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# Russian Series

## Russia & Latin America: Competition in Washington's "Near Abroad"?

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# **Russia & Latin America: Competition in Washington's "Near Abroad"?**

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## **Key Findings**

- Latin America is becoming a new focus for Russian foreign policy. Moscow cultivates Latin America as part of its strategy of encouraging the emergence of a multipolar international system in which US influence will be diminished both globally and in Latin America.
- Moscow wishes to expand its presence in Latin America in order to demonstrate that it can develop relationships with states in Washington's "near abroad" as a counterpoise to the USA developing relationships with former Soviet states in Moscow's "near abroad". Moscow is likely to continue to expand its presence in Latin America. However it is highly unlikely to seek confrontation with the USA in this region.
- Latin America is an increasingly lucrative area for Russian arms exports. Venezuela is now a significant purchaser of Russian arms. Brazil and Argentina are also important potential customers. Although the current Russian leadership has stated that it is not seeking military bases in Latin America, the possibility of Russia developing military facilities in Venezuela over the long-term should not be ruled out. A partial revival of the military relationship with Cuba is also possible.
- Energy cooperation is an important aspect of the Russo-Latin American relationship, particularly with Venezuela. Gazprom and Lukoil are expanding their presence in the region. Gazprom is interested in pipeline projects with Venezuela.
- Moscow is interested in developing scientific and technological cooperation, particularly with BRIC partner Brazil, which it regards as a technological ally.

## **Russia & Latin America Competition in Washington's "Near Abroad"?**

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The visit of Russian President Dmitry Medvedev to Peru, Brazil, Venezuela and Cuba in November 2008 is indicative of Moscow's heightened interest in Latin America. When in Cuba, Medvedev declared that Russian interest in Latin America was long-term in nature. He commented:

*We have visited states that have never been visited either by Russian or Soviet leaders before. This means only one thing: no attention has been paid to these countries. In a sense, we are only just starting fully-fledged, full-format and, I hope, mutually beneficial contacts with the leaders of these states, and with the economies of these states, respectively. There is nothing to feel shy about, one should not fear competition here. One should bravely join in the fight.<sup>1</sup>*

Moscow has developed a very cooperative relationship with Venezuela since 2001, and this relationship became significantly closer in 2008. The Russo-Cuban relationship was also upgraded in 2008, and Moscow shows clear signs of wanting to develop closer ties with Nicaragua, Brazil, Argentina, Peru and Ecuador, which were visited by Foreign Minister Sergey Lavrov in November 2008. In October 2008 Security Council secretary Nikolay Patrushev, stated during a visit to Argentina that Russia would like be permitted to be an observer at the South American Defence Council, which will be part of the Union of South American Nations (UNASUR), which was formed in May 2008.<sup>2</sup> The UNASUR Defence Council held its first meeting in March 2009.<sup>3</sup> The Defence Council is thus only in the early stages of its development, and it will presumably be some time before it is ready to accept Moscow as an observer. Medvedev has also said that Russia may become an associate member of the Bolivarian Alternative for the Americas (ALBA) organisation. ALBA is an organisation originally proposed by Venezuela as an alternative to the US proposed Free Trade Area of the Americas.<sup>4</sup>

**The Soviet period.**

During the 1960s and 1970s, the USSR established diplomatic relations with most states in Latin America. A close relationship obviously developed with Fidel Castro's Cuba, which was a member of the Council of Mutual Economic Assistance (better known as COMECON) and was seen by Moscow as a full member of the Soviet bloc. Friendly relationships were also developed with other radical states such as the Sandinista regime in Nicaragua, the Popular Unity government in Chile (1970-1973), the New Jewel regime in Grenada, and the Velasco regime in Peru (1968-1975). In addition the USSR became a major purchaser of grain from Argentina in the 1980s following the imposition of a grain embargo by the USA in the wake of the Soviet invasion of Afghanistan in December 1979.

The USSR usually acted cautiously in Latin America, for fear of provoking the USA. However as Soviet power grew in the 1970s and 1980s, Moscow was interested in encouraging anti-American regimes in Latin America in an attempt to challenge and undermine US influence in the region, which Soviet Latin American analysts described as the "strategic rear" of the USA.<sup>5</sup>

**Latin America in the international system – the Russian view.**

Russian policy towards Latin America in the 1990s aroused little interest in Washington. The Russian Federation became a permanent observer of the Organisation of American States (OAS) in April 1992, and Moscow lost all interest in supporting anti-American regimes in the region. Moscow's attitudes changed in the late Putin period.

The contemporary Russian leadership sees Latin America as playing a role in enhancing the trend towards the development of a multipolar international system. This is welcome to Moscow as the emergence of a multipolar system is a process which will result in the diminution of US influence. In September 2008, Vladimir Putin said that "Latin America is becoming a noticeable link in the chain of the multipolar world that is forming...We will pay more and more attention to this vector of our economic and foreign policy."<sup>6</sup>

In November 2008, foreign minister Sergey Lavrov said:

*We welcome Latin America's role in the efforts to democratize international relations in the context of the objectively forming multipolarity in the world. We believe that these processes are in the interests of the whole of mankind. Russia is interested in the closest cooperation with our Latin American partners in reply to the reciprocal interest they are showing.*<sup>7</sup>

It is considered that Russia's increased interest in Latin America is a response to the strong US interest in extending NATO membership to Georgia and Ukraine. The extension of US influence into various parts of the former Soviet Union is immensely irritating to Moscow, as was the Bush Administration's decision to station ballistic missile defence systems in Poland and the Czech Republic, as these countries were members of the now defunct Warsaw Pact.<sup>8</sup> By seeking to expand Russia's relations with various countries in Latin America (particularly with anti-American regimes), Moscow is demonstrating to Washington that it can extend its influence into the USA's "near abroad".

### **The rise of the BRIC formation.**

One of the most significant aspects of Russia's emerging interest in Latin America is the cultivation of Brazil as a partner in the BRIC formation.<sup>9</sup> The Russian leadership has been interested since at least mid-2007 in seeking the restructuring of the international economic system.

Former President Vladimir Putin noted changes in the international economic system in February 2007. In his famous speech at the Munich Security Conference when he bitterly attacked the conduct of US foreign policy, he also noted the rising economic strength of the BRIC grouping of states. He commented:

*The combined GDP measured in purchasing power parity of countries such as India and China is already greater than that of the United States. And a similar calculation with the GDP of the BRIC countries – Brazil, Russia, India and China – surpasses the cumulative GDP of the EU. And according to experts this gap will only increase in the future.*

*There is no reason to doubt that the economic potential of the new centres of global economic growth will inevitably be converted into political influence and will strengthen multipolarity.<sup>10</sup>*

He made a similar point at the 11<sup>th</sup> St.Petersburg International Economic Forum in June 2007, when he noted that 50 years earlier, the G7 countries accounted for 60 per cent of global GDP, but that the situation was now reversed, and 60 per cent of global GDP was produced by countries outside the G7.<sup>11</sup>

Putin's perception of the emergence of BRIC prompted him to argue at the St.Petersburg economic forum that a new architecture of economic relations had emerged, and that this required a restructuring of international financial organisations. He stated:

*The new architecture of economic relations implies a principally new approach to the work of international organisations. It has become increasingly apparent of late that the existing organisations are not always up to the measure in regulating global international relations and the global market. Organisations originally designed with only a small number of active players in mind sometimes look archaic, undemocratic and unwieldy in today's conditions. They are far from taking into consideration the balance of force that has emerged in the world today.<sup>12</sup>*

These arguments have been pressed more forcibly since then, particularly since the onset of the global financial crisis in autumn 2008, which Moscow sees as a vindication of its argument that the international financial architecture should be restructured. In June 2008, Sergey Lavrov argued that:

*...the global financial and social architecture...was created to a large extent by the West to suit its own interests. And now, when one is witnessing a shift of financial and economic power and influence towards the new fast-growing economies, including the BRIC countries, which nobody can deny, it becomes obvious that the system does not suit the new realities. And, in essence, we need a financial and economic basis which would correspond to the polycentricity of the modern world. Otherwise, it will be very hard to restore the manageability of global development.<sup>13</sup>*

Dmitry Medvedev called for the creation of new international financial institutions in Evian in France in October 2008.<sup>14</sup> This view has been developed since then and has been articulated alongside the arguments against unipolarity, and the US penchant under both the Clinton and Bush Administrations (particularly the latter)

to use force without UN Security Council authorisation. In March 2009 Medvedev presented proposals for reforming the international financial system that were to be discussed at the G20 summit in London in April 2009.<sup>15</sup> He called for developing a new global financial architecture, particularly for increasing legitimacy and effectiveness of international regulatory institutions and for increasing global financial stability by developing a diversified system of reserve currencies and financial centres.

He later called at the end of March 2009 for replacing the dollar with a new reserve currency.<sup>16</sup> Similar views were expressed at the same time by his aide, Arkady Dvorkovich, who argued in favour of a supra-national reserve currency. He said that the Russian Rouble and Chinese Yuan should be included in the basket of the IMF's Special Drawing Rights (SDRs).<sup>17</sup> Dvorkovich noted that the BRIC states share "similar interests" on the assurance of the stable economic growth and the restructuring of the international financial supervision system.

The inference is that Moscow sees BRIC as means of promoting multipolarity and hence transforming the international system away from the unipolarity that has predominated since the beginning of the 1990s.

Alexander Lukin of MGIMO (Moscow State Institute of International Relations) argues that in the light of possible US-Chinese rapprochement, Russia should develop ties with both the USA and China, and also "intensify its bilateral and multilateral relations with non-Western parts of the world."<sup>18</sup> He states:

*Russia should focus its efforts on enhancing its role in such organisations and groups as the Shanghai Cooperation Organisation, RIC (Russia-India-China), BRIC (Brazil-Russia-India-China), the ASEAN Regional Forum (ARF), the Asia-Pacific Economic Cooperation (APEC), and the six-party talks on the North Korean nuclear problem (especially in the working group on security in Northeast Asia). These organisations and groups must become an essential structural element in a world of real multipolarity.*<sup>19</sup>

Lukin sees the Shanghai Cooperation Organisation and BRIC as two key fora in which Moscow can develop its relations with non-western areas. He notes that following the development of the concept of BRIC by Goldman Sachs the four countries' leaderships see a clear interest in cooperating, with the first meeting of BRIC foreign ministers taking place in Yekaterinburg in May 2008.<sup>20</sup> BRIC finance ministers met in Sao Paulo in November 2008, and the first full BRIC summit took

place in Yekaterinburg in June 2009. At this summit Medvedev saw BRIC as a formation which he hoped would become a major agent for transforming the international system. This could pose a significant challenge to the USA in the long-term. Medvedev stated:

*Colleagues, overall, the pace of our economies' development, the economic growth of China, India, Brazil and Russia, will ultimately shape the development of many economic processes in the world and are a defining factor for industrial potential and to a great extent also for global security. Our goal therefore remains unchanged – we want to strengthen the collective and legal foundations of international life.*

*We talked about the need to put in place a fairer decision-making process regarding the economic, foreign policy and security issues on the international agenda. This idea of fairness is probably one of the key terms that we should use today.*

*The BRIC summit aims to create the conditions for building a fairer world order and to create a favourable environment for resolving global problems. At the same time, we must not overlook our national problems and objectives, which are priorities for all of us, of course, priorities for all of the respective leaders and governments.<sup>21</sup>*

Lukin argued that:

*The BRICs have all chances to become the most influential of all the international associations that include Russia, as it is a centre for harmonising the interests of major non-Western centres of the multipolar world. An evolution of the BRIC structure into an alternative to the G8 would meet Russian interests (as well as the interests of India, China and other large countries not included in Western structures).*

*First, such a project, as distinct from a possible expansion of the G8 to a G20, would not look like the inclusion of developing countries by “seniors” in an already existing structure at their own discretion, but would be a new influential platform for discussing global development issues. Its members, which have been kept in the backyard of the G8, would be able to set the rules in the new organisation independently. That would show genuine multipolarity, as well as the limited influence of the Western centre; and in case a G20 is created, that would help BRIC members to join it on basically new terms.*



*Second, Russia – as the only state that is a member of both the G8 and the BRICs – would find itself in a uniquely advantageous position of coordinator and mediator between Western and non-Western centres of a multipolar world.*<sup>22</sup>

Lukin contended that BRIC should be institutionalised (i.e. the creation of a formal mechanism for negotiations and discussions plus regular meetings of the heads of state, ministers, etc.), with a view to establishing an international organisation in the future. He also believed that the agenda should be intensified, presumably meaning that this formation should not only confine itself to the discussion of financial and economic questions. In late May 2009 Medvedev did address BRIC officials responsible for security issues, and his speech at Yekaterinburg also made mention of these issues (see above).<sup>23</sup> This is an interesting evolution from 2008, as in March of that year, the head of the Russian Foreign Ministry Asian department, Konstantin Vnukov said in New Delhi that BRIC would be based on discussing economic and financial issues, and the Russia-India-China troika would concentrate on other international issues.<sup>24</sup>

Overall, this is the context within which Russia's relations with Latin America should be placed. BRIC means that Russia's relations with Brazil are potentially of the greatest significance for Moscow in its dealings with Latin America, even though it could be argued that Russia's relationship with Venezuela is currently the most important bilateral relationship Moscow has with any Latin American state.

### **Brazil – key BRIC partner.**

Brazil is becoming a key focus of Moscow due largely to the fact that the two powers are part of the BRIC formation of states. Russia supports the Brazilian argument that the number of permanent members of the UN Security Council be expanded. In a joint article published in *Rossiyskaya Gazeta* in October 2008, Sergey Lavrov and Brazilian foreign minister Celso Amorim described Brazil and Russia as "natural allies".<sup>25</sup>

Security Council secretary Nikolay Patrushev had talks in Moscow in November 2008 with the then Brazilian minister of the Extraordinary Ministry of Strategic Affairs, Roberto Mangabeira Unger. In October Rosatom head Sergey Kiriyenko visited Brazil. During this visit Russia offered to sell Brazil modern technology for the deep exploration and production of uranium, new nuclear power plants and "superconductor technologies" for transmitting energy.<sup>26</sup> In February 2008

Brazilian defence minister Nelson Jobim visited Moscow for talks with his Russian counterpart Anatoly Serdyukov.<sup>27</sup> Moscow is obviously interested in possible military-technical cooperation with Brazil. In November 2008 it was reported that Brazil purchased in October twelve Russian Mi-35M helicopters.<sup>28</sup> However Brazil is interested in developing its own armaments industry, and may to a certain extent see Russia as a competitor in this field.

There is interest on both sides in developing cooperation in the space and IT sectors. Brazil has cooperated with Ukraine in the space sector, setting up the Alcantara Cyclone Space Centre. The Pivdenmash enterprise in Dnepropetrovsk was to manufacture the Cyclone-4 rocket to launch satellites. However Ukraine's financial difficulties resulted in production delays. Russia proposed to Brazil that an alternative to Cyclone-4 be developed as its fuel is not environmentally friendly.<sup>29</sup>

In spring 2008, Russia and Brazil concluded an agreement to develop a series of launch vehicles as part of Brazil's Cruzeiro do Sul programme. Russia and Brazil will develop a rocket based on the Russian Angara vehicle. The first stage of the Brazilian Gamma, Delta and Epsilon launchers will be powered by a unit based on the RD-191 engine developed for the Angara rocket. Cooperation with Russia is likely to enable the Brazilian space programme to make significant progress.

When he visited Brazil in November 2008, Medvedev discussed the development of energy cooperation with Petrobras. Gazprom is to open a representative office in Brazil in 2009, and Medvedev expressed the hope that the trade turnover would be increased to \$10 billion by the end of 2008 (in September 2008 it stood at \$6 billion). Medvedev also urged that the structure of trade should change from the exchange of Brazilian raw materials for Russian mineral fertilizer to greater cooperation in high technology sectors. Medvedev spoke of developing a technological alliance with Brazil.<sup>30</sup> Lavrov and Amorim spoke in their *Rossiyskaya Gazeta* article of cooperation in the airplane construction and nano-technology sectors. The Russian leadership may feel that there is greater scope for technological cooperation with a BRIC partner such as Brazil than with major western powers, which Moscow may see as being more likely to try and use technological cooperation as a means of keeping Russia in a subordinate position.

In connection with this planned technological alliance, Prime Minister Vladimir Putin and Brazilian Vice-President Jose Alencar jointly head a high level

commission on cooperation between the two states. There is a joint Russo-Brazilian working group, which operates under the auspices of the Russian Federation Security Council and Brazilian Ministry of Strategic Affairs. This is the first such cooperation organ that Russia has with any Latin American state.<sup>31</sup>

Medvedev also put much emphasis on Russo-Brazilian cooperation within the framework of the BRIC grouping of states.<sup>32</sup> The Russian President also sees Brazil as a key partner of Russia in supporting Moscow's arguments for a restructuring of the international financial system. The Brazilian leadership, like its Russian counterpart, has been critical of the role played by the West in global financial management that led to the financial crisis of 2008.

### **Venezuela – the new strategic partner.**<sup>33</sup>

Moscow has placed considerable emphasis on developing ties with Venezuela under both Putin and Medvedev.<sup>34</sup> Venezuelan President Hugo Chavez visited Russia twice in 2008, making a total of eleven visits since he became president in 1999. Chavez sees Russian political, economic and military support (in the form of arms sales) as important in view of his strained relationship with the USA.

The relationship developed notably during Putin's second presidential term. In 2004 significant sales of Russian arms to Venezuela commenced, and the visit of President Hugo Chavez to Moscow in July 2006 marked a major step forward in the relationship.<sup>35</sup> During this visit Chavez had talks with Lukoil, Interros, and the Russian Pipeline Metallurgical Company. He also discussed the construction of a pipeline factory in Venezuela to build pipelines for an 8,000 kilometre gas pipeline to run from Venezuela to Rio de la Plata in Uruguay.<sup>36</sup>

Russia has now become an important source of weaponry for the Venezuelan armed forces. In 2005-2006, Venezuela bought over 50 combat helicopters, 24 Su-30MK2 fighters, 12 Tor-M1 air defence missile systems and 100,000 AK-103 (Kalashnikov) rifles from Russia. Current contracts are worth about \$4 billion.<sup>37</sup> Unconfirmed reports in the Russian press suggest that Chavez also has plans to buy Project 636 diesel submarines, Mi-28 combat helicopters and airplanes, and around 20 Tor-M1 air-defence systems.<sup>38</sup>

It has been speculated that Venezuela may spend \$5 billion in the next decade on Russian arms. Future deliveries may include Amur-class diesel submarines, Il-76MD military transport planes, Il-78 aerial tankers and air defence missile systems.

The USA has been concerned by the import of 100,000 Kalashnikov rifles and by Chavez's plans to build a Kalashnikov factory. Washington fears that Chavez may use these weapons to support the FARC guerrilla movement in neighbouring Colombia. The USA sees Colombia as a key ally in Latin America, as is seen in the Plan Colombia which commenced in 1999.<sup>39</sup> This is but one reason for US concern over both the Chavez regime and its links with Moscow.

In December 2008 the Russian navy took part in naval exercises with the Venezuelan navy, and in September 2008 two Tu-160 bombers of the Russian air force landed in Venezuela. This is an interesting contrast with the Soviet period, when the USSR avoided such forms of military contacts with Sandinista Nicaragua in order to avoid antagonising the USA. The USSR had an extensive military relationship with Cuba, but avoided having one with Nicaragua, as this state was on the Latin American mainland, whereas Cuba was an island. Obviously to have had two Latin American states as military allies during the Cold War would have been seen as extremely provocative by the USA, and Moscow was not willing to be that confrontational. The US-Russian relationship, although awkward during the second Putin and Bush administrations was not as confrontational as the Cold War relationship. Closer military ties with Venezuela are therefore not as provocative as they would have been during the Cold War period, although it is evidence of a degree of assertiveness in relation to the USA that would have been unlikely before 2006.

Chavez stated in July 2008 that he would welcome Russian military bases in Venezuela.<sup>40</sup> Chavez would see this as a form of protection against any possible military threat from the USA. Moscow is unlikely to be willing to undertake this form of commitment to Venezuelan security, but is content to supply arms and to develop a cooperative relationship with Caracas. However in March 2009 the chief of staff of long-range aviation Major-General Anatoly Zhikharev said that Venezuelan President Hugo Chavez has proposed that an aerodrome on the island of La Orchila be used by aircraft of the Russian Air Force's long-range aviation. Zhikharev stated that "if a corresponding political decision is taken, then the use of

La Orchila island by the Russian Air Force will be possible".<sup>41</sup> Although the current Russian leadership has stated that it has no interest in acquiring military bases in Latin America, the possibility of the establishment of Russian bases at some point in the future cannot entirely be ruled out. Such bases would at the very least be of nuisance value to Moscow vis-à-vis Washington and be an important symbol of the Russian Federation's desire to have a presence in this region. It would also add a new factor into US security planning.

In addition to military-technical cooperation, energy is the other key aspect of the Russo-Venezuelan relationship.<sup>42</sup> Gazprom and various Russian oil companies are developing Venezuela's oil and gas reserves. In September 2008 a memorandum on mutual understanding was signed by the Russian and Venezuelan energy ministries in Orenburg. It provided for the creation of a Russian-Venezuelan consortium which will include Venezuela's national oil company PDVSA and five major Russian companies - Gazprom, Rosneft, TNK-BP, Surgutneftegas and Lukoil. When Deputy Prime Minister Igor Sechin visited Venezuela in September 2008, it was announced that Gazprom would have a 15 per cent stake in the Delta Caribe Oriental Liquefied Natural Gas Project.<sup>43</sup>

In November 2008 PDVSA and Gazprom began the exploitation of gas reserves in the Gulf of Venezuela and the Falconian Coast within the framework of the Rafael Urdaneta Project.<sup>44</sup> In October 2007 TNK-BP signed an agreement on the exploration of the Venezuelan oilfield Ayacucho-2. Gazprom also said in October 2007 it was interested in the construction of a trans-American pipeline from Venezuela to Brazil.<sup>45</sup>

When Medvedev visited Venezuela in November 2008, agreements were also reached on nuclear energy cooperation.<sup>46</sup> A visa-free regime will be established, and a joint Russian-Venezuelan bank will be set up. Igor Sechin visited Venezuela in July 2009, and further cooperation seems likely.

Gazprom also signed a deal with Bolivian state oil company YPF to explore for gas in south-eastern Bolivia. YPF will have a 51 per cent share in the project and Gazprom and the French company Total will have 24.5 per cent each.<sup>47</sup>

Russian energy companies are thus gaining a presence in Latin America as a result of their investments in Venezuela. This presence is currently limited when

compared with the investments of western energy companies. Caracas has attempted to use its oil wealth to expand its influence in Latin America by backing leftist anti-American leaders in neighbouring countries.<sup>48</sup> This is a move which Moscow is likely to welcome. In addition, Venezuela accounts for about 11 per cent of US oil imports, so Russian investment in the Venezuelan energy sector may have a long-term strategic significance.<sup>49</sup> Alongside the activities of Russian energy companies, Rusal and the Venezuelan corporation Venezolana de Guayana intend to create a joint venture to build an integrated industrial complex to mine bauxite and produce alumina and aluminium.<sup>50</sup> Interestingly, the Russian leadership sees considerable potential for Russian business in Latin America. During Medvedev's visit, the chairman of the Foreign Affairs Committee of the Federation Council, Mikhail Margelov stated that "it is a good thing when official visits strengthen international positions of our state and private companies that we see turning into multinational corporations. The expansion of these corporations in Latin America will undoubtedly increase their foreign assets and sales."<sup>51</sup>

### **Argentina – partnership renewed.**

The USSR developed an extremely cooperative relationship with Argentina in the 1980s. This extended beyond Soviet purchases of Argentinian grain and included scientific and technological cooperation. The visit of Security Council secretary Nikolay Patrushev to Argentina in October 2008 showed Moscow's desire to develop military-technical cooperation with Buenos Aires. In early November, Argentine Defence Minister Hilda Garre met the Director of the Russian Federal Military-Technical Cooperation Service, Mikhail Dmitriyev, in Buenos Aires, and the Russo-Argentinian Joint Commission for Technical-Military Cooperation met there in mid-November.<sup>52</sup>

In December 2008 the President of Argentina Cristina Fernandez de Kirchner visited Moscow for talks with Dmitry Medvedev. Agreements to implement joint projects in the nuclear energy, gas and transport sectors, boost trade, step up cooperation in agriculture and the humanitarian area and introduce visa-free travel were signed. The two presidents also signed a declaration on strategic partnership. During her visit, Kirchner made clear her opposition to a unipolar international system, which she felt had damaged international security and caused economic difficulties.<sup>53</sup>

Medvedev said that there was an opportunity to develop cooperation in the gas sector, including the creation of a new gas pipeline to link Argentina and Bolivia.<sup>54</sup> Lukoil and Argentina's Energia Argentina and Pobater also signed a memorandum of understanding. Under this agreement Lukoil will supply petroleum products (fuel oil and diesel fuel) for Energia Argentina.<sup>55</sup>

During the 1970s and 1980s Soviet cooperation with Argentina was more substantial than cooperation with Brazil. This position is now reversed. However, the Russian Federation is likely to put considerable effort into developing her relationships with both the major South American powers.

By developing relations with these states, Moscow is demonstrating that it can be an influential player in a region which has traditionally been close to the USA. It gives substance to claims that Russia is capable of playing a significant role in all regions of the world.

#### **Cuba – the revival of an old alliance.**

Russia has also made a serious effort to develop its relationship with Cuba. The Soviet-Cuban relationship deteriorated towards the end of the Gorbachev period, and the Russo-Cuban relationship remained cool at the beginning of the Yeltsin period due to Moscow's desire at that time to pursue an Atlanticist foreign policy and shun allies from the Soviet era. The relationship did however begin to improve in the mid-1990s. This improvement was maintained under Vladimir Putin, who visited the island in December 2000. Although Moscow closed down its intelligence gathering facility in Lourdes in Cuba in 2002, the relationship remained good.

The Moscow-Havana relationship developed strongly during Putin's second presidential term. This has continued since the election of Dmitry Medvedev as president in March 2008. In July-August 2008 Igor Sechin visited Cuba with energy minister Sergey Shmatko for a session of the Intergovernmental Russo-Cuban Joint Commission for Trade, Economic, Scientific and Technological Cooperation. A few days later this was followed by a statement from Vladimir Putin that "We need to restore our positions in both Cuba and in other countries".<sup>56</sup> Moscow has consistently argued for the lifting of the US embargo against Cuba.

The Foreign Ministry denied claims made in *Izvestiya* in July 2008 that Russia was thinking of re-opening Russian military bases in Cuba, but in spite of this the relationship was moving to a higher level, as in September the head of Roskosmos, Anatoly Perminov, stated that a Russo-Cuban space centre might be set up in Cuba.<sup>57</sup> A centre to analyse earth remote sensing information may also be set up. The joint use of space telecommunication systems was also discussed. Furthermore, a Russian military delegation visited Cuba at the end of October 2008. This delegation was headed by the chief of staff of battlefield air defence of the armed forces, Lt-Gen Alexander Maslov.<sup>58</sup> This was the first visit of a Russian military delegation to Cuba since the closing of the Lourdes intelligence gathering facility. The Russian MOD stated that the visit was concerned purely with technical issues linked with the use of Igla, Osa-AK and Kvadrat surface to air missile complexes, plus mobile radars P-18, Terek and P-19. Moscow has denied that it intends to re-open Lourdes, or that it is interested in deploying missile defence systems in Cuba in response to the deployment of US missile defence systems in Central and Eastern Europe. Closer cooperation in the space sector and the possible development of closer military ties could however have security implications for the USA, as would the re-activation of the Lourdes facility should that ever occur in the future.

Russia also invited Cuba to participate in the GLONASS satellite navigation system, when Minister of Telecommunications and Mass Communications Igor Shchegolev visited Cuba in October. In November 2008 Russia and Cuba signed a number of agreements in oil production, transport and nickel mining as a result of the visit of Igor Sechin to Havana in August. Further agreements were signed during the visit of Medvedev at the end of November 2008.

In January 2009 on the occasion of the visit of Cuban leader Raul Castro to Moscow an agreement on a credit line of \$20 million was signed. During Castro's visit, he and Medvedev signed a memorandum on the principles of strategic partnership. An intergovernmental agreement on granting a state credit to Cuba for the purchase of agricultural and construction equipment, an agreement on food aid gratis was also signed.

In July 2009 Igor Sechin visited Cuba. He said Cuba and Russia have signed an agreement under which Russia is to grant Cuba a loan of \$150 million to purchase Russian construction and agricultural equipment. The two sides also initialled



documents about the activities of the Zarubezhneft in Cuba's exclusive economic zone in the Gulf of Mexico

Although Sechin said in January 2009 that Moscow intended to continue military-technical cooperation with Cuba, it is highly unlikely that Russia would seek to re-establish the military presence the USSR had in Cuba in the 1970s and early 1980s. However the potential for an expansion of military ties cannot be ruled out, especially if US-Russian ties were to deteriorate further. Putin's comments on restoring old positions can be seen as an indication that Moscow wishes to develop at least a quasi-alliance with Cuba. This is again linked to the desire to manifest a presence in Washington's "back yard" as a response to US policy in the Russian near abroad.

### **Nicaragua – the resumption of an old partnership.**

The relationship with Nicaragua has also improved since the return to power of the Sandinista leader Daniel Ortega following the presidential election of November 2006. Ortega visited Moscow in December 2008, where he signed several cooperation documents with Dmitry Medvedev. Igor Sechin visited Nicaragua in September 2008 and again in July 2009, when a memorandum of intentions of the Nicaraguan company Petronic and the Russian National Oil Consortium to cooperate in the oil sector were signed.

### **Conclusion.**

Medvedev's November 2008 visit demonstrates that Moscow intends to pay greater attention to Latin America, and wishes to expand its influence there. As Medvedev states, Russia sees the upgrading of its presence as long-term in nature. It also demonstrates publicly the common interests of Russia and Latin America in both politics and economics, primarily, of course, in the energy sphere. Medvedev also stated that "one should not fear competition", which would appear to indicate that Moscow is interested in competing with the USA for influence in Latin America.

It is indeed likely to be the case that Moscow is interested in expanding its presence largely as a response to US policy in the former Soviet Union, particularly in relation to US support for eventual NATO membership for Georgia and Ukraine. Moscow wishes to demonstrate that it can develop a presence in Washington's "near

abroad”, just as the USA can develop a presence in Moscow’s “near abroad”. Russia wishes to encourage cautiously anti-American tendencies in Latin America, and has thus concentrated on developing a cooperative relationship with Venezuela, which is keen to challenge the US presence in Latin America. Russian policy is likely to continue in this direction, but is unlikely to avoid undertaking any commitments in the region that could be deemed provocative by Washington. The naval exercises with Venezuela are of symbolic value. The Russian navy is currently in no position to pose a challenge to US security interests in the Caribbean.

It would also be rather self-limiting of Moscow to concentrate on developing relations with anti-American regimes such as Cuba and Nicaragua. The influence of these states in the region is limited. Venezuela is a different case, due to its importance as an energy producer. It is using energy diplomacy to challenge the US in the region, and for this reason Moscow will cultivate its strategic partnership with Caracas.

However it is also logical of Moscow to concentrate on developing relations with major regional powers such as Brazil and Argentina, and to seek to develop relationships with regional international organisations such as the OAS, UNASUR and MERCOSUR as a means of enhancing its influence in the region.<sup>59</sup> The Russian leadership clearly sees BRIC as a possible means of transforming the current international system, and therefore it will also seek to develop its relationship with Brazil. Nevertheless, Russian influence in Latin America is unlikely to ever be commensurate with US influence in former Soviet states such as the Baltic states, Georgia, or Azerbaijan.

**Endnotes**

<sup>1</sup> From Vesti TV, in Russian, 28 November 2008. From BBC Monitoring (BBCM).

<sup>2</sup> For information on UNASUR see <http://www.unasur.org> and <http://www.comunidadandina.org/ingles/sudamerican.htm>. The South American Defence Council held its first meeting in March 2009. It will be involved in the exchange of defence experiences, in carrying out joint military exercises, in reinforcing peacekeeping missions, and in strengthening the region's defence industry. Russia is also interested in participating as an observer in the Latin American Association of Training Centres for Peace Operations (Alcopaz).

<sup>3</sup> James Suggett, 'South American Nations Form Regional Defense Council', *Venezuela Analysis*, 12 March 2009 <http://www.venezuelanalysis.com/news/4290>

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<sup>5</sup> See Leon Goure and Morris Rothenberg, *Soviet Penetration of Latin America*, Miami, University of Miami Center for Advanced International Studies, 1975, pg.6.

<sup>6</sup> Anastasia Moloney, 'Concern Over Venezuela's Russian Arms Purchases Could Be Misplaced', *Venezuela Analysis*, 31 October 2008

<http://www.venezuelanalysis.com/analysis/3918>

<sup>7</sup> Vesti TV news channel, Moscow, in Russian 11 November 2008. From BBCM.

<sup>8</sup> Obviously the Czech Republic did not exist during the period of the Warsaw Pact, but Czechoslovakia was a member of this alliance. The Obama Administration is likely to take a more flexible line than the Bush Administration over the deployment of missile defence systems in Central Europe, but the issue is not resolved and is therefore still of concern to Moscow.

<sup>9</sup> See the discussion on the Russo-Brazilian bilateral relationship.

<sup>10</sup> Vladimir Putin's speech at the 43rd Munich Conference on Security Policy, 10 February 2007

[http://www.securityconference.de/konferenzen/rede.php?menu\\_2007=&menu\\_konferenzen=&sprache=en&id=179&](http://www.securityconference.de/konferenzen/rede.php?menu_2007=&menu_konferenzen=&sprache=en&id=179&)

<sup>11</sup> Vladimir Putin's speech at the XI St Petersburg International Economic Forum, 10 June 2007

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<sup>12</sup> *ibid.*

<sup>13</sup> Vesti TV news channel, Moscow, in Russian, 20 June 2008. From BBCM.

<sup>14</sup> Dmitry Medvedev, speech at World Policy Conference, Evian, France 8 October 2008

[http://www.kremlin.ru/eng/speeches/2008/10/08/2159\\_type82912type82914\\_207457.shtml](http://www.kremlin.ru/eng/speeches/2008/10/08/2159_type82912type82914_207457.shtml)

<sup>15</sup> Russian Proposals to the London Summit (April 2009), 16 March 2009

<http://www.kremlin.ru/eng/text/docs/2009/03/213995.shtml>

<sup>16</sup> Rossiya TV, Moscow, in Russian, 31 March 2009. From BBCM.

<sup>17</sup> Xinhua news agency, Beijing, 30 March 2009. From BBCM.

<sup>18</sup> Alexander Lukin, 'Russia to Reinforce the Asian Vector', *Russia in Global Affairs*, 2, April - June 2009, <http://eng.globalaffairs.ru/numbers/27/1280.html>. Lukin is the Director of the Center for East Asian and SCO Studies at the Moscow State Institute of International Relations (MGIMO).

<http://www.mgimo.ru/users/document1828.phtml>

<sup>19</sup> *Ibid.*

<sup>20</sup> <http://en.wikipedia.org/wiki/BRIC>. It should be noted however that some see Russia as the weakest BRIC member. See Julian Cooper 'Russia as a BRIC: Only a Dream?', European Research Working Paper Series Number 13, CREES, European Research Institute, Birmingham University, July 2006 [http://www.ceelbas.ac.uk/events/J.\\_Cooper\\_presentation.pdf](http://www.ceelbas.ac.uk/events/J._Cooper_presentation.pdf)

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