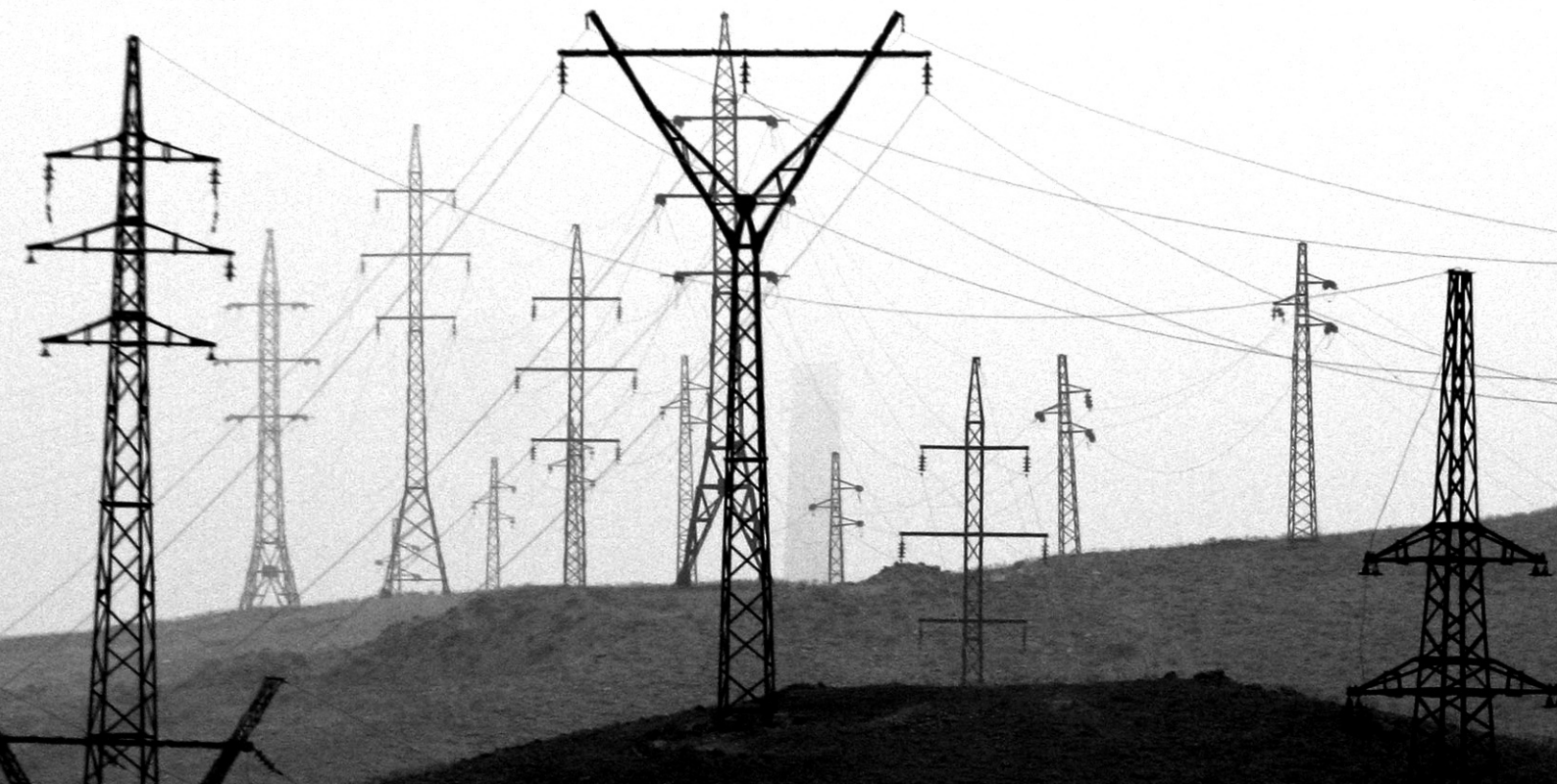


# FROM HEGEMONY 22 TO NEW GEOPOLITICAL COMPETITION:

ASSESSING RUSSIA'S STRATEGIC FOOTPRINT IN CENTRAL ASIA

Dr. Igor Torbakov

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ULKOPOLIITTINEN INSTITUUTTI  
UTRIKESPOLITISKA INSTITUTET  
THE FINNISH INSTITUTE OF INTERNATIONAL AFFAIRS

# FROM HEGEMONY TO NEW GEOPOLITICAL COMPETITION:

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Dr. Igor Torbakov  
Senior Researcher  
The Finnish Institute of International Affairs

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## Summary

- Russia's conduct in the post-Soviet space in general and its policies toward Central Asia in particular should be seen within the context of Russia's post-imperial readjustment. The notion of the sphere of "privileged interests" currently advanced by the Kremlin is a clear indication that Russia's search for a new modus operandi with its ex-Soviet neighbours is a painful and, essentially, an open-ended process.
- Moscow views Central Asia as an area of great strategic importance as it presents both considerable opportunities (due to the region's rich energy resources) and serious threats (stemming from the region's inherent instability and its proximity to volatile Afghanistan).
- Russia's key interests in Central Asia appear to be preservation of the region's stability, strengthening control over the region's energy resources, and balancing other major actors that are increasing their presence in the region – the United States and China.
- The effectiveness of the Kremlin's policies in Central Asia seems to be constrained by the nature of Russia's current socio-political system whose key features are authoritarianism and rent-seeking. The latter prompts Moscow to act as a conservative rather than reformist force in the region.
- Russia's goal of maintaining strategic pre-eminence in Central Asia underpinned by Moscow's significantly increased economic and political clout may ultimately not be realized. The odds are that, given the rise of China, Russia may prove to be a weaker competitor.
- The European Union's strategic interests increasingly compel the bloc to engage the Central Asian nations, particularly in the spheres of energy and security. Eventually, Russia's wariness of China's growing economic and political clout might prompt Moscow to seek deeper cooperation with Brussels in Central Asia.

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### **Pains of re-adjustment**

The fact that Russia was an empire for a major part of its history is something which cannot be emphasized enough. For a huge land-based empire, protecting its extremely long and often porous borders is a security issue of paramount importance. In fact, constantly expanding its outer periphery, absorbing new lands, and creating buffer zones is a set of policies which a land-based empire usually resorts to in order to make its vulnerable frontiers secure. This strategy was also a key factor behind the continental empires' territorial growth: the same pattern brought Russia into Central Asia in the middle of the 19th century and has kept it there ever since.

Although, unlike the Soviet Union, the present-day Russia is no longer an empire, and, as some Moscow analysts contend, "Russia's business is Russia itself" these days, the former continental empire finds it infinitely more difficult to disengage from its former colonies than maritime empires do. The interpenetration of the imperial metropole and colonial periphery is much more intimate and intensive in the first case. Even after the demise of the empire, territorial contiguity leads to a situation where many challenges presented by the former colonies should be seen and analyzed not only as phenomena exclusively pertaining to the sphere of foreign policy but as factors directly affecting the domestic situation in the former imperial centre. Despite the undeniable imperial nostalgia and the ongoing heated debate amongst the Russian pundits on whether the post-imperial Russia is able to reinvent itself as a "normal" nation-state, the bulk of the Kremlin policy elite are hardly pining for the re-establishment of the Eura-

sian empire. But while formally recognizing the independence of the ex-Soviet Central Asian republics, Moscow clearly continues to view the region as a zone of its vital security and economic interests.

### **Russia's interests**

The complex combination of challenges and opportunities that Russia faces in Central Asia is shaping Moscow's main strategic interests in the region. Russia's principal concern remains the preservation of the internal stability of the Central Asian nations. Any local turmoil that might potentially be caused by the botched succession crisis or the escalation of political confrontation, by the resurgent Islamists challenging the region's secular regimes, or by the inter-ethnic clashes is going to be viewed by Moscow as a direct threat to Russia's own stability and security.

Along with this intense interest in keeping Central Asia stable at all costs, Russia is keen to retain as much control as possible over the extraction, transit and access to the world markets of Central Asian oil and gas.

Moscow also appears determined to maintain its military presence in the region with the view of turning the Russian-dominated Collective Security Treaty Organization (CSTO) into the foundation of the regional system of security. The Russian strategists proceed from the assumption that no other great power but Russia is ready to take on the responsibility of providing security for Central Asian nations.

Regulating the massive influx of Central Asians coming

to Russia as guest workers, often illegally, seems to have become an increasingly growing concern for the Russian authorities.

Finally, it is Russia's key strategic interest to reach an accommodation in Central Asia with its two main geopolitical competitors in the region – the United States and China. Ostensibly, the majority of Russian experts readily admit that in a rapidly globalizing world the Kremlin's geopolitical monopoly in Central Asia is a completely unrealistic proposition. Russia, however, is likely to continue seeking ways to limit US influence in the region, while trying to keep China's Central Asian ambitions in check.

### **Moscow's policies**

Although the Russian political class appears to be aware of Moscow's core interests in Central Asia, the outcome of Russia's actual policies in the region is something of a mixed bag. Most Russian analysts agree that throughout the entire period following the disintegration of the Soviet Union, the Kremlin has failed to elaborate and pursue a coherent Central Asia policy.

Making stability their top priority, the Russian policy-makers are intent on keeping the local regimes afloat by trying to contain the advance of Islamic fundamentalism and prop up the region's secular authorities. But these two sets of policies appear to run at cross purposes as Moscow is going out of its way to support those regimes which are, in effect, secular dictatorships pure and simple: they are clannish, corrupt, repressive and utterly averse to any kind of democratic reform. With their political base remaining very narrow and claims to legitimacy rather flimsy, the Central Asian regimes are potentially very brittle – with the ever more alienated and impoverished populace (particularly in Uzbekistan and Tajikistan) becoming increasingly religious and radicalized. Analysts predict that at least several Central Asian countries may well become religious states before too long.

Yet Russia, being fixated, as it is, on the struggle against the “terrorists,” appears to be completely unprepared to deal with any kind of large-scale political turmoil caused by the growing Islamization of the region. Arguably, the Kremlin finds itself in a trap of its own making: for Russia, the only way to make the region truly stable is to be able to act as an agent of change, as a force for genuine modernization, nudg-

ing the local authoritarian regimes to transform, democratize and broaden their socio-political base. But the nature of Russia's own political regime effectively acts as a brake on this progressive kind of policy. As a result, Moscow is compelled to act rather as a conservative force which seeks, through various “counter-revolutionary” measures, to stem the tide of what came to be known as “colour revolutions” – the political upheavals in the post-Soviet lands that Russia perceives as Western-inspired revolts aimed at undermining the regimes that are geopolitically loyal to the Kremlin. If there is no change in Moscow's policy towards the region, Russia's appeal for the Central Asians will no doubt continue to diminish.

Likewise, in the crucial energy sphere, Moscow's Central Asia policy seems to be shaped – and constrained – by the specific characteristics of Russia's current political and economic system. Of all the resources that the Central Asian countries possess, Russia is most interested in gas, as this is key to Moscow's lucrative energy relationship with Europe. The scheme is very simple: taking advantage of its monopolistic control of the Central Asian gas market, Russia buys fuel on the cheap from the Central Asian producers; then it either uses it for subsidized domestic consumption or sells it at sky-rocketing world prices to the EU countries while enjoying a hefty price differential. The thing is, though, that Russia's monopoly is being eroded by China's growing appetite for Central Asian energy. Beijing is prepared to pay a better price than Russia (albeit still not a world price) for the region's gas.

The Russo-Chinese competition over the Central Asian resources is bound to intensify and already producing a three-fold result. First, the region's energy-rich nations like Turkmenistan and Kazakhstan are getting increasingly emboldened and ready to break Russia's stranglehold over their gas exports – with a little help from the Chinese. Second, the emergence of an alternative, non-Russian, export route encourages the local gas producers to band together to increase their collective leverage with Russia – and also with China – potentially leading to the formation of a more or less institutionalized regional consortium of energy producers. Finally, the regional countries' unified stance vis-à-vis Russia gives them more clout to renegotiate gas prices and make Moscow pay a “real” (that is, almost world-market) price for the region's fuel.

For Russia, there appears to be two ways to respond to this situation. The first is to modernize its gas-





View of Kazakhstan's capital Astana

OSCE/Mikhail Evstafiev

guzzling industries, drastically revamp the wasteful domestic consumption and dramatically increase investment in the exploration of the new gas fields in Eastern Siberia and the Arctic. Taken together, these measures are likely to reduce Russia's current overdependence on Central Asian energy. The second way is to continue struggling tooth and nail for the dominant position in the Central Asian gas market and to shift the burden of the price hike further afield – making the Eastern European countries such as Ukraine and the customers in the EU pay more for the Russian gas supplies. Remarkably, in today's Russia, the people who control the Kremlin also control Gazprom, the country's giant energy monopoly. As the tightly knit group of top guys personifying the opaque nexus of political power and the energy business in Russia seem more interested in rent-seeking than in long-term investment and reform, the Kremlin energy policy in Central Asia is likely to be more of the same. However, Russia's stubborn desire to retain control over the Central Asian hydrocarbon market is unlikely to be fulfilled, particularly in the long run – and due in the main to the steady rise of Chinese influence in Central Asia.

### **New competition**

This brings us to the third crucial element of Russia's Central Asia policy, namely Moscow's interaction in the region with other outside great powers. The relationship within the Russia-China-US triangle, as these three heavyweights pursue their interests in Central Asia, appears to be extremely complex and contradictory. This complexity stems from the fact that the agendas that Moscow, Beijing and Washington are pursuing in the region are different and not

necessarily always compatible.

Russia, the former imperial overlord in these lands for almost 200 years, is seeking to re-establish its regional leadership which was thrown into doubt by the country's almost decade-long strategic retreat immediately following the Soviet Union's unravelling. For its part, China, which has been largely absent from Central Asia for the last two centuries, is re-emerging to reclaim what historians argue has always been its traditionally exceptional place in the region. While Russia and China are Central Asia's immediate neighbours, America is geographically far removed from the region. The US economic interests there are relatively limited, being largely concentrated on developing and marketing the abundant energy resources in Kazakhstan's sector of the Caspian. It would appear that Washington's true stake in Central Asia is mainly geopolitical. Being the only true global power, the US is seeking to prevent the emergence of a peer competitor – the re-establishment of a "Eurasian empire" under either the Russian or the Chinese aegis.

Both Moscow and Beijing are wary of US military presence in the lands they used to regard as their geopolitical backyard. While all three outside great powers hold that the stability of Central Asia is of paramount importance, Russia and China oppose the specific American strategy aimed at securing regional stability (meaning the set of policies listed under the rubric of "democracy promotion"). By contrast, China and Russia strongly believe that the only way to keep Central Asia placated and stable is to support the local authoritarian regimes as any ham-fisted push for reform at this stage will lead not to democracy and greater stability but to chaos and warfare between various re-



OSCE/Kamran Bagirov

gional clans. The suspicions clearly harboured by both Russia and China with regard to American designs in the region may therefore serve to bring the two countries closer together in their mutual desire to balance the global hegemon. The Shanghai Cooperation Organization (SCO), a grouping of regional countries set up in 2001 and dominated by Beijing and Moscow, is one of the key instruments of this balancing. It would be too far-fetched, however, to conclude that what we are witnessing is the emergence of a kind of strategic Sino-Russian axis. Rather, we can talk about the Russo-Chinese “axis of convenience” – a relationship based on a set of certain selected common interests rather than shared values.<sup>1</sup> But interests, as everyone knows, can and do change – and, when this happens, the interest-based relationship might find itself under severe strain.

In fact, the Russia-China relationship is already being tested. For Moscow, one of the major irritants is China’s aggressive economic penetration of Central Asia – particularly in the spheres of energy and trade. Beijing appears to be extremely skilful in making good use of the SCO to advance its economic interests: under the cover of regionalism, the Chinese are making ever bolder inroads into what Moscow still regards as its turf, by and large. The Russians jealously eye China robustly building bilateral ties with its Central Asian partners, often surpassing Russia both in the volume and efficiency of its investments in the local economies. The policymakers in Moscow seem to have legitimate grounds for being apprehensive. The main

question that haunts them is this: for how long will China, given its phenomenal growth rate and the scale of its economy, be prepared to accommodate Russia’s interests within the framework of the SCO?

Russian experts have long been wary of the true goals of the Chinese game within the Shanghai grouping, with some pundits suggesting that the SCO actually stands for “China in Central Asia.” It would appear that for Russia, the need to keep China’s Central Asian ambitions in check may soon become a far more urgent concern than the worries about American penetration of the region.

### Implications for Europe

The European Union’s own strategic interests in the crucial spheres of energy and security increasingly compel the bloc to engage in complex interaction with the Central Asian nations as well as with the region’s other major outside powers.

Like Russia and China, the EU, too, is keen to preserve peace and stability in the volatile region. But Europe’s determined intent to diversify the sources of its energy supplies inadvertently turns the bloc into a competitor of Moscow and Beijing, as the three powers seek to secure the bulk of the Central Asian hydrocarbon reserves to meet their growing demands for fuel. Ultimately, the EU’s strategic prospects in Central Asia will depend on how the two sets of relations – between Moscow and Brussels and between Beijing and Moscow – will evolve.

In the short run, the current status quo will likely persist, with Russia, China and the EU manoeuvring,

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<sup>1</sup> Bobo Lo, *Axis of Convenience: Moscow, Beijing and the New Geopolitics*. Chatham House/Brookings, 2008.

competing and pursuing their individual (and not necessarily compatible) strategic agendas in the region.

In the long term, however, Russia's wariness of China's growing might (including the rise of Beijing's influence in Central Asia) may well bring Moscow and Brussels closer together. Then, the coordination of EU and Russian policies towards the Central Asian nations will probably be in order. As a number of European and Russian analysts contend, such coordination may become one of the key elements binding Russia and Europe together. In the final analysis, Russia's strategic concerns about the "rise of China," so the argument goes, can only be alleviated through comprehensive structural cooperation with the European Union.

### Conclusion

As the geopolitical competition in Central Asia intensifies, Russia appears intent on asserting its influence in the region in a more robust way. Following the recent Russian-Georgian war, the Kremlin leadership openly proclaimed the existence of Russia's strategic sphere of influence, which encompasses all the former Soviet lands.

Russia's increasingly muscular policies in its immediate neighbourhood as well as its continuing stand-off with the West, particularly with the US, have the potential to unsettle the Central Asian region as the local leaders will be compelled to make stark strategic choices. Three main concerns make the Central Asians wary of Russia's growing assertiveness.

First, the de-facto revision of Georgia's post-Soviet borders resurrects the spectre of border disputes in Central Asia. After all, all borders within the former Soviet Union were drawn in a very arbitrary manner. Second, Russia's pledge to protect its citizens "wherever they are" and "with all means possible" might be perceived in the region as a veiled threat given the fact that several Central Asian states have sizable Russian communities. Finally, as the confrontation between Russia and the West intensifies, the Central Asian states' room for manoeuvre is likely to diminish as the regional countries will increasingly find themselves torn between the major outside powers. This is precisely the situation that they are keen to avoid. As one local commentator put it, "our region does not want to decide which side to take. We just want to have what we have today."<sup>2</sup>

Indeed, the perpetuation of the geopolitical competition creates ample opportunities for the Central Asian rulers to successfully play the great powers off against one another. Remarkably, the great power rivalry also helps sustain the local authoritarian regimes as the latter proved rather skilful in leveraging resources (such as hefty energy rents) resulting from the geopolitical competition and using them to prop up the region's seemingly dysfunctional system of governance. If, however, the great power competition evolves into an all-out confrontation, the Central Asian nations' strategic options are likely to become significantly curtailed.

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2 "An Old Sweet Song," *Economist*, August 30, 2008, p. 54.

Dr. Igor Torbakov  
Senior Researcher  
The Finnish Institute of International Affairs

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