a dilemma: either to spur Moscow's ambitions or to face a risk of an escalating confrontation with Russia.

ZIGZAGS OF RUSSIA'S FOREIGN POLICY AFTER THE WAR ON GEORGIA

36. Since the war on Georgia Moscow's foreign policy was a mix of hostile and conciliatory jesters towards the West. In October 2008 the Kremlin signalled that it looked for normalization its relations with the West. Yet on 5 November 2008 Medvedev announced his "countermeasures" to the American plans for BMD in Europe.

37. This jester was partly successful. Some European leaders made it clear that they would prefer making deal with Russia rather than performing a sort of "neo-containment" policy fraught with a new missile crisis. In the mid-November 2008 the EU agreed to resume talks on the new Treaty on Partnership and Cooperation with Russia.

38. However, in late November 2008 the Russian Defence Minister announced that "dragging Georgia into" NATO may provoke "much more severe conflict than the August events" and at about the same time Putin has outlined his vision of new security architecture in Europe. His words were deciphered as "four no": "no NATO in the CIS countries; no American bases in the CIS countries; no any support of anti-Russian regimes in the CIS countries; and no ABM deployment nearby Russian borders. During December 2008 Putin portrayed America as the main cause of the economic crisis.

39. Since January 2009 Russia toned down its foreign policy rhetoric, demonstrated its readiness for cooperation with the West, including transit to Afghanistan etc.

40. Perhaps, by the end of the 2008 the Kremlin has realized that economic crisis in Russia would be deep and protracted, and fraught with mass protests and even political disturbances. Russian leaders might conclude that a combination of economic and social troubles inside the country with confrontation with the West would be too dangerous for the regime. Yet at the same time it can be implementation of a "stick and carrot" tactics. In fact, it was correction of rhetoric rather than practice of Russian foreign policy. Russian pressure upon Kyrgyzstan to expel the American air-base in Manas reinforced by promise of substantial economic aid to this country demonstrated that the anti-Western orientation of Russian foreign policy is its permanent characteristic.

CONCEPTS AND INTERESTS BEHIND RUSSIA' FOREIGN POLICY

41. Moscow's foreign policy results from interplay of pressure groups within top circles that have partly common yet partly opposing views and interests related to the country's international behaviour. In the second half of this decade two basic schools of strategic thought became consolidated in Russian elites.

42. The first school of strategic thought asserts that Russia has restored its muscle and pretends to be a forceful and in many cases decisive voice on international issues. It considers a restoration of the Empire as Russia's history-making mission. Russia's domination in the former Soviet Union and in Eastern Europe is considered as a precondition that must be satisfied if preferred positions for Russian business.

43. It also presumes that nowadays the West's potency deteriorates because of Iraq, Afghanistan and Iran; instability in Pakistan; differences between the USA and Europe and also between so called "Old" and "New" Europe; and since the end of 2007 due to escalating financial and economic crisis. Russia should reach a new "Yalta-type" agreement with the West by using use "stick and carrot" policy before the emerged "window of opportunity" closes.

44. Those views are typical of cliques involved into economic relations with the outside world, primarily associated with export oriented and raw materials branches of the economy. They share neo-imperialist feelings yet are not interested in intense military-political opposition with the West. The latter will result in principal redistribution of the national wealth in favour of the military and defence industry at the expense of export branches, and as well in intrusive governmental control over economy.

45. The second school of strategic thought realizes that Russia is turning into a petro-state suffering from defects typical of such states, including lack of motivations for technological modernization; that Russian conventional forces are far behind American armed forces and those of leading European states; and that Russia is not able to take advantage of the "revolution in military affairs" which is of crucial importance for fighting efficiency of armed forces.

46. In order to reverse the dangerous trends this school of thought insists that export revenues should be re-channelled into defence sector. To justify a transition to mobilized economy it needs “controlled confrontation” with the West yet not real military confrontation because Russia is not able to win a conventional war with the USA and NATO, and that nuclear war will be suicidal for the country.

LONGER-TERM TRAJECTORIES IN RUSSIA’S RELATIONSHIP WITH THE WEST

(a) *Making a “deal” with Russia*

47. By a “deal” between Russia and the West Moscow hopes to achieve some of its basic goals: prevention of further NATO’s eastward expansion, retaining its naval base in Sevastopol beyond 2017, and even America’s refusal from BMD deployment in Poland and the Czech Republic.

48. This will be the West’s strategic defeat. Moscow will definitely perceive such a deal as a practical proof of the West’s military and political weakness. This will encourage Russia to undertake next steps, aimed at transformation of Central Europe into *de facto* “neutral belt” between Russia and NATO. It is not clear what can be Western “reward” as Moscow will hardly meet Western needs regarding Iran and Afghanistan, which are of special importance for the USA and Europe.

(b) *Sanctions against Russia*

49. In the current context Western states would like to avoid crisis in relations with Russia. It will add one more difficult problem to the already long list of strategic challenges: climate change, financial crisis, wars in Iraq and Afghanistan, Iranian nuclear problem *et cetera*. Yet the West may be enforced to apply punitive sanctions upon Russia if Moscow undertakes new large-scale aggressive actions, for instance, annexes the Crimean peninsula.

50. Imposing sanctions upon Russia will most probably results in a new Cold War type opposition between Russia and the West. Russian advocates of mobilized economy will interpret sanctions as a proof of its theory of West’s irremovable hostility to Russia to justify principal, few times more, rise of defence budget and then transition to mobilized economy.

(c) *A new Cold war*

51. Under the “Cold war scenario” Russia deploys nuclear weapons and their delivery vehicles in Kaliningrad and perhaps in Byelorussia; withdraws from the INF Treaty; undertakes aggressive actions against Ukraine, Georgia, and against oil pipelines coming through Georgia; cuts off NATO’s transit to Afghanistan; and hampers Western efforts to stop the Iranian nuclear program. Escalating military-political confrontation with the West will result in a new arms race and a number of crises, including a new missile crisis.

52. Russia will not be able to win a new Cold War. The burden of military programs needed to counteracting to the West will be greater than in the USSR. In Russia we will see growing political influence of the “party of war”; transition to mobilized economy; fall of the standard of living; a rapid growth of popular dissatisfaction; and essential changes in economic and political systems which will be strongly resisted by groups in the elite and society which are flourishing in the export-orient sectors of economy.

53. In the aggregate it will result in a deep political crisis in Russia which in turn may evolve either into a democratic “colour” revolution, or into establishment of fascist military dictatorship, or into disintegration of the country. But before such crisis results in a democratic revolution, if it ever happens, Moscow may cause a few dangerous conflicts. A military-political confrontation with Russia enfeebles Western capacity to deal with other hot international issues. Also, a disintegration of the second world nuclear power and the largest supplier of energy to Europe, which is Russia, will be a serious challenge to Europe.

(d) *Russia’s return to normality*

54. Russia’s “return to normality” includes constructive cooperation with the West in resolving Iran’s nuclear program, practical support of operation in Afghanistan, and search of solution of Abkhaz and Ossetian issues acceptable to Georgia. This is most welcome and optimal trajectory yet its realization is quite improbable at the moment as for this Moscow should recognize a failure of its current strategy and minimize political influence of the “party of war”. This may happen if only Russia is confronted by an economic catastrophe and vitally needs large-scale economic assistance from the West.

CONCLUSION

55. There are weighty reasons why Russia's will continue its current policy. The latter is increasingly created by traditional Soviet motivations: morbid suspiciousness; an imperial syndrome; attempts to play the US off against Europe; the desire to preserve Central and Eastern Europe as zones of probable expansion, *et cetera*. The war in the Caucasus proves that Russian international behaviour for the most part is decided by circles, which wittingly provokes Russia's defiant and aggressive international behaviour with a view to restore a mobilized economy and its privilege status in the political system.

56. At the moment and in the foreseeable future Russia will not be able to create direct military threat to the UK in addition to the one caused by Russian strategic nuclear weapons. However, under the worst case scenario Russia may produce substantial military threat to Central and Eastern Europe, damage European and transatlantic solidarity in security areas, hamper NATO and the USA operation in Afghanistan, and minimize European chances to build alternative oil and gas transport corridors from Central Asia via the South Caucasus.

57. In this light the UK, other European states and the United States face the dilemma: to take a strong position of the containment of the current ambitions of Moscow, or to recognize its right to its own sphere of influence. Being faced with Russian challenge the West should find the right balance between cooperation, containment and deterrence. The Kremlin should be convinced, by deeds not words, that aggression and blackmail do not yield fruits it wishes to get. Russian "stick and carrot" policy should be counteracted by the Western "stick and carrot" policy.

MAIN TEXT

I. THE CURRENT AND FUTURE RELATIONSHIP BETWEEN RUSSIA AND NATO, AND BETWEEN NATO MEMBERS, INCLUDING EXAMINING AREAS OF TENSION AND COOPERATION

I-1 *Introductory notes*

Since the middle of this decade Moscow demonstrated increasingly opinionated, aggressive against neighboring countries, and hostile to the West style of its foreign policy. The war on Georgia, the decision to deploy Iskander missiles in response to potential American BMD in Poland and the Czech Republic, the second "gas war" on Ukraine, and at last, intrigues against American air base in Manas, Kyrgyzstan, resulted in Kyrgyz decision to close the base were most recent and most impressive manifestations of this trend.

The war on Georgia was a watershed in Russia's policy. As the former adviser to the president of Russia, Andrei Illarionov, wrote it was:

- (a) the first massive use of the military forces by Russia or the former Soviet Union outside its borders since the Soviet Union's intervention against Afghanistan in 1978;
- (b) The first intervention against an independent country in Europe since the Soviet Union's intervention against Czechoslovakia in 1968;
- (c) The first intervention against an independent country in Europe that led to unilateral changes in internationally recognized borders in Europe since the late 1930s and early 1940s.¹

At the same time, the Kremlin, now and again, resorts to a conciliatory tone towards the West, offers cooperation on energy security and disarmament. Since end of the 2008 Russian diplomats and politicians intensified their efforts to demonstrate Russia's wish to restore relations with the West damaged by Russian attack on Georgia. Putin's speech in Davos portrayed Russia as reliable partner prone to cooperative relationship. The address of Putin's deputy, Sergey Ivanov, to the last Munich Security Conference, although tough in essence, was tuned in a non-confrontational manner.

Russian behaviour sparks debates about Russia and its policy. The variety of views about Russian behaviour may all be reduced to three different basic ideas:

- (a) Aggressiveness and anti-Western stance results from systemic characteristics of Russia today. In particular, Russian elites and society are gravely poisoned by morbid mental syndromes, including jingoist enthusiasm and inability to assess realistically both Russian posture in the world system and trends of global developments. Motivated by illusions while being world second nuclear power and the main supplier of energy to Europe Russia is increasingly dangerous international actor. The West should develop and implement an effective neo-containment strategy towards it.
- (b) Russia is not hopeless as yet; it is possible and expedient to reach a *modus vivendi* with the Kremlin. Its use of force against Georgia was "disproportionately strong" and "unjustified", but the war itself was essentially local incident caused by Georgia's recklessness. Russia is more important partner for the USA and Europe than any other post-Soviet state. The West has no muscle and willpower to influence the Kremlin's policy; and thus it should make a deal with Russia.

- (c) Due to degradation of Russian armed forces and transformation of the country into a petro-state Russia is progressively weak international actor and thus can not inflict substantial damage to the Western strategic interests. Therefore the West can pay relatively little attention to Russian threats and focus mainly at assurance energy supplies from Russia.

The latter point of view does not take into account two circumstances:

- (a) Russia's conventional armed forces are declining; therefore Moscow increasingly relies on nuclear weapons. In case of hypothetical conflict this results in reduction of the nuclear threshold.
- (b) The war on Georgia confirmed that Russia may initiate an armed conflict in the Post-Soviet space and/or nearby it that may involve the USA and some European states. Appearance of American war ships in the Black Sea carrying humanitarian aid and long-range cruise missiles convinced Russians to stop advance towards Tbilisi in August 2008. Yet it also demonstrated that the Post-Soviet space may turn into a theatre of armed clashes between Russian and Western forces.

I-2 *Areas of tensions and cooperation*

By now areas tensions and collisions in Russia's relationship with NATO and most of NATO member-countries are much broader than areas of actual or possible cooperation.

I-2-1 Afghanistan

Speaking in Tashkent on January 23, 2009 President Medvedev announced that Moscow was ready to cooperate with the US and NATO over Afghanistan, welcomed US plans to review American policy in Afghanistan, voiced his hope that "the new US administration will have greater success than the previous one in resolving the Afghanistan issue".ⁱⁱ He also said Russia would work with NATO on transit routes for the delivery of non-military goods into Afghanistan. This may be seen as a signal that Moscow is rethinking its hostile attitude towards the USA and NATO and is ready open a new page in Russia-US relationship, especially having in mind that Taliban, if it wins in Afghanistan, will seriously threaten Russian interests in Central Asia and in the North Caucasus. At the same time Moscow succeeded in "buying the US out" of air-base in Manas by promising 2 billion US dollars loan to the Kyrgyz government.

Most probably Moscow is interested not in American and NATO success in Afghanistan but in their long-term and large-scale involvement there. At the same time it attempts to demonstrate that it holds a key to American and NATO transit to Afghanistan. The logic of Russian behaviour may be following:

- (a) The Kremlin understands that committing increasing number of U.S. troops to the operation in Afghanistan that is planned by the Obama administration and maintaining NATO's presence there will severely limit American and NATO's strategic capabilities in other regions, including the Black Sea region, the Caspian, Ukraine and other areas of Russian "privileged interests";
- (b) Given the current situation in the Khyber Pass Moscow is ready to provide NATO and the USA non-military transit to Afghanistan via its territory. Probably, Russia may provide military transit too as a part of a broader deal with NATO and the USA with a view to:
- (b-1) prevent a hypothetical withdrawal of American and European troops from Afghanistan;
- (b-2) increase the US and NATO dependence on Russian transit route;
- (b-3) prevent development of a new alternative route; and
- (b-4) gain some American concessions regarding Ukraine's and Georgia's NATO membership, American ABM in Europe etc.
- (c) Russian military and foreign policy agencies believe that a military build-up in Afghanistan will not be able to stabilize the military and political situation there; and that the West will not reach its aims in that country. However, until American and NATO forces are in Afghanistan Taliban and al-Qaeda groups have no chance win and thus do not present substantial threat to the Central Asia regimes.
- (d) Pressing American air-base out of Kyrgyzstan was a typical manifestation of Russia's "stick and carrot" policy, its stick component this time. Moscow demonstrated to the Obama administration that Russia has effective levers of influence upon the Central Asian states that are playing important role in supply growing American military operation in Afghanistan. Russian signalled that American activity in Central Asia should be coordinated with and approved by Moscow; and that America and NATO may transport their non-military goods (and in case of making a deal with Russia military supplies too) but should not have air-bases in the region. Also, Moscow likes to enforce NATO to establish direct contacts with the CSTO and recognize it officially with a view to improve the image and prestige the CSTO among the post-Soviet states.

In this light Moscow is and will be doing its best to prevent:

- (a) Hypothetical reconfiguration of the Western presence in and around Afghanistan which may include withdrawal of troops from Afghanistan combined with strengthening of Western efforts

and presence in the Central Asian states and Pakistan in order to barrier a spread of Islamist terrorism and extremism from Afghanistan, which could be simpler and far cheaper than waging expensive and, as Moscow believes, hopeless military operation in Afghanistan itself;

- (b) Establishment of new transit route between Europe and Afghanistan via the Black Sea, the South Caucasus, the Caspian and Central Asia.

I-2-2 Central Asia

Central Asia is and most probably will be seen in Moscow rather as a theatre of rivalry and competition than that of cooperation between Russia and the some Western states, the USA above all, NATO and the EU. Main drivers of Russian approach are:

- (a) Russian military are concerned with a possibility of stationing in Central Asia American and/or some European states' battle aviation capable of striking some strategic targets in the depth of Russian territory, including bases of strategic nuclear forces in Siberia. Basically, they insist on pressing American and other NATO nations' forces and facilities out of Central Asia. They insists that Western transit to Afghanistan via Central Asia is to be under strict Russian control and Western military contingents servicing that transit are to be minimal in numbers and have no heavy armaments.
- (b) Russian gas industry is extremely interested in Central Asian gas reserves. In 2010 Russia's ability to meet its gas export targets will critically depend on the import of gas from Central Asia, without which its gas export capacity will be only about 180 bcm, that is, 70 bcm less than Russia has exported in 2006. In this light, the use of Central Asian and Caspian Sea hydrocarbon resources to compensate for the emerging crisis in its own oil and gas industry is gaining fundamental significance for Russia, which is looking particularly closely at Turkmenistan's gas resources. Russian military and security chiefs consider Central Asia and the Caspian as a theatre of a future war over resources that may turn into a nuclear conflict.
- (c) Russian diplomats (at least most of them), politicians and "ideologists" (like Karaganov, Markov, Pavlovsky, Pushkov etc) believe that control over Central Asia and the Caspian is among key factors and preconditions of a restoration of Russia's "greatness".

I-2-3 Iran

Briefly Russia's position towards Iran nuclear program may be characterized as "three no":

- (a) *No to Iran's nuclear weapons.* Once Iran possesses nuclear weapons one may expect its aggressive expansion aimed at dominating neighbouring regions in the Gulf zone yet also in the Caspian and perhaps in Central Asia. Russia does not tolerate Iranian infiltration into areas which it sees as strategically important, both economically and military. Also, Russian military are concerned with a prospect of a few Russian cities in the southern part of the country to be within the battle range of Iranian nuclear-tipped missiles. At last the likelihood of "military option" that is highly unwelcome by Russians grows in proportion as Iran approaches the point at which it can manufacture nuclear weapons.
- (b) *No to "military option".* Israeli top circles and society see nuclear Iran, rightly or wrongly, as an existential threat, which can be eliminated by destruction of its nuclear assets by a preventive strike. Yet in case of an Israeli attack against Iran the USA will hardly be able to remain aloof. Israeli forces are able to accomplish a "nuclear castration"—destruction of Iran's nuclear facilities and missile pads by a series of precise air attacks. Yet they will not wipe out Iran's capacity to retaliate. If the Iranian nuclear facilities were destroyed, Tehran would immediately respond by "asymmetrical means" against the USA, Europe, and possibly Russia. Thus it is necessary not merely to destroy Iran's nuclear and missile facilities but also to paralyse the country's political and military governance by massive air and missile strikes on all crucial governmental, military and security-related targets and communication lines. Such mission can be performed by American forces only. The most probable outcomes of such a war would be either total chaos in Iran or a division of the country along ethnic lines, with annexation of non-Persian ethnic areas by neighbouring states. The first case would see a hotbed of Shi'ite extremism and terrorism emerges near to the South Caucasus and Central Asia. The second might see Azerbaijan uniting with Azeri-populated areas of northern Iran to create a powerful Azerbaijani state in the Caspian region, maintaining close links with Turkey and the United States. For Russia, both of those options, especially the latter, are highly unwanted.
- (c) *No to political resolution of the Iranian nuclear issue.* Theoretically, Iran may halt its nuclear programme in the context of a general reformulation its relationship with the West, which might include massive Western investment in the Iranian economy, security guarantees, and recognition of Iran as the West's principal partner in the Islamic world. As of the moment of writing such an outcome does not look likely; yet it may happen, if more moderate elements supersede the current extremist Iranian leadership. For the Central Asian and Caspian states, as well as for the West, this prospect would be highly preferable; for Russia it is unacceptable. Russian top circles believe if

that's the case Moscow will lose one of its strong lever of bargaining with the West, and that "westernization" of Iran will mean an inevitable and unambiguous turn of the whole of Central Asia towards the West. If Iran is loyal to the West, it will create for Central Asia a kind of a "window to the West", providing the attractive prospect of free exports of Central Asian energy resources to global markets via the Mediterranean, Turkey or, if necessary, to the southern seas.

Seen in this light, Moscow's vetoes on effective sanctions being introduced against Tehran may be motivated by concerns that such sanctions might in the long term result in a political solution of the problem, and in the short term close off the possibility for Russia to supply Iran with arms and pursue further cooperation in the nuclear field. Also, Moscow might consider that Iran creates a bigger headache for the United States and Israel than for Russia, offering Russia scope for manipulating these concerns and for positioning itself as an intermediary between the United States and Iran—although neither country accepts Russia in such a capacity.

I-2-4 War on Georgia (see below)

I-2-5 NATO enlargement (see below)

I-2-6 US BMD in Central-Eastern Europe (see below)

I-2-7 CFE-Treaty (see below)

I-2-8 Cooperation in non-proliferation and counter-terrorism

Russia participates in the IAEA, some other international organizations and initiatives under the auspice of the UN aimed at nuclear non-proliferation and counter-terrorism. It joined the core group of founding states of the Proliferation Security Initiative¹ Mainly the cooperation between Russia and Western states in those areas includes consultations, joint conferences and seminars; some exchange in information and intelligence, mainly on bilateral basis; development of joint lists of terrorists and terrorist organizations; sometimes joint investigation of cases of terrorism and proliferation of nuclear and dual-purpose materials. Those are important activities yet not critical in development of effective international cooperation in non-proliferation and counter-terrorism. Also, Russia's practical cooperation with the West in the most important, principal cases of nuclear proliferation (Iran and North Korea) and counter-terrorism (Afghanistan) is far from truly constructive and effective. At last, information appears from time to time that Russian scientific institutions and industrial enterprises are involved in illegal supply of technologies and/or materials needed for Iranian and North Korean nuclear and missile programs. One can hardly believe that such supplies are can be implemented without formal or rather informal permission of Russian government.

II. THE EFFECTIVENESS OF THE NATO-RUSSIA COUNCIL, FOR INSTANCE IN INCREASING COOPERATION ON NUCLEAR AND COUNTER-TERRORISM INITIATIVES

Basically, NATO-Russia Council is forum for regular exchanges of information, consultations, joint threat assessments, and high-level dialogue in areas of common interest. In addition, right up till the start of the war on Georgia NATO member-states and Russia cooperated in few practical projects:

- (a) Since September 2006 Russian war ships participated in Operation Active Endeavour, NATO's maritime counter-terrorist operation in the Mediterranean;
- (b) In the framework of the NATO-Russia Council Pilot Project for counter-narcotics training of Afghan and Central Asian personnel, Russia hosted facility for training of mid-level officers from Afghanistan and the Central Asian countries. This project was implemented in cooperation with the United Nations Office on Drugs and Crime;
- (c) Preparation for joint search and rescue operations at sea;
- (d) Development of a Political-military guidance towards enhanced interoperability between forces of Russia and NATO nations;
- (e) A NATO-Russia Resettlement Centre for discharged Russian military personnel that was established in Moscow in 2002;
- (f) Assessment of the possible levels of interoperability among the theatre missile defence systems of NATO allies and Russia. Three command post exercises have been held in 2004, 2005 and in 2006. A Computer Assisted Exercise took place in Germany in January 2008; and
- (g) The Cooperative Airspace Initiative (CAI), which aims to foster cooperation between the members of the NATO-Russia council on airspace surveillance and air traffic management in order to

¹ The Proliferation Security Initiative (PSI) was put forward by US President George W Bush in May 2003. The PSI is aimed at identifying, preventing and suppressing the illicit trade in, and the cross-border movement of WMD-related materials and their delivery vehicles, including the black market for such materials.

enhance transparency, predictability and collective capabilities to fight against terrorist air threats. Full operational capability was planned for the end of 2008. The CAI capability is initially being implemented between Norway, Poland, Turkey and Russia.

Those projects are of some practical importance yet they are really far from core security issues in relations between Russia and NATO. They evidence that that both NOATO and Russia are interested to demonstrate their ability to work together if they wish to. The only exception that is of serious practical impotence for NATO is Russia's consent to facilitate transit though the Russian territory of non military freight from NATO, NATO members and non-NATO ISAF contributors in support of the NATO-led International Security Assistance Force in Afghanistan.

III. THE IMPLICATIONS OF RECENT TENSIONS WITH RUSSIA FOR UK SECURITY, INCLUDING:

III-1. *The Russian-Georgian territorial dispute over South Ossetia and Abkhazia and the implications of this for countries neighbouring Russia with significant ethnic Russian populations.*

III-1-1 The widely spread opinion that the war on Georgia resulted in Russia's military victory and political failure is partly true:

- (a) No regime change happened in Georgia. Even if Saakashvili is forced to retire the next Georgian leader will not be a pro-Russian figure as there are no pro-Russian politicians in Georgia today and no personage of that sort will appear in years ahead.
- (b) Russia did not established its military control over the BTC oil pipeline;

Also, Russia's international standing was seriously damaged. Russia fell into isolation regarding recognition of the two Georgian breakaway territories. Instead of discussing whether Russia is a problem or opportunity the international community is debating how dangerous Russia is. Russia's status of the G8 member was questioned. Even the closest Russian allies, Byelorussia, Kyrgyzstan and Kazakhstan, forbore from recognition of those two quasi-states, at least at the moment if writing. China, often mentioned as Russian strategic partner, dissociate itself from Russian policy in South Caucasus in a pointed manner.

At the same time:

- (a) Russian military bases are appearing in South Ossetia and Abkhazia. This strengthens Russian ability to threaten Georgia with a new offensive against its main economic and political centres including Tbilisi. Russia is able now to seize Tbilisi and some other main Georgian centres in a result of a "blitzkrieg" before the West is able to undertake more or less effective political (or military) measures to stop Russian assault.
- (b) The war on Georgia diminished prospects of Ukraine and Georgian attendance to NATO. Thus Moscow was able to achieve, though not in full, one of its principal strategic aims.
- (c) The attack on Georgia was not retributed by the West in proper way. In a less than half a year since Russian aggression some Western institutions and a few leading Western countries are ready to 'press the reset button' and to work together with Russia (if, of course, Moscow agrees to cooperate). Basically, the Western reaction to the war on Georgia is considered in Moscow as a signal that use of force against the Post-Soviet countries will not trigger a serious long-term crisis in relations with the West fraught with substantial strategic losses to Russia.

III-1-2 As a consequence of the war on Georgia former Soviet republics are concerned about growing possibility of Russian use of military force. Kazakhstan's leaders are thinking whether a similar thing may happen to the areas in the north of Kazakhstan that are largely populated by Slavs. Baku immediately recall that its border with Russia runs along lands populated by Lezgins, who have been from time to time contemplating unification with Russia's Lezgins from across the border. Hotbed of tensions and opposition between Russia and Ukraine is emerging in the Black Sea region.

Those and some other new independent states cannot but think about strengthening their security by development strategic relations with the West. However, there are no prospects that they may gain substantial Western security guarantees. This makes new armed conflicts in the Post-Soviet space, above all between Russia and Ukraine, increasingly probable.

III-1-3 The Russo-Ukrainian agreements of May 28, 1997 gave Russia the right to keep its warships in Sevastopol for a period of 20 years. These agreements will be automatically extended for another five years unless any party not later than a year before their term is due to expire notifies the other party of the termination of the agreements. In 2007 Ukraine warned that the agreement would not be extended and suggested starting a discussion on the schedule for the withdrawal of the Russian fleet from Sevastopol. The Kremlin signalled that it did not consider a withdrawal of the Black Sea fleet from Sevastopol as a practical option for Russia.

Common sense demands that Russia starts negotiations about the fleet's withdrawal as soon as possible and immediately starts building new bases for it since this is a very expensive, laborious and lengthy process. If that is not done, then the fleet will be relocated to poorly prepared bases. The later the establishment of Russia's future main naval base near Novorossiysk begins, the more probably it is that the only thing built in time will be just the harbour. And the fleet will for a long time lose its combat readiness since the latter

is largely depends on the huge set of coastal facilities including airfields, command posts, communications stations, warehouses, barracks, accommodation for officers, hydrographical infrastructure, and many other things.

However, instead of speeding up construction of a new naval base in Novorossiysk the Kremlin thinks about building of a fleet of aircraft carriers, which is extremely expensive. It confirms, although indirectly, that Moscow has already decided that it would not evacuate its fleet from Sevastopol. To enforce Ukraine to prolong Russian naval presence in Sevastopol beyond 2017 or annex Sevastopol Russia may stir up discontent and disturbances in the Crimea with a view to provoke harsh measures of the Ukrainian government against pro-Russian groups and to get thus pretext for military intervention. By unleashing the intrusion into Georgia Moscow to Kyiv that Russia has enough resources and political will to enforce Ukraine to refuse from its plans regarding Sevastopol naval base.

III-1-4 Thus, a prospect of new conflicts between Russia and new independent states, above all between Russia and Ukraine, is emerging. This will challenge Europe and the USA with really difficult dilemma: either to oppose Russia effectively or “swallow” such behaviour. Tough reaction will trigger an acute crisis in Europe’s relations with Russia, which European nations definitely would like to avoid. Yet if the West does not react strongly, Moscow will perceive it as incentive to new aggressive actions in the Post-Soviet space. Those actions do not threaten security of European states directly yet will damage European plans to obtain new routes of energy supplies from Central Asia and the Caspian bypassing Russia including the Nabucco project.

III-2 *The US’s proposed ballistic missile defence system and Russia’s planned deployment of missiles in the Baltic*

III-2-1 Addressing the Munich Security Conference in February 2009 Russia’s First Deputy Prime-minister, Sergey Ivanov, said “The potential US missile defence European site is not just a dozen of anti-ballistic missiles and a radar. It is a part of the US strategic infrastructure aimed at deterring Russia’s nuclear missile potential”.ⁱⁱⁱ Yet Russian officials were not able to explain in an intelligible way why exactly American missile defence in Europe threatens Russian security.

The group of Russian and American missile experts with worldwide reputation, including General Vladimir Dvorkin, the former head of Russian military research institute specialized in missile issues, have concluded “Even if the United States expands the system, say, by increasing the number of interceptors, it would not be able to neutralize the retaliatory capability of the Russian missile force . . . The location of the radar in the Czech Republic would not allow it to see missiles launched from any of the Russian test sites used for launches of sea-based or land-based ballistic missiles. The curvature of the Earth completely prevents this. Thus the radar cannot be used to gather intelligence on Russian missiles . . . Overall, the European system in the configuration that is proposed by the United States today cannot present a significant direct threat to the Russian strategic force”.^{iv}

III-2-2 Moscow alleges that there is no Iranian missile threat to Europe. Yet the IAEA assessed in September 2008 that Iran had 3 000 operational centrifuges to enrich uranium and additional 3,000 of such machines were assembling.^v 3,000 centrifuges of the type Iran has are able to produce during the year highly enriched uranium enough to manufacture one or two nuclear bombs. Thus since the decision to produce enough highly enriched uranium is made Iran needs approximately 6—12 months to fabricate nuclear explosive for its first nuclear weapon.^{vi}

Iran has developed and recently flight-tested the 1,300 km-range a single-stage liquid-fuelled ballistic missile, Shahab-3, capable of reaching Israel. Of greater importance is that it obtained a space launch capability. The latter means that Iran can manufacture a ballistic missile capable of delivering nuclear warheads at distance of two—three thousand kilometres, or more depending on a weight of nuclear warhead.

III-2-3 Despite experts’ conclusions Moscow claims that American ABM in Central Europe will threaten Russian security. In November 2008 the Kremlin staked on further escalation of tensions and announced his decision to:

- (a) abstain from the plans to decommission three missile regiments of a missile division deployed in Kozelsk from combat readiness and to disband the division by 2010;²
- (b) deploy the Iskander missile system in the Kaliningrad Region to be able, if necessary, to neutralise the missile defence system that are planned to install; and
- (c) carry out electronic jamming of the new installations of the US missile defence system from Kaliningrad.^{vii}

² The Kozelsk division had 60 UR-100NUTTH/SS-19 missiles in 1991, when the START Treaty was signed. Removal of missiles began in 2007 and by July 2008 only 46 missiles were still in their silos. Most likely the Rocket Forces would use the Kozelsk silos to deploy about 30 so called “dry” missiles SS-19 that Russia received from Ukraine and which could stay in service until 2020–30.—http://russianforces.org/blog/2008/11/changes_in_the_kozelsk_divisio.shtml

The refusal from decommissioning of 46 old Russian ICBMs SS-19 stationed near Kozelsk is rather of symbolic than of military importance. It can neither change significantly military balance in Europe, nor stop decline of the Russian strategic rocket forces and their lagging behind American strategic assets. This move might be undertaken in order to demonstrate Russia's resoluteness and toughen its stance on the eve of possible Russian-American talks on strategic weapons. Some Russian experts believe that it is virtually impossible to jam the ABM radar planned to be installed in the Czech Republic by means of electronic warfare.

III-2-4 Deployment of Iskanders in the Kaliningrad region may ignite a new missile crisis in Europe. Russian mass-media made it known that up to five missile brigades equipped with Iskander missiles are planned to be stationed in the Kaliningrad region.^{viii} There are three modifications of Iskander missile:³

- (a) Iskander-E, also known as SS-26 Stone, is a ballistic missile of battle range of about 280 kilometres and payload of about 480 kilograms designed mainly for export.⁴ Deployment of Iskander-E in Kaliningrad is pointless as they can strike neither future launching pads of interceptors in Poland, nor radar in the Czech Republic.
- (b) Iskander-M, a ballistic missile of the battle range up to 500 kilometres or more.^{ix} If deployed in the Kaliningrad region 120 those missiles are able to strike targets all over Poland but can reach almost no target at the territory of the Czech Republic.⁵ From military point of view this will be of limited rationality as interceptors launchers in Poland will be "hard targets" while radar in the Czech Republic will be "soft target"; and destruction of radar will make the whole ABM site in Europe incapable.
- (c) Iskander-K, cruise missile also known as R-500. On 27 May 2007 Russian military have tested it with a range of about 400 kilometres.^x However, information appeared that this missile could be of battle range up to 2 000 kilometres, as it is an upgrade modification of former Soviet land-based cruise missile RK-55, also known as CSS-X-4 Slingshot, deployed in the begging of 1980s and destroyed in accordance with the INF Treaty.^{xi}

Being deployed in the Kaliningrad region 360 cruise missile Iskander-K will threaten all countries of Central Europe, Scandinavia, the Baltic states, Ukraine and some other.⁶ Their testing and production, not to mention deployment, will be a definite violation of the INF Treaty. Also, Russia will have either to prove that Iskander-M's battle range can not exceed 500 kilometres, which is really difficult from technical point of view, or withdraw from the INF Treaty as the latter forbids development, production and deployment of ballistic and cruise missiles of 500 kilometres and more battle range.

III-2-5 Russian missiles in Kaliningrad will be a "first-strike weapon". It is senseless to use them in any kind of a response strike against the BMD components after interceptors are launched. Besides, stationing of 100–120 Iskander-Ms, not to mention 350–360 Iskander-Ks, will by far exceed a number of weapons required for destruction of ten interceptor launchers and one radar. It means that by deployment those missiles in the Kaliningrad region Russian military pursue much more ambitious and dangerous objects.

If Russia stations Iskander-M and Iskander-K missiles in Kaliningrad Europe will be divided into "two zones of different security". This will create serious security risk for the countries that are within battle range of Russian missiles and challenge European and transatlantic unity. The only response to appearance of Iskanders in Kaliningrad that may offset threat to Europe's security by military means would be reinforcement of American forces in Europe including intermediate range missiles. Thus, if Russia deploys its new nuclear missiles nearby its western borders it most probably will trigger a new crisis in Europe similar to the missile crisis of the 1970-80s.

III-2-6 Soon after Medvedev's November 5 announcement, Moscow clarified that the Iskanders will be deployed only if the United States goes ahead with their plans for an ABM system in Europe. That was a smart move.

Fearing a new missile crisis, European countries (but not all) may demand that the United States abandon stationing radar in the Czech Republic and 10 interceptor missiles in Poland. If the Obama's administration refuses from this project, it engenders serious doubts about reliability of American security guarantees to Europe, which will diminish Europe's capacity to resist Russian blackmail. That would be a severe blow for NATO, and stoke up the differences between the United States and Europe, as well as between the countries of "New" and "Old" Europe. Russia will have achieved its strategic purpose, and the Russian military will have obtained serious proof that military pressure on Europe is a powerful instrument of achieving foreign policy goals.

³ Iskander is Russian code-word for the system consisting of: the transporter-erector-launcher loaded with two missiles Iskander-E or Iskander-M, or with six cruise missiles Iskander-K; the transporter loader; the mission preparation station to process intelligence data, converting it to target data fed to the missile's navigation system; command and staff vehicle; maintenance vehicle and life support vehicle.

⁴ The Missile Technology Control Regime forbids export missiles of battle range more than 300 kilometres and payload more than 500 kilograms.

⁵ According to the IISS each of those Russian brigade equipped with Iskanders will have 12 launchers per brigade. See: "The Military Balance, 2008".—IISS.—2008.—p 213.

⁶ Russian mass-media reported that each Iskander launcher is fully loaded with six cruise missiles Iskander-K. See: Mikhail Barabanov "Tzena voprosa" (The cost of issue).—"Kommersant".—7 November 2008.—<http://www.kommersant.ru/doc.aspx?DocsID=1052937&ThemesID=431>

If the USA, Poland and the Czech Republic go ahead with deployment of the third site of the ABM defence Russia will deploy the Iskanders in Kaliningrad and Europe will become increasingly divided about what the response to the Russian missiles should be. Some European nations will accuse America, Poland and the Czech Republic of being irresponsible and undermining European security. There is no guarantee that NATO will reach a unanimous decision on how to react. As a result, Russia will have new missiles in Kaliningrad while the possibility of the deployment of intermediate-range US missiles will remain relatively low.

Potential deployment of Russian missiles in Kaliningrad area does not threaten the UK military security directly, as those missiles, even the medium range Iskander-K, can hardly reach targets at the British territory. However, any rise of controversies between NATO members weakens European and transatlantic solidarity and thus is detrimental to the UK security interests.

II-3 *NATO enlargement*

Ukrainian and/or Georgian membership in NATO is seen in Moscow as a fundamental foreign policy failure. Traditionally minded members of the political and military elite in Russia who still see NATO as a material emanation of “the world evil” and a source of constant military threat to Russia consider Ukraine’s and Georgia’s joining NATO as a real threat to Russia’s military security. They imagine US, German, Ukrainian, and Georgian tank forces and theatre strike aviation deployed along the Russian-Ukrainian and Russian-Georgian borders and threatening Russian strategic defense and economic facilities. Russian military are especially worried that if Ukraine joins NATO Russian strategic posture will be drastically damaged.

Other sections of Russian foreign policy and defense establishment fear responsibility for a looming strategic defeat if Ukraine and/or Georgia become NATO members. For the past several years Russia’s top political circles have had the aspiration of having Russian position and interests—as the current ruling circles see them—taken into account when any important issues of world politics are decided. In fact, that was the main message of Vladimir Putin’s well-known Munich speech in February 2007. However if it turns out that an issue which Moscow sees as a vital one for Russia is decided contrary to Russia’s numerous statements and demands it will be perceived by Russian establishment as personal failure of a few top figures. It will be used by some groups within Russian bureaucracy, above all by those who are striving for radical increase of defense budget and suppression of political opposition.

In this light, it could be expedient for NATO member states to implement a flexible policy and use a prospect of NATO further enlargement as a weighty bargaining chip in relations with Russia:

- (a) To refrain from designation of concrete dates of Ukraine and Georgian admittance to NATO, yet at the same time in no case provide any grounds to believe that NATO may refuse from further eastward expansion. This may help to avoid a risk of Russia’s violent reaction to NATO enlargement and at the same time to keep a prospect of such enlargement as a lever of pressure upon Moscow;
- (b) To make it clear that in case if there is a risk of a new Russian aggression against Georgia, or Russia’s encroachment on the Crimea peninsula is growing, or in case of any other Russian actions that may strongly detriment Western security interests NATO may attend those countries in a speedy manner.

III-4 *Russia’s suspension of its participation in the Conventional Forces in Europe (CFE) Treaty, and the prospect of its missiles being retargeted towards European locations*

On 12 December 2007 Russia “suspended” participation in the CFE Treaty until NATO member states ratify its modified variant, “the adapted CFE Treaty”, and accept conditions “necessary for restoring the viability of the CFE Treaty”.⁷ This was the gross violation of the Treaty as it has no suspension clause. Moscow justifies “suspending” of the Treaty by “exceptional circumstances that affect the security of the Russian Federation”.^{xiii}

⁷ The CFE Treaty divided Europe into four geographical zones, in each equal limits were established for the treaty limited equipment (TLE) belonging to the states, which at the moment of signing were members of NATO and the Warsaw Pact. During the 1990s the total number of weapons on the continent was reduced by more than one half. Regular exchanges of detailed information on armed forces and on-site inspections made it impossible to prepare for major surprise offensives unnoticed. This made military situation predictable and thus much more stable than before. Essential modification of the CFE Treaty has become necessary as the demise of the Warsaw Pact made the very principle of equivalency between two groups of states meaningless. The Agreement on adaptation of the CFE Treaty was signed in Istanbul in 1999. Instead of zonal limits it established national and territorial ceilings for each state party. National ceiling limits the TLE belonging to a country, while the territorial ceiling limits the total numbers of land force TLE stationed on this country’s territory. Thus land force armaments held by foreign troops in this state are limited by difference between its national and territorial ceilings. This was the principal distinction as against the CFE Treaty, which merely demands that the total numbers of armaments owned by a group of states in a particular zone should not exceed certain ceilings. For the NATO member states bordering with Russia the national and territorial ceilings coincide. Hence, the balance of conventional armaments between Russia and NATO will be retained, which is certainly in the interests of Russia. Strangely enough that by “suspending” participation in the CFE Treaty the Kremlin destroys by its own hands the only legally binding instrument limiting NATO’s troops nearby Russian borders.

III-4-1 Moscow accused NATO of making ratification of the adapted Treaty conditional upon Russia's complying with commitments to withdraw its troops from Georgia and Moldova it assumed in Istanbul in 1999. By the end 2007 ratification of the adapted CFE Treaty was blocked by Russia's refusal to:

- (a) Settle the issue of Russian military base in Gudauta, Abkhazia. Georgia wished Russian forces to be withdrawn from there while Moscow insisted that the base was used by Russian "peace-keepers" in Abkhazia. After Russian *de-facto* occupation of Abkhazia this issue is definitely unsolvable.
- (b) Withdraw its troops from the Transnistrian region of Moldova.

Moscow insisted that:

- (a) The Istanbul obligations are of political character and do not carry legal force;
- (b) Russian obligations relating to the CFE Treaty have been fulfilled; and
- (c) Russia's commitment to withdraw troops from Moldova do not include any rigid timetable.

Those arguments are beneath criticism. The Istanbul Summit Declaration signed by Russia has established the exact deadline of withdrawal of the Russian troops from Moldova.⁸ The CFE Treaty and its adapted variant, both ratified by Russia, stipulated that foreign troops can only be present on the territory of a state party to the Treaty on condition of explicit consent of the latter.⁹ It means that Russia in a legally binding way agreed that it stationed troops on the territory of other CFE Treaty states only given the clearly-stated agreement of the latter. Moldova and Georgia definitely disagreed with the presence of Russian troops. Political character of an obligation does not exempt the state that has assumed it from the need to fulfil it.

Moscow also justifies retaining its force in Transnistria by the need to protect stores of Russian ammunitions there and by obstacles to withdrawal of those ammunitions thrown up by the Tiraspol regime. It means that solution to a problem of strategic importance to Russia depends on the position of a small and nasty separatist clique. This hardly suits Russia's great power ambitions.

III-4-2 The Kremlin announced that Bulgaria, Hungary, Poland, Romania, Slovakia and the Czech Republic failed "to make the necessary changes in the composition of group of states party to the Treaty on the accession of these countries to NATO". This led to the "exceeding of the TLE limits by parties to the CFE Treaty that belong to NATO". In this light Russia demands reduction of the TLE of NATO countries "in order to compensate for the widening of the NATO alliance".

This demand is based on equating a "group of states parties to the CFE Treaty" with a military alliance. However membership in an alliance was not qualified by the Treaty as a necessary condition of membership in a "group of states parties to the Treaty". The preamble to the Treaty says "that they (the state parties to the Treaty—Yu.F.) have the right to be or not to be a party to treaties of alliance". At last, if Russian interpretation of the relationship between a "group of states" and a military alliance is correct, then Russia, Byelorussia, Ukraine, Moldova, Kazakhstan and the three South Caucasian states are to be regarded as members of a military alliance, which they are not.

III-4-3 The principal question is not whether NATO expansion should automatically result in changes in the groups of states or not, but whether the military balance in Europe is so much threatening to Russia that it needs to withdraw from the CFE Treaty.

After two rounds of expansion NATO member states, taken together, have an advantage over Russia in conventional armaments. However, due to massive military build-down actual amounts of the TLE of the NATO member states are visibly smaller than NATO's quotas on the TLE established in 1990.

The TLE for Russia and NATO countries (as of January 1, 2005, since 2005 the data on TLE provided by the states-parties to the Treaty were not published)^{xiii}

	<i>Russia</i>			<i>2005 total holdings</i>	<i>NATO 2005 holdings nearby Russia^(a)</i>
	<i>1992 ceilings</i>	<i>2005 holdings</i>	<i>1990 ceilings</i>		
Battle tanks	6,350	5,088	20,000	15,313	6,622
ACV	11,280	9,671	30,000	27,433	10,055
Artillery	6,315	6,061	20,000	16,296	7,074

⁸ The Declaration says "We welcome the commitment by the Russian Federation to complete withdrawal of the Russian forces from the territory of Moldova by the end of 2002. We also welcome the willingness of the Republic of Moldova and of the OSCE to facilitate this process, within their respective abilities, by the agreed deadline". Article 19, Istanbul Summit Declaration. In: The Istanbul Documents 1999, p 53.

⁹ Para 5, Article IV of the CFE Treaty says: "no State Party stations conventional armed forces on the territory of another State Party without the agreement of that State Party". Article II of the Agreement of Adaptation stipulates "Conventional armaments and equipment of a State Party in the categories limited by the Treaty shall only be present on the territory of another State Party in conformity with international law, the explicit consent of the host State Party, or a relevant resolution of the United Nations Security Council. Explicit consent must be provided in advance, and must continue to be in effect". See: Agreement on Adaptation of the Treaty on Conventional Armed Forces in Europe. In: The Istanbul Documents 1999, p 131.

	<i>Russia</i>		<i>1990 ceilings</i>	<i>2005 total holdings</i>	<i>NATO</i>
	<i>1992 ceilings</i>	<i>2005 holdings</i>			<i>2005 holdings nearby Russia^(a)</i>
Attack helicopters	855	484	2,000	1,361	530
Combat aircrafts	3,416	2,152	6,810	4,322	1,292

^(a) The Czech Republic, Poland, Hungary, Germany, Turkey and the US troops in Europe. The accession of Baltic States to NATO has not significantly changed the balance of forces between Russia and NATO.

Beside, a comparison of armed forces of all NATO member states and Russia would only make sense if all troops of all NATO member state in Europe are deployed at Russia's borders if a conflict arises. Yet one cannot imagine that all NATO forces could be transported to region of a hypothetical conflict, such as the Caucasus or the South Baltic region. Thus it would only make some sense to compare the actual armed forces of Russia and those of the NATO member states located in relative proximity to Russian territory plus the US troops in Germany and Turkey.

In regions geographically close to Russia NATO member states hold by 10–20% more of heavy ground-force armaments than Russia; the numbers of attack helicopters are approximately equal while Russia has definite advantage in combat aircrafts. In such conditions, hypothetical offensive operations by NATO against Russia are meaningless.

III-4-4 Justifying “suspension” of the CFE Treaty Moscow insists that accession of Latvia, Lithuania and Estonia to NATO has radically changed the military balance in the Baltic region, which “has adverse effects on Russia's ability to implement its political commitments to military containment in the north-western part of the Russian Federation”. The Kremlin demands from the three newly independent Baltic States to “return to the negotiating table” and join the CFE Treaty with a view to eliminate a zone in “which there are no restrictions on the deployment of conventional forces, including other countries' forces”.

The three Baltic States did not join the CFE Treaty. Thus there are no legal restrictions on deployment of foreign troops on their territories. Yet practically, the accession of the Baltic States to NATO did not change the balance of forces in the Baltic region whatsoever. Only four battle aircrafts of the NATO countries are stationed there on a permanent basis. The military personnel of Estonian, Latvian and Lithuanian armed forces together is less than 24,000; three of those countries have about 250 armoured combat vehicles and 550 artillery pieces; no one of them possess combat aircrafts or attack helicopters; the three Latvian tanks, obsolete T-55s, are only good for training purposes.^{xiv} This minimal military potential can not have “adverse effect on Russian ability” to implement military containment nearby the Baltic region.

Demanding of Latvia, Lithuania and Estonia to join the CFE Treaty Moscow misses that this Treaty does not envisage the expansion of membership. Only the states that signed the Treaty in 1990 or their assignees may be parties to it. Latvia, Lithuania and Estonia do not have this opportunity as no one of them is assignee to the former USSR. They cannot “return to the negotiating table” simply because they never were at such table. In its turn, the adapted CFE Treaty has the clause of accepting new members. Thus if it enters into force the three newly independent Baltic States will accede to it as they have officially declared. Therefore if Russia wanted to limit deployment of foreign troops in the Baltic States, it should accelerate the ratification of the adapted CFE Treaty but not destroy it.

III-4-5 Moscow includes into the list of “exceptional circumstances”, which mean extraordinary threats to its military security, the deployment of American forces in Bulgaria and Romania. Actually, due to large-scale reorganization of US forces abroad most of 70,000 American military personnel stationed in Europe would be moved to the USA while about 5,000 American armed forces personnel would be stationing in Bulgaria and Romania.¹⁰ In this light Russian “concerns” about American troops in Bulgaria and Romania were manifestations of either paranoid mentality or, what is more probable, cynical capitalizing on insufficient factual knowledge among general public. 5,000 or even 6,000 American soldiers stationed more than two thousand kilometres away from Russian borders and separated from Russia by a vast territory of Ukraine can not present any threat to Russia's security.

III-4-6 The adapted CFE Treaty retains sub-limits on the TLE in the flank zone for Russia and Ukraine.¹¹ Russia demanded of abolishing those restrictions. This was hardly possible. The establishment of the flank zone resulted mainly from Turkey's and Norway's striving to limit Soviet, then Russian, capacity to concentrate troops nearby their borders. However, in May 1996 NATO member states agreed to alter the geographical demarcation of the flank zone in Russia. As a result the military capabilities of Russia, including capabilities in the South, have grown significantly.

¹⁰ About 2,500 American servicemen are to be deployed in Bulgaria and about 2,300—in Romania. The troops are deployed on a rotational principle.

¹¹ There are sub-limits for tanks, armoured combat vehicles and artillery in the Russian Leningrad and North Caucasus military districts with exclusion of some areas in both of them. In Ukraine, there are sub-limits for land TLE in the Odessa oblast.

The TLE ceilings for Russian active units in the flank zone:^{xv}

	<i>Battle tanks</i>	<i>Armoured combat vehicles</i>	<i>Artillery</i>
The CFE Treaty	700	580	1,280
The adapted CFE Treaty	1,300	2,140	1,680

As a rule Russia explained its aversion of flank restrictions by a need to accumulate large force in the North Caucasus due to a threat of massive extremist activities there. The North Caucasus is unstable in fact. Yet regular land-force units with a lot of tanks, artillery and other heavy armaments are useless in combating urban guerrillas and are of little use in fighting small and mobile partisan groups in a mountain terrace. But military build up in the North Caucasus that became possible after “suspension” of the CFE Treaty was a part of preparation for attack on Georgia.

III-4-7 Russian arguments supporting the “suspension” of the CFE Treaty were either futile (like the claim that the three Baltic States are to return to the negotiating table), or based on arbitrary interpretation of some clauses of the Treaty, or have little in common with the actual strategic situation in Europe. No exceptional strategic circumstances justifying Russian “suspension” of the CFE Treaty have emerged in a few years after Russia has ratified the adapted CFE Treaty in 2004; and practically all Russian concerns may be obviated by implementation of the adapted Treaty.

“Suspension” of the CFE Treaty does not threaten military security of the NATO member states. Russian conventional forces are degrading and their numbers are much lower than it was allowed by the Treaty.

It seems also that Moscow is not very much worried about balance of land-force armaments nearby Russia’s borders. Creating a massive grouping of NATO ground forces having a few thousand tanks nearby Russian borders, say in the Baltic region, is highly unlikely scenario. Nowadays, the key component of military balance is an ability to deploy long-range precise delivery platforms (land and sea based cruise missiles, strike aviation et cetera) able to carry of conventional weapons against accurately chosen targets. In this light the “suspension” was rather a signal that Russia was losing patience. It was thus an element of a Russian strategy of escalation challenging Europe and the USA with a dilemma: either to spur Moscow’s ambitions or to face a risk of an escalating confrontation with Russia.

IV. THE CURRENT AND FUTURE RELATIONSHIP BETWEEN RUSSIA, THE UK, AND EU, AND THE IMPLICATIONS FOR THE UK GOVERNMENT’S FOREIGN AND DEFENCE POLICY IN RESPONSE TO RUSSIA’S CURRENT FOREIGN POLICY AND PRACTICE, PARTICULARLY IN LIGHT OF THE RECENT GEORGIAN CONFLICT

IV-1 *Zigzags of Russia’s foreign policy*

Since the war on Georgia Moscow’s foreign policy was a mix of hostile and conciliatory jesters towards the West. In October 2008 the Kremlin withdrew its force from so called “security zones” in Georgia proper and signalled that it looked for normalization its relations with the West. It reduced a bit the tensions in Russia’s relationship with the West, engendered by the Russian attack on Georgia. Yet at the same time Moscow continued to seek regime change in Georgia, pressed for imposing a ban on arms supplies to Georgia, refused to cancel recognition of Abkhazia and South Ossetia, and sent two strategic bombers to Venezuela with the only possible aim to demonstrate its readiness to military confrontation with the USA.

In the beginning of November 2008 the Kremlin intensified pressure upon the West. On 5 November 2008 Medvedev announced the “countermeasures” to the American plans for ABM in Europe. That was a clear challenge not only to the just elected American president but also to Europe, a substantial part of which would be within the battle range of new Russian missiles. It seemed that this jester was partly successful. Some European leaders made it clear that they would prefer making deal with Russia rather than performing a sort of “neo-containment” policy fraught with a new missile crisis. At the EU-Russia summit in Nice in the mid-November 2008 the EU agreed to resume talks on the new Treaty on Partnership and Cooperation between Russia and the EU. Medvedev and Sarkozy also agreed that new security architecture in Europe should be negotiated and established. What is more, President Sarkozy of France has said that deployment of American ABM “will add nothing to (European—Yu.F.) security but only complicate the situation”.^{xvi}

Just after the EU-Russia summit Medvedev gave an assuaging speech to the members of the Council on Foreign Relations in Washington DC on 16 November 2008. He explained that he delivered his speech of defiant anti-American tune on 5 November simply because he “absolutely forgot about the political event that was to take place on this day” (sic!). And also he has said that Russia “will take no action (deploy no missiles in Kaliningrad—Yu.F.) unless America takes the first step” in stationing ABM facilities in Europe.^{xvii}

Medvedev’s appeasing gestures have been accompanied by new threatening statements made by high rank Russian officials. In late November 2008 the Russian Defence Minister Anatoly Serdyukov has announced that “dragging Georgia into” NATO may provoke “much more severe conflict than the August events”.^{xviii} At about the same time, on 24 November 2008 the Prime Minister Vladimir Putin has outlined his vision of new security architecture in Europe having said that this architecture should:

- (a) “guarantee that one nation’s security is not ensured at the expense of another’s security;

- (b) prevent any country, military union or coalition from taking any actions that could weaken common security and unity;
- (c) prevent development and expansion of military unions from harming other parties in the agreement; and
- (d) stipulate basic parameters of control over armaments, including the fundamental principle of reasonable sufficiency and cooperation formats to fight proliferation of weapons of mass destruction, drug trafficking, terrorism and organised crime”.^{xix}

Dmitry Trenin, well informed Russian analyst close to the Kremlin, has deciphered these principles as “four no”, in fact as four basic conditions of stabilization of the Russia-West relationship: “no NATO in the CIS countries; no American bases in the CIS countries; no any support of “anti-Russian regimes in the CIS countries; and no ABM deployment nearby Russian borders”.^{xx} During the whole December 2008 Russian authorities including Putin himself were using harsh words for the USA portraying American policy as the main cause of the economic crisis “that infected the economies of practically all major countries of the world”.

At the end of 2008 Medvedev has visited Venezuela, Cuba and some other Latin American countries; and Russian navy exercised with Venezuelan counterpart. This journey and naval manoeuvres demonstrated weakness rather than strength of Russia, especially lack of serious allies. Yet at the same time it was a clear manifestation of anti-Western orientation of its international policy.

Since January 2009 Russia toned down its foreign policy rhetoric, demonstrated its readiness for cooperation with the West in energy matters, transit to Afghanistan etc. Russian military hinted that the plans to base Iskander missiles in Kaliningrad region may be “suspended” (yet not cancelled) as the USA was not “pushing ahead” with the ABM system in Poland and the Czech Republic.

Some believe that this zigzag may be caused by severe economic crisis in Russia resulted from global recession yet mainly from the radical drop of oil prices. By the end of the 2008 the Kremlin has realized that economic crisis in Russia would be deep and protracted, and fraught with mass protests and even political disturbances. Therefore Russian leaders might conclude that a combination of economic and social troubles inside the country with confrontation with the West would be too dangerous for the regime.

Yet at the same time it can be implementation of a “stick and carrot” tactics. In fact, it was correction of rhetoric rather than practice of Russian foreign policy. Russian pressure upon Kyrgyzstan to expel the American air-base in Manas reinforced by promise of substantial economic aid to this country demonstrated that the anti-Western orientation of Russian foreign policy is its permanent characteristic.

It seems that the recent Russian proposal about new European security architecture was an attempt to formulate, although in a quite vague way, such deal or a part of it. Within this intellectual framework the war on Georgia was (at least it can be seen so) not only an attempt to change the strategic landscape in the South Caucasus and prevent Georgian and Ukrainian membership in NATO, yet also a test of Western ability to deter Russian use of force in the post-Soviet space with a view to “cut the first slice of salami” that was Georgia.

IV-2 Concepts and interests behind Russias foreign policy

Many Russia-watchers, yet not all, believe that Moscow’s foreign policy results not so much from maximization of national security or other value as from interplay of pressure groups within political, bureaucratic and business top circles, security apparatuses and military command, competing for control over alluring segments of economy, flows of financial assets, and influence on making governmental decisions including those about foreign policy. Those groups have partly common yet partly opposing views and interests related to the country’s international behaviour. General evolution and tactical zigzags of Russia’s policy reflects, directly and indirectly, changing balance of influence between those domestic actors and their coalitions at each moment of time.

In the second half of this decade two basic schools of strategic thought became consolidated in Russian political, bureaucratic, military and academic milieus. Each of them produced specific set of strategic stances and ideas of Russia’s relations with the West and is associated with two particular parts of Russian elite.

IV-2-1 The first one asserts that a time of retreat and decline typical of Yeltsin’s era was over; that Russia has “risen from knees” and restored its muscle. As the world second nuclear weapon state and an “energy superpower” it pretends to be a forceful and in many cases decisive voice on international issues above all in the areas close to Russia. This megalomaniac vision is combined with a kind of paranoid syndrome. The West, many in Moscow believe, especially the USA, is afraid of a new powerful Russia and is doing its best to hinder its rebirth because of Western immutable intolerance to a “strong Russia”. President Medvedev said in September 2008 “Today Russia competes increasingly confidently in the economic, political and military spheres. And we must frankly acknowledge that many are not pleased with this development. Perhaps some forces in the world would like to see us remain weak, and to see our country develop according to laws dictated from outside”.^{xxi}

This school of thought considers authoritarianism as the only political regime proper to Russia, and a restoration of the Empire as its history-making mission. Ukraine, Byelorussia, Moldova and the South Caucasus are seen as “strategic belt” dividing Russia and NATO and, in a case of military conflict with the latter as a theatre of armed hostilities beyond Russian territory. Russia’s domination in the former Soviet Union and in former Soviet satellites in Eastern Europe is considered as a precondition that must be satisfied if preferred positions for Russian business, above all energy supplying companies, in Europe are to be achieved and secured. Control over energy resources of Central Asia and the Caspian is vitally important for Russia, they say, as those resources are necessary to compensate coming fall of oil and gas production in Russia. Russia’s policy towards new independent states should be based on a “salami-slice strategy”.

It also presumes that nowadays the West’s potency deteriorates because of Iraq, Afghanistan and Iran; instability in Pakistan; differences between the USA and Europe and also between so called “Old” and “New” Europe; and since the end of 2007 due to escalating financial and economic crisis. Political correctness, disposition to a soft power rather than use of military force, considering human rights as high value typical of Europe today are seen in Moscow as signals of decadence. Two-three years ago the Kremlin concluded that the international situation was favourable for Russia; and it should seize the propitious opportunity and reformulate its relationship with the West before the emerged “window of opportunity” closes.

The adherents of this concept insist that Russia should use “stick and carrot” policy with a view to reach a new “Yalta-type” agreement with the West. The latter should stop criticism of Russian domestic developments and support of democratic circles in the country and admit:

- (a) Russian dominance in the post-Soviet space;
- (b) Use of Russian military force within the former Soviet Union; and
- (c) Strong political influence in areas of Europe nearby the former Soviet Union.

Partly this strategic concept results from political mentality dominating in influential circles of Russian top echelons. Those views are typical of cliques in Russian top echelon deeply involved into economic relations with the outside world, primarily associated with export oriented and raw materials branches of the economy. They share neo-imperialist feelings yet are not interested in intense military-political opposition with the West. The latter will result in principal redistribution of the national wealth in favour of the military and defence industry at the expense of export branches, and as well in intrusive governmental control over economy. Some experts believe that president Medvedev belonged to this part of Russian elites at the very beginning of tenure.

Combination of megalomania and paranoia creates a mechanism leading Russian foreign policy down a blind alley. The bottom line is that inadequate evaluations of Russia together with Moscow’s great-power ambitions lead to the advancement of admittedly unattainable aims. The inevitable failures are explained not as due to Kremlin’s own errors, but to the hostile intrigues of the West. This distorts perception of international realities even further and aggravates the suspiciousness towards the outside world. The inability to attain stated strategic goals is perceived as a threat that had to be counteracted, by military means if necessary.

IV-2-2 Despite official rhetoric that the country has been restored to grandeur, the other school of strategic thought realizes that Russia is turning—or has turned already—into a petro-state suffering from defects typical of such states, including lack of motivations for technological modernization. The advocates of this strategic concept, mainly from security sector, can not but understand that Russian conventional forces are far behind American armed forces and those of leading European states, that Russia is not able to take advantage of the “revolution in military affairs”. They are worried about progressive degradation of Russia’s military science and industry, and declining ability to develop and introduce new high technologies which are of crucial importance for fighting efficiency of armed forces. In August 2008 the Russian Ministry of defence has published a few principal fragments of “The concept of development of the armed forces of the Russian Federation up to 2030”. This document said that the most dangerous threat to Russia’s security is a growing gap between threats coming from the West and Russia’s ability to offset them because of “increasing technological and military-technical superiority of leading foreign countries over Russia that allows them to develop means of armed struggle of the next generations and equip their armed forces with those means in a mass manner”.^{xxii}

In this light there is a growing feeling among a part of Russian elites, especially those associated with the security sector and high-tech branches, that in order to prevent the final crash of Russian high-technology industries and to repair military science and industry the country should return to a mobilized economy, radically increase defence expenditures, including investments into defence R&D. The draft of a new Russian official security concept developed by the Security council headed by Nikolay Patrushev, the former chef of the Russian secret police and Putin’s close associate, announces the main threat to national economic security is the economic model oriented at export of raw materials, which is “especially vulnerable due to its accessibility to foreign capital and corruptibility”.^{xxiii} In order to reverse the dangerous trends in Russian economy, they say, export revenues should be re-channelled into defence sector. Besides other things this will restore the privilege status that high military command, masters of the defence industry, and chefs of the security organizations enjoyed in the former Soviet Union and will allow them to control larger amount of the budget money.

To justify a transition to mobilized economy heads of the Russian security sector together with governmental officials, politicians and academics associated with them, are seeking after “controlled confrontation” with the West yet not after real military confrontation. They understand quite well that Russia is not able to win a conventional war with the USA and NATO, and that nuclear war will be suicidal for the country.

However, they attempt to provoke Western behaviour that may be construed as violation of Russian legitimate interests and a military threat to the Russian state with in order to convince Russian society that a new militarization of the country is the only way of its survival. For those groups the war on Georgia was not so much a regional affair as an attempt to create a new confrontational situation in Russia’s relationship with the West.

Yet if the West does not respond to Russian aggressiveness in the Post-Soviet apace in defiant behaviour regarding “New Europe” in a proper way, this group interprets this as a confirmation that the West is weak and that Russian tactics of tough pressure, blackmail and “salami’ slicing” is effective and should be continued, and that Russian army and defence industry should be strengthened by new large financial investments.

IV-3 *Longer-term trajectories*

IV-3-1 One of possible trajectories of Russia’s relations with the West engendered by a ‘deal’ between Russia and the West. If so, Russia achieves some of its basic goals—prevention of further NATO’s eastward expansion, retaining its naval base in Sevastopol beyond 2017, and even America’s refusal from ABM deployment in Poland and the Czech Republic. This will be the West’s strategic defeat:

- (a) the Kremlin capitalizes upon its armed aggression against Georgia, which is hardly acceptable from moral point of view;
- (b) Moscow will definitely perceive the West’s consent to such a deal as a practical proof of its military weakness and lack of political will to oppose Russia’s further expansion. Most probably, Western weakness will encourage Russian top echelons to undertake next steps, aimed at transformation of Central Europe into *de facto* “neutral belt” between Russia *et cetera*; and
- (c) it is not clear what can be Western “reward” for acceptance of Russian demands. As it was mentioned before Moscow will hardly meet Western needs regarding Iran and Afghanistan, which are of special importance for the USA and Europe.

If a hypothetical deal with Russia includes the US refusal from the ABM in Europe it will have dramatic consequences for European security. Many in Europe will perceived it as practical evidence that the US is not a reliable ally and being under Russia’s pressure may break its word. Doubts of American security guarantees may result in deep structural changes in Europe’s security arrangements unpredictable in details at the moment. In fact, the arrangements in Yalta and Potsdam in 1945 had not prevented the first Cold War, or the Munich agreement of September 1938 had not prevented the Second World War.

IV-3-2 In the current context most of Western states would like to avoid escalating crisis in relations with Russia as it will add one more difficult problem to the already long list of strategic challenges to the community of democratic nations (financial crisis, wars in Iraq and Afghanistan, Iranian nuclear problem). One can not exclude that the West will be enforced to apply punitive sanctions upon Russia if Moscow undertakes new aggressive actions, for instance, annexes the Crimean peninsula. Sanctions may include reduction of economic relations, refusal of political dialog and semi-isolation, expulsion from the G8 and some other international bodies, and introduction of severe restrictions on export of high-technologies especially those that are of dual-use *et cetera*. Imposing sanctions upon Russia will most probably results in a new Cold War type opposition between Russia and the West. Russian “party of war” will interpret sanctions as a proof of its theory of West’s irremovable hostility to Russia to justify principal, few times more, rise of defence budget and then transition to mobilized economy.

IV-3-3 Under the “Cold war scenario” Russia deploys nuclear weapons and their delivery vehicles in Kaliningrad and perhaps in Byelorussia; withdraws from the INF Treaty; undertakes aggressive actions against Ukraine, Georgia, and against oil pipelines coming through Georgia; cuts off NATO’s transit to Afghanistan; and hampers Western efforts to stop the Iranian nuclear program. Escalating military-political confrontation with the West will result in a new arms race and a number of crises, including a new missile crisis.

Russia will not be able to win a new Cold War. The Soviet Union has lost the first Cold War and collapsed largely because it was unable to sustain the burden of the arms race. The Russian economy, poisoned by petro-dollars, and based on its own dimensions, significantly gives way to the Soviet variant. The burden of military programs needed to counteracting to the West will be greater than in the USSR. In Russia we will see growing political influence of the “party of war”; transition to mobilized economy; fall of the standard of living; a rapid growth of popular dissatisfaction; and essential changes in economic and political systems which will be strongly resisted by groups in the elite and society which are flourishing in the export-orient sectors of economy.

In the aggregate it will result in a deep political crisis in Russia which in turn may evolve either into a democratic “colour” revolution, or into establishment of fascist military dictatorship, or into disintegration of the country. But before such crisis results in a democratic revolution, if it ever happens, Moscow may cause of a few dangerous conflicts. A military-political confrontation with Russia enfeebles Western capacity to deal with other hot issues like Iran nuclear ambitions, for instance. Also, a disintegration of the second world nuclear power and the largest supplier of energy to Europe, which is Russia, will be a serious challenge to Europe.

IV-3-4 At last, one can not exclude Russia’s “return to normality”, which includes constructive cooperation with the West in resolving Iran’s nuclear program, practical support operation in Afghanistan, and search of solution of Abkhaz and Ossetian issues acceptable to Georgia. This is most welcome and optimal trajectory yet its realization is quite improbable at the moment as for this Moscow should recognize a failure of its current strategy and minimize political influence of the “party of war”. This may happen if only Russia is confronted by an economic catastrophe and vitally needs large-scale economic assistance from the West.

CONCLUSION

There are weighty reasons why Russia’s will continue its current policy. The latter is increasingly created by traditional Soviet motivations: morbid suspiciousness; an imperial syndrome; attempts to play the US off against Europe; the desire to preserve Central and Eastern Europe as zones of probable expansion, *et cetera*. The war in the Caucasus proves that Russian international behaviour for the most part is decided by circles, which wittingly provokes Russia’s defiant and aggressive international behaviour with a view to restore a mobilized economy and its privilege status in the political system.

At the moment and in the foreseeable future Russia will not be able to create direct military threat to the UK in addition to the one caused by Russian strategic nuclear weapons. However, under the worst case scenario Russia may produce substantial military threat to Central and Eastern Europe, damage European and transatlantic solidarity in security areas, hamper NATO and the USA operation in Afghanistan, and minimize European chances to build alternative oil and gas transport corridors from Central Asia via the South Caucasus.

The UK, other European states and the United States face the dilemma: to take a strong position of the containment of the current ambitions of Moscow, or to recognize its right to its own sphere of influence. Being faced with Russian challenge the West should find the right balance between cooperation, containment and deterrence. The Kremlin should be convinced, by deeds not words, that aggression and blackmail do not yield fruits it wishes to get. Russian ‘stick and carrot’ policy should be counteracted by the Western “stick and carrot” policy.

11 February 2009

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Memorandum from the Polish Embassy in London

I. NATO-RUSSIA RELATIONS, NATO-RUSSIA COUNCIL

NATO should consider an adequate and constructive response to the challenges posed by Moscow’s policies. It is our view that the Alliance has got the potential to come up with such a response. At present, we should focus on an open, enhanced debate on the overall picture of the NATO-Russia relationship, which would include, among others, the issue of the actual goals of Russia’s actions towards NATO and its member states, and the Euro-Atlantic community as a whole. Without a conclusive completion of such a discussion, it is difficult to picture further evolution of NATO-Russia relations.

2. Poland has always been in favour of a constructive dialogue with Moscow. We believe it should be based on common values and principles and shared rules of behaviour. Russia’s recent actions put to doubt its willingness to respect the generally recognised principles, as well as legal and international agreements it has pledged to adhere to. We will be working to make sure that NATO does not brush this aside, as this would send out a worrying signal which would in turn lead to the escalation of Russian activities.

3. We believe that NATO-Russia dialogue is necessary for the European security.

This dialogue requires goodwill and sincerity of both parties. We are convinced that the Alliance displays such goodwill and good intentions. We think that a complete implementation of Sarkozy plan by Moscow would point towards the presence of such goodwill and intentions in Moscow, as well.

4. In our view, the mechanisms for NATO-Moscow co-operation have so far not delivered on the expectations. This was because the goals of the co-operation were interpreted differently by the Alliance and Moscow. At the same time, we see no need to develop new formulas for NATO-Russia co-operation, as weaknesses stem from causes beyond logistics.

II. NATO MEMBER STATES- RUSSIA RELATIONS

1. In Poland’s view, the extent and intensity of NATO member states’ relations with Russia should be determined by an agreed platform of co-operation between the Alliance and Moscow. We mustn’t allow for the uniformity of NATO states policies with regard to Russia to be questioned.

2. We will encourage our NATO partners to perceive the issues of NATO-Moscow relations in the field of security and the individual members states’ relations with Russia in a complementary way.

III. NATO ENLARGEMENT, NATO-GEORGIA RELATIONS, NATO-UKRAINE

1. The best tool of stabilising the Euro-Atlantic area are NATO's and EU's enlargement policies. Maintaining membership prospects and active NATO and EU assistance with the adjustment policies will be the best remedy for the post-Soviet region and may constitute a part of a constructive answer to Moscow's politics in the area.

2. We will continue to strive for—in an appropriate time frame—Georgia's and Ukraine's NATO membership. We wish however to focus on achieving actual results of pro-NATO modernisation of the two countries, which will bring closer and make their accession more realistic.

3. We welcomed the decision to appoint the NATO-Georgia Commission. We hope that it will constitute a forum for realistic and practical co-operation between NATO and Georgia, aimed at bringing Tbilisi closer to NATO membership and supporting Georgian authorities. The ongoing preparations for the Annual National Program will make it possible to formulate an ambitious agenda of co-operation.

4. We will continue to support international activities aimed at solving the South Ossetia and Abchasia crisis. We actively participate in observation missions in Georgia and are willing to increase our involvement in this country.

5. We will consequently advocate Kiev's membership in NATO, as we believe it is in line with the Alliance's long-term strategic interests. Kiev should obtain a permanent place in Europe's security architecture, which would correspond to Ukraine's potential and its people's will. We rule out any other sources of influence on the directions on Kiev's integration aspirations.

6. In December 2008, not all of the allies were ready to take the bold decision to award MAP to Ukraine. We should however notice the positive elements of the debate on NATO-Ukraine relations during the NAC and NUC meetings, which demonstrate that no one questions decisions on Ukraine's NATO membership, taken in Bucharest, and Ukraine's road to NATO does not necessarily have to lead via MAP.

7. We should now focus on preparing Ukraine for membership in such a way so that inviting Kiev to join NATO would be a mere formality, when favourable political circumstances arise.

8. In our view, most of the reforms and adjustment processes may and should be conducted through existing mechanisms of Kiev-NATO co-operation, predominantly the NUC and Annual National Programme, which is currently being developed.

IV. MISSILE DEFENCE (MD)

1. We believe the MD should not be a cause of friction in our bilateral relations with Russia. We wish to continue dialogue with Moscow in order to make it clear that the MD base will only serve the declared defence purposes and will not be used in activities which would pose a threat to the Russian Federation's security. The components of the United States' MD system will not be aimed against the safety of either Russia or any other country.

2. We actively participate in developing the set of proposals on Transparency and Confidence Building Measures for Russia with regard to MD.

3. We are convinced that TCBMs should take into account the principle of sovereignty of our two countries, reciprocity (possibility to inspect military installations of the Russian partners, especially in the Kaliningrad District) and proportionality. We are open to visits of Russian inspectors to the US MD base, however we do not agree to their permanent presence on the site. Inspections taking place with our knowledge and consent do not arise our concerns.

10 February 2009

Memorandum from Andrew Wood

RELATIONS WITH RUSSIA

1. Internal factors determine Russia's foreign policies to an unusual degree:

- Russian political institutions have atrophied, leaving power in the hands of a small group of which former President Putin remains the lynch pin. The election of President Medvedev last year did not ensure the renewal and reinvigoration to be expected from a true transition.
- These structures have come under rising pressure over the past year. Russia's incursion into Georgia crystallised a latent perception of Russian fragility. Russia's difficulties have been compounded since then. But Russia's foreign policy attitudes have not changed.
- Russia's foreign policy establishment, like its power structures in general, is small and inward looking. The assumptions that fuel its beliefs are those of the ruling elite: that Russia is "back" and is naturally a "Great Power"; that it is entitled to exercise power in a zone of privileged interests

whose lesser powers are obliged to heed its directions; that an era seen by Moscow theorists as one where Washington alone called the shots is over but that a weakening United States is nevertheless determined to do Russia down; and that it is payback time for Russia's alleged past humiliation. None of these propositions stand up to serious examination, but that does not lessen their hold on the imagination of the foreign policy establishment.

- Russia's actions against Georgia, its pressure on Ukraine, and its policies towards the Baltic States reflect revisionist ambitions and a refusal to face up to the Soviet past. That is a change from the 90s, when the newly established Russia was more open to integration into European and Atlantic frameworks.

2. Outside powers, including those in NATO and the European Union, have found it difficult to arrive at a mutually consistent view of where Russia is headed, and how to deal with it. Their joint and several agendas are distorted by differing historic memories; by a tendency to see the choice as one between containment and engagement when some of one and some of the other might be reasonable; and the habit of seeing relations with Russia through a bilateral focus, rather than taking the lands between into full account. Divisions among outside powers and the weaknesses of both NATO and the EU have made it practicable and entirely understandable for the Russians to focus on particular countries, and particular issues, on bilateral bases. Energy Security is a notable instance of Moscow's ability to set the current agenda.

3. The institutions set up to manage the Russia-NATO and Russia-EU relationships have had useful results—on a practical and working level. They have been less effective in setting a meaningful strategic agenda. It is difficult to see how that might change while the Russians are disinclined to work effectively with either NATO or the EU. They insist on seeing themselves as the natural equivalent of the United States, and on regarding Washington at the same time as their inevitable rival. The new US Administration seems to want to revitalise arms control negotiations with Russia, partly for its own sake and in the hope that this will assuage Russian feelings and partly with the idea that wider engagement will follow. It will be a big leap from the first hope to the second:

- Russia has continued to try to build up its authority in and over the countries of Central Asia, in the Caucasus, and over Ukraine.
- In doing so, it has sought to exclude the United States and her allies.
- Russian threats to deploy its (not yet operational) Iskander missiles in Kaliningrad went along with a determined effort not to listen to explanations of the realities behind the deployment of small scale missile defence systems in Poland and the Czech Republic. What vice-President Biden recently described in Munich as the reset button has not yet entirely defused that issue.
- The proposed construction of new facilities for the Russian Armed Forces in “independent” Abkhazia is intended further to alter the balance in the Caucasus and the Black Sea.
- Russia's determination to exploit its gas assets as a political weapon has again been clearly demonstrated against Kiev, along with its indifference to the interests of its European (and best paying) customers.
- Russian proposals for a new European security architecture are clearly designed to undermine NATO, and by extension the US position in Europe.

4. Russian and NATO often appear to exist in parallel worlds. We do not have a dialogue of the deaf so much as the two entities talking, on occasion even shouting, past each other. Official Moscow for instance apparently cannot accept, even privately, that NATO enlargement has been at the request, even the urgent request, of new and aspiring members, and still less that it has played a part in stabilising Central and Eastern Europe. NATO knows that it has no designs on Russia—and it is a tough call even in the abstract to make a plausible case for the Alliance having them. The West sees the Orange or Rose revolutions as domestic and popular events. Official Moscow took them to be the threatening result of outside interference, and a Russian defeat. Moscow no longer recognises, as it used to do in the 90s, that the principal dangers to Russia's security do not come from the West, and are not that different from those perceived by Western countries as directed against their security too.

5. The Russia-EU relationship is in principle easier than that between Russia and NATO. But again, the record is disappointing.

- The EU is committed under the existing Partnership and Cooperation Agreement (PCA) to working with Russia on the basis among other things of democratic principles and Human Rights. Prime Minister Putin's angry reaction when the EU Commission President mentioned violence against journalists and human rights workers at their press conference on 6 February told again of a difference in view.
- Moscow's negotiating style is intransigent, and the Russians do not take the EU seriously when it comes to the harsher politics of interstate relations.

- The EU still needs to develop a common strategy in the critical sphere of energy, or at least some common understanding of what might underpin such a strategy.

6. It may of course be that in negotiating a new PCA, and in developing its ideas for its proposed Eastern Partnership, the European Union will arrive at a more coherent approach, which will encourage the Russians to take it more seriously. Russian entry into the WTO would help in that process if Russia were to hold to its WTO commitments and its WTO colleagues were to ensure that it did. But the record so far suggests that while the EU is good at approaching complex issues from the ground of wide principle, it is less effective at the hard graft of detailed work needed to underpin those principles—and Moscow is able to do what it does so well, and so understandably, which is to select issues of concrete interest, and in so doing to set others' agendas for them.

7. The UK has a bad intergovernmental relationship with Russia, as it has had before. The British can stand proxy for the Americans, and have been staunch supporters of NATO. We differed from the Russians over Kosovo, and Iraq. The British judicial system has defended the rights of those granted asylum. We cannot ignore assassination on our territory. Moscow has had other gripes in the past, and may well have others in the future. But none of this has prevented the UK from having a close and many textured relationship with Russia outside the intergovernmental framework. There is a wider lesson here: looking at the issues of defence and international relations can obscure the realities of our other mutual interests. Russia is more than its governing elite. There are those in Russia that look to Britain to live up to its values.

8. Russia's present rulers will have difficult choices to make in 2009. Introducing a review by some of Russia's most distinguished economists and social analysts on 9 February the lead editor referred to fundamental flaws in Russia's economy; remarked that his country was running out of time to retune that economy so as to enable a "new quality" of post-crisis growth; and said that ballooning state involvement in the economy, the propping up of ineffective businesses and the atrophy of market institutions presented major risks. The editor spoke the truth. The problem for the present order of things in Russia is that too many powerful Russians would lose from a choice of the changes, including the changes in the structures of power, implicit in a return towards liberal reform—and a more devolved, accountable and independently managed system is needed for a "new quality" to be introduced. If such men of power continue to resist, internal controls will probably be tightened still further. That would be risky as well as unpleasant. But Russia has now no tested machinery with which to manage change. The possibility is there of a major political crisis compounding already serious economic stress.

9. Predicting how Russian foreign and defence policies will evolve over the next year, let alone longer, is in these circumstances problematic. Russia's apparent international success has been a source of pride to its leaders and added to their credibility with their people. Domestic stress will probably, in the near term at least, increase Moscow's efforts to build up its influence over its ex-Soviet neighbourhood, and foster its irritable attitude towards the West. That would be more likely to persist if the Russian authorities chose to deal with their economic and social problems by tightening their internal controls. It is in any case hard enough for any leadership or individual leader in power for almost a decade to admit that different attitudes would be wise. Moscow's encouragement of Kyrgyzstan to close the US base there, its provision of money to Belarus for a unified air defence system, and reported decision with its "Collective Treaty Security Organization" colleagues to set up a rapid reaction force are all recent indications of continuity. It is questionable if any of them add to Russia's real security.

10. The rest of us have no choice but to live with uncertainty as to how Russia will now change, and how or when that will affect her attitude towards the outside world. The UK will no doubt also have to live with differing ideas among EU and NATO colleagues as to what is happening in Russia, and what our attitudes towards that should be. Patience and confidence will be necessary. There is no need for us to be short of either, though division and irresolution have marked us before. There is no reason, just because the present Russian establishment has a distorted and suspicious view of the outside world, and the West in particular, that we should reciprocate. Russian policies towards Ukraine and the Baltic States, in the Caucasus and in Central Asia will need careful attention. It will be right to work with the Russians in the WTO context, the Council of Europe, the United Nations and so on, while also making sure that we understand each other properly, and stick to a common rulebook. We have strong business interests in common. And there is work to do on energy security.

11. It will also be right, lastly, to track Russia's efforts at military reform closely and even sympathetically. The Russian Armed Forces are large but ramshackle. They are in the aggregate no match for NATO, though capable as Georgia demonstrated of bringing force to bear on vulnerable points. The Russians have their doubts as to the resolution of others including NATO to resist such ventures, and have spoken of their right to defend their nationals abroad. Quite what they mean by that is unclear, but there are implications which the Russian authorities have not dismissed for instance for Ukraine and the Baltic States. Both President

Medvedev and Prime Minister Putin have favoured increased defence expenditure. But those increases will not match the cost of replacing obsolescent equipment, or be sufficient to bring about the reform of the military espoused by Defence Minister Serdyukhov. A more tightly organized and smaller Russian military might, always provided that we can get the wider agenda in better shape, will be easier for the rest of us to work with.

February 2009

Memorandum from the Government of Georgia

The Government of Georgia is grateful for this opportunity to present its views to the Select Committee on Defence. The Government of Georgia is also profoundly grateful for the United Kingdom's support for Georgia after the Russian invasion of our country on 7 August 2008.

At the outset, we offer the Committee these key points, which are elaborated in our submission:

- Russia has been fostering conflict in the Georgian territories of Abkhazia and South Ossetia/Tskhinvali Region since the fall of the Soviet Union, aiming to destabilize and subjugate Georgia—and to simultaneously send a message to countries throughout the post-Soviet space.
- The reason Moscow gave for its invasion of Georgia—to stop a genocide—was debunked by all credible international observers. When its forces occupied positions throughout Georgia and bombed civilian infrastructure, it became clear that Russia's goal was largely unrelated to South Ossetia/Tskhinvali Region. It sought to assert itself in its neighborhood; thwart NATO expansion; exert ever-greater control over Europe's energy supplies; and punish a flourishing democracy on its borders. Its leaders announced that they sought the replacement of the democratically elected Government of Georgia.
- Russia should not have a veto over whether Georgia, or any other sovereign nation, is able to join NATO or any other international organization;
- Coherent policy of towards Russia is very important; otherwise, using illegal and violent means, Russia will be able to capitalize on differences of opinion to exert its influence in the region, with serious consequences for global security;
- Georgia seeks a constructive relationship with Russia, but it cannot tolerate occupation and annexation of its sovereign territories; there must be respect for the rule of law.
- There can be little doubt that one way or another, sooner rather than later, the Russian Federation would have manufactured a pretext for its invasion—regardless of the actions of the Government of Georgia. Georgia now feels it is our responsibility, together with the international community, to recover from the invasion, rebuild the country, and reassert the common values that tie together the Euro-Atlantic community.

This paper is organized as follows:

1. Background: The Conflicts in Abkhazia and South Ossetia/Tskhinvali Region.
2. The Russian Escalation 2004–08: Military & Political Escalation Before the Invasion of Georgia.
3. The August 2008 War.
4. The Aftermath of the Russian Invasion.
5. Implications for the UK, NATO & Georgia.

BACKGROUND: THE CONFLICTS IN ABKHAZIA AND SOUTH OSSETIA/TSKHINVALI REGION

1. Georgia is an ancient country with a rich and distinct culture. It has been an independent state at the crossroads of Europe for nearly three millennia. The Georgian language is one of the oldest spoken languages, with a unique alphabet which is 23 centuries old. Georgia was known to the ancient Greeks as the country of the Golden Fleece and formerly was known as the Kingdom of Colchis for western Georgia, and Iberia for the east. Georgia has been an integral part of the Hellenic and Roman worlds. Later, as one of the oldest Christian civilizations, it served as a European outpost in the east.

2. As Georgia regained its independence in the early 1990s, Moscow deliberately fostered conflict in the Georgian territories of Abkhazia and South Ossetia/Tskhinvali Region to destabilize Georgia.

3. In Abkhazia, the Russian Federation has been using Abkhaz separatists as proxy fighters to carry out attacks against Georgian citizens and interests. Russia provided manpower, military equipment, money, and ideological support.

4. During the civil war of 1992–93, Russia’s actions in Abkhazia led to the ethnic cleansing of Georgians, Jews, Greeks, Estonians, and others from Abkhazia. In total, over 400,000 residents of Abkhazia were forced to flee, fundamentally altering the demographics of the region and leaving it in control of the minority Abkhaz; as of today, almost none these IDPs have been allowed to return. In addition, over 12,000 people were killed; more than 20,000 homes burned and looted; schools, nursery schools, cultural centres, churches, architectural and historic monuments razed. Property valued in the 10s of billions of dollars was destroyed.

5. Following this first conflict, Russia undertook the *de facto* annexation of Abkhazia, integrating it into the Russian Federation through military, political, economic, financial, trade, legal, administrative, and other means.

6. In South Ossetia/Tskhinvali Region, meanwhile, Russia stoked ethnic clashes beginning in the early 1990s. This resulted in the ethnic cleansing of Georgians from the regional capital of Tskhinvali and other villages in the region. Ossetian militias, armed by Moscow, killed hundreds of ethnic Georgians, expelled over 12,000 from their homes, and destroyed Georgian villages. The weak Georgian Government of the time was forced to sign the Dagomis Accord that gave Russian troops the status of “peacekeepers.” Instead of peace facilitation, however, during the following 16 years Russia actively supported separatist groups and openly assigned Russian officials to govern the *de facto* separatist regimes and military.

7. In the subsequent decade, and leading up to its August 2008 invasion, Russia systematically sought to exert control over these Georgian territories; by keeping them in limbo, outside the control of the Georgian government, Moscow was able to subvert Georgian sovereignty by arming and supporting separatists and thus sending a message to the entire post-Soviet region—that Russia would not back down from its sphere of influence.

THE RUSSIAN ESCALATION 2004-2008: MILITARY & POLITICAL ESCALATION BEFORE THE INVASION OF GEORGIA

8. Close observers are unanimous in their assessment that the Russian Federation had been preparing its invasion of Georgia for years. A few significant milestones in this plan include: the long-term ethnic cleansing of Georgians from the conflict zone to homogenize the populations; an illegal campaign of passportization in the conflict zones since July 2002 to manufacture “Russian citizens” to protect; the abrogation of international agreements regarding economic and arms sanctions in the separatist territories; the extension of legal links to South Ossetia/Tskhinvali Region and Abkhazia in April 2008; an intense anti-Georgia propaganda campaign; and a rapidly escalating illegal military buildup in the conflict zones (from spring 2008 onwards).

9. In the years following the election of a legitimate democratic government in Georgia in 2004, Russia repeatedly rejected Georgian peace proposals. Beginning in 2004, the Georgian Government proposed many times to launch a genuine peace process for South Ossetia/Tskhinvali Region and Abkhazia. Years of stalemate had left all ethnic populations in both conflict zones impoverished and without any effective protection of basic rights; Georgians in particular were targeted and persecuted on ethnic grounds. The Russian Federation and separatist leaders rejected Georgia’s peace initiatives—which included broad autonomy, guaranteed language/cultural rights, economic rehabilitation projects, and so forth—each and every time they were proposed—even when the international community backed the initiatives.

10. As a result, South Ossetia/Tskhinvali Region and Abkhazia became hubs for acute criminal activity, including kidnapping, extortion, counterfeiting, smuggling of arms and drugs. At least one case of nuclear smuggling was confirmed.

11. Simultaneously, Russia gained a stranglehold over the separatist governments in South Ossetia/Tskhinvali Region and Abkhazia. As of 2005, Russian military and civilian officials seconded from Moscow effectively have been governing South Ossetia/Tskhinvali Region and Abkhazia.

12. In spring 2006, Russian forces illegally built a forward military base in the strategically located town of Java (north of Tskhinvali). This base would play a central role in the August 2008 war.

13. In November 2006, Russian President Vladimir Putin told Georgian President Mikheil Saakashvili that he would impose “the Cyprus model” on Abkhazia.

14. On 11 March 2007, Mi-24 helicopters that according to the UN investigation could only have come from Russia attacked Upper Abkhazia in the middle of the night. On August 6, 2007, as verified by an independent international investigation, a Russian fighter aircraft dropped a Kh-58 anti-radiation bomb just short of a newly upgraded radar facility. It landed unexploded in a farm field. Russia denied responsibility in both instances, claiming that Georgia had attacked itself with military capabilities it does not possess. Nonetheless, after both attacks, Russian Special Envoy for CIS Countries Valery Kenyaikin made clear that Georgia deserved these “punishments.”

15. Then, in spring 2008—following the recognition of Kosovo and in advance of NATO April Summit, at which the extension of a Membership Action Plan to Georgia would be considered—Moscow began an acute escalation of the confrontation with Georgia. Specifically, in March, Moscow illegally lifted an arms and economic embargo that had been imposed by the Commonwealth of Independent States in 1996 on Abkhazia.

16. In April, Moscow sharply escalated tensions by decreeing the establishment of legal links between Russia and the Georgian regions of Abkhazia and South Ossetia/Tskhinvali Region; this was a form of de facto annexation of Georgian territory and drew sharp rebukes from the entire international community including the EU, NATO, the US, the OSCE, and others, who called for the immediate reversal of this Russian decision.

17. On April 20, a Russian fighter jet downed an unarmed Georgian drone over Georgian airspace, an act of aggression confirmed by formal UNOMIG and OSCE investigative reports.

18. In the following weeks, Russia continued to unilaterally increase its troop strength in Abkhazia, without fulfilling its legal obligation to seek the consent of Georgia; among other moves, it deployed paratrooper units, which were incompatible with peacekeeping.

19. Then in direct contravention of all peacekeeping norms and agreements, Russia introduced additional offensive military troops and heavy weaponry in Abkhazia, actions verified by UNOMIG. Russian Railroad Troops undertook a “humanitarian effort” to repair the rail line between Sukhumi and Ochamchire, a naval base Russia would use in its invasion of Georgia two months later.

20. In July, as the efforts by Georgia and the international community to advance peace proposals for Abkhazia gathered pace, the focus of Russian provocations suddenly shifted to South Ossetia/Tskhinvali Region. Separatists attempted to assassinate the S. Ossetian unionist leader, Dimitry Sanakoyev; approximately a dozen armed provocations followed in subsequent weeks.

21. Russia conducted large-scale military exercises dubbed “Caucasus 2008” (15 July to 2 August) in the immediate vicinity of Georgia’s northern border. The Russian Defense Ministry claimed that the exercises, involving over 8,000 troops and 700 pieces of military hardware, were aimed at preparing for “special peace enforcement operations” in the Georgian regions of Abkhazia and South Ossetia/Tskhinvali Region. During the exercise, anti-Georgian leaflets were distributed entitled “Know Your Enemy”.

22. Russian troops participating in this military exercise did not re-deploy at its conclusion.

23. Meanwhile, Moscow and its proxy separatist forces repeatedly rejected a German-mediated peace initiative and refused to attend peace talks scheduled in Berlin. Shortly before the war the OSCE Chairman in Office also proposed talks in Helsinki between South Ossetia/Tskhinvali Region separatists and the Georgian Government; the separatists rejected the proposal.

THE AUGUST 2008 WAR

24. Early in the morning of 7 August, after days of escalating provocations by separatist militias in South Ossetia/Tskhinvali Region, Russia sent troops across the internationally recognized borders of Georgia. Russia was enacting a premeditated, meticulously prepared plan to change by force the borders of a European democracy and overthrow its elected government. Russian President Medvedev said as much shortly after the war began: “Russia, just like other countries in the world, has regions where it has privileged interests.”

25. The Russian invasion was quick and fierce. Russia breached four points on Georgia’s border within 24 hours; at their peak, Russian troops on Georgian soil numbered 40,000, accompanied by hundreds of tanks and armored vehicles. Russian jets made scores of bombing raids daily throughout 30 cities and villages of Georgia, while Russia’s Black Sea fleet blockaded Georgia’s coast and occupied its strategic port of Poti. The latest official casualty figures show 413 Georgians died during the war, including 228 civilians.

26. Georgian Government forces advanced into the Tskhinvali region only after days of intensive shelling that caused civilian deaths in villages under Georgian control—and after confirmation that an armored Russian land force had begun invading Georgia through the Roki Tunnel.

27. Russia’s invasion and occupation was characterized by the following:

28. Relentless attacks on civilian sites and infrastructure (railway bridges, civilian airports, port terminals etc). The goal of these Russian bombings appears to have been to destroy the Georgian economy and thus destabilize the democratic government.

29. A brutal campaign of ethnic cleansing that forced a new wave of over 140,000 ethnic Georgians to flee their homes in South Ossetia/Tskhinvali Region and Abkhazia, as well in villages outside the conflict zone.

30. The occupation of strategic areas outside the conflict zones—including the port of Poti and the main East-West highway—and the establishment of a 20-kilometer wide “security zone” around the conflict zones.

31. An intense international propaganda campaign to blame Georgia for starting the war; among other assertions, Russian leaders claimed that 2,100 South Ossetians had been killed in a “genocide” by Georgian forces before Russia invaded. On 11 September, Human Rights Watch said fewer than 100 had been killed in South Ossetia/Tskhinvali Region, including military; in December, the head of the Russian Prosecutor-General’s investigative committee, Alexander Bastyrkin, declared that the number of South Ossetians killed throughout the entire war was 162.

32. An unprecedented cyberwarfare campaign that seriously degraded the ability of the Government of Georgia to communicate, and debilitated for long periods both public and private-sector websites in Georgia (initial cyber attacks started even before 8 August, also were made on Georgian websites outside the country).

33. Ruinous “ecocide” attacks that aimed to destroy Georgia’s environment and its natural resources. Russian jets repeatedly launched firebombs into Georgian forests, while also instigating oil spills off the Georgian coast.

THE AFTERMATH OF THE RUSSIAN INVASION

34. On 12 August, the Russian Federation signed a ceasefire and withdrawal agreement negotiated by the French President. Since then, Russia has serially flouted the agreement by refusing to withdraw to pre-conflict positions within Georgia, failing to facilitate the return of IDPs, by being part of campaign of ethnic cleansing of ethnically Georgian residents, as well as barring access of the European Union Monitoring Mission to the occupied territories.

35. Most egregiously, on 26 August, Moscow recognized Abkhazia and South Ossetia/Tskhinvali Region as independent countries, underscoring that its invasion of Georgia was part of a broader, premeditated plan to redraw the map of Europe.

36. In areas within its control, meanwhile, Russia is acting with impunity, continuing its campaign of ethnic cleansing and preventing international diplomats and humanitarian organizations from accessing the conflict or “security” zones.

37. On 5 February, the OSCE Parliamentary Assembly’s special envoy for Georgia, Goran Lenmarker, declared: “(In South Ossetia/Tskhinvali Region), there is now a situation where you have had de facto ethnic cleansing, where refugees have their homes and wish to go back.”

38. Russia is transforming South Ossetia/Tskhinvali Region and Abkhazia into Russian garrisons, also in violation of the ceasefire agreement. There are approximately 4,000 Russian troops in each of Abkhazia and South Ossetia/Tskhinvali Region, with tanks, armored personnel carriers, helicopters, rockets, and air defense batteries.

39. Furthermore, construction has apparently been completed at two Russian military bases in South Ossetia/Tskhinvali Region, including the Ugardanta base begun in 2006. In Abkhazia, Moscow has landed fighter and transport aircraft at the Bombora former Soviet military airfield near Gudauta, which Russia agreed to quit under the 1999 Istanbul Agreements. Construction at Bombora is underway. Russia also has announced plans to refurbish the former Soviet naval base at Ochamchire, and it is building a new base at Okhurei, at a strategic point between Ochamchire and Gali.

40. Moscow is using its invasion, prepared over years, to rebuild its empire, seize greater control of Europe’s energy supplies and punish those who believed democracy could flourish on its borders. Europe has reason to worry.

IMPLICATIONS FOR THE UK, NATO & GEORGIA

41. Today, Georgia is a country under Russian occupation. More than 8,000 Russian soldiers remain illegally deployed on Georgian soil. We wish to state that a ceasefire does not constitute a legalization of occupation; it merely separates forces. The terms of the ceasefire agreed with the intervention of the European Union continue to be repeatedly violated. Russian forces have not withdrawn to pre-conflict positions; internally displaced persons are not being allowed to return to their homes; 14 Georgian policemen have been killed since the ceasefire entered into force; and European Union monitors do not have access to the occupied areas.

42. Georgia will not be diverted from its commitment to building a democratic, rule-of-law based, pluralistic society. The events of August were designed to derail Georgia’s political choice and send a message to the neighborhood and wider European audiences that Russia has re-established a sphere of privileged interest. Georgia rejects this claim and will continue to consolidate a democratic, market-oriented society shaped by European values.

43. Georgia is a strategic link to alternative energy supplies and their transit westward; a potential overland supply route to Afghanistan; and an emerging economic and telecommunication bridge to eastern markets. It is the firm conviction of the Georgian Government to advance cooperation and partnership in all these areas, together with members of the western alliance—notwithstanding past and current attempts by the Russian Federation to disrupt these expanding networks.

44. The Black Sea is bordered by two EU member states and one candidate country. It is also bordered by three NATO member states. The invasion and militarisation of Abkhazia by the Russian Federation alters the strategic balance in the Black Sea.

45. Russian justifications for the invasion of Georgia are Orwellian. The Russian Federation has abused and distorted the principle of “right to protect” by illegally distributing passports en masse to populations just across its border; it has used violence to subvert the principle of territorial integrity; it has armed, trained, and equipped violent separatists; and it has lent material assistance to local paramilitaries who have committed gross human rights abuses, including ethnic cleansing.

46. Georgia is not and has never been a threat to any of its neighbors. As such Georgia reserves the right to exercise its choice with regard to its alliances and relations with other nations. Georgia’s policy is to advance its integration into trans-Atlantic institutions and therefore rejects any claim that it belongs to anyone’s sphere of influence.

11 February 2009

Memorandum from Marie-Pierre Nisus

SUMMARY OF THE MAIN POINTS

RUSSIA AND THE WEST:

RUSSIA IN SEARCH OF GREATER SOVEREIGN POWER

The Georgian conflict has demonstrated that it is the West which took the lead to mediate in the conflict and condemn Russia’s actions. Yet, the demise of the Former Soviet Union and the Kosovo crisis in 1999 has clearly made Russia and the West apart. The Russian-Georgian conflict has increased this difference due to a disregard of the West on the Russia’s legitimate interests.

There should be no illusion that this will be easy to deal with Russia. The Current Russian President is willing to cooperate with the West, providing clearly formulated foreign interests that are taken seriously. When these interests diverge from those of the West mutually acceptable compromise should be the means to resolve any disputes between various foreign policy interests. Diplomatic tools should be used in this context. In the opposite of the Russian post-foreign policy paradigm, Russia is no longer willing to accept the resolution of disputes by the means of Western pressure. Pragmatic political compromise is the only way to deal with Russian foreign policy.

INTRODUCTION

1. The recent conflict in Georgia over the separatist regions of South Ossetia and Abkhazia has demonstrated the classical realist principles. If there were misapprehension before about the possibility of a pro-Western and a cooperative Russia, the Russian-Georgian conflict should clarify any misconceptions. In fact, Russia has never been, and would never be a Pro-Western country. The Russian invasion into Georgia confirmed, once again, its willingness to exercise its authority in its respective sphere of influence. Further, Russia entered by force into Georgia gave clearly an idea about Russia’s intention on being a major player in the international arena and the major power in its respective region. As a matter of fact, Russia has regained international prestige and recognition by invading a country that is strongly backed by the West. Indeed, Russia has recovered from the 1990s turmoil. The economic crisis, border and domestic strife (Chechnya and Ukraine issues) and the international embarrassment in the Balkans, Russia has returned to its position on the international stage thanks to an energy market growth. Thus, one should recognize that the conflict between Russia and Georgia is a war between Russia and the West, Georgia being a proxy in this struggle.

2. Russia is in search of greater sovereign power based on the 19th Century balance of power structure in the international arena and in its respective region. Its autocracy power will increase at the expense of the West. In light of this, the conflict in Georgia points out Russia’s capacity and willingness to make use of its power and influence against a Western-backed democracy.

3. Therefore, the conflict has encouraged major shifts in the position of forces and priorities in NATO territory. The Russia and the West approach should be rethought in light of future developments and relations with states in the Caucasus region.

What will be the role of the West vis-à-vis the Russian foreign policy? On which based the relations between the West and Russia should be done in regards to the Caucasus region?

I—RUSSIA FOREIGN POLICY—AN OVERVIEW

4. After the demise of the Soviet Union, democracy was slowly taken place in Russia, audacious dreams from the Russian elites were expected. In this approach, the US and Europe foreign policy towards Russia was done in a tactless manner. The first step would have to help Russian democracy take root and integrate Russia into Europe. In fact, what has been done, was the NATO expansion toward the Eastern border in a bilateral manner. Yet, the integration of Russian satellite countries into NATO should take Russia into account. Certainly, nothing could be done effectively without Russia on board. Principally, the US foreign policy did not considered Russia's dimension or the features of its political culture. It was illogical to think that Russia will remain ineffectual after the Soviet Union collapse. The outcome of the West's foreign policy was the disillusionment of Russian elites and the rank-and-file, which in the opposite gave a push to the strengthening of authoritarian tendencies and reduced the chance of a democracy in Russia. The liberal parties and the models of development they were promoting were stop, leaving the place for a Russian foreign policy turned toward the progress nature of a centre of power structure.

5. The post-Soviet policy was based on a paradigm centred on the restricted role of interaction with the West, NATO and the Euro-Atlantic axis. In fact, the Russia's foreign policy did not go beyond the traditional Russian-Western post-Soviet paradigm, while relations with other partner countries in Asia and Middle-East, in particular Iran will often be viewed by the West as a challenge. This post-Soviet approach was counterproductive, as it impeded to identify the Russian foreign policy interests and the efficacious implementation of measures support them. The Russian foreign policy becomes a continuous chain of concessions and reciprocal attitudes from the West, which were not reached. This often has irritated Russia and has produced confrontational actions toward the West. The twenty-first century has seen more concessions made in the part of Russia, in regards to two shutdowns of military sites (radio electronic surveillance centre at Lourdes in Cuba and a naval base in Cam Ranh in Vietnam). Indeed, Russia's concessions to the West were seen as a total surrender on all its satellite countries, and the West integrated them as valuable members into the transatlantic security organisation. The military action in Georgia was just a way to exhibit that it did not accept any longer the post-soviet foreign policy paradigm. NATO's expansion to the CIS space, notably Georgia and Ukraine, is viewed as a challenge for Russia. Kosovo's independence is perceived as a violation of international law and the US's anti-ballistic missile shield in Europe are seen as a threat to Russia strategic defence. The Russian political groups' conception of these different challenges are quite diverse. This includes the new generation of "imperialist idealists" and pragmatist ideas together with the Palmerton's dictum of 19th century Russia to the 21st century, claiming that Russia does not have permanent friends or enemies, but permanent interests.

6. The conservative is the ruling power and is conducted by the motive "the worst, the better". They are interested in a new confrontation with the West, believing that Russia is a strong and independent centre of power. They condemn the US unilateralism and NATO intercession in the international affairs, but concurrently they support and follow the US example and acquiring anything that Russia can take. The Kosovo was an example from the West used for the annexion and recognition of Abkhazia and South Ossetia as independent states.

7. The liberal party understands that Russia needs to protect its national interests within international law. They are dissatisfied with the West for disregarding Russia's legitimate interests and misplaced an opportunity to reinforce Russia into its democratic reforms. It is evident that the NATO presence in the Caucasus region will engender conflicting risk with Russia.

8. These challenges reflected in the new Russian foreign policy concept, which underlines the need to enhance the role of the UN and the international law as the most significant international institution, an effective military forces as tool to resolve international disputes, the need for diplomacy and instruments of "soft power", and the requirement of multilateralism and cooperation among the various regional organisations.ⁱⁱ

II—THE TRANSATLANTIC SECURITY ORGANISATION AND RUSSIA RELATIONS

NATO-Russia relations

9. It is clear enough to acknowledge that the South Caucasus including the Black Sea area is a strategic location, where struggle of power is taking place between the West and Russia. On one hand, the North Atlantic Treaty Organisation (NATO) and the European Union (EU) consider the Eastern Europe as a new territory in term of security, energy and transport developments. On the other hand, the South Caucasus and Black sea region is viewed as competition and confrontation with the West and eastern countries seeking to break away from Moscow's power. The recent event in Georgia in regards to Abkhazia and South Ossetia ethnic tensions in its territory, seeking independence was an opportunity for Russia to exert economic pressure and military provocation toward Georgia. The coercive diplomatic strategy and policy of intimidation have been executed to maintain the status quo in the region.

NATO-Georgia relations

10. Georgia, together with Ukraine has made efforts to achieve membership to NATO, have been perceived by Russia as a direct threat to its security.ⁱⁱⁱ Since 2004, the Saakashvili Government has been seeking to join NATO and was very close to receiving a Membership Action Plan (MAP) during the recent NATO summit in Bucharest. Instead, Georgia was offered an intensified political commitment with NATO and the prospect of eventual membership to the organisation. In this case certain NATO members have got a major role in stopping this initiative, mostly under the Russia pressure. Indeed, the Russia invasion into Georgia gives a hint of Russia's capacity. The integration of Georgia within NATO would be a complex situation, knowing that Georgia has lost its sovereign power over its entire territory, and it is sure it would seek the Alliance support to resolve this issue, and this will exacerbate a confrontation with Russia. Further, if after the Russian-Georgian dispute in 2006, that Georgia succeeded to be a NATO member, what would be the Russia's attitude in regards to the August events? Would Russia be intimidated? Or would it consider the use of forces toward Georgia? It is obvious that the situation would be worst today. The implementation of NATO's Article Five in the Charter would bring an insecure environment in the Caucasus region with a risk of spill-over of increasing confrontation with local power close to the West. Yet, such scenario has not happened, but it should be considered in regards to the Membership Action Plan. Thus, relations between NATO-Georgia and Russia should be thought carefully. Their relations should be based on cooperation seeking interest for all, but not at the expense of Russia.

11. The Georgia conflict had a direct effect on NATO Partnerships insofar as NATO Foreign Ministers settle on the creation of a NATO-Georgia Commission to improve the existent NATO-Georgia relationships. The real consequences of this war is unknown at the present time, but yet, attention should be devoted to the Community of Independent States (CIS) states, as Russia may apply assertive policy towards them and may try to undermine their relations with NATO. In this view, the important question is how the NATO-Russia relationship will further develop? NATO Allies need to examine what kind of relationship is desirable as well as possible. These reflections must consider an appropriate policy response that must not be reactive to Russia, but should reflect the values and the strategic interests of the Alliance. Thus, developing closer relations and cooperation between Russia and the Alliance will be preferable and necessary to curb any conflicts in the Caucasus region and beyond.

NATO-Russia Council

12. Russia and the West have still common ground of interests, particularly in combating proliferation of weapons of mass destruction, principally all nuclear armaments and international terrorism threats. These issues are significant as well to Russia as to the West, which are included them in their agenda. Working together with Russia on strategies to tackle these concerns will require multilateral efforts. Further, Russia has made clear its will to make a key part of these issues in their foreign policy approach. It is, thus, an opportunity for the West, in particular, the US, the UK and other members of the Alliance to encourage and stimulate Russia to work together in order to forge common strategies and jointly take a leading role in broader multilateral efforts.^{iv}

13. Expanding cooperation in the nuclear proliferation field would be a means to develop a multilateral approach on this matter with Russia's collaboration. In addition, Russia has made known its willingness to supply nuclear fuel. For that reason, Russia and the West should work on a compromise to facilitate the use of nuclear power without spreading in third countries, and also, reducing the risks of nuclear proliferation. The NATO-Russia Council should be a support to increase cooperation and understanding between parties. It should be used to make Russia more prone to deeper military cooperation with NATO. Joint military exercise in the NATO framework is an example to perform NATO and Russia's military force interoperable for future counter-terrorism exercises or joint peacekeeping or joint counter-terrorism operations. This is an important instrument in international relations.

III—THE IMPLICATIONS OF GEORGIA CONFLICT AND THE EUROPEAN SECURITY

Consequences of The Russian-Georgian territorial dispute in the Caucasus region and beyond

14. The Caucasus is a region of many confrontations and antagonism, having frozen or active or again secessionist forces troubling Georgia, and Armenia/Azerbaijan with regard to Nagorno-Karabakh. The Crimea region of the Ukraine and Javakhk region of Georgia are also possible areas of hostility owing to their principal ethnic group.

15. The new situation in Georgia has changed the perception of other states in the region about their NATO aspiration and pro-Western orientation. This will have a resonant outcome beyond the Caucasus region to such an extent that the Kazakh President Nursultan Nazarbayev offered a precise vision of the CIS stating:

“The principle of any state’s territorial integrity is recognised by the world community. All the member-nations of the CIS speak against separatism, and such complicated inter-ethnic problems should be settled peacefully through negotiations. There is no military solution to them.”^v

16. Indeed, the CIS states are mostly concerned with various forms of separatism and can, at any moment, threaten their territorial integrity.

Region of tension

17. The Russian ethnic minorities in Georgia, Azerbaijan and the Ukraine can be used by Russia to bring tensions. The Russian’s military aggressions brought on Georgia, gives Russia possibilities to interfere in the state’s internal affairs.

18. Georgia—is composed of two significant ethnic groups: the Azaris in the Marneuli district and the Armenians in Javakheti. In the past tensions have risen in Javakheti and these have been tackled by the Saakashvili administration. Also, in co-operations with Armenia and Azerbaijan ethnic issues have been resolved, as they did not want to damage their relations with Georgia. Yet, there are fears in Georgia that Russian undercover operatives might provoke the Armenians of Javakheti. It is certain ethnic tensions in the Caucasus region would inevitably be an opportunity for Russia government to dismantle Georgian state irretrievably.

19. Azerbaijan—could be destabilised by Russia in mitigating the frozen conflict over Nagorno-Karabakh with Armenia. Co-operation with Armenia and Azerbaijan would be the only solution over this tension, but it would leave the parties with dangerous and unforeseeable consequences, as the Nagorno-Karabakh conflict had been the bloodiest in the former Soviet Union. Yet, an eruption in the Nagorno-Karabakh conflict would not be in Russia’s interests. The conflict could escalate and Russia would not be able to control such a situation.

20. Ukraine—according to many western analysts the potential and future military clash will be the Crimea region, considering the Russian ethnic population and also a strategic location for Russia as it host the Russia’s Black Sea fleet. It is conceivable to believe that Russia may possibly target it for annexation. Regarding the territory integrity of Ukraine, Russia could apply similar strategy to the Crimea Russian population, in distributing passports. Moreover, the Ukrainians are strongly opposed to Ukraine’s NATO aspiration, and it would be easy for Russia to contrive some separatist outcome, if circumstances required it. Another interesting point is Russia could provoke a division between the East and the West. In fact, there is no large majority in favour of a pro-Western orientation in Ukraine; the country is divided between Ukrainian-speaking Western side, and in the East Ukrainians—both ethnic Ukrainians and Russians—speaking Russia. Thus, the opposition to NATO is geographically and linguistically apparent throughout the Ukraine. This could give Russia a push in its fight to keep the state, or an important part of its territory within its sphere of influence. In addition, other means could be used by Russia to undermine Ukraine’s NATO ambition. Russia will seek to provoke reaction against Ukraine’s currently pro-Western central government. Destabilising the Ukrainian government, a new one will bring to the fore as a pro-Russian Ukrainian government, which will re-align with Russia, and ambitions with NATO will be abandoned as well as pro-Western states would be repressed.^{vi}

Russia’s sphere of influence

21. With the experience of Georgia and the suggestion made for possible conflict demonstrates how important the neighbourhood is for Russia. The significant issue to highlight is that none of its close neighbour states envisage their future as part of a Russia-dominated association; they are all seeking a future based on independence and full national sovereignty. Such concept and NATO aspiration will be hard to achieve. As the Russian government has mentioned in its new foreign policy Concept’s statement that *“Russia maintains its negative attitude towards the expansion of NATO, notably to the plans of admitting Ukraine and Georgia to the membership in the Alliance, as well as to bringing the NATO military infrastructure closer to the Russian border as a whole”*.^{vii} Unlike the Baltic States, Russia regards Ukraine and Georgia as its strategic sphere of influence for both energy and security.

22. Another point is the EU and NATO membership, which is a divisive matter. This not only affects their relations with the EU, but also their relations with Russia. The European Neighbourhood Plan (ENP) is a means to integrate the European Union institution. Georgia, Moldova and Ukraine envisage obtaining a European membership, as it is their foreign political objective. Armenia and Azerbaijan are interested to join the EU and the ENP is a means to support their domestic reform agenda. The EU-Ukraine relations has made significant steps forward in its membership, leaving open the way for further developments in their relations.^{viii}

23. With the consequence of the Georgian conflict Russia will not allowed any western presence in the region. The EU’s recognition of Kosovo had affected Russia’s interests in the Balkans. Thus, the approval of a Membership Action Plan for Georgia and Ukraine at the Bucharest Summit was perceived by Russia as a provocation.

24. The necessity of a well-managed diplomacy with Russia will avoid undesirable outcomes and could produce positive results, for instance, by securing new commitments on territorial integrity and democratic values. The EU works in regards to the ENP has brought real outcomes in this approach.^{ix}

The US's proposed ballistic missile defence system and the Convention Forces in Europe (CFE) Treaty

25. The US-Russian relations suffered important obstacles following the conflict in Georgia. In fact, US objective to deploy ballistic missile radar in Czech Republic and silo-based interceptor missiles in Poland have been one of the most significant factors in the Russian-Georgian conflict.^x

26. The US reason for the missile deployment in Europe is to counter any threats coming from Iran. Yet, Russia strongly reject such plan and revealing that Iran has still not have the capacity to develop ballistic missile and nuclear weapons. Russia threatened to deploy short range of missile against the Baltic States. The US military infrastructure in both territory Poland and the Czech Republic clearly upsets Russia, which sees such US's efforts are aimed at Russia not Iran.

27. The factors of such misunderstanding are due to the Russian's perception of NATO as the Cold War adversary. Russia needs to take into account the transformation of the Alliance since the end of the Cold War. NATO's force structure and missions has changed dramatically. It is suggested that Russia should progress in its vision and relations with the Alliance, and also, the US should consider greater transparency in its foreign policy towards Russia. Some constraints on missile deployments or other military infrastructures to ease legitimate Russian concerns, in particular, in sensible area in the Caucasus region.

28. Efforts to resume Russia's participation in the Conventional Forces in Europe (CFE) Treaty has its importance. Indeed, to secure the Caucasus area, dialogue with Russia should continue in order to find an arrangement on Russia military presence in Moldova. Agreement on missiles should be included, as they could be used to threaten the European security. The Bush Administration has suggested parallel actions to limit the NATO military equipment in the new member countries, and also bringing the Baltic States into the CFE regime in parallel with Russian steps regarding Moldova and Georgia. This proposition would be complicated to apply vis-à-vis the Georgian conflict. Yet, Obama Administration and NATO Allies should pursue this objective. NATO members should offer a proposal in which would include the parallel actions plan and an agreement to Medvedev's initiative for a European security conference.

29. NATO-Russia cooperation should carry on dialogues and negotiations to improve protection, control and accounting of nuclear materials, prevent nuclear proliferation and counter international terrorism. This would open opportunity for Russia and the West in dealing with such issues, Iran, North Korea, and WMD as Russia could bring its experience and knowledge. Similarly, Russia is ready to provide its help in Afghanistan within a multilateral efforts, such as a working project for counter-narcotics training of Afghan and Central Asian as a military unit. Or again, Russia, American, British and NATO warship off Somalian coast to counter piracy.

30. Greater initiatives should be considered in order to bring the full potential for NATO-Russia cooperation. This will require accepting joint decision-making on some important issues. Thus, development of a truly cooperative relationship and confidence building will settle down in the long term.

NATO enlargement

31. NATO enlargement is a concern for Russia, particularly, the integration of Georgia and Ukraine, although, NATO enlargement and the Membership Action Plan (MAP) are not aimed to irritate Russia. Whilst, the latter sees these objectives differently. Widening NATO has been a means to strengthen the difficult democratic and economic change made by new members and to promote a wider, stable and secure Europe. The consequence of the NATO-Russia relations has had a negative impact on the membership of both Georgia and Ukraine. Thus, has the conflict in Georgia diminished Georgia's chance, including Ukraine, to join NATO or have these events helped accelerate the process of accession? The Russian invasion in Georgia has brought a broad support amongst the Russian ethnic population and also has reinforced the nationalistic trend in Russia. Such situation will be difficult but not impossible for Georgia to integrate the Alliance.

32. In addition, the central point of the NATO organisation was based on the Article 5 agreed by the members "that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all". Joining NATO has always required from its members and potential members an obligation to adhere to the principle of democracy, individual liberty and the rule of law. Since the end of the Cold War, the Strategic Concept of the Alliance has been reviewed to provide for members more responsive actions to defend not just other members but to engage in a complete range of crisis response, operating outside of European area if necessary.

How NATO will continue its expansion, with regards to Georgia and Ukraine without irritating Russia?

33. To deal with NATO and MAP more effectively following suggestions could be considered.
- NATO could withdraw from the Cold War approach and be simply a transatlantic regional defence alliance. Its concerns would be essentially about threats from the East, and new members would commit to democratic and market-oriented values.
 - Alternatively, NATO could remain principally region-focused inclusive security arrangement, but an organisation willing to play a global function, with membership open to all those committed to its basic values. It is an opportunity for Russia to integrate itself and return to the route of democratic reform and with a responsible international conduct.

34. These suggestions would permit the NATO expansion without bringing any crisis from Russia, but rather a means to integrate it as a member in an organisation reformed into one focused essentially on cooperative security.

35. It seems the path to these directions will be difficult to realize, still, it is important to take them into account and working on them immediately. The post-Georgian conflict reveals that NATO with its Cold War approach is a higher risk activity at Russia's borders and the Article 5 would not ease the situation. It is certain, at the present climate promoting these ideas are impossible. NATO members enjoy the idea of NATO as an "iron barrier", and in particular the US. Thus, many would consider such suggestions with reservation and any effort made in this way should not be considered as a weakness or rewarding Russia's aggression.

Will further enlargement make the Alliance stronger or will it bring it new challenges and risks to its security?

36. Applying the American government's way, which is to prompt the Georgian and Ukrainian membership, will bring continuous crisis and in such situation the organisation will not be able or willing to encounter militarily. Also, retracting any membership from Georgia and Ukraine and applying a new approach to Russia will evidently be seen as a conciliation or a weakness from a number of NATO members, but in the opposite will encourage Russia in its aggressions.

37. Neither NATO should not agree to Russian strategic approach in regards to its relations with Georgia and Ukraine nor should it comply with Russian efforts to impede both countries to integrate the organisation. In the opposite, the Alliance should remain open and work with these countries for possible membership in 2009.

38. NATO importance on military operations remains applicable, but NATO Allies states need to examine and agree on an appropriate equilibrium between operations and the capacity to defend against outside attack. This is principally significant for the Baltic States, which possess limited armed forces and which are also geographically more exposed to security threats. In light of this, the Euro-Atlantic community should plan for a wide-ranging dialogue and cooperation with Russia on European security matters. This should implicate questions about NATO-Russia relations, Ukraine-Georgia relations with NATO, the Conventional Forces in Europe Treaty issue, and finally, the Russian President's suggestion for a European security conference.

39. Decisions made in the NATO-Georgia Commission should be used in a diplomatic way for a full discussion and negotiation with Russia. These dialogues should explain its motivation for supporting Georgia, but also, Ukraine in their integration in the Alliance. In this perspective, Russia should see that the Alliance is not a threat, but rather a partner.

IV—Russia, Nato And EU Relations

40. Russia was acting in a post-imperial attitude towards Georgia and the concern of this has raised worries about Ukraine. In fact, if the region should be freed from any conflicts, thus, the Ukraine membership should be abandoned. It should, instead, focus on a EU membership. Georgia was a fractious case in its NATO ambition, pushing Ukraine in similar path would result in a far more intense situation than that in Georgia. The western policies towards Russia should take another direction for more successful relations with Russia.

- The conception in which the US thinking towards Russia has long been based on this following question: "Is Russia follow the democratic path?" has not been successful and should be stopped. In the opposite, analysis of the reason of such attitude from Russia should be taken into account as a defensive or tactical action or a means to define a new Russian policy.
- There is a need to correct the US predecessor Administration's strategies. Also, International norms need to be restored and Russia needs to stop being ignored by the West.
- The need for a multiple track strategy for dealing with Russia has long been a necessity.

41. Relations with Russia need to be enhanced in terms of developing a long-term strategy. This include:
- European members with NATO and the US needs to have a common voice regarding their policies towards Russia,

- Democratic regimes in the Former Soviet Union need to be strengthened
- A real bilateral strategy with Russia should not be based on values but instead on areas of agreement and common interests.
- The main role remains for Europe: EU, OSCE, NATO and bilateral relations as UK-Russia. Renewing these relations with Russia could only benefit both countries, in the domain as energy trade (achieving a compromise to avoid Russia using energy resources as a weapon, and also, stopping using such policy against Ukraine), international security (maintaining the European security, an agreement has to be found on arms control and nuclear proliferation and ballistic missile.), the NATO Membership Action Plan should be rethought in a way to give more flexibility to NATO in its relations with Russia and also allowing the Ukrainian-Georgian expansion in the region without affecting Russia. Policy on fighting international terrorism and drug trafficking, and broad initiatives for a full relations between both countries should be set. This will require to all parties to cooperate, to trust and to make joint decision-making with Russia on significant issues. These agreements should be clear and based on mutual concessions. This is important as the future of Russia is in Europe. Therefore, all European organisations and institutions, along with NATO must remain open for a possible integration of Russia.

CONCLUSION: WHAT DOES THE FUTURE HOLD?

42. The Georgian conflict reveals the weakness of all EU institutions and its incapacity to respond effectively to any crisis. Yet, the West should find a balance in its policy towards Russia, stating clearly that Russia actions have violated international norms and rules. Whilst fostering cooperation and integration in existing international institutions. The West's attitude vis-à-vis Russian foreign policy should pay heed to Russia and deal with core common interests. Cooperation is essential for the west and Russia; in this case, Europe needs to end the pretence that it has universally shared values with Russia. The West's understanding is democracy as having legitimacy, but Russia is not a democratic states. Yet, it should be considered as one. In this aspect, the West should be more pragmatic in its decisions when dealing with Russia. Russia's desire is to redefine its relationship with the West and to have a EU-Russia working partnership. The Membership Action Plan should make potential integration of Georgia and Ukraine, but similar offer should be bestowed to Russia. Therefore, Russia and the West should go forward and this should be the foundation of a new start.

11 February 2009

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- ^x Stefan Pifer, *Reversing the decline: An Agenda for US-Russian Relations in 2009*, Policy Paper no10, January 2009, Foreign Policy at Brookings

Memorandum from the Campaign for Nuclear Disarmament

SUMMARY

1. This submission considers the current and future relationship between Russia and NATO within the terms of reference set out by the committee. It highlights CND's concerns that the installation of US Missile Defence facilities in the UK, the proposed US Missile Defence facilities in Poland and the Czech Republic, and the proposed expansion of NATO into former Soviet republics have negative security implications both for the UK and Europe.

2. The submission highlights the Russian belief that US Missile Defence is designed to target Russian nuclear forces. Russia's response has been to threaten the targeting of missiles on European bases supporting the US Missile Defence system. CND believes that UK support for US Missile Defence installations increases the threat of military conflict involving the UK, including the increased risk of attack on UK territory. It notes that US policy in pursuing US Missile Defence installations through bilateral treaties has caused political divisions between European states and has increased tension amongst the US, Europe and Russia. Indications of the strength of opposition within public opinion in the UK and across Europe are included.

3. The submission also regrets the manner in which UK involvement in US Missile Defence has been conducted by the government. Decisions, particularly over the inclusion of the RAF Menwith Hill base, have not allowed for proper scrutiny, as the Foreign Affairs Committee has also concluded.

4. The submission further notes Russian concern at the expansion of NATO, the proposed future expansion of NATO and the installation of US military bases in central Asia, which CND believes, along with the US Missile Defence proposals, increase the risk of a new cold war between the US and Russia. CND also believes that the UK is implicated in these developments as an ally of the US in NATO. The submission further argues that future expansion, particularly the announced commitment to NATO Membership Action Plans for Ukraine and Georgia, should be abandoned.

5. In addition, the submission notes the positive statements by President Obama in support of nuclear disarmament and reconsidering US Missile Defence, and believes that the UK government should also take the opportunity to reconsider UK support for US Missile Defence.

US Missile Defence

6. CND opposes the US's missile defence system, considering it to be a provocative initiative, which has been destabilising international relations and contributing to an increase in global tension. We oppose UK participation in the system and urge the UK government to withdraw its facilities and support. CND believes the system is part of the United States' military strategy to achieve "full spectrum dominance"—full military control of land, sea, air, space and information. Whilst the US describes it as a defensive system, because it allows the US to shoot down incoming missiles, in reality it will also enable the US to attack other countries without fear of retaliation.

7. The threat of US Missile Defence to Russia was outlined in a well-known article in the *Foreign Affairs* journal entitled "The Rise of US Nuclear Primacy". Authors Daryl Press and Karl Lieber argued "the sort of missile defenses that the United States might plausibly deploy would be valuable primarily in an offensive context, not a defensive one—as an adjunct to a U.S. first-strike capability, not as a standalone shield. If the United States launched a nuclear attack against Russia (or China), the targeted country would be left with a tiny surviving arsenal—if any at all. At that point, even a relatively modest or inefficient missile-defense system might well be enough to protect against any retaliatory strikes, because the devastated enemy would have so few warheads and decoys left."¹²

8. Russian concerns were raised further when, during the 33rd G8 summit in Germany in June 2007, Russian president Vladimir Putin offered to jointly host elements of the US missile defence system at the Gabala Radar Station in Azerbaijan. In response, the US stated it did not believe the Gabala radar was capable of substituting for facilities in Czech Republic¹³ and Stephen Mull, acting Assistant Secretary Secretary of State for Political-Military Affairs stated "we do not accept that Gabala is a substitute for the plans that we're already pursuing with our Czech and Polish allies."¹⁴

9. By allowing bases such as Menwith Hill and Fylingdales to be crucial components of the system the UK is inextricably linked into the US military agenda and is on the front line in any future US war. A potential aggressor could seek to destroy MD facilities in Europe in the context of an imminent war with the US. In December 2007, Russian General Nikolai Solovtsov said "I do not exclude the missile-defence

¹² Daryl Press and Karl Lieber, "The Rise of US Nuclear Primacy", *Foreign Affairs*, <http://www.foreignaffairs.org/20060301faessay85204-p0/keir-a-lieber-daryl-g-press/the-rise-of-u-s-nuclear-primacy.html>

¹³ Federation of American Scientists, CRS Report for Congress, November 2008, <http://www.fas.org/sgp/crs/row/RL33453.pdf>

¹⁴ <http://www.spacewar.com/reports/>

[Russia_Gives_Up_Ukraine_Missile_Radars_US_Says_Azerbaijan_No_Substitute_For_Poland_999.html](http://www.spacewar.com/reports/Russia_Gives_Up_Ukraine_Missile_Radars_US_Says_Azerbaijan_No_Substitute_For_Poland_999.html)

shield sites in Poland and the Czech Republic being chosen as targets for some of our intercontinental ballistic missiles.”¹⁵ CND believes the UK sites involved in US Missile Defence would be equally at risk, as they are equally integral to the functioning of the system.

10. CND is particularly concerned that US pursuit of US Missile Defence is causing a breakdown in the international security architecture. Not only did President Bush abandon the Anti-Ballistic Missile Treaty in order to pursue US Missile Defence, but Russia has now suspended the 1990 Conventional Forces in Europe Treaty.

11. The proposed installation of US Missile Defence bases in eastern Europe has resulted in widespread opposition both from politicians and from the general public. On 15 November 2008, French President Nicolas Sarkozy said, “I have suggested that in mid-2009 we could meet within a framework to lay the foundations of what could possibly be a future pan-European security system. This would bring together the Russians, the Americans and the Europeans. Between now and then, please, no more talk of missile deployment or antimissile deployment.”¹⁶ On 19 March 2007 the then leader of the Social Democrats in Germany, Kurt Beck, said that “We don’t need new missiles in Europe. The SPD does not want a new arms race between the USA and Russia on European soil. Europe must speak with one voice on this.”¹⁷ On 27 March four senior members of the Socialist Group in the European Parliament Dutch MEP Jan Marinus Wiersma, Austrian MEP Hannes Swoboda, Czech MEP Libor Roucek and Polish MEP Marek Siwiec, wrote to then Democrat Speaker of the US Congress Nancy Pelosi, warning that the missile defence system might “spark a new arms race.”

12. A recent statement by former German politicians, Helmut Schmidt, Richard von Weizsäcker, Egon Bahr and Hans-Dietrich Genscher called for the restoration of the Anti-Ballistic Missile Treaty and asserted that “outer space may only be used for peaceful purposes.”¹⁸

13. Across Europe, public opposition is significant. A Harris Interactive poll for the *International Herald Tribune* and France 24 published on 28 March 2008 showed 71% of people in Germany, 61% of people in Spain, 58% of people in France opposed US Missile Defence installations in eastern Europe. In Italy 49% of people opposed the system with 35% in support, whilst in Britain 44% of people opposed the system and only 30% supported it.

14. In the Czech Republic, a poll conducted between 1 and 8 December 2008 showed 65% of the public continued to oppose the system and 70% believed the decision should be subject to a national referendum.¹⁹

15. Czech opposition is impacting on support for political parties. The leading party of the government coalition, the Civic Democrats, has now been behind the leading opposition party, the Social Democrats—which opposes the radar, in public opinion polls for over 12 months. In the October 2008 elections for one-third of the seats in the Senate (upper house of parliament), the Social Democrats won 23 of the 27 seats up for election, a gain of ten, whilst the Civic Democrats lost six and were reduced to winning only one of those in that election. The election was remarked upon by the Chair of the House of Commons European Scrutiny Committee, Michael Connarty MP, when he told the Commons “The reason that the Social Democratic party won, we were told, was simple: it opposed missile defence and the strategy of putting a radar system on Czech soil.”

16. In Britain, opposition to UK involvement in US Missile Defence remains a majority. A YouGov poll for CND published on 27 October 2008 asked whether individuals agreed with the statement, “The siting of US missiles and early warning bases in Europe, as part of the US National Missile Defence programme, is increasing international tension between the US and Russia and, as a result, increases the threat to UK and European security.” Of those polled, 61% agreed and 17% disagreed. In addition, the same opinion poll showed that 68% of those polled agreed that “The UK’s support for and involvement in the US National Missile Defence programme, including the siting of US radar and communications bases in Yorkshire, should be decided by the UK Parliament.” Only 16% disagreed.²⁰

17. In support of the demand for a greater role for Parliament, the Foreign Affairs Committee criticised the lack of consultation with Parliament by the Government on UK involvement in the system. The Committee stated, “We regret the manner and timing of the Government’s announcement that RAF Menwith Hill is to participate in the US ballistic missile defence (BMD) system, and the resulting lack of Parliamentary debate on the issue. In its response to this Report, we recommend that the Government inform us of the date on which it received the formal proposal from the US to include Menwith Hill in the BMD system. We recommend that there should be a full Parliamentary debate on these proposals.”²¹

18. In addition, Early Day Motion 65, Parliament and Decisions over US Missile Defence, in the 2007–08 parliamentary session, was supported by 112 Members.²²

¹⁵ *The Telegraph*, 19 December 2007, <http://www.telegraph.co.uk/news/worldnews/1573008/Russia-threatens-to-target-US-missile-shield.html>

¹⁶ *The Times*, 15 November 2008, <http://www.timesonline.co.uk/tol/news/world/europe/article5158567.ece>

¹⁷ *The Telegraph*, 19 March 2007, <http://www.telegraph.co.uk/news/worldnews/1546032/Germany-warns-US-on-missile-shield-plan.html>

¹⁸ *International Herald Tribune*, 9 January 2009, <http://www.ihf.com/articles/2009/01/09/opinion/edschmidt.php?page=1>

¹⁹ http://www.angus-reid.com/polls/view/32719/czech_adamant_on_missile_shield_referendum

²⁰ <http://www.cnduk.org/images/stories/resources/missiledefence/usmdopinionpoll271008.pdf>

²¹ Foreign Affairs Committee, *Global Security: Russia*, published November 2007 <http://www.publications.parliament.uk/pa/cm200708/cmselect/cmfa/51/5110.htm#a31>

²² EDM 65, Parliament and Decisions over US Missile Defence, session 2007–08, <http://edmi.parliament.uk/EDMI/EDMDetails.aspx?EDMID=34155&SESSION=891>

NATO

19. CND supports British withdrawal from NATO and the closure of all foreign military bases on British soil. It further calls for the withdrawal of all US military bases and nuclear weapons from Europe and no nuclear or other expansion of NATO. CND supports the extension of the influence, resources and funding of the Organisation for Security and Co-Operation on Europe (OSCE).

20. CND is in particular opposed to NATO's first use policy for nuclear weapons, the effect this has on UK policy and the impact this has on the strategic considerations of other nuclear forces. CND believes the UK does not have an independent defence policy as it is circumscribed by its membership of NATO. When asked, in 2002, about ruling out the use of UK nuclear weapons on a "first use basis", Geoff Hoon, the then Secretary of State for Defence, replied, "A policy of no first use of nuclear weapons would be incompatible with our and NATO's doctrine of deterrence, nor would it further disarmament objectives."²³

21. The previous US administration under President George W. Bush appeared intent on escalating tensions with Russia, not only through its pursuit of US Missile Defence installations in eastern Europe but through establishing a ring of its own US—and also of NATO—military bases around Russia's borders. The commitment to pursuing the expansion of NATO membership eastwards and the increase in out-of-area operations was viewed with considerable concern by Russia. On 3 June 2007 the then President Vladimir Putin stated "It is clear that if a part of the US nuclear capability turns up in Europe, and, in the opinion of our military specialists will threaten us, then we are forced to take corresponding steps in response. What will those steps be? Naturally, we will have to have new targets in Europe."²⁴

22. CND regrets the decision of the Foreign Secretary David Miliband to use the conflict in South Ossetia, in an interview with *The Guardian* on 20 August 2008, to reassert UK commitment to Georgian membership of NATO when he said "The structures of cooperation, first of all through the NATO-Georgia Commission, are properly geared towards eventual [NATO] membership."²⁵

23. CND agreed with the statement of the Government Chief Whip, Nick Brown MP, when he said "If western hawks really are advocating Nato membership for every small country that borders the Russian Federation, even a government far more charitably disposed towards Nato than the present Russian one is going to see the move as a direct challenge."²⁶

24. CND believes the decision of the April 2008 NATO Summit not to offer Membership Action Plans to Ukraine and Georgia was welcome but regrets the decision of the December 2008 NATO-Georgia Commission and NATO-Ukraine Commission Foreign Ministers meetings to reinforce the NATO Liaison Office in Tbilisi²⁷ and Kyiv.²⁸

25. CND further believes that the Foreign Ministers' meeting to agree that an "Annual National Programme will be developed to advance Georgia's reforms, which will be annually reviewed by NATO Allies" constitutes a further step towards Georgian and Ukrainian membership, despite the communique stating the plan was "without prejudice to further decisions which must be taken about MAP."²⁹

CONCLUSION

26. CND is encouraged by the improving relations between US and Russia following the inauguration of the Obama presidency.

27. In particular, the report in *The Times* newspaper that President Obama will convene nuclear arms reduction negotiations with Russia, with a stated aim of cutting each state's warhead arsenal to 1000,³⁰ is a significant commitment to de-escalating tensions between the two states.

28. In addition there has been a marked change in attitude to the US Missile Defence system since the election of President Obama. His support for the project is qualified by the demand that it be "cost-effective" and should not "divert resources away from other national security priorities."³¹ Michele Flournoy, Obama's nominee to become undersecretary for policy at the Pentagon, has said the plans will be reviewed as part of this year's Quadrennial Defense Review.³²

²³ Hansard, Column 1133W, 11 July 2002, http://www.publications.parliament.uk/pa/cm200102/cmhansrd/vo020711/text/20711w15.htm#20711w15.html_spnw12

²⁴ *The Guardian*, 4 June 2007, <http://www.guardian.co.uk/world/2007/jun/04/topstories3.politics>

²⁵ *The Guardian*, 20 August 2008, <http://www.guardian.co.uk/world/2008/aug/20/georgia.nato>

²⁶ *The Guardian*, 19 August 2008, <http://www.guardian.co.uk/commentisfree/2008/aug/19/davidcameron.conservatives>

²⁷ Chairman's statement from the meeting of the NATO-Georgia Commission, <http://www.nato.int/docu/pr/2008/p08-154e.html>

²⁸ Chairman's statement from the meeting of the NATO-Ukraine Commission, <http://www.nato.int/docu/pr/2008/p08-155e.html>

²⁹ Chairman's statement from the meeting of the NATO-Georgia Commission, <http://www.nato.int/docu/pr/2008/p08-154e.html>

³⁰ *The Times*, 4 February 2009, http://www.timesonline.co.uk/tol/news/world/us_and_americas/article5654836.ece

³¹ The Obama-Biden Plan, Defense Agenda, http://change.gov/agenda/defense_agenda/

³² Reuters, 15 January 2009, <http://www.reuters.com/article/politicsNews/idUSTRE50F08V20090116>

29. In response to the announcement of including US Missile Defence in the Quadrennial Defense Review, Russia subsequently made the significant announcement that it would suspend the installation of Iskander missiles in Kaliningrad,³³ which it had proposed as a response to the development of US Missile Defence bases in Poland and the Czech Republic.

30. In the context of the new US presidency, there is cause for cautious optimism that relations between the US and Russia will improve, and that positive steps may be taken together on a whole range of key issues of international concern. It is clear that President Obama understands the significance of improved relations with Russia and is working to resolve the tensions that currently exist. His initiatives so far have elicited a positive Russian response and it is to be hoped that this continues. It is incumbent on our own government to work towards the same goals, for this will contribute significantly to increased security, both for Britain and the world. In this light, CND urges the government to review UK participation in US Missile Defence and oppose the siting of facilities in central Europe, to oppose NATO expansion, and to give President Obama constructive support and encouragement towards these ends in the sensitive and difficult negotiations that will no doubt lie ahead.

13 February 2009

Memorandum from Edward Lucas

1. At first sight, it is hard to imagine how or why anyone in Britain should worry about a threat from Russia or the need to confront it. The old cold war—a global military and ideological struggle—is definitively over. For all capitalism’s failings, nobody thinks the planned economy or a one-party state offer an alternative. For western clubs such as NATO and the European Union Russia not an enemy but a partner, albeit a sometimes crotchety one. It is a member of the Council of Europe, and makes spasmodic attempts to join the WTO and OECD. Even if the Kremlin wanted to return to the past, it couldn’t: the Soviet Union’s military might has shrivelled to the point that Russia struggled to defeat even Georgia, a country 1/30th of its size.

2. Still, sometimes we still hear echoes of the past. It is not just the rigged elections, use of psychiatry against dissidents, state-sponsored xenophobia and tightly controlled mass media that recall the Soviet era. Russia’s outward stance is troubling too. One recent instance was the threat to put short-range nuclear missiles in Kaliningrad in response to the NATO-backed American missile-defence bases in Central Europe. Another was Russia’s dispatch of a naval squadron to conduct exercises in the Caribbean. A third is Russia’s practice of testing our air defences with dummy bombing runs held close to our shores (the same has happened in Norway and other NATO countries).

3. These are worrying more because what they show about the psychology of the people running Russia than because they are a real security threat. In the event of a real military confrontation, most of Russia’s ships would be sunk within minutes; most of its planes would not take off; those that did would never land. We know it. Russia knows it. Short of a nuclear war, Russia doesn’t really count, at least to us, as a military power. Polish military planners reckon that—even if NATO abandoned their country—it could repulse a Russian attack (unless, one of them added darkly, Germany was to join in once again on the Russian side).

4. But that is no reason for complacency. In my book, I liken Russia to an aggressive, unpredictable man on crutches. To someone small and weak, he is a real menace. To everyone else, he is a nuisance; potentially even a serious one. For a start, Russia’s behaviour makes us waste time, money, resources and effort on being more alert than we need. If Russia did not mount its intrusive and unpredictable stunts near our shores with warplanes and submarines, we would be able to spend less time guarding against them. That would mean more pilots and planes for jobs elsewhere.

5. Secondly, we have to be prudent. Russia’s military may be in a mess now, but the rocketing defence budget could eventually change that. As the IISS noted in its “Strategic Balance” last month, the increase from £20 billion in 2008 to a planned (notional) £27 billion in 2009 is one of the largest rises of any peacetime defence budget in history. Russia already spends more than Britain on defence—considerably so if hidden subsidies and other off-budget items are included.

6. Most of the money is due to go on the much overdue plan to create a professional army. Russia is investing heavily and so far unsuccessfully in the modernisation of its strategic nuclear forces. But it also has a technological edge in some other areas: fuel-air bombs, new torpedoes and missiles, electromagnetic pulse weapons and offensive satellite technology. Any real military threat from these weapons is probably five or 10 years away, if not longer. But it still affects our military planning. Our defence intelligence staff need to spend more time and money to monitor these developments; yet in recent months the little that they have has apparently been trimmed.

7. A similar nuisance can come from new military alliances and bases, even tenuous ones. We have got used to thinking that the Mediterranean is a NATO lake; if Russia revives its naval base in Syria, we will have to plan differently. Such new links are particularly troubling when they are accompanied by sales of modern Russian arms.

³³ *Financial Times*, 29 January 2009, <http://www.ft.com/cms/s/0/69205a7a-eda7-11dd-bd60-0000779fd2ac.html>

8. Such politicised weapons sales are the final aspect of this problem. We need not worry about Russian arms sales to Saudi Arabia or India: that's just commercial competition. But sales to other countries can overturn our defence planning assumptions. A non-nuclear Iran without modern air defences is one thing. A nearly-nuclear Iran with the S-300 (or worse, the S-400) is another. Whether it is super-silent submarines, the *Shkval* underwater rocket, supersonic ship-to-ship missiles, or advanced air defences, sales from Russia's military store-cupboard can mean real headaches for Britain and its allies.

9. But the real security threats from Russia are different ones. We have seen that clearly in the recent gas spat with Ukraine, which cut supplies to Britain's NATO allies in eastern Europe. The rights and wrongs of the dispute are complicated. Ukraine's corruption and indecision have clearly played a big role in aggravating the problem. But the upshot is that Germany now wants the European Union to support the Nord Stream gas pipeline. This is a direct connection, on the Baltic seabed, between Russia and its favoured West European customers. It bypasses transit countries such as Poland, thus hugely increasing Russia's energy leverage against them.

10. Russia has also kyboshed a European Union plan for Nabucco, an independent gas pipeline from Central Asia to Europe via Turkey and the Balkans. This would be the only east-to-west gas route not under Kremlin control. But by nobbling Austria and other countries on route, Russia has made it very unlikely that Nabucco will be built. Instead, gas will flow through new and existing Russian-backed pipelines, entrenching the Kremlin's monopoly.

11. The big lesson of the past decade is that energy is not just business. It gives Russian energy companies, closely linked to the Kremlin, such as Gazprom and Rosneft, the chance to spread their influence through intermediary companies that use our banks, our law firms, our capital markets and our accountants to present a seemingly respectable face to the outside world. It is no exaggeration to say that the people who run Russia also own it. My shorthand term is "Kremlin, Inc". The way in which these people have looted Russia is a scandal; that they do it with our help is an outrage.

12. Indeed, energy highlights the West's biggest weakness: greed, which leads us to give anything calling itself a business the benefit of the doubt. As I argue in my book, "if we think that money matters, then we are defenceless when people attack us using money". Thanks to parliamentary privilege I can if requested be a bit more specific than I would be in normal journalism, where we are subject to the ferocious constraints of English libel law. But the way in which the people in charge of our financial system have connived and colluded in Russian criminal business has been a disgrace.

13. The rewards to the people concerned have been colossal, but in effect they have been selling the West's respectability. It is not surprising that Russians have become cynical about our talk of "values" when they see our financial and professional elite at work turning stolen property into respectable assets, and laundering the ill-gotten gains of the ex-KGB officers who now rule Russia.

14. It is late, but not too late, to call a halt. The days when financial wizards could tell politicians how the world should run are over. That gives parliamentarians the chance to rewrite the rules.

15. We need a sharp confrontation with dodgy financiers and their clients (such as Kremlin, Inc) on the following issues:

- (1) The use of offshore jurisdictions such as the British Virgin Islands to hide the ultimate beneficial owners companies registered there. Some of these have revenues in the tens of billions of dollars. They are allowed to do business in the EU, sometimes with business models that are highly untransparent. Yet we have no idea who owns them.
- (2) The use of our capital markets and financial systems by companies whose ultimate beneficial ownership, business model, or source of assets is unclear. Britain should work with our OECD partners to ensure that all capital markets adopt strict laws to prevent asset-laundering. Similarly, banks should not be allowed to lend money to or accept deposits from businesses whose origins are unknown or disguised. Anti-moneylaundering rules are meant to prevent this in theory; in practice the so-called "due diligence" amounts to a formality.
- (3) On a different front, Britain needs to take a much tougher stance on energy security within the EU and to support American efforts within NATO to give the alliance more responsibility for energy security. This includes everything from strategic gas storage, more interconnecting pipelines, and a robust approach to external monopolists such as Gazprom that abuse their market power.

16. Aside from these three specific measures, the final step is a psychological one. British and other Western policymakers are still trapped in the lingering illusion that Russia is en route to "normality" and that despite a few bumps in the road, the best stance we take is generosity and optimism. This is hopelessly out of date. Russia is reverting to Soviet-style behaviour: duplicity, tantrums, provocations, repression chauvinism and more besides. Yet the desire to "engage" the ex-KGB regime outweighs what should be the hardheaded considerations of national self-interest.

17. A good start would be a coordinated expulsion, in as many EU and NATO countries as possible, of Russian intelligence officers and the prosecution of the people they have suborned. Estonia, bravely, has put on trial a highly placed official who is under suspicion of spying for Russia. How many other NATO countries have the guts to do that? All too often such episodes go either undetected, or are hushed up with an early retirement or a posting to a less sensitive post. Russia is spying on us at levels that exceed the heights of the last cold war and in ways that are far harder to cope with. We need to put our spycatchers on a commensurate footing.

18. That is not to say that we cannot talk to the Kremlin about anything: deals on arms control, mineral rights in the Arctic, or on a new legal regime in space are highly desirable, particularly if they are honoured. But let the cooperation be on our terms, not theirs.

15 February 2009

Memorandum from Professor Alan Riley

INTRODUCTION

1. Ever since the January 2006 cutting off of gas supplies to Ukraine there has been a growing awareness of the threat of a Russian energy cut off to European Union states. In fact the greatest threat of loss of gas supplies does not come from a politically motivated cut off, but from the inability of Gazprom to invest sufficiently upstream to ensure an adequate flow of new gas for both domestic and foreign demand. (see the articles by Paillard³⁴ and Riley³⁵ which discuss this issue in detail). This problem they both argue is severely compounded by the depletion of the existing supergiant fields in the Nadym Pur Taz fields in Western Siberia.

2. However, it is undeniable that over the last decade an effective Russian energy weapon has been assembled that does strike at the sovereignty and independence of many EU and non-EU states. This energy weapon has been assembled in part out of the Soviet energy legacy, such as the westward pipeline network infrastructure, storage facilities and inherited knowledge of the energy systems of the exUSSR Republics and former Warsaw Pact states. This has been combined with an effective application of Gazprom's commercial power and the marshalling of an increasingly effective pipeline strategy to enhance the position of Gazprom and Russian gas across the Baltic States, Central and Eastern Europe, as well as increasingly in Germany.

3. This paper seeks to first describe in part two the elements of the energy weapon. In part three it discusses means of de-weaponising or dismantling the energy weapon and then in part four it discusses some concerns over EU policies that could increase energy dependency on the Russian Federation. Part five offers a conclusion.

THE ELEMENTS OF THE ENERGY WEAPON

4. The energy weapon consists of three potent elements. First, the threat of the energy cut off. Vulnerable states live in the shadow of that threat, that particularly in winter, their people could be shut off from heating and lighting and their industries shut down. The second element of the energy weapon is the pipeline strategy of building additional pipelines without very much more gas supply giving Gazprom and the Kremlin the power to switch supply between favoured and disfavoured customers: In effect enhancing the impact of the threat of an energy cut off. The third element of the energy weapon is the ability to lever Gazprom's monopoly and dominant position to maintain dependence of the Baltic, Central and Eastern European states by contractual measures, acquisition and control of infrastructure and to deny any potential competitor a foothold in Gazprom's commercial "territory".

The Threat of the Energy Cut Off

5. The first and most obvious is the cutting off of energy resources to states in order to coerce a state into taking particular measures. Russian Federation representatives have denied that aside from the Gazprom/Ukraine dispute that there have been any energy cut offs since gas was first sourced to European Union states from Russia in 1967. However, Larsson in a paper for the Swedish Defence Research Agency identified more than 40 politically motivated cut offs in Europe between 1991 and 2004.³⁶ The key point here is that all the cut offs took place in Eastern Europe prior to those states accession to the European Union in 2004. Hence

³⁴ Paillard, *Gazprom: The Fastest Way to Energy Suicide* (2007) IFRI, Russia/NIS Centre Paris.

³⁵ Riley, *The Coming of the Gas Deficit: Consequences and Solutions* (2006) CEPS Brussels.

³⁶ Larsson, *Russia's Energy Policy, Security Dimensions and Russia's Reliability as an Energy Supplier*, (2006) FOI (Swedish Defence Research Agency) Stockholm.

while it is true for the Russian Federation to suggest that Western Europe has been cut off since gas flowed through to the West in 1967 it is not true to say that there have not been any politically motivated Russian energy cut offs to European states.

6. For the Baltic, Central and Eastern European states the threat from the past history of energy cut offs is reinforced by the existence of at least two current energy cut offs, such as that of Lithuania's oil pipeline³⁷ or the oil supply cut offs faced recently by the Czech Republic.³⁸ The shadow of the threat of cut offs is further reinforced by the role of Russian energy companies as the sole or predominant suppliers of oil and gas. The threat of a gas cut off is particularly acute because while oil is traded internationally and there is potentially some flexibility in supply sources and shipping this is not the case with gas. Gas supplies across the Baltic States, Central and Eastern Europe almost entirely operate from fixed pipelines running from Russia into the European states as the sole source of gas supply. The captive nature of Russian gas supply is enhanced by three factors. First, by the reality that for most Baltic, Central and Eastern European states there are no alternative source of imported gas. Second, there are very few gas interconnections between these states. Gas flows almost entirely one way across Europe from East to West with no interconnectors or alternative pipelines which can provide alternative sources of supply. Some states, such as the Baltic States are in fact "gas islands" ie there is no onward supply of gas to third states, so they do not have even the protection that a cut in gas supplies direct at any of them would have an impact on third states. Third, gas is not only used for power generation across the former Warsaw Pact states but also for direct home heating, which makes it difficult and expensive to switch out of gas to electric heating. The high switching costs create a further barrier to reducing supply dependency.

7. There are some protections for the former Warsaw Pact states. The principal protection for those states who are not "gas islands" is that onward gas supply to the rich Western European states would be affected by any energy cut off. This reality should act as something of a check on Russia willingness to cut gas supplies. A second protection is the existence in some states of gas storage. However, in a number of states, Latvia for instance, Gazprom actually owns a significant proportion of the gas storage facilities.

8. The pipeline strategies deployed by Gazprom and the Kremlin discussed below make the former Warsaw Pact states significantly more vulnerable. The development of Southstream and Nordstream will allow gas to be delivered direct to Western Europe reducing the amount of gas that has to be delivered through a number of key Central and Eastern European states. Those states will find themselves increasingly in the same position as the Baltic States in that they will not be able to rely on the reluctance of Gazprom and the Kremlin to cut off their gas supplies as such cut offs could affect the onward supply of gas into Western Europe.

9. All the former Warsaw Pact states and exUSSR Republics in the European Union face a significant degree of vulnerability to Russian energy supplies. Many of them have faced past cut offs and fear that cut offs may not only occur again but that in fact their vulnerability is increasing due to growth in Russian gas imports and the new pipeline supply strategy of Gazprom and the Kremlin evidenced by the Nordstream and Southstream pipelines. The consequence is that these states operate in the shadow of the threat of a Russian energy cut off. This threat makes such states vulnerable to Russian political influence.

Pipeline Strategies: Weakening the Central and Eastern European States

10. From a European and indeed a commercial perspective there is no real need for Nordstream or Southstream. Both involve the building of new undersea pipelines generating significant environmental and financial concerns. There are two key issues in understanding the lack of need for these pipelines.

11. First, the Ukrainian pipeline system, one of the world's largest, is significantly underused. The annual input capacity of the Ukraine system is 280 billion cubic metres and its output capacity is 175bcm. The total current output is under 130bcm. Furthermore the total capacity of the additional Yamal pipeline through Belarus provides another 33bcm. Therefore the two pipelines at full capacity could provide EU states with approximately 200bcm.³⁹ Currently the EU receives approximately 130bcm of Russian gas exports.⁴⁰

12. Even if post-the January 2009 Ukraine-Gazprom crisis one did not want to use Ukraine as an energy corridor it would be possible, and a lot cheaper than Nordstream to build a pipeline via Belarus along the route of the existing Yamal pipeline.

13. The second key point is that the Gazprom is facing a gas supply deficit. Gazprom is caught between the accelerated depletion of the existing Nadym Pur Taz supergiant fields in Western Siberia and the lack of investment upstream in new fields.⁴¹ These two factors interact to create a situation in which Russia faces significant difficulties maintaining domestic supply and existing foreign demand. There is little likelihood

³⁷ *Russia Won't Re-Open Oil Pipeline Lithuania says*, Reuters, 11 October 2007.

³⁸ *Russia-Czech Oil Drawdown-A Shot Across the Bows?* The ISCIP Analyst, An Analytical Review Volume XIV, Number 14, 25 July 2008.

³⁹ Pirani, *Ukraine's Gas Sector*, (2007) Oxford Institute for Energy Studies.

⁴⁰ Noel, *Beyond Dependence: How to Deal with Russian Gas* (2008) ECFR, London.

⁴¹ Riley and Paillard, *op cit*.

therefore of significant increases in Russian gas exports above the total capacity of the Belarusian and Ukrainian pipeline networks. The existing pipeline delivery network, working at full capacity could deliver all the gas that is likely to be available for export.

14. Given the reality that the existing pipeline system could provide transit all likely Russian gas exports it has to be asked why build Nordstream and Southstream? Part of the answer lies particularly with Ukraine's unreliability as a transit country, notably in the issue of gas theft. There is very strong evidence that in 2001 Ukraine stole \$1500 million worth of gas (at 2001 energy prices), there have been frequent allegations since of gas theft and concerns at the quality of the pipeline network since⁴² (although similar questions could be raised on the latter issue regarding the Russian pipeline network).⁴³ However, as argued above and below there are other cheaper and more effective solutions than to build expensive and environmentally problematic pipelines in the Baltic and Black Seas.

15. The other major reason concerns the fact that there is very little new gas for these pipelines. The only element of the Nordstream and Southstream's capacity that is actually identifiable as new gas is the 27.5bcm of new gas allocated from a field in Western Siberia (in all Nordstream will have a capacity of 55bcm).⁴⁴ Whereas there appears to be no new gas at all for Southstream: In fact the authors of a recent report by the Russian National Energy Security Fund are clear that Southstream will merely mean a switch of gas from the Ukrainian pipeline network to Southstream. Southstream would appear to have a planned capacity of approximately 30bcm.⁴⁵

16. The weaponisation factor arises because Gazprom and the Kremlin will be able to maintain supplies to high paying Western European customers and potential allies in the former Warsaw Pact, while undercutting the principal energy security factor of already dependent Central and Eastern European states: That any cut off to them will inevitably affect their Western neighbours. Once that protection is removed those states will be significantly more vulnerable to Russian pressure. They will be in a similar position of energy vulnerability as the Baltic States, they become de facto "gas islands".

Monopoly and Dominance Strategy

17. Gazprom is the monopoly or dominant⁴⁶ supplier of gas across the Baltic States, most of Central and Eastern Europe, and Germany. Like many monopolies and dominant firms Gazprom may seek to maximise the use of its economic power which can cross the line into abuse of its dominant position. However, in Gazprom's case this use of illegitimate commercial power appears to overlap with the political objective to seek to ensure a significant degree of economic dependence on Russia by the Baltic, Central and Eastern European states. To that end there is some evidence to suggest that measures have been taken limit competition across the region. Firstly, by seeking very long and substantial supply contracts with energy incumbents which have the effect of foreclosing the market to potential competitors. Secondly, by seeking to own or control local energy incumbents and downstream energy infrastructure, which has the effect of making it increasingly difficult for competitors to enter the market. And thirdly by imposing destination clauses on local energy companies restricting their ability to on sell spare gas to their neighbours, effectively splitting the EU's internal market and restricting the ability of a secondary gas market to be created which would itself generate competition with Russian gas imports.⁴⁷

18. In addition, there is also a question of whether or not two Gazprom commercial strategies themselves count as an abuse of a dominant position under Article 82. The first is the pipeline strategy itself. Can a dominant firm lawfully build expensive pipeline creating redundant spare capacity and which gives it greater power to choose which customers to provide with gas supply? The second strategic policy concerns the refusal to permit Central Asia gas to transit Russian territory and compete with Russian gas on European markets. Instead Central Asian gas is purchased at \$100-\$150 per thousand cubic metres and then sold at closer to \$300 at the European border. The antitrust question is whether this behaviour which limits competition in the European market and strengthens energy dependence constitutes an abuse of dominance under EU Law.

⁴² Pirani, *op cit* 22. For a discussion of the dysfunctional operation of the Ukrainian energy markets see Chow & Elkind, *Where East Meets West: European Gas and Ukrainian Reality*, (January 2009) Washington Quarterly, CSIS.

⁴³ Stern, *The Future of Russian Gas and Gazprom* (2005) OUP. Stern expresses concern at the age of a considerable part of the asset base and the lack of investment and refurbishment.

⁴⁴ Riley, *The Nordstream Project: An Economic and Market Analysis*, European Parliament Research Report (2008).

⁴⁵ National Energy Security Fund, *Energy War for Southern and Central Europe, the Caspian Sea and Central Asia*, Moscow (2008).

⁴⁶ The dominance standard deployed here is that of the abuse of dominance provision of Article 82 of the EC Treaty, the EU equivalent to the monopolisation provision of Section 2 of the Sherman Act. The EU dominance threshold begins to apply at approximately a 40% plus market share.

⁴⁷ Smith, "*Russian Energy*" *Politics in the Baltics, Poland, and Ukraine: A New Stealth Imperialism?* (2004) CSIS, Washington DC.

 DE-WEAPONISING THE ENERGY WEAPON
Terminating the Effects of the Energy Cut Off

Market Liberalisation

19. The principal way of reducing the threat of an energy cut off is to encourage market liberalisation across the EU's gas and electricity markets. The core feature of liberalisation is to encourage ownership unbundling, that is the separation of the ownership of the network, be it gas pipelines or the electricity network and the gas supply or electricity generation capacity. The liberalisation argument is that once separated the incentives for the network owner fundamentally change. Pre-unbundling the owner of the network and the supply or electricity generating capacity can maximise his return by restricting supply and rationing capacity. Once a network has been unbundled the owner of the network can only generate revenue by increasing capacity. The incentives are transformed and the network owner is likely to build or encourage the building of new capacity, such as new liquid natural gas gasification terminals, new interconnectors and new sources of generating capacity. This is certainly the experience of the British energy liberalisation process. Since liberalisation, for instance, four new LNG gasification terminals have been brought on stream, together with Channel and Norwegian interconnectors. By contrast Germany, with the dead hand of network owners who also control gas supply, has been debating whether to build an LNG terminal since 1982.

20. The difficulty with liberalisation is that network owners will only build new capacity, encourage competition and build new interconnectors where profits can be generated. Clearly at some points of vulnerability to cut offs, for instance, the Baltic States, it is open to question whether it would make commercial sense for instance to build a gas interconnector from Lithuania to Poland. This commercial reality is compounded by the effects of the financial crisis, which may make it very difficult for network owners to raise the capital to build expensive new interconnectors and LNG terminals.

21. There is a strong case therefore for arguing that in addition to market liberalisation support should be given to the promotion of energy interconnectors via the European Investment Bank, the European Bank for Reconstruction and Development and the EU Cohesion Funds in order that sub-market interconnectors can be established and the difficulty of funding even worthwhile energy projects in a financial crisis can be addressed.

22. The EU Council of Ministers and the European Parliament are currently debating the final details of the liberalisation package (known as the third energy package). It is to be hoped that the final details of the package will result in a substantially liberalised gas market.

Article 7 and 27 of the Energy Charter Treaty: Legalising Transit Disputes

23. In addition to the approach of encouraging market liberalisation and funding energy projects which enhance energy security there is also the option of enhancing energy security by legalisation of energy transit disputes. Although it is correct that the Russian Federation has neither signed nor ratified the Transit Protocol of the Energy Charter Treaty it is often overlooked that the ECT contains its own transit rules in Article 7. Furthermore, by contrast with the Transit Protocol the Russian Federation has both signed the ECT and agreed under Article 45(1) to be provisionally bound till ratification. This opens the possibility of bringing state to state arbitration proceedings under Article 27 of the ECT against the Russian Federation against any interruption of energy supply.

24. Article 7(7) in particular imposes an obligation not to interrupt or reduce or permit any entity subject to its control to interrupt or reduce the existing flow of oil or gas in transit. The dispute may be subject to conciliation, however, although there is a degree of uncertainty (there has never in fact been a case under Article 27) there is a very strong view that a state which has suffered an interruption in energy supply can bring the case before an ad hoc arbitration tribunal under Article 27 of the ECT. Diplomatic channels have to be deployed first, but subsequently a state can seek arbitration under Article 27.

25. The European Union could take a policy position that all interruptions of energy supply will automatically result in a reversion to Article 27, with the Union supporting a EU Contracting State in using diplomatic channels with the prospect of subsequent removal to ad hoc state to state arbitration panel.

26. The Russian Federation would then find that the cost of actually cutting energy supplies is significantly raised. It would face both the prospect a united diplomatic front and litigation with eventually the prospect of a negative ruling in an arbitration tribunal, together with confirmation that the ECT is fully binding on the Federation, with the potential for damages to be awarded against the delinquent state.

Reducing Pipeline Power

27. Given the discussion above that there is no need for the additional pipeline capacity that would be created by the completion of the Nordstream and Southstream pipelines. Furthermore, as also explained above, the impact of the two pipelines would be to increase the vulnerability of Central and Eastern European states to supply dependency and the threat of cut off.

28. The principal approach to dealing with this threat is to seek the cancellation of the Nordstream and Southstream pipelines. Given that both projects face considerable financial, regulatory and environmental hurdles this is not as difficult as it may seem at first. Given the economic crisis it is open to question how easily it is going to be for Gazprom and its partners to finance these projects and maintain investments in infrastructure and actual gas fields.

29. For Gazprom's finances are looking increasingly shaky. Not only does it have to manage at least \$28 billion of debt. It has huge demands for capital to maintain infrastructure while opening up new gas fields to replace gas from depleting fields. Meanwhile, because gas is linked to the oil price in almost all the supply contracts struck by Gazprom, the company is facing a significant fall in income in 2009. Gas prices which had reached as high as \$500 per thousand cubic metres, will be closer to \$250-\$300 in the second half of 2009.

30. In addition, there are significant regulatory obstacles. Both projects go through the coastal economic zones of neighbouring states require a significant number of consents, which may well prove very difficult to obtain. Why for instance should Ukraine give permission for Southstream where the express aim of Southstream is to provide an alternative route for Russian gas bypassing Ukrainian territory? In addition there are a plethora of environmental concerns, particularly in relation to the Baltic Sea due to the Soviet era weapons dumps in the Gulf of Finland and the main Baltic Sea channel. There are also real concerns over both Seas due to the potential environmental impact of building and running such pipelines in what are extremely sensitive waters and eco-systems, largely closed from their main connecting seas, in the North Sea and the Mediterranean.

31. In replacement of the Russian pipeline strategy the European Union should promote a new transit regime, probably under the auspices of the Energy Charter Treaty.⁴⁸ A new ECT Transit protocol would seek to internationalise and legalise the carrying of gas and oil into the Union via Belarus and Ukraine. To that end the protocol would have much tougher provisions on transit than the draft Transit Protocol. It would include not only binding legal obligations on carriage, maintenance of the quality of the pipeline system and non-interruption rules but also it would be enforced by an international transit tribunal and secretariat.

32. There would be no expectation that Russia would actually ratify the new Transit Protocol, just as it has not signed or ratified the existing ECT Transit Protocol regime. However, a tough transit protocol would provide a number of major benefits to energy security. First, a legally binding transit regime between Ukraine and the EU under the auspices of the ECT would provide the basis for increased investment in the Ukrainian energy sector to improve gas pipeline capacity and bring badly needed finance to the Ukrainian gas fields. Second, it would provide some protection for Ukraine in ongoing disputes with Gazprom. If there are arguments about gas theft, quality of the pipelines or indeed the rate of transit fees Ukraine's answer would be to invite the Russian Federation to argue them before the international tribunal. Third, it would give the EU a voice via representation before the Tribunal in Gazprom/Ukraine energy disputes. Fourthly, such a transit regime supported by the EU would be a means of making it clear to Moscow that bringing gas to Europe will only be possible via the Ukraine and Belarus pipeline network. Fifth, the new Transit Protocol addresses directly Russian concerns as to gas theft and maintenance of the quality of the pipelines, dealing with one of the major reasons for the building of Nordstream and Southstream. With those concerns removed the argument against using the Ukrainian pipeline system to maximum capacity is difficult to sustain.

33. Russia is not expected to join the new transit regime, particularly as it would threaten Gazprom's pipeline and export monopoly within Russia. However, with the cancellation of Nordstream and Southstream Gazprom would be left with largely being able to deliver gas across this newly internationalised pipeline regime. Gazprom could not ignore the regime, particularly if the international tribunal were not only responsible for energy carriage and physical security but also as acting as the tribunal for settling disputes on transit and storage fees. In such circumstances Gazprom would find itself having to deal with a much more internationalised legal structure in relation to energy transit.

Ideally it would of course be better if Belarus could also be brought into membership of the transit regime.

Dealing with Monopoly & Market Dominance

34. The European Commission's Directorate General for Competition, known as DG Comp, has extensive powers to investigate, terminate and punish anti-competitive behaviour. An investigation by DG Comp into Gazprom's activities in the Baltic, Central and Eastern European states would result in the allegations made against Gazprom being addressed. Either Gazprom would be able to justify for instance the validity in antitrust terms of its long term supply contracts or if not it would face DG Comp measure to

⁴⁸ Clearly an international agreement establishing a supra-national transit regime could be agreed between the EU, its Member States, Belarus and Ukraine. However, following the ECT process would have several advantages. First, the ECT protocol process already exists and can relatively quickly put into operation. Second, following the ECT path would make it clear to states such as Russia, that while there was no expectation that they would join in the immediate future the door would be left open for them to join at a later stage. Third, a broader range of states could be encouraged to join the transit negotiations which could encourage wider deployment and greater legitimacy of a new transit regime.

amend those contracts. Equally it would be able to demonstrate its lack of control of downstream assets, which appear at first sight as if they are controlled by Gazprom with the aim of denying third party access to potential competitors.⁴⁹

35. DG Comp could also examine the broader antitrust issues of whether the pipeline strategy developed by Gazprom does itself amount to an infringement of Article 82, and whether the extra-territorial jurisdiction of that provision is sufficient to capture the denial of access to the Russian pipeline of Central Asian gas, which would otherwise be sold by Central Asian suppliers direct to EU customers.

36. It should be noted that there is one potentially very effective defensive play that can be made by the Kremlin in protection of Gazprom. Under the EU's state action doctrine there is a form of antitrust immunity if the state requires a business to commit an antitrust violation. It is however doubtful that the Kremlin would want to so formally associate the Russian state with Gazprom. If it were to take such steps it would do so most likely in relation to an extra-territorial legal challenge, for instance to any challenge to Central Asian gas supplies. To apply the state action doctrine to antitrust activity occurring wholly within the territory of EU Member States, would be at the very least to invite measures to severely reduce Gazprom's market share across the EU.

A SECOND LOOK AT EU POLICIES

37. In addition to de-weaponising the elements of the Russian energy weapon a second look is also needed on some EU policies which could have the unintended effect of increasing vulnerability and supply dependency.

38. The first major question resolves around the question of the impact of ownership unbundling. Unbundling will lead to a major energy assets sale. The danger here is that while Gazprom itself cannot come in and buy downstream gas infrastructure as it is already a gas supplier, other Russian state supported non-EU companies may in fact do so. This issue has raised within the European Institutions the discussion of whether or not a restriction on foreign investment should be permitted, potentially based on principles of reciprocity. A concept of reciprocity is a key issue in respect of Russia for whereas Russian investors can buy EU energy assets there is only a restricted access to foreigners buying Russian energy assets.⁵⁰

39. The current draft of the third energy liberalisation package includes a clause permitting the states to prohibit third country purchases of transmission assets. However, it is open to question whether a provision which permits a Member State to control foreign purchases is strong enough. It could be argued that given the vulnerabilities discussed above it would be wiser for any clause to require sanction of the European Union institutions as well.

40. It would also be worth considering whether a more developed approach to limiting foreign ownership is required than simply leaving control to Member States. An express reciprocity clause would at least have the virtue of establishing a standard that could be seen by third nations as fair and transparent. This sense of fairness could be enhanced by relying not merely on EU law principles of non-discrimination but also on principles and rules developed under the ECT system and the arbitral case law, in which third states have participated.

41. Furthermore, it appears that the draft legislation does not apply to a situation where the Commission forces an energy company as part of an antitrust settlement to unbundle its network.⁵¹

42. There are also concerns as to the impact of the 20/20/20 by 2020 carbon controls introduced by the European Union. Because gas is the least carbon emitting of fossil fuels there is a danger of increased dependency on Russian gas by Member States in order to meet carbon limits (gas being the cleanest of fossil fuels).⁵² This is worrying not only for direct energy security concerns but also Gazprom, for reasons explained above, may not in fact have enough gas available to meet Member State demands. Although energy liberalisation should assist in reducing reliance on Russian gas (for instance by liberalisation opening up markets and encouraging the building of LNG facilities), there is clearly a case for also considering whether public support is required in some states to increase gas storage as a means of protection against supply dependency.

43. A further concern raised by carbon legislation is the increase in dependency on Russian electricity that could be engendered by the Emissions Trading Scheme. The concern here is that ETS only applies to power generated within the Union and not power imported into the Union. Hence the cost of ETS will increase the cost of EU generated electricity making Russian electricity significantly cheaper as the scheme becomes more stringent. Not only is this outcome of the ETS unwelcome from a supply security point of

⁴⁹ The Commission has only investigated Gazprom in relation to destination clauses in supply contracts to Western European states.

⁵⁰ Clearly given the economic crisis the ability of Russian investors to buy energy assets may well be restricted.

⁵¹ In November 2008 the power company E.ON gave undertakings to the European Commission to break up its electricity network in order to avoid an antitrust prosecution. A number of other settlements are in the pipeline with other major energy companies.

⁵² Otherwise known as the EU climate change package which includes a revised Emissions Trading Scheme Directive and a Directive on Clean Coal and Storage.

view, it is unwelcome as a matter of environmental principle. The EU should look at measures to deal with this issue including consideration of extending the ETS system to imported carbon generated power or imposing a carbon import tax.

44. A further specific national example of EU policies increasing energy dependence is the requirement for Lithuania to close its Ignalina nuclear power station down before a new power station is built. This would have the effect of leaving Lithuania almost 100% dependent on Russian gas. Lithuania did agree to close Ignalina down at Accession to the Union. However, circumstances have changed significantly since 2004. The Union should look at putting in place alternative energy solutions, from interconnectors to thermal plants or allow an extension until a new power station can come online.

CONCLUSION

45. The European Union can offer a hand of friendship and the offer of a very strong trade relationship with the Russian Federation. It is to be hoped that over the coming years that a stronger and more positive relationship will develop both economically and politically. For instance, particularly following the economic crisis, the energy sector in the Russian Federation could make great use of Western capital and knowhow in opening up the upstream gas fields which so far Gazprom has been unable to develop.

46. However, the Union cannot sit idly by where EU states are subject to energy cut offs; pipelines are proposed that would increase supply vulnerability and where serious questions abound concerning the market practices of Gazprom across the Eastern part of the Union. In those circumstances a legal and political strategy is necessary to dismantle the elements of the energy weapon so successfully put together over the last decade.

47. The Union has begun to realise as a result of the Ukraine/Gazprom disputes that these issues cannot be left to weaken the Union and its Member States. Steps such as the third energy liberalisation package are already being put in place, combined with the other measures discussed above, the Union could and should move to substantially de-weaponise the energy weapon.

18 February 2009

Memorandum from the Foreign and Commonwealth Office

INTRODUCTION

1. This memorandum is provided by the Foreign and Commonwealth Office as written evidence for the House of Commons Defence Committee Inquiry: Russia: A New Confrontation? It outlines the Government's assessment of the UK and NATO's relationships with Russia, both in general terms and more specifically in relation to the events of August 2008 in Georgia. This Memorandum also seeks to answer four questions raised by the Committee (Annex A). There is additional information for questions 1 and 2. This is classified SECRET and is provided separately.

2. Russia has an important role to play in European security and this impacts upon UK security. For much of the last 20 years the West has sought partnership with Russia and this remains the UK Government's aim. Partnership can only be built through respecting the values and principles of our international system, including treaty commitments both Russia and the UK have signed.

3. The UK continues to pursue a multilayered approach towards Russia, engaging where it is in our interests to do so. The UK and Russia face many common challenges, and share many common interests. We need to work together on tackling climate change, enhancing the strong trade relationship and on shared foreign policy objectives including Afghanistan, promoting peace in the Middle East and combating the threat of a nuclear Iran. We have increasingly regular high-level contacts. Deputy Prime Minister Kudrin visited London in February and President Medvedev is expected here for the G20 Summit in April.

4. Dialogue and negotiation remain an effective way for the UK to pursue its EU objectives with Russia. As a result the Government has supported the restart of the negotiations to replace the existing EU Partnership and Co-operation Agreement with Russia. It is in both the UK and the EU's interests to have a rules-based relationship with Russia. The mandate for this negotiation will range across the spectrum of EU/Russia relations, including justice and home affairs as well as trade and investment issues. We hope that the negotiations themselves will bind Russia into a robust agreement: requiring them to conform to international norms while serving EU interests on important issues such as human rights, climate change and energy security and will not be unconditional reflecting the review of EU-Russia relations and by ongoing Russian actions in Georgia and elsewhere.

5. In recent years, Russia has been pursuing a more assertive foreign policy in defence of its national interests, particularly in its “near abroad”, the independent republics of the former Soviet Union. Though any direct Russian security threat to the UK is very low, it is inevitable that this has raised questions as to whether that represents a greater threat to European security more broadly. The likelihood of further military action in this manner in Europe, particularly NATO territory, is low and it remains more likely that Russia will seek to use its diplomatic, political and economic influence to further its goals.

The Current and Future NATO-Russia relationship

6. NATO continues to play an important role in our relationship with Russia. Evidence of the positive nature of the relationship between NATO and Russia was the signing of the NATO-Russia Founding Act on Mutual Relations in 1997 and the eventual formation of the NATO-Russia Council (NRC) in 2002. These represent a significant development, moving the relationship away from Cold War thinking and towards a more open dialogue on important issues of mutual concern including arms control, non-proliferation and counter-terrorism. However, it is undeniable that the history of the Cold War left a legacy of mistrust between the Alliance and Russia that has yet to be fully overcome.

7. It remains the Government’s goal to build up further trust between NATO and Russia in order to enhance all our security. The NATO-Russia Council has been an important tool in building that trust. The UK was instrumental in setting up the body in which Russia and the individual NATO Allies work as equal partners to tackle security issues of common concern. This has included important work on counter-terrorism, non-proliferation, missile defence, defence reform among other areas. In 2004, for example, the NRC Action Plan on Terrorism was adopted and Russia has contributed to Operation Active Endeavour, a NATO maritime counter-terrorism operation. In Afghanistan too Russia shares many of our objectives and has provided important support. It is clear that many of the issues of primary security concern to NATO are of equal concern to Russia and it is right that Allies and Russia seek to work together to combat these threats.

8. However, the NRC has not so far fully lived up to its potential. Even prior to the Georgia crisis, see below, the Council was not without difficulties. Russia remained suspicious of NATO motives, particularly over enlargement and this hindered deeper co-operation. For example, Russia has contributed little to NATO operations since early on in the Kosovo operation. Russia suspended its participation in the Conventional Forces in Europe (CFE) Treaty. Events in Georgia in August 2008 placed a more substantial block in the path of NATO-Russia co-operation.

Impact of the Georgia Crisis

9. NATO-Russia relations were put under severe strain by Russia’s disproportionate actions in Georgia. In an important show of unity, NATO was quick to condemn Russian military actions in Georgia and call for a withdrawal of Russian troops. All Allies agreed that there could be no business as usual with Russia and formal meetings of the NRC were suspended. For its part Russia suspended military co-operation with NATO. Though suspension of formal dialogue led to increased anti-NATO rhetoric from Moscow, it was important to make clear to Russia that its actions undermined the values of the NATO-Russia relationship and put into question its commitment to stability and security in Europe. The subsequent Russian recognition of South Ossetia and Abkhazia deepened the divide.

10. The Government’s response both as the UK and through NATO has been to uphold Georgian sovereignty and territorial integrity, to deter Russia (or others) from similar actions elsewhere and to protect the international legal system. We have done so by supporting peace efforts that end hostilities without entrenching Russia’s military gains. However, we have not sought to isolate Russia and channels of dialogue have remained open. We judge it vital that we maintain hard-headed engagement with Russia where serious messages can be relayed.

11. Consistent with this approach it is important that we maintain a dialogue with Russia in the EU, as well as NATO. We supported the decision of the Presidency and Commission in November 2008 to resume negotiations with Russia on a successor to the Partnership and Co-operation Agreement and, at NATO in December 2008, to resume informal meetings of the NRC. It is important that we co-operate in areas where our interests overlap. We should also use this engagement to encourage Russia to be a responsible member of the international community and abide by its rules and obligations.

12. While the Georgia crisis posed no direct security threat to the UK, some NATO members bordering Russia, particularly those with significant Russian minorities, are increasingly concerned about Russian intentions. There has been renewed focus by many Allies on the importance of NATO’s Article 5 commitment to collective defence. We believe it right that NATO underline its commitment to defend its members and continue to plan and prepare for this. This is consistent with a readiness to focus on those areas where it is in our interest to work with Russia.

 KEY AREAS FOR DIALOGUE
NATO Enlargement

13. Russia interprets NATO enlargement as a threat to its national security. This has been particularly evident with regards to Georgia and Ukraine. Russia rhetoric on enlargement to both countries has been aggressive and the Georgia crisis can be seen partially in this light. Russia sought to influence the Alliance's position on Georgia and Ukraine in order to restrict their progress towards membership. The UK's policy has been to make clear to Moscow that the membership aspirations of these two countries do not pose any threat to Russia. Indeed, we believe that enlargement has been an historic success in building stability and security in aspirant countries and so support NATO's open-door policy on enlargement. The strict criteria which aspirant members must meet help to entrench democratic and defence reform within these countries. We believe that having stable, well-governed countries on its borders (delivered by the reforms which NATO membership demands) is also in Russia's interest. Our policy has been to support a deepening NATO relationship with both Georgia and Ukraine in order to build up these reforms.

14. At the NATO 2008 Summit in Bucharest, Heads of State decided that Ukraine and Georgia will one day be NATO Members. Their progress on the path towards membership was assessed by Foreign Ministers at their meeting in December 2008. At that point there was discussion amongst Allies as to whether either was ready for the next stage in the process, a Membership Action Plan (MAP). Russia made clear that it was deeply opposed to Georgia and Ukraine being granted MAP. The UK helped broker a compromise package that focussed on delivery of the reforms required for eventual membership through agreement to Annual National Programmes with both countries. This outcome will help Georgia and Ukraine deliver the reforms required for eventual membership and makes clear that NATO is not stepping back from the Bucharest commitment. We must be clear to Russia that there can be no third party veto on enlargement and it is the sovereign right of independent countries to choose their own alliances.

Afghanistan

15. NATO and Russia share many of the same objectives for peace and security in Afghanistan. Russia also recognises that a stable Afghanistan is important to ensuring the stability of Central Asia and its south-eastern flank, and in addressing the considerable flow of narcotics north. Even during the most strained period of relations in the immediate aftermath of the Georgia crisis, Russia made clear its willingness to continue to co-operate on Afghanistan.

16. At the Bucharest Summit in April 2008, Russia offered ISAF overflight and land transit routes for Lines of Communication, albeit with some caveats on transport of weapons. In order, to do so separate agreements are required with the Central Asian countries which the convoys would also transit, and Kazakhstan and Uzbekistan have still to sign agreements. Constructive negotiations between NATO, Russia and the Central Asian Republics continue.

17. Russia has expressed an interest in making a contribution to security sector reform, signing a defence co-operation agreement with the Government of Afghanistan in March 2008, and training some Afghans in counter-narcotics techniques at its Domodedovo centre near Moscow. The Government of Afghanistan has not yet taken up more recent Russian offers of bilateral assistance, including further police training at Domodedovo. Russia has also put Afghanistan high up the agenda during their current chairmanship of the Shanghai Co-operation Organisation (SCO).

Russian Proposals on European Security Architecture

18. President Medvedev first raised his idea for a new European security architecture in a speech in June 2008. The Russian government has said that it feels uncomfortable with the current European security arrangements. They have proposed a broad security debate that would look towards agreeing a new European Security Treaty. We, and others in the EU and NATO, have made clear that we believe existing institutions (the EU, NATO and the OSCE), currently do a good job of providing security in the transatlantic region, and that any new proposals should not undermine them.

19. As the Foreign Secretary has said, there is a clear deficit of trust on European security that we must work together to overcome. So we are open to President Medvedev's call for a discussion about the future of European Security. In taking this debate forward, agreed principles, including those enshrined in the UN Charter, the Helsinki Final Act and the Charter of Paris, must be respected. These include:

- State sovereignty, territorial integrity and the inviolability of borders;
- peaceful settlement of conflicts and restraint from the use of force;
- the right for all states to freely choose Alliances and security arrangements; and
- respect for the human dimension of Euro-Atlantic security including human rights, democracy, rule of law and good governance.

20. For discussions towards and commitments to any new security architecture to have credibility among participants and our publics, it is clear that parties cannot at the same time be failing to comply with existing commitments, or failing to abide by the principles which would underpin any new regime. Russia's actions in Georgia again fall short of those criteria.

21. So far the Russian proposals lack detail. It is important that discussions take place within existing institutions and Ministers agreed at the OSCE Ministerial in December 2008 that discussions should take place at that body. These should not be rushed. It will be important that EU and NATO partners reach common understanding of how to take forward talks. Such discussions must include all transatlantic partners as our North American allies have a vital role to play in European security.

Ballistic Missile Defence

22. In 2008, the US signed separate agreements with Poland and the Czech Republic to co-operate on Ballistic Missile Defence (BMD). Specifically, Poland agreed to base 10 missile interceptors on its territory and the Czechs agreed to deploy a radar system which will provide a long-range ballistic missile tracking capability. Meanwhile, NATO agreed at the April 2008 Bucharest Summit to explore how the US BMD capability could be linked into NATO's missile defence efforts. This work has begun and it is anticipated that recommendations will be presented at the 2009 Summit in Strasbourg.

23. The US has been clear that BMD is aimed at a limited threat posed by states of concern—specifically Iran. However, Russia has reacted strongly to Polish and Czech participation in the BMD system, claiming it presents a threat to Russian security. President Medvedev's suggestion in November 2008 that Moscow would deploy Iskander missiles in Kaliningrad was a direct challenge to US plans.

24. The new US administration has outlined a more cautious approach, saying it will develop missile defences provided the technology is proven to work and is cost effective. There is likely to be a review of the programme in the near future. The US has also emphasised that it will move forward in consultation with NATO allies and Russia. Russia has responded to this shift in emphasis and stepped back from suggestions that it might deploy missiles in Kaliningrad. There is renewed optimism that senior figures in both the incoming American administration and Russia are committed to engage on this issue and that progress can be made on negotiating a successor to START which is currently due to expire in December 2009.

25. UK participation in BMD is limited to an upgrade of the early warning radar at RAF Fylingdales (agreed following Parliamentary and public debate in 2003) and the passing of permitted satellite early warning data to be passed through RAF Menwith Hill into the US system. We remain supportive of a system which counters the growing threat from states of concern. Going forward it will be important for Russia and the US to work together in this area and for NATO to remain engaged.

26. At the Munich security conference in early February, US Vice President Biden spoke of pressing the "reset button" on US-Russian relations. Both sides are interested in getting the relationship onto a more positive footing. But both are working out what this will mean in practice. On the one hand, Russia has expressed willingness to engage on the disarmament agenda and welcomed new US tones on missile defence. On the other, Russia appears to be actively pressing its interests in the "near abroad" through further militarisation of Abkhazia and South Ossetia, an aggressive approach to the gas dispute with Ukraine and prioritising an agreement with Kyrgyzstan which appears linked to ending US tenure on a strategically-significant airbase. For their part, the US too are still gauging their approach.

Conventional Armed Forces in Europe (CFE) Treaty

27. NATO allies and the Russian Federation have been at loggerheads over the CFE regime for most of the last 10 years. In essence, despite political agreement by President Yeltsin to do so in 1999 (the Istanbul Commitments), Russian forces have neither fully withdrawn from Georgia and Moldova, nor obtained host nation consent to remain. NATO allies have therefore refused to ratify the 1999 Adapted CFE Treaty, which modernises the 1990 CFE Treaty to take account of post Cold-War geographical realities. In the meantime, the existing CFE Treaty has continued to function, but Russia has gradually expressed more and more dissatisfaction with the regime over time. During President Putin's second term the intensity and tempo of Russian complaints grew sharply. Most centred on blaming the Allies for not ratifying the Adapted CFE Treaty even though from Moscow's perspective Russia had either fulfilled, or had done all it could to fulfil, the Istanbul Commitments.

28. In 2006 and 2007, Russia set out a number of further specific complaints. The key ones were that the Treaty's system of bloc-based limitations on military equipment had become unbalanced as former Warsaw Pact countries joined NATO; that the Baltic States were now in NATO but not in the CFE regime—creating an arms control black hole on Russia's border; and above all that the CFE flank regime was discriminatory against Russia. President Putin threatened to suspend Russian participation in the CFE Treaty unless NATO countries ratified the Adapted Treaty and addressed these specific complaints.

29. The United States, with the full support of all NATO Allies put proposals for parallel action to Russia in the second half of 2007 which offered practical solutions to resolving the outstanding elements of the Istanbul Commitments, without compromising host nation consent, which would enable Allies to ratify the

Adapted CFE. Allies believe that entry into force of the Adapted CFE Treaty, followed by a review process as the Adapted CFE Treaty is already 10 years old, would meet the security concerns expressed by Russia. Despite Russia carrying out its threat and suspending CFE participation in December 2007, and despite the Russian military action in Georgia in 2008, these US-Russia discussions continue.

17 February 2009

Annex A

ANSWERS TO THE COMMITTEE'S SPECIFIC QUESTIONS

1. *Russia's current and future military capability and readiness, including its rearmament plans, its use of peacekeepers, and the restoration of Russia's practice of keeping a fleet of strategic bombers permanently airborne*

2. *The military threat posed by Russia towards nato countries, including an assessment of Russia's military tactics such as the probing of NATO country's air and water space*

- (i) Russia's current military capabilities lie in its armed forces of some 1.1 million troops. But Russia's conventional forces face considerable challenges. Increased levels of defence spending have yet to translate into commensurate improvements to either the operational capability or weapons inventories of the Russian armed forces. Moscow will continue to rely on its nuclear forces to counter perceived major threats. It maintains a substantial nuclear arsenal and significant numbers of non-strategic nuclear weapons. Russia does have the capability to threaten states on its periphery. Russia views the Georgian operation in August 2008 as militarily successful. Russian forces deployed more than 20,000 troops with little notice and these forces proved adequate for the task.

FORCES

Ground

- (ii) Russian Ground Forces, together with airborne and naval infantry units, are approximately 390,000 strong. Russia also maintains 170,000 Interior Troops and 160,000 Border Troops. There is an active programme of replacing conscripts with contract soldiers. At present, over 20% of 500,000 rank and file are on contract service. However, given a worsening demographic trend, current manning levels are unsustainable. Military reforms announced since the Russia/Georgia conflict include substantial reductions in officer posts and the establishment of a contract-manned NCO corps. Russia intends its total forces should be one million strong by 2016.
- (iii) Russia's Permanently Ready Forces (PRF), established during the Putin presidency, comprise high-readiness units capable of responding to immediate threats. These units have attracted the highest priority for manning, equipping, and training among Russia's non-nuclear forces.
- (iv) Training at all levels has increased each year since 2000 and has included participation in bilateral and multinational exercises. Improvements in tactical performance will be uneven. Exercises have been frequently conducted during periods of tension. The North Caucasus Military District, together with the Airborne Force, has the main concentration of PRF units. A brigade structure will replace the divisional and regimental levels of command. The objective is to create a sufficient number of fully manned combat-ready units so that up to three "local" or "regional" conflicts could be engaged concurrently.

Air

- (v) The Russian Federation Air Force (RFAF) consists of 1,500 tactical aircraft, 180 bombers, 370 transport aircraft, and about 95 surface-to-air missile (SAM) battalions. Most of the present tactical combat aircraft are fourth generation. RFAF air defence units provide Russia with a credible air defence of vital areas. The RFAF would find it difficult to effectively project tactical air power beyond the CIS borders.
- (vi) There is likely to be an overall reduction in the size of the Air Force of approximately 50% by 2030. This should simplify logistics and improve aircraft availability. The force will operate fewer, more capable, aircraft: the next-generation PAK-FA (still in development), modernised Tu-160 BLACKJACK strategic bomber, Yak-130 MITTEN combat-capable trainer, and the Su-34 FULLBACK strike-attack aircraft.

Navy

- (vii) The current order of battle will see Russian Federation Navy (RFN) fleets operate predominantly in waters around Russia. Significant recent out-of-area activity represents their aim to re-establish themselves as a capable blue water navy, able to operate in certain key regions. In recent years, the tempo of RFN operations has increased.
- (viii) New-generation strategic submarines are being constructed. The first such submarine, (the BOREY class), equipped with an as yet unproven missile system (Bulava), will commence trials next year. Conventional submarines (SSK) are a relatively inexpensive platform. There is a new fourth-generation ST PETERSBURG-class SSK in Russia's conventional submarine force. Overall, Russia will seek to build between eight and 12 of the new class by 2020.

Strategic Nuclear Forces and other WMD Capabilities

- (ix) Russia retains major strategic forces, general-purpose forces with non-strategic nuclear weapons and a significant chemical and biological warfare (CBW) research capability. Strategic nuclear forces are maintained at a high state of readiness and exercised regularly.
- (x) The nuclear missile inventory is undergoing gradual replacement with variants of the modern SS-27 ICBM. Russia faces a continued reduction in deployed strategic warheads as delivery systems age and are retired. The size of its deployed strategic nuclear warhead arsenals currently limited by START and SORT agreements.

REARMAMENT

- (xi) Russia sees the rebuilding of its military capability as a priority. Defence spending has risen by an annual average of some 7% in real terms since 2001, roughly commensurate with robust GDP growth over this period. However, lack of resources has meant that procurement for Russian armed forces has been at a low level for nearly two decades. This has been compounded by high defence sector inflation, the high costs of developing systems and platforms, and corruption. The requirement to win and meet arms export orders and to satisfy foreign partners has reduced the capacity for production of new weapons for Russia's armed forces. The emphasis in the short to medium term will remain on upgrades to existing programmes.
- (xii) Eventually, there will be new procurement. Better funding has resulted in limited improvements to military R&D, concentrating on much needed modernisation of existing equipment and new programmes. Significant examples of activity include: updating the Ballistic Missile Defence system, anti-satellite research, improved systems for new Main Battle Tanks, a next-generation combat aircraft, new submarines and capable SAM systems. In September 2008, President Medvedev claimed that funds would be allocated to increase the rate of construction of nuclear missile submarines, alongside existing plans to build new missile-carrying frigates and corvettes, various types of mine-clearance, amphibious and hydrographic vessels.

OPERATIONS

Internal Security

- (xiii) Although Russia has not suffered a major terrorist attack since the Beslan school siege in 2004, it faces insurgencies in some North Caucasus republics, including Chechnya. Russia's Interior Troops (170,000) have been employed to respond to and contain threats, including the use of mobile reserve brigades.

Peacekeeping

- (xiv) Peacekeeping, in various forms, has been a major aspect of Russian military activity although most operations have been conducted within the CIS. Russia currently maintains a deployable peacekeeping brigade as well as a peacekeeping contingent in the Moldovan separatist region of Transnistria. Prior to the August 2008 conflict, peacekeeping units were based in Abkhazia and South Ossetia. In 2007, the Collective Security Treaty Organisation (CSTO)—of which Russia is the key member, agreed to set up a multinational peacekeeping force. Deployment of these forces abroad would take place only under a UN mandate.

Out-of-Area Activity

- (xv) Long-distance out-of-area flights by Russian strategic bombers will probably continue as a relatively inexpensive and effective means of demonstrating Russian military power. Four times during 2008, strategic bombers circumnavigated Iceland. Increased funding has enabled additional fuel allocations, spares purchases and crew training. Recent pan-fleet naval activity has seen the Russian Federation Navy operate in the Mediterranean, the Caribbean, the Gulf of Aden and the Arabian Sea. However, such activity does not represent a qualitative increase in the Russia threat to the West.

3. *What are the likely implications of the global economic crisis on Russia's foreign and military policy?*

- (xvi) Some analysts have argued that the financial crisis will encourage Russia to pursue a more moderate, co-operative foreign policy. This was reflected in Prime Minister Putin's comments at Davos, where he argued that the economic crisis affected all countries, and demanded a co-ordinated global response. Putin argued that "mutual interest and mutual dependence are clearly in place". Putin promised to respect the commitments signed up to by President Medvedev at the Washington G20 Summit, including restraint from protectionism.
- (xvii) This desire for co-operation has been apparent in preparations for the London Summit. Russia is closely engaged in G20 efforts to tackle the crisis, participating actively in all the working groups preparing for the Summit. Arkadiy Dvorkovich (G20 Sherpa) has played a constructive role in Sherpa discussions on financial stability and reform of the international financial architecture. The Finance and Deputy Prime Minister Kudrin visited London for talks with the Chancellor, Secretary of State for Business and Foreign Secretary on 4 February, as well as addressing an audience of professionals in the City. President Medvedev is planning to attend the London Summit on 2 April.
- (xviii) Russia shares many of our goals for the reform of the global financial architecture. Officials have told us that they want institutions to be more accountable and more effective, and channel greater funds quickly to countries experiencing problems due to the financial downturn. Russia wants to play a more active role in key international financial institutions—it is keen to join the Financial Stability Forum, and Kudrin has expressed a determination to step up efforts to join the WTO.
- (xix) Russia sees itself as having a leadership role in the CIS region in responding to the crisis. It discussed preparations for the London Summit at the meeting of EurAsEc (a trade bloc including Russia and most of the countries of Central Asia) in Moscow on 5 February. Under the auspices of EurAsEc, it also intends to establish a \$10 billion fund to assist sectors affected by the crisis.
- (xx) More broadly, the Russian government has said that the global economic crisis has created a new geopolitical reality, which it hopes will lead to greater multilateralism. Foreign Minister Lavrov in January said the crisis should "spur all of us towards collective actions". He welcomed the G20's leading role (evolving from the G7/8) and—reflecting Moscow's vision of a "multi-vectoral" foreign policy—underlined Russian commitment to working with a wide range of partners, including with the EU and in the CIS and BRIC formats. Lavrov has expressed the hope that joint efforts to rebuild the world financial system will "help to accumulate a critical mass of trust" to tackle other political differences and to "contribute to de-ideologising international relations".
- (xxi) The global financial crisis has led to a sharp deterioration in Russia's fiscal position. Whereas in 2008 as a whole, Russia ran a fiscal surplus of 4% of GDP, it recorded a deficit of 21% of GDP (\$29 billion) in December. In part, this was due to increased spending on counter-crisis measures including social measures. In part, it was due to a reduction in profit tax, introduced on 1 December to stimulate economic growth. But it was overwhelmingly due to the collapse in commodity prices since October—oil accounts for 50% of Russian federal budget revenues.
- (xxii) Originally, the government prepared a 2009 Federal Budget based on the assumption that the average price of oil would be \$95 per barrel. The Ministry of Finance is currently recasting this year's budget, with an oil price assumption of \$41 per barrel. According to Russian media reporting, revenues are likely to be half those originally forecast. And although the Ministry of Finance has made no public announcements, officials have indicated informally to the press that a reduction in spending will be necessary—even with the country's large accumulated reserves. The government has made clear publicly its commitment to certain socially-significant spending, notably unemployment benefit. But elsewhere, the signs are that spending will be cut, by up to 15%.
- (xxiii) Further ahead, Russia will remain heavily reliant on the oil price, at least in the medium term. If prices recover towards \$90 per barrel in the final quarter of 2009, Russia may resume an expansionary fiscal policy—including in the defence sphere. But if oil prices remain below \$45 per barrel, Russian economic performance is likely to remain sluggish, and government spending tight.
- (xxiv) The defence establishment is not immune from the impact of Russia's economic slowdown. Budgetary pressure is likely to force the Russian Ministry of Defence to revise the implementation timescale for its programme of reform, restructuring and down-sizing. The Russian media has reported that the main stages of reorganisation of the army and fleet scheduled for the beginning of the year are likely to be revised, as a direct result of the current economic and financial realities.
- (xxv) In parallel with this development, the government in January announced substantial financial support to the Military Industrial Complex in order to underpin defence enterprises and, in so doing, to address socio-economic issues in vulnerable areas of the real economy. (The Military Industrial Complex employs 1.5 million workers in some 1,500 companies, many of them in mono-industry towns). At a conference on 15 January of ministers, heads of financial institutions and defence enterprises, Prime Minister Putin announced that the government would invest over

Rb14 trillion (£80 billion) over three years to ensure the delivery of the state's defence order. This would see a shift of focus away from the arms export market to the domestic defence market (Russia was the world's 3rd largest arms exporter in 2008 with sales worth \$7 billion).

- (xxvi) Meanwhile, at Davos Putin warned of the dangers of states using a build-up of military spending to resolve current social and economic problems. He argued that despite any short-term benefits, the huge resources involved should be put to "better and wiser uses". He expressed the conviction that "reasonable restraint in military spending, especially coupled with efforts to enhance global stability and security, will certainly bring significant economic dividends".

4. *Views on the state of NATO's contingency plans to respond to potential Russian encroachment into the territory of NATO member states bordering Russia*

- (xxvii) Developing and adjusting contingency plans is a regular and long-standing activity with the Alliance. The agreed NATO threat assessment is reviewed on an annual basis.
- (xxviii) There are agreed "Article 5" NATO contingency plans (COPs) for responding to an armed attack against Allies. These COPs address measures and arrangements for reinforcement, including Alliance political objectives and desired end-state; the missions and tasks to be performed; planning assumptions; SACEUR's intent; the conduct and phasing of operations; force requirements' C2 arrangements and supporting measures. They are reviewed as required. In addition, the NATO Response Force has seven generic contingency plans, one for each of its illustrative missions, which could be conducted in support of an Article 5 operation. The NATO Integrated Air Defence System (NATINADS) is also linked to Article 5 and has a supporting contingency plan.
- (xxix) Following the Georgia crisis some Allies, particularly those bordering Russia, asked that these plans be reviewed. We judge the likelihood of a Russian attack on NATO territory to be low but there is more possibility that Russian interference could involve other destabilising activity (cutting energy supplies, encouraging civil unrest, cyber-attack). It is important that NATO refreshes its thinking on what constitutes aggression in the 21st century, and is prepared for these eventualities. Planning should emphasise and agree the graduated, co-ordinated response that would be required to this type of aggression. SACEUR has undertaken to take work forward in this regard and we support those efforts.

Memorandum from Professor Margot Light

1. Relations between Russia and NATO, which have been poor over the past 10 years (with the exception of a brief interlude in the wake of the terrorist attacks on the World Trade Centre and the Pentagon), reached a nadir after the Russian-Georgian war last August. Recently, however, the Russian leadership's positive response to early foreign policy statements by President Barak Obama suggests that there is an opportunity to improve the relationship. Whether or not this improvement will occur will depend crucially on the decisions NATO and the US administration make on the two issues which the Russian leadership believes undermine Russia's security: the further enlargement of NATO and the deployment of elements of the US anti-missile system (BMD) in countries close to Russia's borders. In this submission, I will briefly discuss the consequences of the Russian-Georgian war, before turning to the issues of NATO enlargement and BMD.

2. The conflict between Russia and Georgia will not make it easy to establish trust and cooperation between Russia and NATO. Although Russia has not been able to persuade even its allies in the Shanghai Cooperation Organisation and the Commonwealth of Independent States to recognize South Ossetia and Abkhazia, it will not itself "derecognize" them and nor will South Ossetia and Abkhazia, both of which declared independence in the early 1990s, agree to rejoin Georgia. In short, the conflicts are no less frozen now than they were before the war. It is unlikely, however, that having used military force in the South Caucasus, Russia will use it against its other neighbours, whether or not they have large Russian minorities. First, the costs (military and political) of the Georgian war were very high, and Russia will not easily incur them again. Second and more importantly, although Russia wants to expand its influence in neighbouring countries, it does not want to do this by force.

3. Russians have steadfastly opposed NATO enlargement since it was first mooted. Since they could do nothing to prevent the first round of enlargement in 1999, they appeared to resign themselves to the new situation. It seemed that they would similarly have to accept the second round of enlargement in 2004. After the "colour revolutions" in 2003-04, however, when it became clear that Georgia and Ukraine were also in line for membership, Russian objections moved from rhetoric to more concrete actions, for example,

suspending Russia's participation in the 1990 CFE treaty (on the grounds that the Baltic states have not signed the treaty and the United States and its European NATO allies have not ratified it) and harassing Georgia and Ukraine.

4. Russian insistence that further NATO expansion is unacceptable routinely produces the response, first, that Georgia and Ukraine are sovereign states and must be permitted to take their own decisions, and second, that Russia cannot be allowed to dictate NATO policy and that NATO must, therefore, continue to enlarge. On the issue of membership, however, NATO should make its decisions not in response to Russian objections, but on the basis of hard-headed realpolitik criteria. First, there is the question of eligibility. Arguably, the large majority of Ukrainians opposed to NATO membership and Ukraine's chronic political instability render it ineligible for membership, while Georgia's territorial disputes should mean that it is ineligible for membership until they are resolved. Second, there is the question of the consequences of admitting new members for the alliance itself. The really difficult questions that NATO needs to ask itself are the following. If Georgia had already been a NATO member last August, would President Saakashvili have been deterred from attempting to reclaim South Ossetia by force, or might membership have further encouraged him in his attempt? Similarly, if Georgia had already been a NATO member, would Russia have been deterred from responding? And if it had not been deterred, would NATO have invoked Article 5 to come to Georgia's rescue? If NATO had responded, the consequences would have been a wider war between Russia and NATO, with the attendant danger of escalation to nuclear confrontation. And if NATO had not responded, its credibility as a defence alliance would have been fatally undermined. These may be counterfactual questions, but they ought to make NATO members consider very carefully before any further enlargement

5. Russia has opposed ballistic missile defence (BMD) ever since it was first mooted at the end of the Clinton presidency. Similarly, Russians objected to the modification or abrogation of the ABM treaty, although once it had been abrogated, they seemed to come to terms with it. However, the US decision to base BMD interceptor missiles and radar installations in Poland and the Czech Republic produced a strong negative reaction from Moscow which has not abated.

6. While there are probably very few Russians who really believe that the planned BMD deployments in Poland and the Czech Republic threaten Russian security directly, even relatively moderate and pro-Western analysts are apprehensive. They argue that the deployments may start with one radar and 10 interceptors, but they are likely to end with many more, in the same way that NATO enlargement started with three countries and has now extended to 12, while other countries queue to join. For this reason, they warn that BMD deployments are bound to trigger a new arms race.

7. Policy makers and military officials everywhere tend to define threat by capabilities, not intentions. Even if BMD deployments, like NATO expansion, are not be intended to constitute a threat to Russia, they do represent an increase in capabilities and they are, therefore, perceived as undermining Russia's strategic capabilities. Russia's response to that perception has already begun to turn into a self-fulfilling prophecy. For example, Russia has threatened that by hosting the interceptors, Poland is "making itself a target". As a result of that threat, when, after months of prevarication, the agreement between the United States and Poland on the deployment of the interceptors was finally concluded on August 20th 2008, the US also agreed to deploy a Patriot missile battery with the interceptors and a garrison to support it. While the interceptors might be directed against "rogue states", no-one pretends that the Patriot missiles and accompanying troops will be directed at any country other than Russia.

8. NATO and its members frequently trigger similar self-fulfilling prophecies, using rhetoric and taking actions in response to their perceptions of Russian hostility that simply serve to make Russia more hostile. The decision to deploy Patriot missiles together with the interceptors in Poland, for example, triggered President Medvedev's decision to deploy an Iskander missile system and electronic jamming devices in the Kaliningrad region (a decision that has since been suspended). The current overture by the US administration and the response by the Russian leadership offer the opportunity to the US, to Russia and to NATO to step back from this action-reaction reflex and to find a more constructive way of interacting.

9. Since the UK is perceived as the most loyal US ally, UK-Russian relations are affected by US-Russian relations. If US-Russian and NATO-Russian relations improve, therefore, there will be some improvement in UK-Russian relations. However, the fact that the UK has given political asylum to people the Russians wish to extradite will continue to affect UK-Russian relations for the foreseeable future. This makes it all the more important that the British government should make every effort to facilitate an improvement in NATO-Russian, EU-Russian and US-Russian relations.

Memorandum from James Sherr

INTRODUCTION

1. In written evidence to the House of Commons Foreign Affairs Committee in May 2007, I concluded my contribution to a collective submission by stating, “we need to act in ways that stimulate Russians to see their own choices clearly and, in time, realise that the real threats to their security are not altogether different from our own.”⁵³ We are further from that point than we were two years ago. The Russia-Georgia conflict and the recent gas crisis between Russia and Ukraine have not only exposed important differences between us, but sharpened them.

2. We will only understand Russia’s current and potential role in issues important to UK defence interests if we understand the perspective of Russia and the security and defence priorities that exist there. Despite the improvement in Russian military capabilities over the past 10 years—and ambitions for further improvement—the military instrument still plays a relatively modest role in realising these priorities even where they are defence related. The UK and its NATO allies are not alone in understanding the economic, social and political dimensions of defence. Since President (now Prime Minister) Putin came to office in 2000, the Russian leadership has shown much flexibility in relating means to ends. Today Russia is pursuing a number of classically nineteenth century aims—great power status, diminution of the rights of small powers and the formation of “regions of privileged interest”—and it is doing so with a mixture of classical and twenty-first century tools—intelligence and covert penetration, commerce and joint ventures, “lobbying structures” and litigation, energy and downstream investment and, in the former USSR, Russian diasporas and other “civilisational” forms of soft power. Today they believe that they are doing this with considerable success.

3. At the same time, they are becoming apprehensive about the internal condition of the country and their ability to manage it. For historical and demographic reasons, internal affairs are a primary security issue, not simply a political one.⁵⁴ This is not the first time in Russian history that policy is made by ingrown, opaque and relatively unaccountable circles of people or that power and wealth lie in the same hands. Yet until the onset of the financial crisis, Vladimir Putin probably enjoyed a more sustained period of public support than any of his twentieth century predecessors, Russian or Soviet.⁵⁵ As one pillar of support—prosperity and “economic order”—erodes, and as rivalry and corruption increase, the regime will be intent to safeguard the other pillar—collective pride and respect for Russia abroad.

4. Russian nationalism—and alongside that, a feeling of *obida* [injury] at perceived humiliation by the West—are foundations of policy that are at least as potent as Soviet ideology had been, and these sentiments evoke far deeper resonances in what remains a largely illiberal country with a strongly traditional sense of its own identity and “distinctiveness”.⁵⁶ Security and identity are also entangled in the view expressed by President Medvedev at the Valdai Club: Russia will no longer “tolerate” the West’s “unfair and humiliating” policy in “traditional areas of interests” defined by “shared, common history” and the “affinity of our souls”.⁵⁷

5. This is the context that frames my answers to the Committee’s questions. That context does not exclude cooperation, detract from the wisdom of pursuing it or diminish Russian incentives to pursue it. But it should not lead us to presuppose *ex cathedra* that economic pressure will moderate Russia’s behaviour or diminish its search for comparative advantage. Instead it should prepare us for the certainty that Russia will, in Putin’s words, be guided by “the strict promotion of its national interests” and the probability, in Lilia Shevtsova’s words, that Russia will continue to be “with the West and against it”.

NATO AND RUSSIA

6. To the Russian military establishment—and by now, it must be said, the overwhelming majority of the political establishment—NATO is, almost by definition, an anti-Russian military alliance. It is also aggressive. Claims to the contrary are regarded as risible and insulting. These views have three causes:

- (1) *The geopolitical determinism of the military establishment* which, thanks to the popularisation of the works of Russia’s traditional and neo-geopolitical theorists, has acquired influence well beyond this narrow milieu. In the Russian understanding, *geopolitika* refers not only to “struggle” between powers, but *ethnoses* (civilisations). With its Darwinian resonances, its emphasis on the “who-whom” of politics and its “scientific” categories and idiom, geopolitics has filled much of the intellectual vacuum created by the collapse of Marxism-Leninism. Whereas Western security elites

⁵³ Conflict Studies Research Centre, Advanced Research and Assessment Group, UK Defence Academy, “Material Offered in Evidence to the House of Commons Foreign Affairs Committee”, May 2007, pg 6. Although this was a collective submission, the quotation is drawn from the summary, which I had prepared.

⁵⁴ Lenin’s axiom, that “there is no greater nonsense than the separation between foreign and internal policy” has been shared by every one of his successors.

⁵⁵ Until recently, Putin’s approval rating has been 70% or higher. Whilst opinion polling is well developed in today’s Russia, the measures of public support in the Soviet period were of necessity more circumstantial, anecdotal and subjective.

⁵⁶ According to a poll by VTsIOM [All-Russian Centre for the Study of Public Opinion] published on 16 March 2007, a plurality of respondents (45%) took the view that Russia was a “distinctive Eurasian civilisation”.

⁵⁷ President Medvedev’s lunch with the Valdai Club on 12 September 2008 at which I was present.

- define threat in terms of intention and capability, Russia's official Concept(s) of National Security and Military Doctrine(s) define it by the "presence" of foreign forces in areas in the vicinity of Russian territory—whatever their ostensible purpose and irrespective of whether the host countries have invited them or not. Within this *schema*, the Russian defence perimeter includes "former Soviet space", whether or not the countries that inhabit this "space" agree.⁵⁸ It is indicative of this way of thinking that at the time of the Bosnian and Kosovo conflicts, the former Yugoslavia was described as being "in the vicinity" of Russia's borders despite the fact that Novorossisk, the nearest Russian city to Belgrade, is over 1,000 miles away.
- (2) *The surprisingly swift disintegration of the USSR (which most Russians believe we abetted) and the perceived "humiliation" of the Russian Federation at a time of ostensible partnership with the West.* President Yeltsin's initial foreign policy group and, indeed, Yeltsin himself initially anticipated that the West would, in its own interests, welcome Russia assuming the role of "leader of stability and security" in the former USSR.⁵⁹ When these assumptions fell to the ground, as they did by 1994, so did the "romantic era" of Russian policy. If not at that time, then with the passage of time, this partnership—and not incidentally, the wreckage of the Soviet defence-industrial complex—came to be seen as the fruit of a malign collusion between actors, internal and foreign, who ruined people's lives as well as the state. The fact that much critical Western commentary about "Russia's retreat from democracy" coincided with Russia's recovery—when incomes were growing and pensions paid—has reinforced this impression, persuading Russians that we simply prefer their country's weakness to its strength.
- (3) *NATO policies, well or ill-judged, that have hardened Russian perceptions about its aims and character.* The 1999 Kosovo conflict was a turning point.⁶⁰ Even in the eyes of Russian democrats, it removed any pretence that NATO was a strictly defensive alliance. To the Kremlin, the humanitarian dimension of the conflict was of no interest at all (although Russia's media convincingly presented it as a humanitarian catastrophe for the Serb population). To the Armed Forces, it was clear that "[t]oday they are bombing Yugoslavia but are aiming at Russia".⁶¹ The conflict was (and is) viewed as a dress rehearsal for what NATO would subsequently do in the South Caucasus: a view that, in the wake of the Russia-Georgia conflict they believe has been vindicated. The second issue of moment is NATO enlargement.

NATO ENLARGEMENT

7. Russia's fundamental indictment of NATO enlargement is tautological. Because NATO is deemed to be an anti-Russian alliance, its expansion proves that it is aggressive in character. For this reason, it is invariably futile to explain that the issues addressed by NATO-Ukraine cooperation—civil-democratic control of defence and security structures, professionalisation, transparency in budgeting, control of dangerous technologies and weapons stocks—would have an intrinsic importance even if Russia did not exist. Not even handfuls of people in Russia are aware that in the Cold War itself, NATO served additional purposes: resolving the "German problem", overcoming national rivalries in (Western) Europe, integrating defence and security cultures, embedding the United States into a multilateral structure and curbing its isolationist/unilateralist impulses. Mere handfuls of people in Russia give credence to NATO's post-Cold War transformation. Today, virtually no one recalls that Germany, one of the key architects of post-Cold War partnership with Russia, was also an avid proponent of NATO's first post-Cold War enlargement. The fact that the expansion of NATO's "zone" has come at the invitation of others—and that Ukraine, Moldova, Georgia and Azerbaijan have no wish to be part of Russia's "zone of special interests"—is seen as immaterial. The fact that NATO's model of defence reform in new member states has not emphasised territorial defence but expeditionary capabilities far from Europe has hardly been noticed. Anything done near Russia is done against Russia.

⁵⁸ Deputy Foreign Minister Fedor Shelov-Kovedyayev, *Strategy and Tactics of Russian Foreign Policy in the New Abroad* [*Strategiya i taktika vneshney politiki Rossii v novom zarubezh'ye*], September 1992.

⁵⁹ As a CSRC colleague and I wrote in April 1999, "[t]he most serious consequence of the Kosovo crisis is likely to be the legitimisation of anti-Western perspectives which Russia's moderates have thus far kept under control.... In the worst, but far from implausible case that an anti-Western leadership comes to power [after Yeltsin], four axes of breakout would arouse interest: (1) 'reviving Russia' by a 'strong', regulated economic policy and by a stronger and larger 'Slavic core' (to Ukraine's possible peril); (2) a serious long-term commitment to revive Russia's military power; (3) the Balkans, where 'intelligence struggle' will be enlisted to undermine Western allies and clients; (4) a search for 'strategic partnerships' with India, China and possibly Arab countries and Iran". "Russian and Ukrainian Perceptions of Events in Yugoslavia", Conflict Studies Research Centre, RMA Sandhurst, 25 April 1999.

⁶⁰ *Red Star* [*Krasnaya Zvezda*], April 1999. Along similar lines, Lieutenant General Leonid Ivashov, then Head of the MOD's International Cooperation Directorate, told the Russian channel NTV, "[i]f the world community swallows this large-scale aggression, this barbarity, then it is today difficult to say who will be next, but there will be a state that is going to be next in line without fail".

⁶¹ This was a small command (subordinate to a lieutenant colonel), providing training for unit level (as opposed to combined arms) "crisis response operations" in multi-national peace-keeping operations rather than territorial defence. As I have written elsewhere, "Georgia's vulnerability and importance, its mercurial leadership, the presence of US forces and the precariousness of the post-Bucharest security environment called for high level coordination and direction. There was none".

8. Today this sense of aggressiveness is reinforced by a deep sense of *obman* [deceit]. In February 1990 US Secretary of State James Baker gave President Gorbachev assurances that following Germany's unification as a NATO member, NATO would not expand east. Yet Baker's concern was to demonstrate that the GDR was a special case and that there was no wish to tempt other Warsaw Pact members to defect to NATO. To extrapolate from this assurance, given at a time when the USSR, the Warsaw Pact and their mutual security commitments were still in place, the existence of binding undertakings in future conditions that no participant imagined is to distort the historical record. The September 1990 Treaty on the Final Settlement with Respect to Germany does not rule out future NATO enlargement. Four months before, Gorbachev told President Bush that a united Germany was "consistent with the principle that people should have the right to choose their alliances".

9. The perception of deceit was reinforced after the establishment of the NATO-Russia Permanent Joint Council as set out under the NATO-Russia Founding Act of 27 May 1997. President Clinton's all too casual assurance that the Council would make decisions by "consensus" led President Yeltsin to conclude that NATO's enlargement would be compensated by a de facto right of veto by Russia on issues that affected its interests. Yet the text of the NATO-Russia Founding Act states the opposite:

Provisions of this Act do not provide NATO or Russia, in any way, with a right of veto over the actions of the other nor do they infringe upon or restrict the rights of NATO or Russia to independent decision-making and action. They cannot be used as a means to disadvantage the interests of other states.

The text also states that NATO and Russia will base their relations on the following principles:

respect for sovereignty, independence and territorial integrity of all states *and their inherent right to choose the means to ensure their own security*, the inviolability of borders and peoples' right of self-determination as enshrined in the Helsinki Final Act and other OSCE documents.

10. But for all this, the most active phase of hostility to NATO enlargement began with the Orange Revolution in Ukraine in winter 2004–05. To a country schooled to believe that "Ukraine can never stand alone"—and a political class deeply apprehensive about the implications of Washington's global "democracy" project—the Orange Revolution was a Western "special operation" from start to finish. It was instrumental in solidifying the convictions that the United States and NATO wished to damage Russia's security, emasculate its influence and undermine its political order. It has also had an instrumental role in strengthening the authoritarian impulse in Russia (*inter alia*, state sponsorship for paramilitary youth organisations like *Nashi* that tar Putin's critics with charges of "treason" and "Fascism"). In 2000, Putin stated that Russia "cannot live according to the *schéma* of Western values". If Ukraine embraces them and does so successfully, the implications are profound. "Kyiv is the mother of Russia". Those who believe this fear (or hope) that where Ukraine goes, Russia can follow.

11. The new element in this matrix is the conviction that Russia is no longer helpless. As Putin said at Munich in February 2007, "we have a realistic sense of our own opportunities and potential". He also had a realistic sense that the USA and its allies had become globally overextended, that NATO "programmes of cooperation" in Russia's "near abroad" lacked teeth, that the weaknesses of NATO's partners were chronic and that NATO itself was profoundly divided about its future course. NATO hoped that the Bucharest formula—no MAP, no timetables, but an existential commitment that "Ukraine and Georgia will become members of NATO"—would lower the temperature. Instead, it raised it. By then the gap between aspirations and capability had all the appearance of bluff. In August 2008 the bluff was called.

IMPLICATIONS OF THE GEORGIA CRISIS

12. Whilst Russia's political and military leadership were aware that Georgia's armed forces were inadequately trained and equipped for the purposes of territorial defence—and at least partially aware that command arrangements for the US Sustainment and Stability Operations Programme were inappropriate for a conflict zone⁶²—these facts have not, in their eyes, absolved the United States and NATO of complicity in President Mikheil Saakashvili's "reckless and unprovoked aggression" of 7–8 August.⁶³ Neither is the force of these charges diminished by evidence (and the statements of several insiders) that Saakashvili was lured into acting exactly as he did. At least two issues call for some consideration:

13. The first is Ukraine. The view that "Ukraine is next" is highly simplistic. The next theatre of military conflict after the Georgia crisis is likely to be Georgia. Crimea is not South Ossetia, and there is no conflict between ethnic Russians and ethnic Ukrainians there. Nevertheless, a number of issues should arouse concern: the heightened level of activity by Russian special services since the Bucharest summit and the apparent nature of this activity; the presence of the Black Sea Fleet in Crimea (including Naval Infantry and intelligence detachments) and increasing tensions surrounding the terms of its deployment up to and beyond its stipulated withdrawal in 2017;⁶⁴ the recent (and arguably ongoing) gas crisis and evidence that Russia's objectives are as much geopolitical and commercial; the tendency by Russian military professionals to

⁶² At the Valdai Club lunch on 12 September, President Medvedev claimed that Saakashvili acted on instructions from abroad.

⁶³ Tensions considerably heightened by the employment of Sevastopol-based surface units in the Georgia conflict.

⁶⁴ James Sherr, *Russia and the West: A Reassessment, The Shrivenham Papers* No 6, p. 27 (Defence Academy of the United Kingdom, January 2008).

underestimate Ukraine's defence capability and resolve. Although the premeditated use of force by Russia against Ukraine is highly improbable, the presence of Russian forces, the vulnerabilities of Ukraine, the seeming determination of Russian special services to exploit these vulnerabilities and the combined pressures of the economic and energy crises present a worrying risk of instability, miscalculation and the escalation of disputes.

14. The second issue is Russian military capabilities. In January 2008 we warned, "the risk... is not that Russia's Armed Forces repeat the follies of the 1990s but that Russia's neighbours and NATO find themselves surprised".⁶⁵ Our concerns then were twofold: the steady expansion of Russian power projection capabilities for regional (intra-CIS) contingencies—including a 25% per annum growth in nominal (15% in real) defence budgets between 2002–05⁶⁶—set against complacencies generated in the West by the evident deficiencies of Russian armed forces measured against Cold War templates.⁶⁷ Are we at risk of further surprises? Much will depend on the conclusions that the Russian leadership draws from: (1) the successes and failures of military operations in Georgia; (2) the impact of the financial crisis on Russia's defence plans, those of its neighbours and those of their NATO allies and partners.

15. In Georgia, Russia conducted a 1940's-style combined arms operation with 1970–80's technology. A number of striking deficiencies emerged (eg the use of instructors as pilots, at least one of whom, captured by Georgia was 52 years old). In overall terms, the operation bore witness to "the pervasiveness of corruption, the impact of demographic trends on manning and very uneven recovery of the health and fitness of the general population".⁶⁸ On the other hand, the Russian counter-offensive dramatically succeeded. It put to flight a well provisioned force armed with more modern (if lighter) weaponry, but improperly trained and commanded for the war it was fighting. If NATO's commitment to rebuild Georgia's armed forces is honoured, will it take account of these lessons, and if so, will Russia conclude that it should not risk future adventures of this kind?

16. The financial crisis will surely put President Medvedev under pressure to reconsider his pledge to raise defence procurement expenditure by an order of magnitude. Moreover, the leadership has surely noted the renewed emphasis that NATO is placing on Article 5 contingencies. Nevertheless, the financial crisis calls into question NATO's willingness to match resources to these concerns, not to say commitments made at the NATO-Ukraine Defence Ministers meeting in Tallinn last November and the NATO Foreign Ministers meeting in Brussels last December. If the impact of the financial crisis on Russia is deep, the impact on neighbours is dire. Ukraine is reducing its defence budget from 2.5% of GDP to 0.85%.

17. When these uncertainties are added to Moscow's conclusion that the war deepened the West's loss of confidence, we would be wise to reserve judgement about what Russia will or will not do in its "near abroad". When Russia's capacity for special purpose operations is taken into account (including cyber attacks, which were launched against Georgia fifteen days before the start of military operations), our prudence should be reinforced.

OTHER ISSUES

The NATO-Russia Council

18. The principal difference between the NATO-Russia Permanent Joint Council, which became moribund from the start of the Kosovo conflict, and the NRC (which superseded the PJC in 2002) is that the latter envisaged involving Russia in a range of discussions from the outset, rather than after an Alliance consensus had been reached. During the brief post-9/11 partnership (which operated to general satisfaction until the onset of the Iraq war), this expectation was largely met. Cooperation was initiated not only on global terrorism and the war in Afghanistan but a range of other issues, including missile defence. Russia expressed no grievances about the NRC during this period.

19. The deterioration of the relationship since then, and especially since the coloured revolutions in Georgia and Ukraine, has produced a more formalised atmosphere in the Council and limited its role. Russia has periodically voiced two criticisms: the NRC has reverted, de facto, to the PJC pattern, whereby Russia is presented with an Alliance consensus instead of being allowed to shape it; NATO is not prepared to discuss

⁶⁵ To which one must also add the budgets of military forces outside the subordination of the Ministry of Defence, which perform a number of highly critical roles. In 2003 Putin trebled the budget of the Federal Security Service. Whereas the defence (MOD) budget is officially 2.8% of the whole (higher than NATO's 1.8% average, but only 13% of the US budget in absolute terms), independent Russian experts estimate the burden at 10–30% of GDP, depending on whether or not non-MOD structures are included. Jan Leijonhielm, Jan T Knopf, Robert L Larsson, Ingmar Oldberg, Wilhelm Unge, Carolina Vendil Pallin, *Russian Military Capability in a 10-Year Perspective: Problems and Trends in 2005*, p 7, 11 (Stockholm: Swedish Defence Research Agency (FOI), Division for Defence Analysis, FOI Memo 1396, June 2005).

⁶⁶ Indicative of this complacency is the critical and highly effective role in the Georgia crisis played by Russia's Black Sea Fleet, whose capabilities were poorly regarded in the West.

⁶⁷ James Sherr, *op cit.*, p. 27.

⁶⁸ When Deputy Chief of the General Staff, Colonel General Anatoliy Nogovitsyn was asked at the Valdai Club on 13 September to explain how missiles cited in Poland and the Czech Republic could possibly intercept Soviet ICBMs on their distant trajectory, he replied that "it is obvious to any thinking person that the only purpose of these weapons is to undermine the Russian strategic deterrent and the international arms control regime".

serious issues. After meetings of the Council were suspended by the Georgia war in 2008, Russia has also levelled a specific charge: that NATO rebuffed Russia's offer to convene the Council on 8 August after hostilities in Georgia began.

20. The first criticism has some merit insofar as the ethos of consensus and collegiality ("habits of cooperation") remains embedded in NATO, and Allied representatives are reticent about airing differences that threaten Alliance cohesion in formal NATO-Russia discussions (which is not to say that they do not emerge in bilateral discussions with Russia). Second, NATO has tried to focus the Council's work on practical cooperation (eg terrorism, maritime security and, so it thought until recently, missile defence). This means that areas of agreement receive more attention than areas of disagreement, which when they are discussed (as in the case of CFE), tend to reiterate differences rather than narrow them. At a time of deteriorating relations, areas of disagreement obviously merit more attention. The formalistic, methodical and programmatic approach of the NATO bureaucracy—defining objectives and monitoring their fulfilment—does not help. It imparts an artificially technical character to intrinsically political questions. The tendency to assess NATO-Russia cooperation in terms of the number of "activities" planned and implemented has added a layer of virtual reality to the relationship, persuading some until recently that relations were considerably better than they actually were. As a case in point, the trust developed between technical experts in the joint working group on missile defence left NATO poorly prepared for the Russian leadership's vehement response to the US deployment decision.

21. Within recent months, before its formal suspension in September 2008, Russian representatives have adopted a more theatrical and polemical approach towards the Council, and this has not persuaded most Allies of Russia's seriousness. The timing of Russia's recent request to convene the NRC—only after conflict with Georgia began—was seen in this light. Yet it is to the credit of neither party that, during the months after Bucharest when a crisis in Georgia was developing under their noses, the Council was not convened to discuss what was taking place.

US Ballistic Missile Defence

22. Despite years of joint modelling and exercises on missile defence under the NRC, several full briefings to Russia's military leadership, knowledge of the physics and geography of the deployment by Russian specialists and invitations to inspect the system's central command facilities in the United States, Moscow has plainly decided to treat any US and NATO explanation as null and void.⁶⁹ There are probably three reasons for this stance:

- The view of the Russian Armed Forces—which is not only predisposed to "worst case" thinking, but which, by comparison to NATO militaries, attaches enormous weight to strategic and operational deception—that the current systems, whatever their limitations, are precursors of deployments that will pose a direct threat to Russia's offensive capabilities—and that these systems were chosen for this very purpose;
- Possible dividends in Europe, particularly in Central Europe, if the USA rescinds its decision. Poland and the Czech Republic have invested considerable political capital in supporting the United States. A reconsideration will not only expose governments to internal criticism but reinforce other anxieties, post-Georgia, about the steadfastness of allies and the reliability of NATO's security guarantees;
- Rehabilitation of the Soviet era belief that if you pound the table long enough, it will give way.

Whether the Obama administration can square this circle—by deferring deployment rather than cancelling it—remains to be seen.

The CFE Treaty

23. Then President Putin's decree of 14 July 2007 suspending Russia's compliance with the 1990 Treaty on Conventional Forces in Europe had three motivations. In ascending order of importance:

- To signal the end of Russia's patience after years of rejecting any linkage between its 1999 OSCE (Istanbul) commitments to withdraw forces from Georgia and Moldova and the coming into force of the Adapted CFE treaty;
- To widen divisions in NATO: by stigmatising the new members who insisted on upholding the linkage with Istanbul, by claiming that US bases in Bulgaria and Romania constituted a breach of the treaty and by substantiating its view that US missile defence deployments posed a threat to the entire international arms control regime;
- To bring an end to intrusive inspections on Russian territory, which the Armed Forces viewed as a monument to Russia's post-Cold War "humiliation" and, in practical terms, as a constraint on its modernisation of forces in "flank" zones.

⁶⁹ It is possibly no exaggeration to say that this collapse of confidence marks the end of an era launched by Mikhail Gorbachev with the declaration (in the June 1987 Warsaw Pact military doctrine) that "military force in present conditions can no longer be used to resolve political problems".

24. Russia's *de facto* withdrawal from CFE has deprived NATO of an important window into the character and purposes of Russian military activity in the Baltic and Black Sea regions. Whilst "national technical means" can compensate somewhat, intrusive inspections are a better (and more public) indicator of the capability, character and intention of forces (including MOD and non-MOD special purpose forces) deployed in these critical areas, and in some circumstances, they can be an added inhibition and constraint. Such inspections might have expanded awareness of Russia's military preparations in the north Caucasus at the time of Exercise Caucasus Frontier and left the Alliance better prepared than it was for the events that took place in August 2008. It is perhaps no coincidence that the demise of CFE coincides with the collapse of NATO's confidence that Russia will not employ military force against other states.⁷⁰

Energy Security

25. Although the Committee has not asked me to express a view about energy security, there are four reasons for drawing the issue to its attention:

- The NATO Council's November 2006 mandate to "consult on the most immediate risks in the field of energy security, in order to define those areas where NATO may add value to safeguard the security interests of the Allies";⁷¹
- President Putin's October 2006 declaration that Russia's Baltic Fleet would play the leading role in the construction, protection and environmental security of the future Nord Stream pipeline;⁷²
- The implications of Russia's claim to arctic seabed resources in legally contested waters and concerns about jurisdiction over seabed resources in the Barents Sea.
- The risk, discussed above in connection with Ukraine, that hardship caused by supply cut-offs and price increases can lead to armed conflict between Russia and its neighbours.

CONCLUSION

26. The deterioration of the political and defence relationship between NATO and Russia bears witness to the uncomfortable truth that we are rarely seen by others as we see ourselves. NATO enlargement, military intervention in Kosovo (and subsequent recognition of its independence), the Iraq war (perceived by many in Russia as a NATO operation), the establishment of military bases and facilities in former Warsaw Pact countries and support for Mikheil Saakashvili vindicate, in Russian eyes, four conclusions that have been germinating since the mid-1990s: the "unipolar model" is "unacceptable", "Russia has earned a right to be self-interested", it will "no longer tolerate" the West's presence in its "traditional areas of interest", and it will protect "the rights of Russian citizens wherever they live".

27. But whilst these points belong in the discussion, we will forfeit all perspective if we allow them to conclude it. Russia's prism on the world has been sharpened by Western shortcomings and culpabilities. But it has been honed by its refusal to accept that primacy in the former USSR and an "equal" (veto-wielding) role in Europe can only have legitimacy on the basis of consent. Contrary to Western hopes, Russia's post-2000 recovery has stimulated a search for primacy by other means: some novel, some traditional, many damaging. Western missteps in themselves are not responsible for this mindset or the problems it has generated. The most disturbing features of this mindset—a Darwinian view of the world, a conspiratorial view of politics, distrust of outsiders and the belief that every disagreeable thing they do is really aimed at Russia—are not only damaging to others, but to Russia. The West will neither improve matters by preaching and self-righteousness, nor will it do so by abandoning its convictions and its friends.

28. The seriousness and complexity of the difficulty are such as to render Cold War approaches ("containment") counterproductive—worse still, provocative—and post-Cold War approaches ("engagement") feeble. We need instead to invest in the tools that will secure in place of containment, restraint and in place of engagement, influence. Many of them will fall outside the ambit of defence policy. Yet within the broad confines of defence, several requirements should frame discussion:

- The need for an integrated, ongoing assessment of the interest and capabilities that Russia might have to challenge UK/NATO interests, as well as an assessment of the tools required to discourage or respond to such challenges. Expertise about Russia needs to be enhanced and expanded across relevant government departments (which today must include financial authorities, customs and police).
- The grotesquely overdue need to eliminate the barriers that still inhibit NATO and the EU from working together to realise joint security tasks;
- A fresh examination of where and how NATO and Russia might cooperate in our mutual interest—but not on the basis of deals damaging to third parties. To this end, we should be prepared to depart from our established routines and consider new approaches, so long as we are exacting and

⁷⁰ Riga Summit Declaration, 29 November 2006, paragraph 45.

⁷¹ "We are going to involve and use the opportunities afforded by the navy to resolve, environmental, economic and technical problems. Nobody has better means to control and check the bottom [of the Baltic Sea]....*All of this incorporates a few new yet absolutely crucial directions for the navy's activities.*" [emphasis added] Cited in Robert L Larsson, *Nord Stream, Sweden and Baltic Sea Security* (Stockholm: Swedish Defence Research Agency (FOI), March 2007).

scrupulous in teasing out the substance. Even where there are common interests (eg, Iran's nuclear programme), we should expect Russia to fit them into its own scheme of priorities (eg, friendship with Iran), and even where cooperation is successful, we should not confuse it with good will.

Ditto principles:

- Improvement in our relations with Russia will be illusory and short-lived if it comes at the expense of other core interests in East-Central Europe and the Black Sea/Caspian regions;
- Toughness without strength is imprudent. Demands that cannot be enforced ("Russia must withdraw its troops from South Ossetia!") arouse as much contempt as meekness. Russia respects (*pace* Lenin) the "unity of words, organisation and action".
- NATO must rebuild its influence in the region, not by discussing enlargement but by addressing the vulnerabilities of partners and strengthening their capabilities and self-confidence. The correct response to Putin's question, "what is the West?" is to show that, whatever it is, it is not leaving. The approach taken at the Tallinn and Brussels meetings of NATO is the right one, but it needs to be backed by action.
- The costs of closing NATO's door will be as dear as the costs of premature enlargement. NATO must remain an alliance based upon capacity, shared interests and common values. If it forfeits that principle, it forfeits influence over countries that are intemperate as well as apprehensive. If we thereby persuade Russia that bullying works and that "zones of interest" can be formed against the interests of the countries that reside in them, then we should not be surprised by what Russia does. By abandoning its principles, NATO also puts at risk its own inner cohesion and possibly its survival. To assume that the closing of NATO's door will *not* affect "stability and security" in Europe would be very far-fetched indeed.

23 February 2009

Memorandum from John Roberts

RUSSIA, THE CASPIAN AND EUROPEAN ENERGY SECURITY ISSUES

The underlying problem: We don't know where Russia stands and it's possible that Russia doesn't know where we stand.

The problem at the producer end: We are not sure whether they have a coherent energy policy

The problem at the consumer end: They will not be sure – because we are not yet sure ourselves – that we are going to be implementing our new EU energy policy (*see Table*).

The energy issue primarily concerns gas, not oil.

RUSSIAN OIL

The probable peaking of Russian Oil output at under 10.0 mb/d.

RUSSIAN GAS

The Russia-EU gas balance in 2007 (in billions of cubic metres—bcm):

Russian Exports in 2007 (excluding sales to FSU states):	147.53
Russian Production in 2007:	607.4
EU Net Imports in 2007:	290.0
EU Consumption in 2007:	481.9
Russian gas deliveries to the EU in 2007:	121.43

Source: BP Statistical Review of World Energy June 2008

The obvious premise: Russia is the world's largest producer of gas and the world's largest exporter of gas. The European Union is the world's largest importer of gas and the world's second largest market for gas. Given their geographical proximity, and historic pipeline connections, the advantages of an inter-regional partnership ought to be obvious to both parties.

FACTORS CONTRIBUTING TO POTENTIAL SUCCESS

- The financial implications for Russia
- The inherent time lag in major policy switches
- The St Petersburg G8 understanding on energy security

 FACTORS CONTRIBUTING TO POTENTIAL FAILURE

- Ukraine, Georgia—and the issue of whether Russia has pursued one energy supply policy with regard to Western Europe and another with regard to former CIS or Warsaw Pact countries.
- Russia's attitude to energy pricing and development.
- Russia's concern with prevention of competition, notably its attitude to Caspian production and the EU's support for a southern energy corridor. The IEA view: Moving from coercion to co-optation.

FACTORS NOW IN DOUBT

Wild card:

- Russia's need to retain control in its Far Eastern regions. This may have repercussions in terms of energy deliveries to China.

YET THE BIGGEST PROBLEMS MAY NOT BE POLITICAL, BUT SYSTEMIC

The production end of the equation

1. Russia holds 26.3% of global reserves but is currently locked in a situation in which absolute consumption is rising by much the same volumes as absolute production. In other words, recent years have seen little or no increased export availability based on Russian production alone. Several factors could change this, of which two seem to be part of current Russian policy. These two factors are:

- (i) A reduction or end to gas flaring. This should produce an extra 20 bcm/y in output for export.
- (ii) Increased purchases from Central Asian producers which enhance Russia's ability to supply gas to external customers but which do not fundamentally change the overall global availability of gas for export (But which ensure that Central Asian producers do not receive full hard-cash market prices for their gas).

Policies that could improve the situation (*inter alia*):

- Opening up the Gazprom-controlled pipeline system to the independents, who account for around 25–30% of Russian gas output.
- Drastic reform of internal prices, which would probably have to be approaching \$200 per thousand cubic metres (\$200/tcm) to have a significant impact on Russian demand. (Russia's per capital consumption is three times that of EU per capita consumption). Current policy is for prices to rise to around \$110-\$125/tcm by 2011.
- Investing in domestic Russian production, especially Yamal. We simply do not know whether Russia does have a coherent development programme for the Yamal fields. Cambridge Energy Research Associates costs the fields' development at around \$100 billion. What we do know is that Gazprom is prepared to spend up to €20–25 n (\$30–37 billion) on constructing new pipelines—Nordstream and Southstream—which access relatively modest volumes of new gas supplies (Nordstream is a planned 55 cm system, but the only identified new source of input would be 11 bcm due to come from the Shtokman field; Southstream, as yet, has no new sources of supply identified for carriage to Europe).
- In a time of recession and falling energy revenues, this raises major questions concerning funding for Russia's three main gas priorities.
- The Bovanenkovskoye field in the Yamal peninsula; Is this to be the start of a full-scale programme or just a one-off?
- The Shtokman field. Projected development costs are \$20 billion. But the final investment decision has been postponed to 1Q 2010. Officially it is due to come on stream in 2013–14. It would be reasonable to expect this to be delayed by several years. Shtokman is due to provide 13 bcm for Nord Stream.
- Nord Stream. This is likely to cost €12–15 billion. It will probably be built. Actual pipe is being manufactured and Germany provides a solid anchor for the project. It will improve Russia's energy security a somewhat – but not nearly as much as a smooth running transit system. In this context, Russian-EU cooperation over Ukraine makes sense.

2. But South Stream is likely to be a casualty. It brings no new gas on stream and, once Gazprom has lost its ability to disburse cash freely, only makes sense of viewed as a Russian-Italian project in the same way Nord Stream can be viewed as a Russian-German project.

Note: Gazprom is financed with foreign debt rather than with equity capital. Who will lend to Russia/Gazprom in the current investment climate? And on what terms?

 THE CONSUMPTION END OF THE EQUATION

3. The era of ultra high gas prices in the second half of 2008 resulted in the European Union recalculating its gas import projections to a range which, almost inconceivably, actually postulated a potential FALL in gas imports in the EU by 2020. This was just one scenario, but it shows that at a time of declining EU domestic production, a combination of EU policy and high energy prices could result in a vastly different picture for European demand than that the conventional wisdom prevailing in recent years. The Russia-Ukraine crisis will also have given a further impetus for policy shifts favouring reduced reliance on gas in general, and on gas imports in particular – with an especial focus on Russian gas imports. In considering the Southern Corridor issue a possible paradox emerges. The economic downturn and Russia's actions with regard to both Georgia and Ukraine crises will likely put downward pressure on EU gas consumption. This would reduce the requirement for Caspian gas. At the same time, a strengthened EU position in gas weakens Russia's position as a producer.

4. It was always assumed that the EU would need to see imports rise by heavily in the next decade or so, now the situation is not so clear. Indeed, the EU Energy Security and Action Plan presented to the European Commission in November 2008 even raises the possibility that EU might actually import 14bcm less gas in 2020 than it did in 2005. This is, of course, merely one end of a range of forecasts (with the other end being a possible 154 bcm increase in imports from 2005–20), but the suggestion of a reduction in EU gas imports at a time when the EU's domestic gas production is in decline is still startling. But one does have to bear in mind that the Russia-Ukraine crisis will have given a great boost to those who want to see much greater EU reliance on renewable energy, and a reduced reliance on gas. In fairness, however, the full range of Action Plan options, particularly if we are now entering a phase of relatively low energy prices, still leads to the conclusion that it is far more likely in 2020 that the EU will, in fact, be importing rather more gas in that year than it did in 2005.

5. The actual Action Plan scenario figures are: Imports in 2005, 298 bcm; projected imports in 2020 under the lowest case scenario: 284 bcm; imports in 2020 under the highest case scenario: 452 bcm. This is a far cry from the EU's former estimates that the 27-member EU would need between 71 and 204 bcm/y in new imports between 2006, when it estimated EU-27 consumption at 502.7 bcm and imports at 300.2 bcm, and 2020. The assertion by former German Chancellor GGerhard Schröder in Houston in February that the EU needs an extra 200 bcm by 2015 to cover rising demand and falling output reflects very old thinking indeed and has more to do with his current roles as a board member of Gazprom and as Nord Stream's chairman than with any reasonable energy projection.

RUSSIA AND UKRAINE

6. The Ukraine Crises. There is no need to duplicate Professor Stern's work. Suffice it to say that the Russia-Ukraine crisis should have been a purely commercial dispute but, particularly since the Orange Revolution of 2004, it is quite clear that there can be no such thing as a purely commercial dispute between Russia and Ukraine.

7. In the broader political context, perhaps two elements might be mentioned. The first is that when Prime Minister Vladimir Putin declared on 7 January 2009 that Russia was halting all gas exports through Ukraine, and thus cutting Europe off from the bulk of its Russian gas supplies, there is no indication whatsoever that there was any preceding debate within the Russian leadership concerning this core issue. Yet this was an action that more than any other impacted on Russia's reputation as a reliable energy supplier. How do western companies and governments, which take decisions in a far more institutional manner, cope with the uncertainties that such personal rule brings?

8. The second concerns Russia's belief that its role in international energy is so essential that other countries simply have no right to develop non-Russian alternative pipeline routes without securing *de facto* Russian consent. This view was expressed in February by President Dmitry Medvedev in his speech on Energy Cooperation on 18 February 2009.

“We must not allow questions of energy cooperation, energy talks to take place without our participation, because Russia after all has the moral right, as well as the legal capability, and, chiefly, the practical ability to claim a role in all the diverse global energy processes.”⁷²

http://www.kremlin.ru/eng/text/speeches/2009/02/18/2353_type82913type82914_213174.shtml#
 February 18, 2009, Yuzhno-Sakhalinsk, Address at the Meeting on Making Russia's Participation in International Energy Cooperation More Effective.

⁷² http://www.kremlin.ru/eng/text/speeches/2009/02/18/2353_type82913type82914_213174.shtml# February 18, 2009, Yuzhno-Sakhalinsk, Address at the Meeting on Making Russia's Participation in International Energy Cooperation More Effective.

 CASPIAN & CAUCASUS ISSUES
*What's needed to address Caspian questions**An integrated approach*

9. An integrated approach to Caspian/Caucasus issues is absolutely essential. The Russia-Ukraine crisis, the Georgian war of August 2008 and radical changes in energy prices and economic conditions demonstrate the way in which energy, economics and security concerns interact forcibly.

- The Georgian war reflected both the sheer level of animosity between Putin and Saakashvili, and, though probably not initiated over energy, it had profound implications and consequences both for regional energy development and global energy security in general.
- The economic crisis has weakened everyone's economy, but the developed economies possess much greater flexibility and are considerably better placed for recovery than many regional players, notably Russia and Ukraine.
- Russia remains committed to heavy reliance in Caspian gas as a balancing item in its own production/consumption/export equation. As the Gazprom website notes:

10. "Why does Gazprom purchase gas in Central Asia? How is Central Asian gas transported? As the groundwork for sustainable gas supply in the future, Gazprom is looking to tap into new fields in Yamal and the offshore fields in the Barents and Kara Seas. All these areas have exceptionally challenging climatic and geological conditions. Gas will cost much more to extract there compared to other regions. Meanwhile, Gazprom is keen to use the huge gas resources of Central Asia to optimize its gas supply for export."

Source: Gazprom/International Projects. <http://eng.gazpromquestions.ru/?id=2>

Realistic assessments are needed for complex questions

11. Anything to do with Caspian energy prompts us to pose questions for which the answers are generally uncomfortable. How are the producers and transit states governed, and how do they conduct their foreign relations? How do we balance the need for western commercial investment in Caspian oil and gas with the need to provide guarantees both that those investments will be respected and that the export routes are available—and will continue to remain available—for their output to reach world markets? One specific question still does not have—at least as far as I know—an answer. Was the attack on BTC Valve Station 30 on 5/6 August an accident, as Turkish officials insist; or was it an operation purely instigated and initiated by the PKK, which claimed responsibility for the fire at the valve station; or was it, as some diplomats and military sources fear (but without corroboration) a classic *spetsnaz* operation with Russian connections? If it was the former, then it was just a coincidence (as it happened, a lucky coincidence from a consumer perspective) that it occurred less than 48 hours before the Georgian war broke out. If it was a PKK attack, then this is a worrisome development but probably containable. But if it was a *spetsnaz* operation, then it means that the standard western view of the Georgian war—that Georgian President Mikhail Saakashvili instigated the fighting and thus provoked the Russian response—has to be replaced with a concept that Russia was deliberately preparing the ground for an intervention in Georgia.

The application of state power

12. Commercial interests alone will not be sufficient to drive projects to completion. If Europe—and the US, as a policy initiative—wants to see development of Caspian gas resources on a scale to make a major impact on European (and possibly world) markets, then there will have to be considerable state input. Convincing the Caspian states will require close EU-US cooperation. It must be clear that however they define "the West"—whether as the US, as the EU, or as NATO—that they get a single message. The Caspian states have real problems with Russia. Convincing them that there is an alternative requires those who propose that alternative to be united and to act coherently. Initially, the US and EU will have to work in harness together; once this is working, Turkey should be brought in.

Security

13. The security issue will be a very tough nut to crack. In the wake of Russia's willingness to resort to extreme measures in the case of both the Georgian and Ukrainian crises—recognition of the independence of Abkhazia and South Ossetia in the first instance, initiation of a total gas cut off in the latter—Caspian governments know just how tough Putin's Russia can be. If, and it's a big if, the US wants to counter this, then it will have to demonstrate to the governments of Azerbaijan, Kazakhstan and Turkmenistan that it really does man business. How it does that is very hard to judge. In military terms, the Caspian states probably will not lay much credence on western security guarantees, not after Russia ignored the presence of some 2000 US troops in Georgia and walked away with considerable volumes of US military equipment.

Europe needs the Southern Corridor

14. Europe needs to build on the fact that the Southern Corridor is already being expanded. BTC is already, *de facto*, a 1.2–1.3 mb/d capacity line now that drag reduction agents are available. BTE has equally predictable near term (next three-five years) growth since it is the only export route for output from SD-2, the second stage of the Shakh Deniz gasfield development project, due to come on stream in 2013–14.

15. There is a need to get gas direct from Azerbaijan to the heart of Europe—even in small quantities. Why? Because a small pipe can grow to become a big one. We need to establish the principle that Caspian gas routinely reaches mainstream EU markets by commercial channels. Nabucco—or any EU-backed update of Nabucco—will need to grow from the 6-8 bcm, which is probably all that Azerbaijan can spare from SD-2 for the project, into a 31 bcm system. Development on this scale will require a second gas pipeline through the South Caucasus. Whereas it is possible to envisage expanding BTC beyond 1.2–1.3 mb/d to around 1.8 through use of additional pumping stations and looping—a programme that might cost as much as \$2 billion but which can be carried out in phases as demand grows—gas will eventually need a second complete pipeline. This is because SD-2 will effectively take the existing South Caucasus Pipeline (SCP)—also known as the Baku-Tbilisi-Erzurum (BTE) pipeline—to full capacity of around 20 bcm/y. After that, a second pipe is required. There are some useful elements—a right of way has already been established and host government agreements and the necessary intergovernmental agreement for the first BTE could virtually be replicated for a second—but it will still cost a lot of money, probably \$2-3 billion, to build a second landline. What’s more, that assumes a Turkish outlet. If you have to add in a Black Sea route such as White Stream, then you cross the \$10 billion line without blinking.

Not just Nabucco, but Turkey and the TGI

16. Nabucco is rightly predicated on a limited initial development which would make use of existing available capacity on Turkey’s main East-West trunkline. This has one great advantage in that it means that it does not automatically need to rely on a major gas flow from Iran as well as from Azerbaijan to get it started. But it also means that Turkey’s own energy requirements will have to be borne in mind. At the same time, the need to complete the Turkey-Greece-Italy interconnector – which can serve either to carry Caspian or Middle Eastern gas to Italy or North African gas from Italy to the Balkans – needs to be taken into account, particularly in view of Bulgaria’s recent experience during the Russia-Ukraine gas crisis.

17. So what’s needed is for these three targets to be met at much the same time: the gas required to get Nabucco started; the gas required to start actual deliveries to Italy via the Turkey-Greece-Italy interconnector; and the gas needed to help meet Turkey’s still-soaring gas demand. In effect, a plan has to be in place that will ensure a division of whatever gas resources are available for delivery to Turkey or transit through Turkey at the time at which SD-2 comes on stream, since that it constitutes the first date for deliveries to Europe via Nabucco or for regular supplies of Azerbaijani gas to reach Italy. In this context, the ability of Iraq to export gas to or through Turkey—with the gas perhaps coming at least as much from the Kurdish autonomous area as from areas directly administered by Baghdad—may come to play a role out of all proportion to the relatively small volumes of gas they that Iraqi fields are likely to contribute initially to these three customers.

Timeframe

18. The South Caucasus Corridor should be further developed, but from a consumer perspective the need is to ensure the corridor extends through the South Caucasus and around or across the Black Sea all the way to the heart of Europe—and not just to Greece and Italy. That requires an initial focus on two key objectives:

- (i) Getting Azerbaijan to move swiftly to develop further projects beyond Shakh Deniz Phase Two. This should be the main objective but a secondary project might also prove relevant;
- (ii) Developing a Caspian interconnector between Azerbaijan and Turkmenistan as a way of enabling gas produced by Turkmenistan’s Caspian region oilfields (both onshore and offshore) into a system intended to serve Europe.

19. The main stress should be on these two projects. The EU’s concept of a Caspian Development Company, in effect a consortium able to challenge CNPC and Gazprom as a prospective developer of major new integrated gas projects in Turkmenistan, and in Uzbekistan and perhaps Kazakhstan, should be encouraged. Developing a CDC helps demonstrate that the EU is indeed serious in its efforts to try to secure the development of westward-oriented gas export projects in Turkmenistan. But the timeframe for a CDC is quite different for that for either a post-SD-2 gas drive in Azerbaijan or a Caspian interconnector, the description used for a relatively short pipeline that would link existing offshore fields being developed by Turkmenistan with those being developed by Azerbaijan. These two projects can yield results in a much shorter timeframe. If Azerbaijan commits itself to an expanded gas development programme, that eases the way for an interconnector – and if either of these goals is accomplished it makes it much easier for Turkmenistan to commit itself to a major onshore project with international companies aimed at delivering Turkmen gas to European markets.

The EU and US need to work together

20. Convincing the Caspian states to press ahead with gas development will require a coordinated approach by the US and the European Union. For Azerbaijan and Kazakhstan, gas is a strictly secondary issue to oil. Therefore they will have to be wooed to persuade them to accelerate gas development—as the US government has been trying to do for some years. (Oil, which is inherently fungible, does not pose so many problems; one way or another, oil will reach markets, although not necessarily in the way that would most fairly benefit producers reliant on Russia as a transit state).

21. Gas is a strictly secondary issue for most producer governments, yielding a fraction of the revenues of oil. But it is of major importance for advanced consumer nations seeking to address key problems of climate change, since increased use of gas is usually at the expense of coal and oil, fuels which producing far more CO₂. In this context, Europe has already identified Caspian gas as an aid in reducing dependence on Russian gas. Getting the Caspian states to encourage further gasfield development, notably by fresh E & P agreements with international companies, is vital. But they will need to be convinced that if they develop the gas, that it will indeed be purchased on a long term basis. The EU can provide the soft power necessary: the commitments to underwrite/guarantee long-term major pipeline purchases using such concepts as equalization of revenue earnings to provide producer states with up-front income. But if you were Azerbaijan – let alone Kazakhstan or Turkmenistan – wouldn't you want more than that, wouldn't you want guarantees for the physical security of the infrastructure needed to carry your output to market? That is either a job for NATO or perhaps for some new hybrid of EU/US security cooperation.

Human rights and democratization

22. Developing countries relying on mineral resource income for the bulk of their government revenues tend to be governed badly. Moreover, they tend to be undemocratic to the extent that resource-reliant economies such as Azerbaijan, Kazakhstan and Turkmenistan are essentially able to operate a patronage system that both secures support and buys off potential unrest and to keep taxes low, thus avoiding too much scrutiny of public finances. Georgia may have to be more democratic, by virtue of taxpayers playing a far more important role in furnishing government revenues.

23. The EU and the US may be helped in trying to balance economic interests with human rights aspirations by today's relatively low oil prices, which should make the producer countries think more about economic reform and, with that, at least a degree of political reform. But it will be very tough indeed.

Turkey and Iran

24. Working with Turkey will not be easy. But it's worth noting that in recent years Turkey has upset all its current gas suppliers – Russia, Azerbaijan and Iran – and even prospective suppliers such as Iraq. Developing close energy relations between the US/EU and the Caspian states can be done without Turkish assistance, but working with a cooperative Turkey would be particularly helpful. However, improving overall energy relations with Turkey whilst continuing to express concern over Turkish activities with regard to the Kurdish areas of northern Iraq remains difficult.

6 March 2009

Memorandum from Dr Roy Allison

1. NATO foreign ministers agreed on 5 March 2009 to restore high-level diplomatic ties with Russia, including ministerial level meetings of the NATO-Russia Council (NRC), which were suspended after Russia's Russian military campaign in Georgia in September 2009. However, restoring formal dialogue is not equivalent to a normalisation of Russia-NATO relations. It also leaves aside the key question whether the NRC can serve as a substantive and productive channel for those relations in the future.

2. The break in NATO-Russia relations during 2008–09 may be compared to the longer freeze in formal relations between the two parties after the NATO campaign against Serbia in 1999. In the latter case the revival of serious dialogue depended first on jettisoning the previous format for this dialogue (the NATO-Russia Permanent Joint Council and replacing it with one that gave Russia a more influential voice (the NRC in 2002). But the new dialogue crucially depended also on a joint recognition of the need to respond to the imperatives of the new post 9/11 security agenda of global counter-terrorism, around which common proposals could be formulated, joint threat assessments be developed and perhaps even a spirit of "cooperative security" be developed.

3. The present challenge is to overcome the grave deterioration of NATO-Russia relations since autumn 2008. Russia argues that the NRC is not fit for purpose. Contrary to their initial positive assessments of the NRC Russian officials now tend to belittle its achievements and to argue that it operates not as twenty six countries plus Russia. Moscow claims that a consolidated NATO bloc of states prepares its position on policies in advance, at the expense of Russia. Yet a shift away from the NRC to a new structure of cooperation (as happened previously from the PJC to the NRC) is not in prospect and anyway it simply may

not be possible to accommodate Russian demands through such an institutional fix. Russia would be likely to call for a mechanism that can respond to major East-West controversies, in which Moscow could have some kind of veto rights.

4. Russia still presents itself as committed to global counter-terrorism (though for long it has focused mainly on challenges in the North Caucasus and Central Asia). However, while formally signed up to this agenda, the polarization between NATO and Russia since autumn 2008, as well as the expressions of vulnerability to potential Russian military threats by some NATO member states, especially the Baltic States, make it difficult to conceive of a way to recapture the cooperative promise of the NRC in 2002.

5. It is unlikely that a new NATO-Russia collaborative dynamic can be achieved through a security agenda focused on stabilizing Afghanistan, countering global nuclear proliferation and preventing Iran from acquiring a nuclear capability. These key security concerns will be the subject of serious and quite competitive negotiation. But Moscow will wish to use them to position itself as an “equal” and indispensable negotiating party on global issues in bilateral talks with the United States rather than to use them to breathe life into the NRC.

6. Since its inception the effectiveness of the NRC and its various working groups has depended on the wider Russian-Western political climate. At the same time various “goodwill initiatives” under the NRC seemed to be motivated primarily by the pragmatic effort to identify and kick-start common projects to foster cooperative midsets and the political will that might allow more ambitious forms of collaboration to follow. But Moscow is now disparaging of this kind of “public diplomacy of partnership” of the NRC and does not seem to wish a continuation of project activity that has had little practical output. Moscow may place the joint anti-terrorist naval patrols of Operation Active Endeavour in this category. Alternatively, naval cooperation, as against piracy, may be approved as a minimalist and low profile form of military to military contact.

7. The military dimension of NRC cooperation is at odds with the characterisation of NATO as an adversary in Russian state controlled media, especially since September 2008. It is difficult to envisage the further development of NATO-Russia interoperability exercises, given Moscow’s characterisation of its war with Georgia effectively as a proxy war with the United States and its current effort to draw lessons from that war for reforming its own armed forces.

8. Russian officials continue to present NATO objectives and the processes of enlargement as driven by an offensive strategy of geopolitical containment of Russia which has to be resisted. They have begun to describe the Arctic region as a new zone of confrontation and they present tentative NATO discussions on the protection of energy supply routes and pipelines as part of a wide geopolitical front to weaken Russia economically and even threaten its infrastructure. More specifically the Georgian president Mikheil Saakashvili and sometimes parts of the Ukrainian leadership are presented as a Western “fourth column” within Russia’s legitimate CIS zone of influence.

9. President Medvedev has extended this geopolitical assessment in referring to neighbour states as within Russia’s traditional sphere of interests and in proclaimed that “there are regions in which Russia has privileged interests”. He aroused further controversy by asserting that “protecting the lives and dignity of our citizens, wherever they may be, is an unquestionable priority for our country”. On one level such language was probably intended to influence the attitude of traditional NATO member states over the risks of further NATO enlargement or granting Membership Action Plans to Georgia or Ukraine.

10. Russian intervention in South Ossetia in support of Russian “citizens” in September 2008 has raised the question whether Moscow seeks to tactically exploit the provision of Russian passports for strategic purposes in CIS states. Attention has focused on Russian passport-holders in Ukrainian Crimea. In fact if Russia seeks to influence Ukraine’s commitment to NATO it can do this more easily by working on politicians in Kiev, by playing on Ukraine’s persistent inability to sustain firm ruling coalitions, as well as by leveraging energy policy, than by fomenting opposition in Crimea among Russian passport-holders.

11. Russia has sought to present its favoured regional structure of CIS states, the Collective Security Treaty Organisation (CSTO), as a natural institutional counterpart to NATO and has persistently called on NATO to establish direct relations with the CSTO to manage security problems in the Eurasian region. Moscow and CSTO officials call not only for NATO-CSTO cooperation over Afghan drug trafficking and counterterrorism, but now also for wider joint NATO-CSTO stabilisation activities in Afghanistan.

12. These overtures have made little progress. NATO is concerned that the multilateral framework of the CSTO could be used by Russia as a blocking mechanism against NATO activities in Central Asia. Russia’s loose concept of a “zone of CSTO responsibility” suggests indeed that Moscow seeks to insert itself between the Western alliance system and CSTO member countries, to force the latter to deal with the West via Russia and not directly. This issue is particularly sensitive because of the pressing need to determine how to best secure supply routes to Afghanistan.

13. The agreement by Russia and Uzbekistan to provide logistical transit routes to Afghanistan on a commercial basis for non-lethal supplies is presented by Moscow as a central plank of cooperation with NATO, as reflecting a common interest to prevent the resurgence of the Taliban, which transcends the antagonism generated by the crisis over Georgia or other major Russia-NATO disputes.

14. However, there are indications that Russia is seeking wider security policy trade-offs if this supply route is to be firmly established and broadened to cover military goods. Russian leaders seem to believe that NATO is becoming critically reliant on this new access route and may be exploring the broader foreign policy leverage this could offer. The Russian NATO representative, Dmitry Rogozin, indicated in autumn 2008 that the agreement on transit previously reached could be frozen if NATO support for Georgia continued on its current course.

15. Given the importance to NATO of predictability and reliability of logistical access to Afghanistan NATO should try to ensure that any transit arrangements are not hostage to fluctuations in Russian-Western relations or conditional on Western acceptance of Russian dominance under the guise of “privileged interests” in Central Asia or elsewhere in the CIS region.

9 March 2009

**Memorandum submitted by Oksana Antonenko and Bastian Giegerich,⁷³
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REBOOTING NATO–RUSSIA RELATIONS

1. Twenty years after the fall of the Berlin Wall and five years after the establishment of the NATO–Russia Council, the August 2008 war between Russia and Georgia sparked a crisis in NATO–Russia relations. NATO suspended normal cooperation through the council and Moscow responded by freezing military exchanges. The crisis exposed how dysfunctional cooperation had become. But rather than lament the failure of cooperation, NATO leaders should use the opportunity to fundamentally reassess the goals of and strategy for engagement with Russia and develop a new, pragmatic approach that stresses mutually beneficial problem-solving. The war between Russia and Georgia has reset NATO–Russia relations; it is high time to think about how to reboot them.

A TROUBLED HISTORY

2. The history of NATO–Russia relations is one of problems, mistrust and misperceptions; the relationship could hardly be characterised as a true partnership even before August 2008. Moreover, the fabric of cooperation, including the NATO–Russia Council, has not produced meaningful strategic rapprochement in terms of overcoming the legacy of Cold War perceptions or developing a common assessment of threats and capabilities to deal with them. From Moscow’s perspective, relations during the 1990s and early 2000s involved a string of humiliating experiences in which NATO or significant member states exploited temporary Russian weakness:

3. NATO enlargement in 1999 and again in 2004, the war in Kosovo, the non-ratification of the Conventional Forces in Europe Treaty, US withdrawal from the Anti-Ballistic Missile Treaty, Western support for the “colour revolutions” in Georgia and Ukraine, US plans for deploying missile defences in Europe. While Russian interpretations of some of these may be somewhat peculiar, others do support the claim that the West does not hesitate to ignore Russian positions when doing so carries little cost.

4. The Russia–Georgia war caught NATO completely unprepared. It was the EU, benefitting from the activism of the French presidency, which helped negotiate the ceasefire and deployed a civilian observer mission to monitor it, with the side effect that Russia has discovered the EU as a potential security actor. Together with the time-honoured Russian preference for bilateralism over engagement with multilateral institutions, currently reflected in an attempt to develop a new security dialogue with the new American administration, this has, for Moscow, put relations with NATO on the back burner. Russian leaders have accused NATO of breaking off relations and say it is now up to NATO to restore them. Moreover, senior Russian policymakers repeatedly assert, with thinly veiled reference to NATO operations in Afghanistan, that NATO needs Russia more than Russia needs NATO. But the argument over who needs whom more is pointless; nobody gains from not talking.

5. The problem of Russia–NATO relations involves Cold War legacies, differences in strategic culture, and a preoccupation with process over substance. Cold War legacies still shape mutual perceptions. Russians still view NATO as an anti-Russia organisation which remains a threat to their security, despite NATO’s clear statement that the Alliance is defensive and not directed against anyone. Russian policymakers also view NATO as an instrument of US policy in both Europe and Eurasia. Finally, they believe that NATO enlargement is a zero-sum attempt to provide security for NATO states at Russia’s expense.

6. NATO Allies are divided in their perceptions of Russia. Many Western European states do not view Russia as a threat, as the president of France reiterated at the Munich Security Conference in February, and want to build a partnership with Moscow to manage regional and out-of-area problems, including Afghanistan. But a number of member states, including some of Russia’s neighbours, still view Russia as a

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potential threat, due to a large extent to historical grievances and Moscow's increasingly assertive posture. A number of these states sought membership primarily for the Article 5 commitment to deter potential aggression from Russia. The 2007 cyber-attacks on Estonia and the cut-off of natural-gas supplies from Russia in 2009 as a result of a dispute between Moscow and Kiev only confirmed that threats still exist and are becoming more complex. The new pressure to reaffirm the Article 5 guarantees through explicit contingency planning to reassure Russia's neighbours could reinforce Russia's concerns over NATO endorsement of US missile-defence plans and its continued open-door policy with regard to future enlargement. NATO argues that it will not, and should not, relinquish its decision-making autonomy, but an awareness of the deep-rooted historical suspicions on both sides would certainly help to avoid misunderstandings.

Major differences in strategic culture shape threat perceptions and responses to security threats. Russia still views security in terms of geography and realpolitik.

7. Its leaders remain worried about the influence of external actors in what they consider to be Russia's security space and continue to see such matters as a zero-sum game. Russian security-policy elites feel that vulnerability comes from regions adjacent to Russia's borders, which it sought to dominate for centuries. As one expert observed, Russia has gone from a Cold War to a pre-Cold War security mindset.⁷⁴

8. Moscow remains reluctant to cooperate with other players to address potential sources of insecurity in Eurasia, viewing the presence of other major powers in the region as an important vulnerability and challenge in itself. Moreover, given their zero-sum view of security, most Russian leaders believe the most effective strategy for managing relations with other players in the South Caucasus or Central Asia is through competition. Hence President Dmitry Medvedev's proposal to NATO and the West in general to recognise the post-Soviet space as a zone of Russian "privileged interests".⁷⁵

9. NATO security culture is different, and not just because it is much less concerned with geography since the end of the Cold War. NATO and its member governments stress the deterritorialised nature of many contemporary security threats and are much more preoccupied with out-of-area missions such as Afghanistan. Unlike Russia, NATO is a multilateral organisation where different strategic cultures coexist. Moscow finds the resulting diversity confusing and tends to mistrust NATO pleas to abandon geopolitics in favour of functional cooperation on a common agenda, or agreement to disagree when cooperation cannot be achieved. It is telling that Russia and NATO have been engaged separately in security cooperation with different Central Asian states for over a decade, but have never really cooperated in addressing regional security challenges.

10. Finally, the strategic bargain behind the Russia-NATO partnership is built on unrealistic and asymmetric expectations. These were exposed as a result of the war between Russia and Georgia. For NATO members the expectation has been that the more they talk to the Russians, through the NATO-Russia Council or associated meetings and working groups, the more understanding can be developed. NATO sought to envelop Russia in a tight network of dialogues, meetings and exchanges in the hope that it would transform or influence Russia's behaviour and its perceptions of NATO and its own security interests. The institutionalisation of the relationship, however, seems to have done little to change underlying assumptions. The development of common threat perceptions, common capabilities to address them and the trust to employ them when a crisis occurs have all been found wanting.

11. On the Russian side the assumptions were different but equally unrealistic. During a 2008 meeting with the Valdai Discussion Club, a group of international experts invited each year by RIA Novosti to meet with top Russian officials, Prime Minister Vladimir Putin complained that he had been misled by NATO on the NATO-Russia Council. He argued that NATO had promised to make the council into a 27-member decisionmaking and discussion forum, while in practice Russia was always confronted with a united NATO position, a 26 + 1 format. This suggests Putin thought the council could offer Russia a sort of back-door membership in which it could be embraced as an equal partner without being forced to embrace and respect NATO's institutional culture, membership criteria and obligations. The misunderstanding and frustration fostered by this unrealistic expectation pushed cooperation down the list of priorities for both NATO and Russia at a time both were redefining their identities and developing new instruments to address security challenges.

12. With hindsight, it is surprising that neither Russia nor NATO saw a need for more meaningful engagement. NATO, and in particular the United States, did not initially seek Russian cooperation in Afghanistan, believing that Moscow had little to contribute (including lessons from the Soviet experience), preferring to engage with Central Asian states directly on matters such as basing or border security. Moscow did not see NATO as a natural partner for promoting Eurasian security, including stabilising Afghanistan, and resolving or preventing regional conflicts. Instead, NATO-bashing was used as a tool to mobilise domestic public opinion against an external enemy, reinforcing the popularity and legitimacy of the ruling elite.

⁷⁴ James Sherr, "Russia and the West: A Reassessment", The Shrivensham Papers no. 6, Defence Academy of the United Kingdom, January 2008, <http://www.russiaprofile.org/page.php?pageid=CDI+Russia+Profile+List&articleid=a1200420940>.

⁷⁵ Dmitry Medvedev, interview with leading Russian TV channels, 31 August 2008, http://www.kremlin.ru/eng/speeches/2008/08/31/1850_type82912type82916_206003.shtml.

13. This short-sighted complacency over meaningful cooperation meant there were neither sufficient institutional mechanisms nor political will to deal effectively with the August 2008 crisis in Georgia. The ensuing formula of “no business as usual” was convenient at the time, insofar as neither side had important vested interests in the way the usual business had been conducted. Coming up with a formula for a business ‘better than usual’ will not be easy. The starting point should be to abandon reassuring but virtual institutions and unrealistic expectations, and to take as many immediate, functional and mutually beneficial measures as realistically possible.

BUILDING BLOCKS

14. Afghanistan is one important area of common interest. Russia signed an agreement with Germany allowing for the transit of German cargo for the NATO-led force (ISAF) by rail through Russian territory, underlining a readiness to cooperate with NATO members bilaterally. At the NATO Bucharest Summit in 2008 Russia and NATO agreed on the transit through Russia of non-lethal cargo to support ISAF. Recent Russian involvement in Kyrgyzstan’s moves to end US access to the Manas air base seems to contradict this trend. Nonetheless, it would be important to discuss transit agreements in an official NATO–Russia framework to avoid bilateralism in an area of concern to the Alliance as a whole.

15. Consultations on Afghanistan could also take place between NATO and the Shanghai Cooperation Organisation, which has already set up a contact group on Afghanistan, and between NATO and the Collective Security Treaty Organisation, which has been engaged in training Afghan army units. Russia has emphasised that a premature withdrawal of NATO troops from Afghanistan could undermine stability in Central Asia. Moscow has a clear interest, for example, in stopping drug trafficking from Afghanistan. If cooperation in this area can be developed, Russia and other Central Asian states will likely be more sympathetic to NATO use of military facilities in the region.

16. NATO and Russia should also seek to re-establish military-to-military cooperation in general. While this would help generate stronger capacity and interoperability to address shared challenges, its main purpose would be confidence building. The high point of NATO–Russian cooperation in the last two decades has been working together on the ground in the NATO-led Stabilisation Force in Bosnia.

17. In the longer term it is important to find opportunities for real operational engagement, such as anti-piracy operations or confidence-building measures between navies in the Arctic, and for developing joint capabilities for peace-support operations which might one day be implemented jointly under a UN mandate. Although it might seem far-fetched, joint units could be established between Russia and some NATO member states, modelled perhaps on the Polish–Ukrainian Peace Force Battalion or the Franco-German Brigade, to develop interoperability and trust. This could be achieved in the context of Russian defence reform, which has the declared objectives of restructuring and professionalising Russian forces and developing specialised peacekeeping forces. If such an experiment were successful joint units could eventually be used for peace-support operations, possibly even in sensitive areas like Nagorno-Karabakh, provided a political settlement is agreed by parties.

18. With a new US administration unlikely to push for NATO enlargement and with both Ukraine and Georgia preoccupied with domestic problems, NATO and Russia have a window of opportunity to develop a strategic dialogue on Eurasian security. NATO should define its various partnership policies more precisely and disentangle them from enlargement. On the one hand, NATO will need to clarify that its Article 5 collective-defence clause applies to members only and that there cannot be implicit guarantees with regard to candidate countries, with or without Membership Action Plans. On the other hand, other ways should be found to reassure countries, such as Ukraine and Georgia, that feel vulnerable. Such reassurances should come both through closer ties between NATO and its partners and from a more open and strategic dialogue between NATO and Russia on Eurasian security. Russia and NATO should move away from the zero-sum dynamic and accept each other as legitimate players –even partners– in promoting security in the common neighbourhood.

19. One region where NATO–Russia cooperation should be explored further is the Black Sea. Following the August war tensions arose between the United States and Russia over US naval deployments to deliver humanitarian aid to Georgia and between Russia and Ukraine over the involvement of the Russian Black Sea Fleet in the conflict. Reviving and even expanding confidence-building measures in the Black Sea, such as information exchanges and joint exercises like those proposed in 2008 during a friendly call on the Russian Black Sea port of Novorossiisk of warships from Germany, Greece, and Turkey, would be a step in this direction.

20. Missile defence will be an important factor shaping both US–Russia and NATO–Russian relations. The new US administration has put deployment plans on hold but has not overturned agreements with Poland and the Czech Republic. Russia has responded by delaying deployment of Iskander missiles in Kaliningrad, always intended as a bargaining chip. But it is not enough to simply pause. NATO–Russia cooperation on theatre missile defence, where the two parties have common interests and could both make contributions in terms of technology and doctrine, should be revived and accelerated.

AVOIDING ERRORS

21. It is important that NATO develop a collective strategy on how to engage partners in the East, particularly Georgia and Ukraine. The George W. Bush administration's decision to conclude, in its final weeks, a special bilateral pact—the US–Georgia Charter on Strategic Partnership—with a significant security and defence component could undermine NATO unity, provoke Russia and weaken the credibility of such NATO policies as the NATO–Georgia Commission. The new US administration should adhere to the multilateral approach and seek to get other allies on board in its efforts to develop a comprehensive security strategy for Europe and Eurasia.

22. Finally, the recent determination, first declared at NATO's Riga Summit, on the part of some NATO members to develop a strong role for the Alliance in the field of energy security urgently needs clarification, not least because it could provoke a new crisis in relations with Russia. Energy security is an important concern for many NATO members, but it should be dealt with primarily through economic and political means, with military or police limited to dealing with the physical security of energy infrastructure and possibly maritime situational awareness, as is the current, yet not clearly communicated, consensus within NATO. The EU and the private sector should play a crucial role in Eurasian energy security by promoting diversification of supplies and energy efficiency.

* * *

23. One way to build a new NATO–Russia cooperation agenda will be through discussion of the new European Security Treaty proposed by Medvedev. Although there is disagreement as to the substance and forum for such discussions, it will be important for NATO to develop ideas, identify red lines and outline its own proposals. At the very least NATO should seek to clarify what the Russian president has in mind. Even if such discussions take place through the Organisation for Security and Cooperation in Europe, it would be useful for the distinct NATO–Russia dimension to be reflected.

24. An important dimension of such discussions should involve arms control, but this is also an area where past mistakes are most likely to repeat themselves. The Conventional Forces in Europe Treaty seems to be dead, and there is a danger that arms control more generally has been discredited. It is up to NATO to get the ball rolling on reviving the treaty or negotiating new confidence-building and transparency mechanisms to replace it.

25. The war between Russia and Georgia brought NATO–Russia cooperation, which in any case had failed to deliver tangible benefits to either side, to a screeching halt. Cooperation is not an end in itself, but should serve both strategic interests and pragmatic problem-solving. Trust can only be rebuilt over time; pragmatic, real-world cooperation offers better chances of creating it than the institutional shell of the past.

6 March 2009

Memorandum from Dr Alex Pravda

RUSSIA: CRISES AND OPPORTUNITIES

1. At first glance, the two international crises involving Moscow over the last seven months seem to highlight the confrontational assertiveness that has coloured Russia's stance towards the West over the last two years.

2. The conflict with Georgia last August saw Moscow violate territorial sovereignty with massive armed force, showing scant regard for international opinion. The energy standoff with Ukraine at the beginning of this year seemed to confirm that Moscow was prepared to use coercive economic leverage, regardless of the possible damage to its reputation as a reliable supplier.

3. Russia's forcefulness in both crises was grist to the mill of those who contend we are in the early stages of a new Cold War. The term is analytically inaccurate because it implies that Moscow is pursuing an ideologically based strategy of confrontation.

4. On closer inspection, both crises showed Moscow responding with a pragmatic policy mix that reflected tactical improvisation more often than well-planned strategy. Alongside the decisions to use coercive means came internal debate and doubts about the material and reputational costs of pursuing Russian military and economic security goals in a forceful and defiant manner.

5. Concerns about the costs of forceful defiance have grown in recent months as Moscow has come to appreciate the degree of its entanglement in the global economic crisis. Initial complacency has given way to anxiety about the real economy suffering deeper and more prolonged damage than most from the impact of financial turmoil and plummeting energy prices.

6. The global crisis has brought home to Moscow the thickness of the financial and economic ties that bind Russia to the West, and the unfavourable asymmetry of the interdependence they create. It is not just the business tycoons, hugely indebted to Western institutions, whose fortunes are enmeshed with those of the global economy. The international crisis, through its effects on employment and confidence, is straining the high levels of popular support for the Putinist regime—now represented by the Putin/Medvedev tandem—based on its delivery of order and growing economic prosperity.

7. Even though the likelihood of seriously disruptive protest remains low, the authorities seem anxious about the capacity of the political system to cope in economically unstable times. The economic crisis has intensified differences between authoritarians and liberalizers—between those in the political elite who want to respond to current strains by consolidating the electoral authoritarianism Putin has fashioned, and those who want to see some political easing, a greater role for civil society and a more attentive and accountable executive. Advocates of liberalizing institutional reform remain in the minority though the leadership might try a mixture of tight administrative controls, welfare moves and some atmospheric political easing to prevent economic discontent producing social instability.

8. The debate about choices on the domestic front overlaps with and parallels longer-run discussions within the elite about the right balance for Moscow to strike in its foreign policy between strategies of self-insulation and partial integration with the West. Getting the balance right has long posed a dilemma for a leadership anxious to insulate the regime from what it considers security threats and unwanted foreign influence, without overly blocking the international flows essential to the economic modernization without which Russia cannot achieve and sustain the Great Power status it considers to be its entitlement.

9. In the two years preceding the impact of the global crisis it appeared that the advocates of self-insulation (the “insulationists”) gained the upper hand. As the economic crisis has begun to bite, so the balance has shifted in favour of arguments highlighting the benefits of partial integration (full integration is not on anyone’s agenda). State stability and strength now has greater need of cooperative engagement with the West, above all on refashioning the international economic system. That does not mean that Moscow will refrain from responding forcefully to direct challenges to its positions in the “near abroad”. The Kremlin is, however, likely to take more seriously the costs of defiant moves, such as the unilateral recognition of the independence of Abkhazia and South Ossetia.

10. Similarly, in the midst of economic turmoil, the disadvantages of the generally negative stance taken by Moscow on EU and NATO enlargement seem to loom increasingly large. Moscow is keen to change its image as a nay-sayer. Willingness to re-engage is now the order of the day, as is evident from Russian responses on non-proliferation, strategic arms negotiations and the resumption of normal business with NATO.

11. Signs of a general wish to shift Russian foreign policy into more positive gear emerged soon after Medvedev’s assumption of the presidency. It was reflected in the proposal launched in June 2008 for a European Security Treaty, a Helsinki 2. The scheme is typical of Russian initiatives—a visionary framework with little if any content. The Kremlin expects Western interlocutors to help provide substance through dialogue by taking what Medvedev has called a “creative approach”.

12. The lack of specifics has produced widespread scepticism about the proposal in the West. So has Moscow’s talk of the need to overcome bloc institutions and stop the development of military alliances that would threaten the unity of a common European security space. These are seen as clear bids to counter the enlargement of NATO and undermine the vitality of the alliance.

13. Yet to reject any engagement and dialogue about moving towards a new European Security treaty or agreement would be counterproductive. It would supply the “insulationists” with political ammunition and help support their claims that the West remains intent on containment and Russia’s security can best be ensured by means of vigorous counter-containment of EU and NATO enlargement in the former Soviet space.

14. Agreeing to high-level exploration of the proposal—the position adopted by the OSCE—seems to open up useful opportunities.

- The process of exploring the various strands or baskets of this project would in itself help create a more favourable climate for improving the operation of the mechanisms linking Russia and NATO.
- The prospect of overarching pan-European security arrangements might make it easier for states like Georgia to accept the postponement of NATO membership, an approach that in the short and mid-term would aid regional stability and security. Movement towards a common European security space would make it easier to take Ukraine’s membership of NATO off the agenda, something that would be a relief to the majority of Ukrainians.
- Exploration of Moscow’s European security proposal would provide the West with an opportunity to impress on the Russians the need for the process to be a genuinely multilateral one. We should counter the strong Russian habit to try and fix key issues through bilateral deals with major powers, taking advantages of differences among them and by-passing the smaller East European states which Moscow typically considers hostile to its interests.

15. Engagement in the process of creating a pan-European security space might also prove useful in reaching better understanding on a number of substantive issues which separate Russia and the West. These include:

- The claim by Russia to be entitled to “privileged interests” in its immediate neighbourhood (the “near abroad”). Moscow’s declared objective to create a common space without exclusive military alliances, could be used to counter Russian claims to spheres of interest. Working towards the eventual removal of divisive alliance structures would open up more space for the alignment of states on the basis of security, economic and political shared interests.
- The Russian proposal, sometimes called Helsinki 2, is couched in terms hostile to discussion of pan-European human rights; Moscow specifically seeks to rule out transnational diffusion of norms. In any dialogue we should resist attempts to use the principle of state sovereignty to erect national barriers in the area of human rights.
- Use the dialogue about wider European security to clarify understanding and strengthen compliance relating to state sovereignty and the general observance of international law, principles by which Moscow sets such public store in theory yet often ignores in practice. This is not only important but politically appropriate, given Putin and especially Medvedev’s stated commitment to international law, and to the rule of law in general.
- Discussions on legal norms and regulatory practices are likely to be the most effective way in which to make headway on political values and human rights. A Russian leadership which intones its concern to improve the quality of laws and the performance of the judicial system is more likely to respond to criticism on legal and regulatory matters than to general complaints about Russia’s regression from democracy.

11 March 2009

Memorandum from Dr Jonathan Eyal

1. Apologists for the frosty relationship between Russia and the West today usually point a finger at a set of mistaken Western policies which, supposedly, “lost” an opportunity for a good “strategic partnership” with Moscow at the end of the Cold War. The arguments are complicated, but they can usually be grouped in the following categories:

- The West danced on the grave of the Soviet empire, even before its body was interred. Western politicians proclaimed triumph in the Cold War, oblivious to the feelings of ordinary Russians;
- The West never understood Russia’s soul, the country’s peculiarities and sensitivities. It offered mechanistic solutions, such as market economy and democracy, despite the fact that there was no agreed Western definition of what these meant, and no chance of forcing these on ordinary Russians;
- The West refused to account for Russia’s sense of vulnerability. The country was frequently invaded, and suffered terribly at the hands of such invaders. Russia should have been allowed a special role in the former Soviet space, as a reassurance that past aggressions will not be repeated;
- Russia made a concession to the West during the 1989–91 period: it dismantled its outer and even inner empires, without firing a shot in anger. But the West simply pocketed this advantage, and offered nothing in return. Western-dominated institutions remained the same, and Russia was never given a seat at the top table;
- The Warsaw Pact was dissolved, but NATO expanded into former Soviet-controlled territory, pushing its military might right up to the borders of the Russian state. This was not only unnecessary, but also a fatal mistake: it heightened Russia’s sense of isolation and provided its military a justification for rearmament;
- All the offers of co-operation given to Russia during the early part of the 1990s proved to be weasel words. Russia never joined the World Trade Organisation. Russian support was sought during the first Gulf War of 1991 but, once granted, Moscow was not consulted over what followed. Russia’s opinions were repeatedly ignored in Bosnia and Kosovo during the Yugoslav wars. And even Russia’s veto in the UN Security Council was brushed aside when US President George W Bush unleashed the war to remove Saddam Hussein from power in Iraq

2. Given all these errors, the accusers allege, it was only natural that someone like Vladimir Putin would come along, rejecting the entire premise of the relationship, and demanding a new set of rules. The West lost Russia because it neither cared about the country, nor bothered to understand its true fears.

3. Some of these arguments are beyond the scope of the Defence Committee enquiry; this paper concentrates on only one aspect: the claim that NATO’s repeated enlargement waves to the countries of the former Soviet Union were unnecessarily provocative to Moscow, and thereby prompted the difficulties currently encountered.

4. Two decades since the demise of communism in Europe, it is now easy to forget the anguish, self-doubts and contradictory policies applied. The key institutional challenges facing Europe have now finally been answered: the European Union and NATO have embraced most of the nations which wished to join them, from the Baltics to the Black Sea. To be sure, this work is still not complete in the case of some former Yugoslav republic, and there are still lingering questions about the extent of Europe's frontiers: depending on whom one talks to, Ukraine and the nations of the Caucasus are both inside and outside the main remit of Europe. Nevertheless, there is no doubt about one basic fact: for the first time in the continent's history, there has been an explicit and very public admission that the economic prosperity, political stability and military security of every nation, however small of big, however well-developed or economically backward, however 'old' or 'new' ultimately belongs to the same family and is, at least in principle, entitled to the same level of protection and the same voice in the counsels of the continent.

5. For those younger diplomats and public officials who were still in primary school when the Cold War ended, this state of affairs now seems both natural and logical: how can any institution call itself European, if it includes Portugal but not Poland, or Sweden but not Slovakia? But, for anyone who lived during the long period of ideological confrontation on the continent, the same reality will continue to be regarded as nothing short of a miracle. And the fact that this outcome was achieved by fits and starts, by a mixture of conscious decisions and accidents, and often against the prevailing instincts of a majority of Western Europe's political leaders, makes this development even more remarkable. And yet, like all historic events of such a magnitude, the process of NATO's enlargement has created its own myths.

6. Supporters of this process now claim that the effort was deliberate, carefully calculated and measured in its application. It was not: it was a chaotic affair, with decisions taken at the last moment, on the basis of—naturally enough—cold political reasoning, rather than 'scientific' arguments of even basic logic. Countries such as Romania, which made emotional appeals to history or natural justice, failed to be admitted in the first wave of post-Cold War NATO enlargement in 1999. Nor did nations which needed security most—the Baltic states—initially fare any better: they had to wait until March 2004 for admission. Nor was there, despite repeated claims to the contrary, much co-ordination between the EU and NATO in the process of enlargement. The Netherlands and a few other Western governments were briefly attracted to the idea of the so-called 'Royal Road' to integration, of a supposedly seamless co-operation between NATO and the EU in admitting the former communist states as full members. But this came to nothing: Europe's premier institutions continued to lead separate lives and applied their own admission procedures. Ultimately, both of these organisations stumbled upon enlargement as a result of circumstances and the absence of any other viable alternatives, not because they decided early on in the process that this is what they wanted to do.

7. But the critics of the enlargement process are guilty of perpetrating greater myths than the supporters of this strategy. Few are now ready to criticise the EU expansion to Central and Eastern Europe. People may gripe about corruption in the new member states (as though this is a particularly Eastern phenomenon), about the waves of "unwanted" immigrants, the plight of ethnic minorities such as the Roma people, or even the supposed lack of a European commitment from the new member states which continue to look up to the US for military protection. Yet few would argue that EU enlargement was a mistake. Not so with NATO, however, where critics claim that the same process of enlargement remains the chief reason for the chill in relations between Russia and the West. The critics' arguments are many, and they have been voiced at different times, both before, during and long after NATO's enlargement waves. But they can be largely summarised as follows:

- The enlargement apparently broke a promise given to Moscow when the Warsaw Pact dissolved, an undertaking that the West would not seek to benefit from Russia's weakness.
- Enlargement was unnecessary: NATO itself had no further functions to perform at the end of the Cold War, and simply rushed to adopt the East Europeans because it was looking for something to do.
- The new member states will also be consumers rather than providers of security; they add nothing to the alliance, but bring obligations.
- Enlargement ensured that NATO remained an anti-Russian institution, because the only protection which the new member states want is against Russia. So, NATO had no chance to develop good, working relationships with Moscow.
- Enlargement to the countries of the Warsaw Pact may have been acceptable, but incorporating former republics of the Soviet Union proper—such as the three Baltic states—took matters too far, and was bound to anger the Kremlin.
- The process remained open-ended, thereby ensuring that Russia would feel threatened: Ukraine and Georgia are now considered as candidates, increasing fears of encirclement in Russia.

8. It is now easy to forget that in the first few years after the end of communism engagement rather than enlargement was all that Western governments were prepared to offer. And, very frequently, the concept remained confined to words, rather than deeds. Two unspoken assumptions governed Western behaviour towards Eastern Europe during the early 1990s.

9. The first was the belief that the fall of the Iron Curtain affected the East Europeans alone: the West survived the Cold War intact, while the East crumbled from within: “we”, therefore, did not need to change; “they” had to. Western countries in which much of the economic activity was still state-controlled preached the virtue of privatisation to Eastern Europe. And nations such as Britain—with no written constitutions—offered the former communist countries lessons in constitutional propriety. Everything was predicated on the belief that it was up to the easterners to become people like us; the advice was offered on a take it or leave it basis.

10. The second major assumption of all Western governments—never articulated in public but to be heard, sotto voce in almost every diplomatic communiqué at that time—was a fear that the former communist world represented a “Wild East”, an area populated by violent people who, given half a chance, would love to tear each other apart. The initial feeling was that the process of aping the West would take many decades, and may well fail. And, until the East Europeans learnt to eat properly with a knife and fork and behave in a polite manner, there was no question of giving them a seat at any European top table. The idea that NATO rushed to embrace the East Europeans because it was an organisation in search of a new mission is not supported by any historic evidence.

11. Matters only began to change only when the Westerners started to realise that the end of the Cold War was melting down all existing arrangements, on both sides of the old divide. The integration of East Germany started affecting the entire German economy and political system, while the massive privatisation in the east reinforced the position of Western politicians who advocated rolling back the role of government in their own countries. The appearance of eastern leaders at conferences of political parties in Western Europe and the use of the transformations in the east as a justification for pursuing similarly radical social policies in the West had a huge (if initially unnoticed) impact on public perception. Suddenly, Europe’s paupers were teaching their wealthier brethren a thing or two. Eastern European market reform policies helped even Socialist parties in the West to shed their hostility to the operation of a free market in general, and the privatisation of state assets in particular.

12. Meanwhile, many of the dark predictions about the East were confounded. Retribution against communist rulers in Eastern Europe were less violent than the revenge meted out against Fascist collaborators in the West at the end of the Second World War, and with fewer acts of overt injustice. Despite massive drops in the standard of living of a kind no Western nation could contemplate without serious convulsions, the East Europeans continued to vote peacefully in one parliamentary election after another. The expected influx of hungry refugees did not materialise. And there was more politically motivated violence in Belfast or Bilbao at that time than in Bratislava or Bucharest. True, the violent disintegration of Yugoslavia was regarded, at least in its initial stages, as a warning of things to come. But it was none other than the West which argued throughout the Cold War period that Yugoslavia was a unique case, and so it proved: far from sucking all its neighbours into its horror, the wars of Yugoslav succession actually stiffened the resolve of all other Balkan countries to avoid old rivalries. The “spill-over” effect of Yugoslavia was precisely the opposite from that feared in the West: it not only had a salutary effect on Romanians and Bulgarians—the two Balkan states closest to the Yugoslav conflict and initially assumed to harbour their own ethnic difficulties. It also influenced relations further afield in central Europe: the behaviour of the Czechs and the Slovaks during the crucial period of their country’s division in 1991 is case in point.⁷⁶

13. Either way, a combination of factors—such as the realisation that the East Europeans were not very different from the rest of the continent, that they were perfectly able and willing to exercise their obligations as member of the European family of nations and that leaving them to their own devices was not an option—all contributed to a growing realisation in the West that something needed to be done to adapt the existing co-operation structures on the continent. But even then, the process was slow and incremental. The East Europeans were frequently told to tone down their desires for integration, go back to their capitals and acquire some knowledge of government. The armies of Western experts which descended on the region continued to offer unsolicited advice. And the feeling of superiority about the “poor cousins” in the east went on undiminished. In one celebrated example, Mr Jacques Poos, the foreign minister of Luxembourg—then acting on behalf of the presidency of the EU—saw nothing ridiculous in warning Slovenia and Croatia that they could not secede from Yugoslavia because they were too small to be viable independent states.⁷⁷ There was one rule for the West, and another for the east. There was no rush to integrate Eastern Europe into existing continental institutions, and no triumphalism about the Warsaw Pact’s collapse; if anything, there was a tinge of regret—never openly stated, but still quite potent—among European capitals about the tumultuous events which suddenly upset the stately progression of the old European appellation. The Maastricht Treaty, which the EU adopted in 1991–92, was not about integration with the east; it was about improving the arrangements in the West, precisely because of a fear about what developments in the east may mean. The only obsession which prevailed at NATO’s headquarters at the time was how to avoid anything which may annoy the Russians, by giving the East Europeans no false expectations. Indeed, it is usually forgotten that Western governments initially counselled caution when Eastern Europe tore up the Warsaw Pact Treaty.

⁷⁶ The West’s quick recognition of the Czechoslovak divorce was also largely influenced by the realisation that this was a very different episode from the bloody events in Yugoslavia.

⁷⁷ See Noel Malcolm, “Is there a doctor in the house? The EC’s fantasies of superpowerdom have had consequences that are all too real—European Community’s failure to respond to the crisis in Bosnia-Herzegovina”, *National Review*, 5 July 1993.

14. Since then, various Russian leaders—including Mikhail Gorbachev and Boris Yeltsin—have claimed that Germany’s Chancellor Helmut Kohl promised the Kremlin at the time of the negotiations for German unification that NATO would never expand into Eastern Europe, in return for a Soviet (and subsequently Russian acceptance) that united Germany could remain a member of the alliance.⁷⁸ We are still not privy to the negotiations between Germany and Russia at that time; most of the sensitive documents have not been released. Nor do we know whether other countries—especially France, Britain and the US—made any such promises. But a few facts are clear enough:

- German officials have repeatedly denied the Russian assertions.
- While there is no doubt that the main thrust of the German-Soviet discussions at the time of German unification and, indeed, the discussions between the United States and the Soviet Union were designed to reassure Moscow that its “loss” in Eastern Europe would not be translated into a Western “gain”, it is highly unlikely that a formal promise to keep Eastern Europe in suspended animation was ever given.
- Even if such a promise was made, it was not codified in any formal agreement.
- Even if such an understanding existed, it clearly became irrelevant once the Soviet Union itself disintegrated in 1991.
- The Russians themselves have never produced a single sheet of paper which can prove that such a deal was concluded. If the issue was so important for Moscow at that time, it is highly likely that the Russians would have insisted on a formal document. Even if such a document was classified, Moscow would have had every interest in making it public since then: its release would have been dynamite in Europe. But they didn’t, for a simple reason: no such promise was made, in any shape or form which can be considered as legally or even morally binding.

THE INITIAL PHASE

15. Nevertheless, while claiming that NATO must remain strong, Western governments initially told their Eastern counterparts that any talk about joining military alliances was “old-fashioned”, yesterday’s concern: what the East apparently needed was to pay attention to wider and newer institutions, combining economic reform, respect for human rights and global, all-inclusive security. The United Nations—they were promised—would be reborn to preside over a “New World Order”, based on respect for international law, justice and social progress, all equitably distributed. The Conference on Security and Cooperation in Europe (CSCE) would be transformed into the real pillar for stability. But the reality remained that, after an initial burst of activity during the Gulf War of 1991, the United Nations was plunged into a deep internal crisis as a result of perceived failures in Somalia and Yugoslavia. The CSCE changed its name to the OSCE and managed to establish a permanent secretariat in Vienna, an office for human rights in Warsaw and a High Commissioner responsible for dealing with ethnic minority problems in Europe—great achievements in themselves, but hardly of a nature to create a new European security architecture. Eastern Europe was told that it should put its faith in a set of interlocking institutions, all supposedly performing a pre-allotted role in providing security for the continent. In Yugoslavia, however, all these institutions became involved and usually blocked each other for no particular purpose. The only institution which ultimately did something was NATO; all others were reduced to the lowest common denominator of negotiating peace between leaders who wanted war, or policing ceasefires which did not exist, while feeding people who were still being shot at. The West was not directly responsible for these disasters. But the claims that there would be a new pan-European institution in which the East Europeans would find their security died on the killing fields of the Balkans. Those who still wonder why the East Europeans became so obsessed with NATO membership and why NATO was unable to resist their demands should search through the annals of the Yugoslav drama.

16. NATO itself was not just an innocent bystander in the European security debate. In common with all other existing European institutions, it also sought to offer the former communist states some surrogate connection, just enough to keep them happy, but not too much, so as not to raise their expectations. The creation of the North Atlantic Cooperation Council (NACC) was touted in 1992 as an ingenious invention. There was no particular thinking behind this institution, and the NACC ultimately included almost everyone belonging to the former Soviet bloc, all the way to the Sea of Japan. The express aim was to avoid making any distinctions between former communist countries. In its procedures and method of operation, the NACC was no different from the OSCE: a gigantic talking shop where the formal opening speeches usually filled up most of the time available and the conclusions of the proceedings merely restated the questions originally posed during the debate. The military problems of the Czech Republic, for instance, were supposed to be treated in the same forum as the problem of, say, Tajikistan. The best that can be said about the NACC is that it was a necessary prevarication exercise, a mechanism for postponing decisions. By mid-1993 it was already clear that at least the central Europeans were no longer satisfied with the tactics

⁷⁸ See Philip Zelikow and Condoleezza Rice, *Germany Unified and Europe Transformed*, (Harvard: Harvard University Press, 1995, and Michael Gordon, “The Anatomy of a Misunderstanding”, *New York Times*, 25 May 1997.

of prevarication.⁷⁹ The war in Yugoslavia was growing more vicious, extreme nationalists such as Vladimir Zhirinovskiy appeared poised to gain power in Moscow, while Yeltsin's romantic flirtation with the West was already coming to an end. Russian politicians who are now fond of asking why East Europeans demanded NATO membership would do well to recall that the impetus was provided by the sight of tanks firing on the White House, the parliament building, in Moscow; the increasingly frequent and public rows between President Yeltsin and the West; and the rise of individuals such as Zhirinovskiy, with an explicit agenda to recreate the old Soviet empire.

PARTNERSHIP FOR PEACE

17. This was the environment that propelled the alliance into launching the Partnership for Peace project (PfP). Initially described as an "immediate and practical programme that will transform the relationship between NATO and participating states",⁸⁰ PfP merely promised to guide the armed forces of the former Warsaw Pact countries towards compatibility with those of their NATO counterparts—it was certainly not seen as a promise of full membership. Nevertheless, as serious as the alliance was about its PfP project, it found it difficult to overcome the feeling that this was, ultimately, a partnership for prevarication. When the concept was first unveiled, Poland's then president, Lech Walesa, who still commanded huge respect in the West, threatened to reject the agreement, precisely because it was seen as a lollypop, rather than a serious path to enlargement. Worried by the potential embarrassment, the US administration despatched senior officials to all the central European capitals in order to explain its concept. The result was a subtle shift in emphasis: having been created as an instrument for avoiding a discussion about NATO's enlargement, PfP was suddenly presented as a structure which "neither promises NATO membership, nor precludes this membership".⁸¹ Once PfP was in full swing, the same concept was presented as the road to NATO membership. Interestingly, however, it was not PfP which dictated either the pace of NATO's enlargement, or the timing of the process; PfP remained the necessary smokescreen for an essentially political debate which was conducted within the alliance.

18. The real turning point came in January 1994, when the US President began to state publicly that "the question was no longer whether NATO will take in new members, but when and how".⁸² A variety of factors—which included the already noted demands of the East Europeans to join the alliance, the unstable situation in Russia, the disaster of Yugoslavia and the paucity of other alternatives, as well as personnel changes in the US administration—all contributed to this shift. But, just in case some still believe that the process of NATO enlargement was rammed through by old Cold Warriors determined to exact the last revenge on Russia, it is worthwhile to point out that the one European country which rendered this process irresistible was Germany, the nation which has long claimed for itself the title of Russia's best friend in Europe. As the only major Western state bordering the region, Germany had a practical need for the enlargement: it wished to cease being a frontline state in any shape or form. For the Germans, therefore, the only solution was to work for the integration of the East Europeans into both NATO and the European Union, not only in order to provide security in the heart of Europe, but also to spare the Germans themselves any new "historic" choices between east and west. The German government did not speak with one voice. While Defence Minister Volker Ruhe, representing a younger generation of Christian Democratic leaders, was one of the first to advocate NATO's enlargement publicly and created quite a stir in the process, Chancellor Kohl, in his typical way, sometimes hinted that he supported the idea and sometimes regarded it as premature, depending on his audience.⁸³

19. Germany's noises were heard, particularly in Washington, where the argument on NATO initially proceeded on a different route, only to reach the same conclusion. The Clinton administration concluded that the Europeans were unable to agree on the provision of their own security. It is instructive, for instance, that the decision to launch the PfP programme was also coupled with an increased US involvement in the handling of the war in Yugoslavia. There is little doubt that electoral considerations at home (particularly the potential support of the Polish ethnic lobby) may have helped persuade the US President to adopt this policy. But probably a more compelling argument, however, was the realisation that without a new lease of life, the alliance would simply atrophy; sooner or later, the US Congress was bound to question the purpose of a military arrangement conceived against an enemy which no longer existed.⁸⁴ Of course, disagreements on this approach persisted within the US administration. But the ultimate choice was between maintaining the old alliance, which risked becoming irrelevant, and constructing a new, expanded NATO, which at least had a sporting chance of adapting to Europe's new security environment. The debate raged throughout 1994, yet by the time NATO's foreign ministers met in Brussels that December the point of no return had been reached. Predictable grumbles followed from some Europeans about lack of consultation and American high-handedness. However, after the disputes surrounding the handling of the Yugoslav war, everyone was grateful for any policy that promised a return of US power, in unison with the Europeans.

⁷⁹ See Vaclav Havel's appeal to be "part of the NATO family" in *International Herald Tribune*, 20 October 1993.

⁸⁰ Gale Mattox, Arthur Rachwald, *Enlarging NATO: The National Debates*, (Boulder, Colorado: Lynn Rainer Publishers, 2001), p 17.

⁸¹ *Ibid*, at pp 33–45.

⁸² *International Herald Tribune*, 13 January 1994.

⁸³ Philip Gordon, "The Normalisation of German Foreign Policy", *Orbis*, Volume 38, part 2, especially pages 240–241.

⁸⁴ See S.R. Sloan, *The future US-European security cooperation*, (Washington: Congressional Research Service, 4 December 1992) Report to Congress, 92–907 S.

RUSSIA'S REACTION TO NATO ENLARGEMENT

20. Nobody doubted that the process of NATO's enlargement was a huge gamble: the smallest mishap, on top of the Yugoslav debacle, would have plunged the alliance into turmoil. There was also no consensus about how the process was to be conducted, over what period of time or who should be invited to join. Finally, there was a realisation on both sides of the Atlantic that Russia would fight the project tooth and nail. Given these difficulties, it is remarkable that a semblance of unity was maintained at all. But the price of this unity took its toll on the West's relations with Russia. The Russians were quite right to complain about Western double-talk, of assertions that no NATO enlargement is planned, while everyone knew that this was precisely what was being planned. The Russians were also right to be angered about NATO's attempt to cloak in the entire project in "scientific" pretensions, as though this was just an academic exercise. The Study on NATO Enlargement, published in September 1995 in an effort to prepare the ground and soften Russian opposition, made the earth-shattering discovery that, with the end of the Cold War, a "unique opportunity to build an improved security architecture"⁸⁵ on the continent existed. NATO's future decision to invite some European states to become members, the study claimed, would only complement existing European structures, and would threaten no one. Although the decision on whom to invite belonged to the alliance alone, there was to be "no fixed or rigid list" of new member states, nor would there be discrimination on the basis of groups of countries; the allies would decide by consensus whom to invite, on an individual basis. The entire debate can only be charitably described as a series of half-truths. But they were necessary white lies which were largely unavoidable, for the following reasons:

- Since there was no agreement on how many countries should be admitted, it was better to avoid the subject altogether, until the last possible moment.
- Because there was the suspicion that at least some European countries still opposed the whole idea, governments preferred to pretend that no hard choices were made, until the choices themselves became firm.
- There was no public debate about the purpose of enlargement, largely because of a suspicion that NATO itself may not survive such a scrutiny either in Washington, or in a number of other European capitals.
- Since every East European country understood that the entire eastern bloc could not be admitted in one swoop, nations rushed to stake their claim. Avoiding this bazaar dictated caution, and silence in this case was considered the best option.

21. But there is also no doubt that the Russians themselves—who otherwise were right to be aggrieved about the duplicitous behaviour of some Western governments—were not entirely blameless in this affair. Moscow's opposition to this process was unremitting and crass: it offered the West no option other than abandoning NATO's enlargement. So, Western nations preferred to continue prevaricating, in the knowledge that Moscow would ultimately have to be presented with a *fait accompli*.

22. Meanwhile, all NATO member states affirmed their conviction that it would be possible to keep both the Russians and the east Europeans happy at the same time. NATO's enlargement therefore became an epic journey in which travelling was meant to be more important than arriving. There is no question that, as a result, the entire process lacked both transparency and predictability. But there is equally no question that a better policy simply did not exist. The story of NATO enlargement is not so much one of anti-Russian plots, as some Moscow politicians still claim, but, rather, one of a series of haphazard accidents, strategies conceived on the hoof and a large dose of improvisation.

23. Despite all the claims to the contrary, the initial list of potential member states was known all along: it consisted of Poland, the Czech and Slovak Republics and Hungary. The gradual disappearance of Slovakia from this list on account of its wretched internal political situation at that time, was subsequently used by defenders of the decision-making process as evidence that NATO paid close attention to the criteria for membership. True, but only up to a point: while the fate of Slovakia indicates that it was possible to rule oneself out of a realistic place in the membership queue, the reality remained that no other state managed to get on to the initial list. The privileged position of the three selected countries—the so-called Visegrad Group—was studiously denied by every government, but remained the worst kept secret in Europe. It is also interesting to note that the credentials of these three countries in central Europe were not seriously questioned; the debate within NATO was, essentially, whether other countries should be added to the list as well. And the answer to his dilemma was ultimately "no", precisely in order not to annoy Russia too much. There was a considerable amount of sympathy for the three Baltic states, for their suffering during the period of Soviet occupation and for their inherently exposed position. But even Denmark and Norway, who championed the cause of these countries, knew all along that their speedy inclusion into the alliance remained a non-starter. Nor did anyone seriously suggest that the countries of the Balkans where a war was then raging should be included in the alliance. So, the first wave of NATO enlargement suffered from a basic flaw of logic: the more a country needed security, the less likely it was that the country would be accepted as a full member. And, far from repositioning the alliance to meet the new security needs of the continent, the first NATO enlargement in central Europe tilted the alliance even further away from the Mediterranean

⁸⁵ <http://www.nato.int/docu/basicxt/enl-9501.htm>, accessed on 15 February 2009.

states, just as the Alliance was pretending to pay more attention to southern Europe. And yet, despite the fact that the first enlargement wave defied logic, it is important to remember that most of the dire predictions which critics made have never come to pass:

Alliance solidarity would be broken

24. Nothing of the kind: the new member states, and those which joined them in the second enlargement wave in 2004, proved to be exemplary members. They did not demand high positions within the alliance's headquarters. Nor did they block the decision-making mechanism: the old perennial trouble-makers proved to be France and Belgium with the notable addition of Germany in 2002, when the dispute over the second Iraq war erupted. The new entrants continue to have a high stake in the survival of the alliance as a coherent organisation; the first to suffer from any slackening in NATO's cohesion will be them.

"Freeloading" by the new members

25. This is another prediction that failed to materialise. Defence expenditure in the new member states proved much more resilient than in the old members. To this day, they continue to spend more as a percentage of their GDP although, of course, their total expenditure is still small. Defence budgets went down in the West, not the east. Indeed, defence ministries in Eastern Europe, until very recently the Cinderellas of the political establishments in those countries, acquired new political leverage: they were able to fight national treasuries for extra money, by citing international obligations to contribute to NATO's defences.

The enlargement will be costly

26. It was not. There was no discernible difference in the operating costs of the alliance, and the contributions from the new member states more than covered the additional expenses initially incurred by various NATO facilities.

Consumers rather than producers of security

27. Wrong again. Ethnic and historic disputes have not been resolved, but NATO membership put them all on the back-burner. There is no tension between the Romanian government and its ethnic Hungarian minority. The ethnic Turks in Bulgaria are part of that government's ruling coalition. The ethnic Russians in the Baltic states have remained fairly quiet. And although ethnic tensions are now rising again between Slovakia and Hungary, these are manageable precisely because the two countries are now members in both NATO and the EU/

Civilian control of the military

28. Critics suggested that the new member states would not be in control of their military. But politicians in Eastern Europe exercised a better control over their generals than does the US President over the Chairman of the Joint Chiefs of Staff in Washington.

Pushing NATO towards an anti-Russian stance

29. There is no evidence that this has happened. The new member states did not veto one single proposal from the West for a dialogue with the Russians. The dispute over policy towards Russia was much more acute inside the European Union, but NATO was largely untouched by such matters, at least until the Georgian war erupted in the summer of 2008.

30. Russia's suspicions about NATO are understandable. The organisation not only stood up to the Warsaw Pact for 40 years, but also provided a permanent, institutionalised link between Europe and the US. Even the most fervent pro-Western "democratiser" in Russia must have found it galling that NATO not only continued to exist after the end of the Warsaw Pact, but actually underwent the biggest geographic expansion in its history. And it is equally understandable that the Russia's should dismiss NATO's reassurances as mere weasel words: since there were no major military threats in Europe, it was hard to explain why the East Europeans still sought to benefit from NATO's security umbrella. The clashes between Russia and the West over the handling of the Yugoslav crisis did not help matters either. Most ordinary Russians simply could not understand why European countries took the side of the Muslims in Bosnia at the expense of the Serbs, why the West preached respect for international law but violated a UN Security Council embargo on the sale of weapons in the Balkans by supplying Croatia with weapons, or why Croat and Bosniak crimes against Serbs were ignored, while the Serb's war crimes commanded the West's undivided attention. But, when all is said and done, the fact remains that by adopting a harsh rejectionist stance and by refusing to understand the true motives of Western actions, the Russians only made their case far worse, and virtually guaranteed their own humiliation.

31. One of the most striking aspects of the entire NATO debate—and one which was seldom, if ever, noticed either then or since—is that throughout the period when Russia was voicing its vehement opposition to enlargement, Moscow never thought it appropriate to discuss the matter with the East Europeans themselves. If Moscow objected to Poland’s application to join NATO, the best, and most logical approach would have been to discuss this with Warsaw. Russian officials could have suggested talks with the Visegrad groups; they could have even asked for an observer status at the meetings of this group. They could have also offered security guarantees to the former Warsaw Pact countries. And they could have engaged in a debate with the public of Eastern Europe. True, this would have been far from easy: the old wounds of the Cold War ran deep. But an energetic wooing of Eastern Europe could have persuaded NATO to rethink its enlargement timetable. And it could have resulted in a much more even-handed debate. But that would have meant a Russian acceptance that the East Europeans actually mattered on their own, that they had their own security concerns, that these needed addressing and that Russia had to offer some concessions in return for preventing NATO’s enlargement. But, since nobody in the Kremlin ever contemplated any of these things, Russia persisted in conducting its dialogue with the West above the heads of the East Europeans. Russia claimed that NATO’s enlargement represented the “return of the Cold War”.⁸⁶ In fact, it was Russia which still abided by Cold War rhetoric, by treating the East Europeans as the subjects, rather than the objects of its negotiations with the West. Moscow expected the West to cut a deal on Eastern Europe, to split the difference between spheres of influence, a diplomatic technique which would not be unfamiliar to Palmerston, Metternich, Bismarck or, indeed Stalin.

32. Not wishing to pick up new quarrels, NATO actually accepted the Russian position: in a major departure from normal procedures, Javier Solana, then NATO’s Secretary General, was given a mandate to negotiate with the Russians directly on behalf of all the allies. The result was a deal concluded in Paris at the end of May 1997. In return for a mechanism of permanent consultation with the Alliance and a promise of some concessions in future disarmament negotiations, Moscow dropped its fierce opposition to NATO’s enlargement. But, behind all the smiles and ringing speeches at the signing ceremony of this document, the real fight was only beginning. On paper, the Russians had failed in all their original objectives: they were not compensated for the “loss” of central Europe in the first wave of NATO enlargement, and were given no say over any country which may choose to join the alliance at a later date. More importantly, the consultation body which was established between NATO and the Russians at that time had no powers of decision over NATO’s internal affairs. But no sooner had the agreement been concluded, the Kremlin began to claim that its true significance was to prevent former Soviet republics (read the Baltic states) from ever joining. At that time, President Clinton dismissed this as a mere pep talk for internal Russian consumption, and vowed that NATO would not be hindered in what it did subsequently. And so it proved. But, yet again, the Russians lost a chance to improve their links with NATO. The co-operation council established in 1997 achieved nothing of any consequence. And exactly the same arguments were rehearsed when the second batch of East Europeans joined NATO in 2004. The chance for a measured debate was missed, not because the mechanisms did not exist or could not be invented, but because the Russians were not really interested in such a dialogue.

A MISTAKEN ENLARGEMENT?

33. What about the argument that NATO’s enlargement was, in itself, a mistake, an unnecessary diversion which should have been avoided, regardless of what the Russians thought or did? This idea is easily disposed of by merely outlining what would have been the outcome in Europe if NATO did not enlarge:

- Once it would have become clear that no NATO membership was possible, the countries of the Visegrad Group—Poland, the Czech Republic, Hungary and Slovakia—would have concluded their own military alliance, offering its members mutual security guarantees.
- Romania and Bulgaria would have demanded to join this organisation instantly, but Bulgaria would have been deemed to distant and too irrelevant, while Romania’s membership may have been blocked by Hungary because of long-standing ethnic and territorial disputes.
- Poland would have supported the membership of Lithuania into the Visegrad Group, but not that of Latvia or Estonia. Either way, the unity which existed among the Baltic states during the 1990s would have shattered.
- The Baltic states would have turned to their Scandinavian neighbours for security. Irrespective of what the response from Finland, Sweden, Norway and Denmark may have been, NATO’s northern flank would have basically drifted away from the alliance, absorbed in its own security arrangements.
- The East Europeans would have never given up on their quest for a wider continent-wide security arrangement. So, NATO would have continued to debate enlargement at all its summits, whether these took place or not.
- The longer this debate lasted, the higher the chances of a fundamental rift between Europe and the US.

⁸⁶ *The International Herald Tribune*, 22 June 1996.

- The East Europeans would have turned to the European Union for protection, and would have demanded that the EU beef up its common defence identity almost immediately. While this would have been welcome news to some Western governments, the result would have been precisely what everyone in Europe wished to avoid: an open, zero-sum game between the EU and NATO.
- It is highly likely that, at some point, the Russians would have started putting more direct pressure on the East Europeans. If President Yeltsin briefly threatened to target his country's missiles on Poland on the eve of NATO's enlargement in 1997, the language he would have used towards an isolated Poland would have been much harsher.
- The threat of Russia would have dominated East European thinking and action: regional defence budgets would have soared, money would have been inefficiently spent on territorial defence—something which nobody needs in Europe—and the borders between Eastern Europe, Belarus and Russia would have been sealed.
- Ukraine would have been drawn into this game by the East Europeans, partly as a bulwark against Russia, but also in order to create a buffer zone in the heart of the continent.
- Individual East European countries—and Poland in particular—would have been tempted to negotiate secret security agreements with key Western nations. Within a matter of years, Europe would have been abuzz with rumours as to who promised whom military equipment and protection.

34. Europe has been this way before, during the 1920s, when the region established its Little Entente. It was a disaster, which failed to protect its member states, failed to create regional cohesion and ultimately left the countries of the region to be picked up one-by-one by Hitler and Stalin. The outcome would not have been so dramatic after the end of the Cold War, but the result would have still been very serious: the disintegration of NATO, inconclusive arrangements inside the EU, and the renationalisation of defence policies across the continent. It is hardly credible to assume that Germany could have ignored the existence of a security alliance on its borders for long; the Germans would have been pushed into repeating their previous history—choosing between making a deal with Russia above the heads of Eastern Europe, or embracing Eastern Europe at the expense of friendly relations with Russia. Once the Germans were involved on their own, the French, British and Italians would not have been far behind. In short, Europe would have descended into a chaotic period, a never-ending round of anguished debates with no clear security structure. NATO enlargement may not have been a brilliant policy. But it was the ONLY workable policy.

35. It provided all Europe with some major advantages which are so evident that they are usually either ignored, or just forgotten. First, it offered former Soviet satellites the reassurance that their independence is immutable. There is no longer any question that foreign domination over small nations can now return, that they will slip back into spheres of influence. It also eliminated the “Balkans complex” from which some of the southern European nations suffered. All the nations of the Balkans have believed for more than a century that, no matter what they do, the rest of Europe will continue to regard their region as a disease which needs to be quarantined, rather than as simply a geographic area which needs to be managed through incorporation into continent-wide institutions. The fact that, at the height of the West's preoccupation with Yugoslavia during the mid-1990s, NATO rebuffed the membership applications of countries such as Romania or Slovenia was held as another proof of this supposedly immutable historic fact. This historic complex—which did so much to thwart Western efforts to pacify the Balkans—is now waning. For the first time since they have become independent, countries in southeast Europe are full members of both NATO and the EU.

36. The alliance has also provided a temporary compensation for slower EU integration. For the Baltic states, NATO membership nicely rounded off European Union membership, which will be happening at the same time. However, Romania and Bulgaria have long accepted that they cannot become full members in the first round of EU enlargement to the east. Although there is no legal correlation between the two institutions, the connection is made in the minds of all Europeans. If NATO failed to admit countries such as Romania and Bulgaria, it would have been very difficult for the EU to justify the membership claims of both countries. As matters stand now, the Romanian and Bulgarian governments have an easier time in justifying their decidedly inferior position in the EU,⁸⁷ because they also enjoy NATO membership. If NATO had failed to invite Romania and Bulgaria to join in 2004, the EU's membership promise to these countries—which materialised only three years later—would have carried little weight. As it was, the EU was not only able to claim that its promise of admitting Romania and Bulgaria was real, but was also able to apply a positive discrimination between Romania and Bulgaria's applications. Largely for accidental reasons, Romania and Bulgaria were bracketed together in their EU membership applications, despite the fact that Bulgaria's progress has been slightly more promising, and the sheer size of Romania's economy and problems puts the country in a separate category. If neither of these two Balkan countries were in NATO, any EU discrimination would have been interpreted as an impossible further humiliation for Romania. But,

⁸⁷ Transitory provisions restricting the free movement of Romanian and Bulgarian nationals in the EU will continue for the next five years; all the main EU member states uphold them. And the EU Commission has withdrawn some funds promised to Bulgaria, because of the country's failure to eliminate corruption. While the move was certainly justified, it beggars belief that a similar action would have been taken against other EU states, even those which have fairly inferior state administration standards.

because both of them were in the alliance, the EU managed to implement a discreet differentiation in the membership applications of the two countries, and was able to ignore the outrage from either applicant during the accession negotiations.

37. NATO membership also promoted normal relations throughout the East European region. The idea of intra-Balkan or intra-Baltic co-operation is as old as the regions themselves and, overall, it remained a myth. All the countries in the two regions experienced the same economic problems. The Balkans had their bloated agricultural sectors, a decrepit industrial base, surplus and largely unskilled labour and an urgent demand for foreign investment. The Baltics, in turn, suffered from small populations, no domestic market base and—at least initially—no obvious economic niche in which they could specialise. Far from being economically compatible, the countries of southeastern Europe and the Baltics were economic competitors immediately after they regained their independence. Nevertheless, with NATO's guarantee in place, these tasks were tackled without rancour. There is no love between the three Baltic states,⁸⁸ and almost no serious links between Romania and Bulgaria on Europe's south. But all these countries are now dealing normally with each other; the fiery mix of competition, disdain and fear, has now been largely dissipated. Hidden, informal but popular resentment at perceived old historic injustices, at the plight of ethnic minorities or old territorial divisions will not evaporate overnight.⁸⁹ Nevertheless, NATO membership has subtly raised the threshold of acceptability in articulating such demands. This is already clear in what was one of Eastern Europe's biggest ethnic problem: the fate of the Hungarians in Romania. Up to a fifth of the Romanian electorate routinely voted in the first decade after the end of the Cold War for parties whose main platform was the fight against the supposed Hungarian territorial threat to Transylvania. Yet no sane Romanian politician now argues that such a threat still exists. The fact that Hungary itself cannot raise old territorial or ethnic disputes provides additional reassurance. But there is more: claims on the territory of other states have also abated. Over the last decade, quite a few Romanians were attracted by the possibility of a union with neighbouring Moldova. To be sure, this historically romantic view was already waning before NATO issued its invitation to Romania, but it is now truly dead: no sane ordinary Romanian will be prepared to argue that, in order to keep alive the dream of reunification with Moldova—an old Romanian territory initially seized by Russia—Romania should imperil its NATO or EU good standing. A similar effect is observable in Bulgaria as well, where dreams of a possible historic link with Macedonia were already waning, but are now truly dead. Both Estonia and Latvia have their own historic territorial disputes. Yet again, these are largely dead.

38. NATO membership also encouraged an air of normality in the internal politics of the East Europeans. One of the defining disputes in internal politics in every candidate country has been the claim of various leaders that only they would be able to deliver full NATO membership. On the whole, this debate mirrored a much deeper divide between reformed former communists and those who were untainted by association with the past. Ultimately, however, this left-right divide did not matter. An explicitly anti-communist government in Romania failed to gain admission into NATO in 1997. And it was none other than Romanian President Ion Iliescu, once the ideology chief of the communist party in his country who went to Prague in order to receive his country's invitation to join the alliance. The same happened in Poland as well, where it was not Lech Walesa, the anti-communist hero who led his country into NATO, but President Alexander Kwasniewski, a former minor communist official. For those who fought against communism over the last five decades, these twists represented a final, bitter irony. But, seen in a broader context, the effect was overwhelmingly positive. NATO refused to be dragged into the petty local disputes about who was a communist. The alliance stood above ideological disputes. And there were no Western "favourites" whose claims stood a stronger chance in the West. Those who accuse NATO of never shedding its anti-Russian mantle would do well to ponder this aspect: some of the East European leaders embraced by the alliance were former communists, but were still considered perfectly adequate partners.

39. Probably the most significant—and, in many respects, the most counter-intuitive—outcome of NATO's enlargement has actually been better relations between the East Europeans and Russia itself. Although the region's suspicion of Russia's motives lingered, there is no evidence that any East European country tried to push NATO in an anti-Russian direction. The dialogue between NATO and Russia was influenced by major countries such as Britain, France, Germany or the US, not by the new member states which very often did not raise any objections.

40. The ultimate tragedy of the dispute between Russia and the West over NATO is that a good case can be made that NATO's enlargement was actually in Russia's best interests. Without this enlargement, the countries of Eastern Europe would have been even less predictable and even less friendly to Moscow. Bereft of the responsibilities which NATO membership imposes, they would have dragged Ukraine into a variety of regional alliances, which would have aggravated Russia's security concerns in the borderlands regions. Yet Moscow never accepted this argument, because the Russians assumed that, if Eastern Europe was left in suspended animation, if it was not incorporated into Europe-wide institutions, the Russians would have enjoyed the privilege of picking them one-by-one. The result would have been a disaster for Russia itself. But the Russians have a long history of choosing the worst possible alternative, if this appears to preserve their greater power status.

⁸⁸ Estonia's offer of financial help to Latvia during the current financial crisis did not endear the Estonians to the Latvians, despite its generosity. And Lithuania was frequently the odd country out in the Baltic trio.

⁸⁹ Slovakia's ethnic dispute with neighbouring Hungary flared again during 2008.

The lessons which can be drawn from this episode are:

- NATO did not rush into Eastern Europe: it had to be dragged into the region, kicking and screaming;
- Russian concerns were not ignored; they were taken into account at every stage;
- Russia could have done a great deal with NATO, had it embraced the variety of co-operative structures on offer. These offers may have been nebulous, but NATO stood ready to flesh them out, so the Russians had plenty of opportunity to fashion the links to their own advantage. They missed this opportunity, because they wanted to miss the opportunity;
- there was never any option of offering the East Europeans just EU membership, without NATO membership. Quite apart from the fact that the EU was not and still is not prepared to shoulder real defence burdens, a division of Europe into two camps, one which enjoys both NATO and EU membership and one which does not, would have created a multitude of problems; and
- doing neither—ignoring the East Europeans altogether—would have been tantamount to consigning Europe to a disaster.

41. None of the above should suggest that NATO's enlargement process can be open-ended, or that new countries should be invited to join the Alliance with little regard to the tensions which this may bring in the West's relations with Russia. Nevertheless, the reality still is that NATO's enlargement was one of the best decisions Europe has made. It will not save the Alliance from possible future challenges but, even if NATO ultimately does fade away, the process will be gradual, and will affect all European states in the same way. The mutual guarantee offered to the East Europeans is less than explicit. But it is the same guarantee that applies to all the other European states. Finally, far from isolating Russia, NATO enlargement could have been the best bridge to Russia. All provided, of course, that Russian leaders saw it this way. They didn't because, ultimately, Russia's interests were quite different. The Russians wanted to keep the continent divided; the Europeans could no longer afford to.

17 March 2009

Memorandum from Roger McDermott

1. Russia's armed intervention in Georgia in August 2008, self styled as a "peace enforcement" campaign to protect its peacekeepers that were fired on by Georgian armed forces in South Ossetia at once presented a set of difficult problems for NATO and its members. In the UK, knee jerk responses to this event by political figures, complicated an already tense situation by seeking to apportion blame almost exclusively on Moscow. Centuries of conflict within the South Caucasus, the de facto independence of South Ossetia since the collapse of the USSR in 1991, and Russian objections to Western recognition of the independence of Kosovo, Georgian President Saakashvili's numerous statements concerning his designs on the breakaway regions within the country and Vladimir Putin's support for these enclaves were precursors to the conflict.

2. However, from a military and security perspective, arguably Russia's "victory" has proven hollow. It has resulted in Moscow's support for the independence of Abkhazia and South Ossetia, commitment to the costly construction of military bases in each and Georgia has now denied Russian overland access to its military base in Armenia. The South Caucasus is no more stable as a result of the war.

3. Moreover, the conflict revealed the decrepit condition of Russia's armed forces, which fought a Soviet style war, with a frontal attack resembling those from World War II. Russia fought the last war of the 20th century in Georgia, in as much as it used equipment, weapons, tactics and command and control systems more suited to a large scale war from the previous century. Indeed, in order to secure "victory" against its tiny neighbour, it was forced to use its strategic reserve. The operational errors and weaknesses were numerous, but can be encapsulated in terms of a near complete lack of joint operation (air and ground campaigns conducted separately). The ramshackle Russian conventional armed forces deployed in the theatre of operations revealed a military that cannot be considered to pose a real threat to anyone.

4. The sense of shock within the defence and security establishment in Moscow was profound. Within a short time, the most radical military reform programme in Russia since 1945 was announced using the war with Georgia as an excuse to push through controversial reforms. The central element of this reform and modernisation agenda is to transfer the armed forces from a mass mobilization principle to one of permanent readiness. In other words, the Russian armed forces will abandon the idea of its conventional armed forces repelling an attack from the West. Instead, by transforming its structure to permanent readiness formations formed around brigades aiming at rapid, mobile deployment, Russia's military will emerge more capable in future of intervention in local or regional conflicts.

5. There are plans to downsize the officer corps by as much 200,000 by 2012. Changing the structures will also mean learning to delegate authority in a way that is alien to the Russian experience, but familiar within NATO trained armies. The UK can play a significant defence diplomacy role in this venture by closely supporting and advising Russia on the training and preparation of NCOs, which in future will be vital in the Russian army. Additionally, in order to avoid social instability, in the interests of neither Russia nor the West, the UK can offer support for the downsizing plans, and integration of Russian officers into civilian life, as we have done previously in the 1990s.

6. Currently, however, the Russian leadership is overstating its military reform and modernization agenda, in order to gain diplomatic leverage with President Obama and NATO. Overall, Moscow aims at being treated as an “equal” by the West, despite its slow progress on human rights and democracy, and its aggressive “energy blackmail” and commercial tactics. Currently, the only forum within which Russia may be regarded as an “equal” relates to nuclear disarmament talks. President Medvedev will thus prioritize negotiating a new START treaty for these reasons. Gaining other concessions from the West will be harder to achieve.

7. Russia’s objections to the United States proposals relating to ballistic missile defence (BMD) as well as its concern over the continued expansion of NATO up to its borders, to include Georgia and Ukraine reflect the popularity of “anti-western” thinking within its government, defence and security structures. These centre around the fears raised in Moscow that such plans pose a threat to Russia’s security, which is at best irrational or at worst only purely theoretical. In the case of BMD interceptors, which could be deployed in the Czech Republic and Poland no earlier than 2013, depending on continued support for such plans within the Obama Administration, the numbers are too small to pose any risk to Russia’s strategic nuclear capabilities. In fact, the Russian argument hinges on the remote possibility that if and when these may be deployed, a future US administration could take the decision to vastly increase the number of interceptors, therefore undermining Russia’s capability to launch a retaliatory nuclear strike. In other words, the “Western threat” is greatly exaggerated and most certainly many years away from being a real policy issue.

8. It is argued in Moscow, that Russia has legitimate concerns over the possible NATO enlargement to include Georgia and Ukraine. The security elites utterly oppose this continued expansion towards Russia’s borders, but nowhere do they define the nature of threat posed by integrating its neighbours into a peaceful alliance that will encourage both the growth of democracy and greater economic prosperity. Though there is an evident “propaganda” value in these assertions, it also argued that it has to be appreciated in the West that such views are actively believed in Moscow. However, NATO and its member states, in reality have no plans, either now in future to attack the Russian Federation. The question therefore, is how do Russian politicians arrive at the conclusion that the West may pose a credible threat to the country?

9. The answer to this lies partly in Russia’s historical sensitivities relating its western borders, the aftermath of the Cold War and persistence of stereotypical thinking in Moscow, combined with the culture and unreformed status of Russian intelligence agencies. In short, Russian intelligence agencies, including the GRU, SVR and FSB adhere to the Cold War tradition of exaggerating enormously the “threat” from the West. These agencies are active within the UK, accessing the Russian diaspora and those sympathetic to Russia’s contemporary political problems with the country or more generally with the West, as well as scrutinizing out media closely for signs of hostility towards Russia. In real terms it is the activities of Russian intelligence on UK soil that denotes Russia as a risk to UK security.

10. Currently, there are no plans, nor is there any credible evidence to support the belief that such agencies will be reformed in the near future. Therefore, an “anti-western” theme in Russian political discourse will continue to reflect this intelligence generated myth, of a West eager to attack Russia, undermine its territorial integrity, make hostile attempts to control energy resources near the country as President Medvedev and Defence minister Serdyukov told the Defence Ministry board in Moscow on 17 March.

11. British political statements, must therefore be careful to avoid playing into this self-perpetuating dynamic, aware that Russian intelligence are likely to seize on any word or phrase that fits their *a priori* pattern of the West’s anti-Russian enmity. Equally, in terms of the real risks Britain faces from a “Russian threat” counter-intelligence efforts must be stepped up and adequately supported, in order to minimize the impact of Russian intelligence activities within the UK. In the longer term, there is no immediate threat emanating from the Russian armed forces, and its present military reform and modernization plans, albeit setback by Russia’s experience of the global financial crisis and less revenues from falling oil prices, are unlikely to see significant transformation of its conventional military capabilities within the next decade.

Memorandum from Dr Irina Isakova

RESUMED NATO—RUSSIA COUNCIL

1. Despite mutual complains about the ineffectiveness of the NATO-Russia Council (it was established for consultations between individual member states and Russia in the Rome Declaration, 2002), both Moscow and NATO member states confirmed their interest in resuming work on issues of mutual concern under this format. However, the NRC failed as a “red line” channel of communication in a period of crisis in August 2008. A preliminary date for a reopened full-scale formal meeting of the NATO-Russia Council is set for 29 April 2009.

2. At the same time the introduction of a special unit dealing with Russia within NATO in addition to the changes in the NATO decision making process and de facto creation of a new multi-tier alliance could be seen by Moscow as a sign of departure from the basic principles of the Founding act (1997). The assumption that Moscow is put in a niche to deal with the “consolidated” NATO position with no flexibility to address the issues of concern will damage the position of those in Moscow who support contacts with NATO and the NRC format.

POINTS OF TENSION

3. Enlargement. Despite the fact that both Ukraine and Georgia failed to receive MAP for NATO membership at the last summit, the alliance confirmed “the open door principle” and its Bucharest 2008 decision to welcome both countries in due course. The tensions regarding further NATO enlargement will continue. A compromise reached on modification of the accession process meant abandoning MAP as logo and shifting the focus of pre—membership assistance to existing institutions, like NATO-Ukraine Commission and NATO-Georgia Commission. Following a decision by the NATO Foreign Ministers in December 2008, the main focus of the pre—NATO assistance programme is to be placed under a new instrument (Annual National Program), which is expected to supersede the Annual Target Plans. This approach creates possibilities for the countries in question to sort of “slide” into the security arrangements with the multi-tier NATO.

— Moscow will continue to oppose the enlargement. There is a risk that the so called “blurred membership” in NATO could create additional tensions in relations with Russia by bringing the alliance towards potential conflict with Moscow bypassing the consensus decision.

4. Missile Defence. In September 2008 President Medvedev issued an order to the RF Missile Defence to be able to prevent nuclear and terrorist attacks on the RF soil by 2020. The creation of the adequate Missile Defence is marked as one of the counter strategy priorities, including deployment of the operational tactical missile Iskander in the Kaliningrad region as a response to the US/NATO MD deployments in Czech Republic and Poland. Though the renewed START negotiations provide time space for sorting some of the concerns over MD, it is obvious that overall Moscow rejection of the MD plans is permanent.

5. In addition since 2001–02 there is an assumption shared by some Russian specialists that some elements of supporting infrastructure of the Missile Defence system might be considered for future deployment in the Baltic region and might automatically require an increase in the alliance capabilities to defend it. Thus, prolonging the time of the accession to the CFE by non-CFE states was seen useful to NATO members from Moscow’s point of view until all of the elements of the NATO Missile Defence architecture were considered to be in place. Any special guaranties (under Art. 5) given to the new member states, are to be automatically judged by their link to the MD deployment plans.

6. Energy Security. A possibility of energy security to become one of the core NATO missions as the result of the alliance transformation plans creates anxiety between Russia and NATO. In view of different interpretations of the energy security needs to be covered by the NATO missions, it is becoming essential to clarify the functions, means and objects for the new tasks. Making energy security as one of the core NATO missions is counterproductive, as it allows looking at the energy issues as a zero-sum game. Providing military guarantees by the alliance for the security of the energy infrastructure and energy corridor/pipelines outside the territories of NATO member states create additional challenges to the security of the alliance and/or undermines its core functions.

POSSIBLE AGENDA FOR THE RESUMED NRC

Afghanistan

7. Afghanistan is one of the main areas of common interest. At the Bucharest Summit (2008) NATO and Russia agreed on the conditions for transit through the Russian territory (air space and rail) of non-lethal cargo for the NATO-led force ISAF. The details for the lethal cargo via Russian rail are still to be negotiated. However, till the announcement of the closure of the Manas air base (Kyrgyzstan) for the operation support of the ISAF, ISAF did not use the possibility of the transit.

- Moscow interest in co-operation with NATO on Afghanistan is genuine. It is based on the shared need to counter the drug trafficking from Afghanistan and to deal with the threat of Taliban/ Islamic insurgency from Afghanistan to Central Asia and the Russian mainland.

8. According to the Russian FSS (FSB), the main short term threats to national security of Russia and Central Asia are coming from Afghanistan and Afghanistan/Pakistan bordering areas, where the Taliban forces and terrorist organisations, managed to regroup and were planning direct military actions in the CA region. This information was revealed at the SCO conference on regional security on 15 April 2009.⁹⁰

9. The proliferation of drug trafficking from Afghanistan to Russia increased dramatically since the start of NATO operation in the region. Moscow is keen to synchronize its counter drug activities with the ISAF. It urges ISAF to take action against the producers of opium, while it is targeting the distribution chain. However, there is no agreement in this area since even the NATO member states have different policy approaches to the problem on the ground.

10. Moscow is interested in the success of the ISAF mission in Afghanistan, as long as it is guided by the UN mandate. But it is not prepared to accept the permanent military US/NATO presence in Central Asia. However, there is no evidence to believe that the Russian government could violate agreements on the supply route to ISAF via its territory.

11. However, there are additional conditions for the military cargo transit via the Russian territory. Moscow insists on special arrangements to be made between NATO and the Collective Security Treaty Organisation (CSTO), the Russia-led regional security grouping.

- Moscow has a long-term interest in opening possibilities for cross-institutional co-operation on Afghanistan, setting a framework for NATO/CSTO security co-operation in the region, or NATO/SCO information exchange channel. Till recently NATO resisted any engagement with the regional groupings over Afghanistan.

12. In February 2009 the CSTO ministerial session took a decision to create a Rapid Response Force (all member states, but Uzbekistan, contribute personnel and technical capabilities to the units). The CSTO and Russia in particular are engaged in training police officers for Afghanistan and contributing to the security sector reform, in counter drug trafficking operations, like CSTO/Iran operation “Channel”. Russia became more proactive in negotiations with the Karzai government in recent months.

13. In addition, the Shanghai Cooperation Organisation, where Pakistan, Iran have observer status, has a functioning contact group on Afghanistan. And Moscow is promoting co-operation between NATO/SCO as well.

Military-to-military contacts

14. There were several contact groups within the NRC framework that proved to be mutually beneficial, like the one on theatre missile defence, or peacekeeping, etc. Though after August 2008 events some of them are more difficult to reopen than other, the need to re-establish a pattern of confidence building between NATO and Russia is essential.

15. Joint actions between NATO and Russian units in peacekeeping missions or emergency relief operations are possible to consider for the future deployments. Such options were debated for at least a decade.⁹¹ There is a positive example of practical implementation, as a special double-headed C2 arrangement for the NATO-led Stabilisation Force in Bosnia. However, in the present political environment and due to the interoperability challenges any possibility for proper CJTFs is available primarily in the maritime environment (for instance, in anti—piracy operations, in non-proliferation missions, such as SPI initiatives).

16. The re-established CBMs in the naval sphere could be sensitive to disruption if accompanied by the NATO/US pressures to modify the existing maritime legislation, especially applied to the regions which are seen as an intense areas of competition, like the Black Sea and Caspian region.

17. For instance, attempts to modify the Montreux Convention only reinforce Russian concerns and threat perceptions over NATO intentions in the region, while the “open door principle” for NATO membership is applied to Ukraine, Georgia, Azerbaijan, etc.

18. The Arctic. The Arctic region is of high strategic importance for NATO and Russia. Though in principle co-operation between NATO and Russia in the Arctic is possible, in short and medium terms it is rather unlikely that the NRC would carry the main burden of co-operation in the area. It is mainly going to be shared by other international organisations, where the NRC might have only some piece of action.

19. The high Arctic territories, seen as a key to significant untapped natural resources, such as natural gas, oil, methane hydrates, minerals and living marine species, have increasingly been at the centre of mounting disputes between the United States, Canada, Norway, Russia, and Denmark in recent years as rising temperatures lead to a reduction in sea ice. In addition the broad and fundamental security interests

⁹⁰ <http://www.ria.novosti.ru>, 15 April 2009.

⁹¹ Isakova Irina, NATO plus “CJTFs for Eurasia: is co-operation possible?”, in *Brassey's Defence Yearbook 1999*, London: Brassey's, 1999, pp. 93–109.

in the Arctic region include such matters as missile defence and early warning; deployment of sea and air systems for strategic sealift, strategic deterrence, maritime presence, and maritime security operations; and ensuring freedom of navigation and overflight. In addition it has been the main training area for the Airforce, Navies and their submarine fleets.

20. Last year the NATO member states and Russia intensified military training and exercises in the Arctic. It reflected the increasing tensions on political issues, as well as a need to use the traditional areas for combat training. The level of training does not exceed the normal operational necessities. Nevertheless, it creates additional tensions between NATO member states and Russia. The most recent exchange of grievances between NATO and Russia were regarding NATO military exercises in the Norwegian territorial waters and the US led sub training exercise ICEX-2009 in late March/April 2009, which Moscow interpreted as a deliberate demonstration of force projection capabilities. Presently Russia has the most equipped fleet of icebreaking vessels, needed for the sustained maritime activity in the Arctic. However, it was confirmed that ice breaking vessels were going to be build for and purchased by the US, Canadian, Chinese, German and Swedish navies.⁹²

21. The Arctic remains an important geopolitical region for Russia. Moscow is ready for a direct dialogue within the framework of international organizations to debate issues related to the region, but not with NATO. A Russian proposal on creating security structures in the Arctic region is to be submitted for the discussion at a ministerial meeting of the Arctic Council on 29 April 2009. The Arctic Council as the intergovernmental forum, which comprises Denmark, Finland, Iceland, Canada, Norway, Russia, Sweden and the United States, was established in 1996 to protect the unique nature of the Arctic region. The US firmly objects to turning this international forum into a formal institution with a mandate in security sphere.

22. Moscow's rejection to put the Arctic on the NATO exclusive agenda is based on the following arguments:

- Presently there are unsolved legal issues related to the territorial shelf among the Arctic Circle states. Under international law, the Arctic Circle countries, the United States, Canada, Denmark, Norway and Russia, each currently have a 322-km (200-mile) economic zone in the Arctic Ocean. However, there are unresolved territorial disputes. Moscow considered it unwise prior to legal settlement of the claims to focus the debates on the future cooperation in the region within the framework of the military alliance, where Russia is not a member.
- The United States and Canada have an unresolved boundary in the Beaufort Sea. The United States and Russia are abiding the terms of the maritime boundary treaty concluded in 1990, but it was not put into force, as the RF did not ratify it. Other territorial claims or territorial sensitivities were expressed by Denmark, Sweden, the UK.
- In 2001 for the first time Russia turned to the UN for clarifications of its arctic borderline. Moscow has pledged to submit documentary evidence to the UN on the external boundaries of Russia's territorial shelf by the end of 2009 and complete the legalisation of its claims by 2015. Russia has undertaken two Arctic expeditions—to the Mendeleyev underwater chain in 2005 and to the Lomonosov ridge in the summer of 2007—to support its claims to the region, which is believed to be rich in oil and gas. About 20% of Russia's GDP and 22% of Russian exports are produced in the area. On the September 2008 session of the RF National Security Council the Arctic shelf was named as a guarantee of Russia's energy security and significant resource base for Russia in the XXI century. In September 2008 the same meeting of the National Security Council President Dmitry Medvedev urged to define the extent of the Russian continental shelf in the Arctic and called for a new Arctic frontier law as soon as possible.
- In April 2009 Russian Parliament introduced amendments to the internal law on the rights of indigenous communities. The amendments minimize the possibility of influence of the Arctic indigenous communities on decisions regarding the territories of their traditional settlements. The decision was aimed to neutralize an international, the US and Estonia led campaign to use the international legal framework for promoting internal opposition to Moscow's plans to develop its Arctic shelf.

23. The North Navigation Route, that links Western/Northern Europe to the Far East is partly controlled by the RF as it lies in its territorial waters.

- The changing ecological situation in the Arctic, in Moscow's opinion, for the first time raises the issues of potential risks of foreign invasion, flows of illegal migration, etc. on the northern territory of Russia.

24. Moscow and Washington both defined its priorities in the Arctic by adopting national strategies for the region:

- In March 2009 the Russian Security Council posted on its website a document, "The fundamentals of Russian state policy in the Arctic up to 2020 and beyond," which outlined the country's strategy in the region, including the deployment of military, border and coastal guard units "to guarantee Russia's military security in diverse military and political circumstances."⁹³ By 2020 Russia is to

⁹² http://navy.ru/news/newsofday/index.php?ELEMENT_ID=19741

⁹³ Russia to deploy special Arctic force by 2020—Security Council, *RIA Novosti*, Moscow, 27 March 2009.

- create a group of forces to protect its political and economic interests in the Arctic, but does not plan to militarize the region. The prime focus is on the effective system of coastal security, the development of Arctic border infrastructure, and the presence of military units of an adequate strength,” an official said. The Arctic Group of Forces will be part of the Russian Federal Security Service. Another goal of the new strategy is to “optimize the system of the comprehensive monitoring of the situation in the Arctic,” including border control at checkpoints in Russia’s arctic regions, coastal waters and airspace. The vessels from the North and Pacific fleets will assist the in guarding the national borders. The document also prioritizes the delineation of the Arctic shelf “with respect to Russia’s national interests.” The strategy envisions increased co-operation with neighboring countries in the fight against terrorism, drug-trafficking, illegal immigration and environmental protection.
- On 9 January 2009 President Bush signed a similar strategy document. The National Security Presidential Directive/NSPD 66 and Homeland Security Presidential Directive/HSPD 25 establish the policy of the United States with respect to the Arctic region.⁹⁴

RUSSIAN FOREIGN POLICY GOAL

25. A new national security strategy for the period 2008–20 was presented at the Security Council in March 2009. The document final presentation was postponed for a month leaving time for amendments to be introduced as reflections on the developments with the West/NATO in particular. The new strategy would embrace the foreign policy concept signed into force by Medvedev last July and also a rather ambitious development plan for Russia upto 2020. Medvedev’s strategy for international and domestic developments is based on principles of “4I: institutions, investments, infrastructure and innovation”. All elements of Medvedev’s strategy presuppose extensive involvement with international community. Instead of dropping a curtain on 17 years of attempts to integrate Russia into the western institutions, the leitmotif now should be the intensified engagement.

17 April 2009

Supplementary memorandum from the Ministry of Defence

1a. *How many times have Russian military aircraft attempted to enter UK territorial airspace in 2007, 2008 and 2009, without authorisation?*

ANSWER

— Nil.

No Russian military aircraft have attempted to enter UK territorial airspace, which extends 12 nautical miles from the UK coastline. Russian military aircraft operate in international airspace and have every right to exercise their defence capabilities.

1b. *How many times have Russian military aircraft attempted to enter the UK flight information region in 2007, 2008 and 2009, without authorisation?*

ANSWER

- Russian military aircraft entered the UK Flight Information Region on 10 separate days in 2007.
- Russian military aircraft entered the UK Flight Information Region on six separate days in 2008.
- Russian military aircraft entered the UK Flight Information Region on two separate days in 2009 (correct as of 1 May).

The UK Flight Information Region, outside of 12 nautical miles from the UK coastline, remains international airspace but to transit the area aircraft are required to file flight plans, communicate with Air Traffic Control and utilise secondary surveillance radar (SSR), a means for providing information on the air traffic control agency and height. Russian military aircraft do not adhere to these accepted Air Traffic Control requirements. This is against International Civil Aviation Organisation (ICAO) regulations for which Russia is a signatory state and poses a potential flight safety risk. We are taking this issue forward with Department for Transport, who through the Civil Aviation Authority and the National Air Traffic Services contract provide Air Traffic Control services.

The UK Flight Information Region (see map below) contains some of the busiest airspace in Europe including the transatlantic air route structure. Within the UK Flight Information Region, Air Traffic Control operations rely largely on SSR to maintain safe distances between aircraft operating in close

⁹⁴ <http://www.fas.org/irp/offdocs/nspd/nspd-66.htm>

proximity. Aircraft not transponding SSR can therefore be invisible to Air Traffic Control operators. Risks to flight safety are mitigated by close liaison between UK Air Defence and Air Traffic Control units. Air Defence units use a combination of primary radar and SSR and are able to detect such aircraft within Air Defence radar coverage. The launch of UK Quick Reaction Alert aircraft to intercept unidentified aircraft also mitigates the flight safety risk.

UK FLIGHT INFORMATION REGION



2a. *How many times have Russian military aircraft attempted to enter the airspace of NATO members in 2007, 2008 and 2009, without authorisation?*

It is not possible to answer this question in the timescale as a co-ordinated response could only be initiated through SHAPE Headquarters in Brussels and the reports are likely to be classified. The release of such information, which would likely require approval from the remaining 27 NATO member states, would also not meet the Inquiry's timeframe.

2b. *How many times have Russian military aircraft attempted to enter the flight information region of NATO members in 2007, 2008 and 2009?*

Please refer to the previous answer.

If this information is not able to be provided, a statement to the extent to which the UK Government considers such incursions to have taken place and the level of threat that this poses to NATO members would be helpful.

There have been no unauthorised Russian military incursions into UK territorial airspace or territorial waters in 2007, 2008 and 2009. The re-emergence of long-range flights from Russia is something that the Russians are perfectly entitled to do and those flights that have entered the UK Flight Information Region do not pose a military threat to the UK. The UK Government is not in a position to comment on the level of threat that this poses to other NATO member states or indeed whether any incursions have taken place.

3a. *How many times have Russian naval vessels entered, or attempted to enter, British territorial waters in 2007, 2008 and 2009, without authorisation?*

ANSWER

— Nil.

There have been no incursions by Russian naval vessels into British territorial waters, without authorisation, in 2007, 2008 and 2009. Where Russian naval vessels have visited UK ports they have gained appropriate diplomatic clearances.

Article 17 of the United Nations Convention on the Law of the Sea allows for innocent passage: “Subject to this Convention, ships of all States, whether coastal or land-locked, enjoy the right of innocent passage through the territorial sea”. This means that Russian naval vessels have the right to transit through UK waters so long as they may pass through without conducting any military activity and proceed in a manner not “considered to be prejudicial to the peace, good order or security of the coastal State” (Article 19 Meaning of Innocent Passage) without asking for permission.

3b. *How many times have Russian naval vessels entered, or attempted to enter, British exclusive economic zone seas in 2007, 2008 and 2009, without authorisation?*

ANSWER

— There is no requirement for a country to seek permission for its naval vessels to operate in the Exclusive Economic Zone (EEZ) of another country (Article 58 of UN Convention of the Law of the Sea).

3c. *How many times have Russian naval vessels entered, or attempted to enter, NATO waterspace in 2007, 2008 and 2009, without authorisation?*

We are unable to answer this question within the timescale of the Inquiry.

8 May 2009

Memorandum submitted by the Ministry of Defence on Cyber security

This memorandum responds to the Committee’s further questions on cyber security:

Q. *What is the contribution of MoD to national resilience against cyber attack? What work is currently taking place?*

1. The MoD is responsible for the protection, resilience and continuity of its own businesses and information networks. This includes military systems, such the UK’s air defence systems, which maintain the UK’s territorial integrity.

2. The MoD provides technical advice and expertise to the civilian agencies responsible for the UK’s national information infrastructure. It is closely involved in the cross-Departmental project led by the Cabinet Office to consider the UK’s overall approach to cyber security and develop a National Cyber Security Strategy.

3. As in the case of more traditional forms of attack, the Government would be able to draw on a range of instruments of national power in responding to a cyber attack. Along with technical, legal, political, economic and other instruments, the threat or use of military force is also of course an option in cases of very serious attack.

Q. What sections or bodies within the MoD have responsibility for cyber security?

4. Cyber security is an essential part of almost every MoD activity, and an important responsibility for both individual users and operational commanders.

5. Overall cyber security policy and operations are jointly the responsibility of the Assistant Chief of Defence Staff (Operations) (ACDS(Ops)), the MoD's Chief Information Officer (CIO) and Director Business Resilience (DBR). ACDS(Ops) and CIO together oversee the development and implementation of cyber security policy. CIO and DBR together manage the Information Assurance (IA) framework, which provides for the security of the MoD's information against a range of threats including cyber attack. The Chief of Defence Materiel (CDM) has responsibility for operating many of MoD's networks and hence for maintaining the standards of MoD defences and taking immediate action in the event of an incident.

6. The MoD's equipment capability, Defence Intelligence (DIS), and Scientific and Technical (S&T) staffs provide important support.

7. This division of responsibilities reflects the way that cyber security is a complex and cross-cutting issue, affecting a range of different MoD policy areas and activities. In order to provide coherence, Director General Strategy coordinates cyber security policy work across the Department as required.

Q. Will the Government be publishing a cross-governmental policy on cyber security? If so, when?

8. A National Cyber Security Strategy will be published following further consultation with Ministers. As noted in paragraph 3 above, this project is led by the Cabinet Office.

19 May 2009
