NATO's Eastern Agenda in a New Strategic Era

F. Stephen Larrabee

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Press Point between President Vaclav Havel (right) and NATO Secretary General Lord Robertson (left) at the Prague Castle.

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PREFACE

As NATO expands to the East, it faces an evolving security environment and potential security dilemmas. This study focuses on four critical areas: Central and Eastern Europe, the Baltic region, Ukraine, and Russia. Taken together, these regions represent the core of NATO's "Eastern agenda." The security dilemmas and challenges are examined within the context of the changing environment since September 11, 2001, and NATO's broader transformation.

The study is part of a larger project on the changing strategic environment in and around Europe and its implications for the United States and NATO. The project, sponsored by the Commander, U.S. Air Forces in Europe, and by the Deputy Chief of Staff for Operations, Headquarters, United States Air Force, was conducted in the Strategy and Doctrine Program of RAND's Project AIR FORCE. This report should be of interest to policymakers and specialists concerned with NATO policy and European security.

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SUMMARY

Since the end of the Cold War, NATO has undergone a major process of adaptation and change. One of the key elements of this transformation has been the development of a new "Eastern agenda." The centerpiece of this new agenda has been NATO's eastward enlargement.

The Prague summit in November 2002 opened a new stage in NATO's approach to the East. At the summit, the NATO Heads of State and Governments agreed to extend membership invitations to seven countries—Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia, and Slovenia. In inviting these new countries to join the Alliance, the NATO Heads of State and Government took a major step toward overcoming the division of Europe and creating a "Europe whole and free." However, NATO's Eastern agenda is by no means finished. It has simply been transformed. In the wake of the Prague summit, NATO still faces a number of critical challenges in the East.

CONSOLIDATING THE DEMOCRATIC TRANSITIONS IN CENTRAL AND EASTERN EUROPE

The first challenge in the post-Prague period is to ensure that the consolidation process in Central and Eastern Europe continues and that there is no backsliding. This is important because the process of democratic consolidation remains fragile in some of the newly invited states.

At the same time, NATO needs to ensure that the first three Central European allies, as well as those invited to join at Prague, continue to modernize their military forces and make them interoperable with those of NATO. This is particularly relevant in the case of those candidates invited to join at Prague. While many of them have made substantial progress toward modernizing their militaries in the last few years, their forces remain well below NATO standards.

This does not mean, however, that the new members should invest in high-tech weaponry or try to duplicate the force structure of the more advanced members of the Alliance. This would not be a wise use of their limited resources—and, in any event, it would be beyond their means. Rather, the new invitees should be encouraged to develop niche capabilities and specialized units that can help plug gaps where specific capabilities are lacking or needed.

In the coming decade, the United States is likely to restructure its force posture in Europe, moving toward lighter, more flexible and agile units. As part of a restructuring of its force posture in Europe, the United States should consider using training facilities in Eastern Europe and perhaps redeploying some of its forces in Western Europe to Central and Eastern Europe. Repositioning some U.S. forces to Eastern Europe and/or heavier reliance on East European bases or facilities for training purposes would enable the United States to move some of its forces closer to the new centers of potential conflict such as the Caucasus or Middle East. It would also allow the United States to avoid many of the environmental restrictions on exercises that its troops currently face, especially in Germany. Finally, it would be a strong political signal of U.S. commitment to the security of these countries and could help to promote greater political stability and regional security over the long run.

Any restructuring of the U.S. force posture, however, should be undertaken only after careful study of the broader political, economic, and military costs of such a move and only after close consultation with our European allies in NATO. While there is a strong strategic case for some restructuring of the U.S. force posture in Europe in light of the changed security environment since the end of the Cold War, the strategic rationale has to be carefully explained to our European NATO allies *before* undertaking any redeployment.

Otherwise, the move could be perceived as an effort to "punish" certain allies (especially Germany) or as an indication of a declining U.S. interest in Europe.

Finally, NATO will need to remain engaged in the Balkans. Despite recent progress, the situation in the Balkans remains unstable. As a result, some Western military presence is likely to be needed there for some time. However, the military requirements are not everywhere the same. NATO can afford to gradually reduce its presence in Bosnia. Many of the functions that NATO troops have performed there can be better carried out by paramilitary police forces. Kosovo, however, is a different matter. There the potential for instability and renewed violence still remains high. Some NATO presence, therefore, is likely to be necessary for quite a while.

Increasingly, however, the Balkans are likely to become an EU responsibility. The main problems in the region are social and economic. The EU is better equipped to manage those problems than is NATO. Thus, over time the institutional balance in the region is likely to increasingly shift toward the EU. However, the EU needs to develop a coherent, long-term strategy for the Balkans. While the Greek presidency pushed for a more active and comprehensive approach to the region, many EU members still consider membership for the countries of the region premature.

ENSURING THE SECURITY OF THE BALTIC STATES

The second challenge in the post-Prague period is to ensure the security of the Baltic states. However, the Baltic agenda is changing. For a decade after the end of the Cold War, the key challenge was to integrate the Baltic states into Euro-Atlantic institutions, especially NATO. With the invitations at Prague and Copenhagen, this goal has largely been achieved. At the same time, those invitations raise a number of new challenges.

The first is to maintain American engagement in the Baltic region. The United States has been one of the strongest supporters of Baltic membership in Euro-Atlantic institutions, especially NATO. However, with the entry of the Baltic states into NATO, there is a danger that the United States will essentially regard the Baltic problem as "fixed" and lose interest in the region. Thus, the Baltic states will

need to find a new way—a new strategic agenda—to keep the United States engaged at a time when U.S. attention and resources are increasingly focused on issues outside of Europe.

This agenda should include four key elements: (1) enhancing cooperation with Russia, (2) stabilizing Kaliningrad, (3) promoting the democratization of Belarus, and (4) supporting Ukraine's integration into Euro-Atlantic structures. At the same time, some of the mechanisms for bilateral cooperation such as the Baltic Partnership Commission may need to be revamped to give a larger role to nongovernmental organizations (NGOs) and the private sector.

Second, the United States and its European allies need to ensure that the Article 5 commitment is not a hollow "paper commitment." Although enlargement is mainly being carried out for political reasons, the military dimensions remain important. The United States and its NATO allies need to determine the military requirements to carry out a credible Article 5 commitment and ensure that they have the means to implement it.

However, it is by no means clear that the model for defending Central Europe is suitable for the Baltic region. Changes in war-fighting and technology—above all the use of precision-guided weapons and network-centric warfare—may give NATO new options for defending the Baltic states. They may also reduce the relevance of the Conventional Forces in Europe (CFE) treaty, since these options would not require large amounts of Treaty-Limited Equipment (TLE) stationed on Baltic soil. Thus, NATO needs to look with a fresh eye at the implementation of a defense commitment to the Baltic states.

Third, U.S. policymakers need to ensure that there is no backsliding from democratic reform and social tolerance in the Baltic states. All three Baltic states need to make an honest reckoning with the past, including the Holocaust. In addition, they need to do more to root out corruption. This is particularly true in the case of Latvia, whose record is the weakest in this regard.

Finally, the problem of Kaliningrad is likely to become more significant in the post-Prague period. If the economic gap between Kaliningrad and its neighbors continues to increase, it could lead to

the growth of separatist pressures in Kaliningrad. However, as the recent tensions with the EU over the transit issue illustrate, Kaliningrad is a sensitive issue for Moscow. Thus, it may be better for the United States to maintain a low profile and encourage others, especially the EU and Nordic states, to take the lead in dealing with Kaliningrad. Such an approach is likely to be more successful—and less threatening to Moscow—than if the United States attempts to play a highly visible role in addressing the Kaliningrad issue.

DEVELOPING A POST-ENLARGEMENT STRATEGY FOR UKRAINE

The third challenge is to develop a post-enlargement strategy for Ukraine designed to support Ukraine's continued democratic evolution and integration into Euro-Atlantic structures. Ukraine's image has been tarnished recently by some of its recent policies, particularly President Leonid Kuchma's crackdown on the media and the alleged sale of radars to Iraq. But while pressing Kuchma to carry out a broad program of economic and political reform, U.S. and European policymakers should not lose sight of the West's broader, long-term strategic objectives regarding Ukraine.

Kuchma's term will run out in early 2004 and under the Ukrainian constitution he cannot run again. Former prime minister Viktor Yushchenko, a pro-Western reformer, is likely to be a strong contender in the 2004 presidential elections if he can keep the reform coalition together. His election could give a new impetus to reform in Ukraine and open new opportunities to integrate Ukraine more closely into Euro-Atlantic structures. Thus Western policymakers need to look beyond the Kuchma era and develop a coherent, long-term strategy toward Ukraine.

Ukraine's decision to apply for NATO membership gives the development of a post-enlargement strategy for Ukraine greater urgency. However, Ukraine has a long way to go before it qualifies for membership. Civilian control of the military is weak. Ukraine also needs to do much more to develop a viable market economy and stable democracy. Thus, NATO needs to work with Ukraine to help it improve its qualifications for membership.

Partnership for Peace (PfP) can play an important role in this regard and can help Ukrainian forces to work more efficiently with NATO forces. PfP exercises give Ukrainian officers and staff experience in working with NATO on a day-to-day basis. NATO should also assist Ukraine in carrying out a comprehensive program of military reform.

At the same time, the United States and its European allies should continue to encourage the Ukrainian leadership to implement economic and political reform. While significant steps were taken in this regard under Yushchenko, there has been little progress since his resignation in April 2001. The Ukrainian leadership needs to understand that without the implementation of a coherent reform program, Ukraine's "European Choice" will remain a mirage.

DEEPENING THE RUSSIA-NATO PARTNERSHIP

The fourth challenge in the post-Prague period is to incorporate Russia into a broader European and Euro-Atlantic security framework. An attempt was made to do this in the mid-1990s, but that effort was hindered by a number of factors, particularly differences over NATO's air campaign against Serbia. However, President Putin's decision to openly support the United States in the war on terrorism opens up new prospects for developing a more cooperative partnership between Russia and NATO.

A lot will depend on how well the newly established NATO-Russia Council (NRC)—which supersedes the old Permanent Joint Council (PJC)—will function. The success of the new council will depend to a large extent on its ability to promote *practical cooperation* in areas of common interest. Rather than getting hung up on procedural issues, NATO and Russia need to identify a few specific areas of cooperation where they can show concrete, tangible results quickly. This will demonstrate to skeptical publics, Russian and Western alike, that cooperation is feasible and give momentum to further collaboration.

NATO also needs to begin to think about its longer-term goals vis-à-vis Russia. Defining the endgame at this point, however, may be premature. Russia has not expressed an interest in membership. Moreover, its transition is far from complete—and may not be for quite a while. Thus, it may be better to leave aside the issue of the

endgame for the moment and let interests develop organically. If collaboration gradually deepens and expands, it could lay the groundwork for a different type of relationship over time.

ENGAGEMENT IN THE CAUCASUS AND CENTRAL ASIA

Finally, in the post-Prague period U.S. policymakers need to give more thought to NATO's future role in the Caucasus and Central Asia. A few years ago, NATO's involvement in these regions would not have been high on the priority list of most Western policymakers. However, the events of September 11 and the war on terrorism have increased the strategic importance of both regions. Moreover, Georgia's decision to apply for membership, announced at the Prague summit, gives this issue new urgency.

For the foreseeable future cooperation within PfP will provide the basic framework for developing relations with these countries. The main focus should be on activities such as search and rescue, disaster relief, and peace support operations. Cooperation in these areas can not only help strengthen ties to NATO but also lay the foundation for broader regional cooperation. At the same time, Western policymakers need to continue to nudge the rulers in the Caucasus and Central Asia toward greater openness and reform. Political change, especially in Central Asia, will not come quickly. But NATO-sponsored activities designed to encourage greater democratic practices, responsible budgeting, and civilian control of the military can help to foster political change over the long run.

NATO'S BROADER TRANSFORMATION

Promoting stability in the East, however, is not an end in itself. It was always regarded as part of a broader agenda designed to unify Europe and reshape the Alliance to deal with new threats—most of which come from beyond Europe's shores. This broader agenda has taken on greater urgency and importance since September 11. The key question in the post-Prague period concerns NATO's broader transformation and strategic purpose—that is, "What is NATO for?" What should be its main missions and strategic rationale in the future?

The Alliance currently stands at a watershed, one as important, if not more important, than the one it faced at the time of the collapse of the Soviet Union. Today NATO's strategic agenda—German unification, the integration of Central and Eastern Europe, partnership with Russia, and stabilization of the Balkans—is largely complete or nearly complete. As a result, Europe is increasingly stable and secure.

At the same time, NATO faces a series of new threats such as terrorism and the proliferation of weapons of mass destruction. Most of these threats come from beyond Europe's borders. Moreover, they are often posed by nonstate rather than state actors. In the future, these are likely to pose the most serious threats to Alliance security. Thus, the United States and its European allies must have the capacity to deal with them.

Managing these new challenges—both in the East and beyond Europe's borders—will require enlightened and sustained U.S. leadership. The United States, however, has sent mixed signals regarding NATO lately. While official U.S. statements continue to stress the continued importance of NATO, some U.S. policymakers seem to fear that operating jointly with America's NATO allies will restrict America's freedom of action.

Such a view, however, is shortsighted. While the United States is the world's sole remaining superpower, it cannot solve all problems on its own. Moreover, many of the challenges the United States faces—especially the war on terrorism—require cooperation with America's European allies and other partners on a broad range of issues that extend beyond the military realm. Hence, NATO will remain an essential forum for coordinating Euro-Atlantic strategic cooperation as well as a vehicle for developing the military capabilities to deal with both old and new challenges.

In many instances, NATO as an organization is unlikely to act collectively outside of Europe. Most non-European operations will be conducted by "coalitions of the willing." However, U.S. and European forces will be better able to operate together in such instances if they have trained together and have similar operational doctrines and procedures. NATO's patterns of multilateral training and joint command structures provide a firmer basis for shared

military actions beyond Europe than any other framework available to the United States and its allies. Thus, NATO will remain a critical vehicle for ensuring interoperability between U.S. and European forces. Indeed, this may prove to be its most important military function.

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NATO's Eastern Enlargement

Chapter One

NATO'S EASTERN AGENDA IN A NEW STRATEGIC ERA

Since the end of the Cold War, NATO has undergone a major process of adaptation and change.[1] One of the key elements of this transformation has been the development of a new "Eastern agenda." The centerpiece of this new agenda has been NATO's eastward enlargement. Enlargement was not undertaken in response to any new military threat, but rather was designed to help export stability eastward and to prevent the emergence of a security vacuum in Central and Eastern Europe.

The enlargement of NATO, as Ronald Asmus has argued, was not preordained or inevitable. It occurred because the United States, as the lead ally in the Alliance, made it a top strategic priority.[2] It flowed from an American vision of a Europe whole and free in permanent alliance with the United States and a conviction that Europe could not be restricted simply to Western Europe: it had to include the newly independent states of Central and Eastern Europe which had recently emerged from nearly a half century of communist rule. Indeed, without American leadership, NATO enlargement to Hungary, Poland, and the Czech Republic would probably not have happened.

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[1]On NATO's overall transformation since the end of the Cold War, see David Yost, *NATO Transformed: The Alliance's New Roles in International Security*, Washington, D.C.: United States Institute of Peace Press, 1998.

[2]See Ronald D. Asmus, *Opening NATO's Door, How the Alliance Remade Itself for a New Era*, New York: Columbia University Press, 2002.

NATO enlargement, however, was never regarded as an end in itself. Rather, it was part of a larger process designed to "build a new NATO," which included a number of other steps: the development of partnerships with Russia and Ukraine, closer military cooperation with France, broadening Germany's security horizons, and the development of new military capabilities to deal with threats beyond NATO territory.[3]

As it reached out to Central Europe, the Clinton administration consciously sought to reshape the Alliance to address new threats from beyond Europe. These steps were regarded as complementary and mutually reinforcing. Achieving a Europe whole and free was seen as making it more likely that America's European allies would assist the United States in addressing new challenges beyond Europe.

THE ROAD TO PRAGUE

NATO's Eastern policy can essentially be divided into three distinct phases.

The first stage began in the early 1990s and culminated with the Madrid summit in July 1997. This was the "breakthrough" stage. During this period, the fundamental decisions were taken that were to lay the groundwork for NATO's new approach to the East. The North Atlantic Cooperation Council (NACC) and Partnership for Peace (PfP) program were established: invitations to three new members from Central Europe—Hungary, Poland, and the Czech Republic—were issued; the Permanent Joint Council (PJC) with Russia was set up; Ukraine was offered a Distinctive Partnership; the Bosnia conflict was ended; and the door to further enlargement was opened.

This period was dominated above all by the debate over NATO enlargement and the "Russian question." In effect, the Alliance adopted a dual strategy—enlargement to Central Europe and partnership with Russia. Russia's strident opposition to enlargement, however, posed a major stumbling block to the enlargement process

[3]See Ronald D. Asmus, Richard L. Kugler, and F. Stephen Larrabee, "Building a New NATO," *Foreign Affairs*, Vol. 72, No. 4, September 1993, pp. 28–40.

that was only overcome in the spring of 1997 with President Yeltsin's grudging acceptance of the NATO-Russia Founding Act. This opened the way for the invitations to Hungary, Poland, and the Czech Republic to join the Alliance at the Madrid summit.

The second stage began after Madrid and ended with the Washington summit in April 1999. This period was dominated by the crisis in Kosovo, the debate over NATO's new Strategic Concept, and the effort to harmonize European Union (EU) and NATO approaches to crisis management. On the Eastern front, this was a period of consolidation rather than of major innovation. The main emphasis was on ensuring the ratification of the first round of enlargement and preparing the groundwork for a second round. At the Washington summit, no new invitations for membership were issued. However, the door to further enlargement was kept open and prospective candidates were offered a Membership Action Plan (MAP) designed to help them enhance their qualifications for membership.

The Prague summit in November 2002 opened a third stage in NATO's evolution and approach to the East. At the summit, the NATO Heads of State and Government agreed to extend membership invitations to seven countries—Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia, and Slovenia. In addition, the summit took a number of steps designed to enable the Alliance to address new threats, including the establishment of a NATO Response Force (NRF) capable of deploying to crisis areas *anywhere* on short notice.

NATO'S POST-PRAGUE AGENDA IN THE EAST

In inviting seven new countries to join the Alliance at Prague, the NATO Heads of State and Government took a major step toward overcoming the division of Europe and transforming the Alliance to meet the new threats of the 21st century. However, NATO's Eastern agenda is by no means complete. In the wake of the Prague summit, NATO still faces a number of important challenges in the East.

Central and Eastern Europe. The enlargement of NATO has helped to stabilize Central Europe and reduced the prospects that it will again become a major threat to European security. The second round of enlargement is expected to do the same for those countries that received invitations at Prague. However, NATO needs to ensure

that the democratic transitions in the three Central European members invited in the first round of enlargement are consolidated and that there is no backsliding.

At the same time, Western policymakers need to ensure that the first new members live up to the commitments made when they entered the Alliance. The record so far has been mixed. Some new members, especially Hungary, have failed to deliver on their promises. They need to improve their performance. Otherwise, the credibility of the enlargement process could be endangered and NATO's military effectiveness jeopardized.

In addition, NATO will need to integrate the new members invited at Prague. Adding seven new members will complicate NATO decisionmaking. How will NATO prevent an erosion of its political cohesion and maintain its ability to make decisions in a decisive and timely manner? What is more, the military forces of these new members need significant modernization to bring them up to NATO standards. Thus, as it enlarges again, NATO will need to ensure that further enlargement does not weaken its military effectiveness and political cohesion.

Moreover, the seven new members are entering a very different Alliance than the one that existed when they first applied for membership. In the future, NATO will increasingly be focused on threats outside Europe. Will the populations in these countries be willing to support—and contribute military forces to—operations against threats far from their homelands?

The Baltic states. At Prague, all three Baltic states received invitations to join the Alliance. This is a remarkable achievement. A few years ago, few would have predicted that this would be possible. Indeed, many would have scoffed at the idea. However, the invitations are only the beginning. In the aftermath of Prague, NATO needs to ensure that the process of democratic consolidation in the Baltic states remains on track and that there is no backsliding between Prague and final ratification.

At the same time, NATO needs to ensure that the Balts receive a credible Article 5 commitment. How will the Balts be defended in a crisis? Are the previous defense models designed for Central Europe really applicable to the Baltic case? To date, little thought has been

given to how NATO would actually carry out its Article 5 commitment. But after Prague this issue takes on added importance. Thus, NATO policymakers will need to focus more heavily on the military dimensions of enlargement to the Baltic states.

In addition, the entry of the Baltic states into NATO raises important questions about the future security orientation of Finland and Sweden. Will they be the next new candidates? How will their security be assured? So far, the governments of both countries have continued to profess that there is no need to change their policy of military nonalignment. But will this continue to be the case now that their Baltic neighbors are entering the Alliance? What impact will Baltic entry into NATO have on their security orientation?

The security of the Baltic states is also complicated by the problem of Kaliningrad, the former German city of Königsberg, which was annexed by the Soviet Union after World War II and today is an enclave separated from the Russian mainland. In recent years, Kaliningrad has become a major center for crime, arms smuggling, drug trafficking, and disease. These problems threaten to create new security dilemmas in the Baltic region.

Moreover, with the enlargement of the EU and NATO to the Baltic states, Kaliningrad will become a NATO and EU enclave. As a result, Kaliningrad residents will need visas to visit Poland and Lithuania as well as the Russian mainland. While the transit issue is essentially a problem between the EU and Russia, how the issue is managed will have broader implications for security in the Baltic region and Russia's relations with Europe.

Ukraine. Ukraine's emergence as an independent state radically transforms the security equation in Europe. Strategically, an independent Ukraine acts as an important buffer between Russia and Central Europe and makes it more difficult for Russia to reemerge as an imperial power. Thus, it is strongly in the West's interest to support and encourage Ukraine's closer association with and eventual integration into Euro-Atlantic institutions.

However, the slowdown in reform in Ukraine in the last several years has raised questions about Kyiv's ability to achieve its "European Choice." At the same time, Ukraine's decision in May 2002 to formally apply for NATO membership has given the issue of Ukrainian

membership in NATO new actuality. How ready is Ukraine for NATO membership? What would be the strategic implications of Ukraine's membership in NATO, especially NATO's relations with Russia? If Ukraine eventually is invited to join the Alliance, can Russia be excluded? What should NATO's priorities be?

Russia. The Kosovo conflict resulted in a sharp deterioration of NATO's relations with Russia. However, the September 11, 2001, terrorist attacks on the United States and President Putin's decision to align Russia with the United States in the war on terrorism have opened up a new opportunity to put NATO-Russian relations on a firmer footing. The newly created NATO-Russia Council, established in May 2002, provides a vehicle for doing this. But many questions remain. What should be the council's priorities? How can the problems that plagued the PJC be avoided?

Beyond this, there is the larger question of possible Russian membership in NATO. At the moment, this is not a burning issue, since Russia has not applied for membership. However, at some point Moscow may decide to apply. Russian membership would significantly change the nature of the Alliance. But if Russia continues to democratize, can it be excluded? What should be the eventual "endgame" of the Russia-NATO relationship?

The Balkans and the Caucasus. In the coming decade, NATO will need to develop a coherent strategy toward two other regions on its periphery: the Balkans and the Caucasus. While the Balkans are today more stable than in the mid-1990s, the area remains highly volatile. What role can and should NATO play in enhancing stability in the area? Addressing this question is all the more important because in the wake of September 11, there is growing pressure for the United States to reduce its troop commitment in the region in order to focus on other areas. At the same time, several states in the region—Albania, Croatia, and Macedonia—are candidates for NATO membership. Serbia could apply in the foreseeable future.

NATO also needs to develop a strategy toward the Caucasus and Central Asia. Prior to the September 11 terrorist attacks on the United States, few observers would have seen the promotion of stability and security in Central Asia and the Caucasus as part of NATO's

Eastern agenda. To many, this seemed "a mission too far."[4] However, the September 11 attacks have significantly changed the security equation in Eurasia and the level of Western involvement there. In the wake of the Afghanistan conflict, the Caucasus and Central Asia are likely to take on growing importance in Western—and especially U.S.—strategy. Thus, NATO will need to develop a more coherent strategy toward the region.

THE CHANGING STRATEGIC CONTEXT

In short, NATO still faces an important agenda in the East. NATO's new Eastern agenda, however, will have to be pursued in a very different strategic context. NATO's old strategic agenda—German unification, the integration of Central and Eastern Europe, partnership with Russia, and stabilization of the Balkans—is essentially complete or in the process of completion. It can no longer serve as the prime rationale for NATO's strategic purpose.

At the same time, the United States and its European allies face a new set of challenges from weapons of mass destruction, terrorism, and rogue regimes. Most of these challenges come from beyond Europe's shores, which has led to a new debate about NATO's strategic purpose. The question likely to occupy Western leaders in the post-Prague period is, "What is NATO for?" What is its strategic rationale?

This question has been given greater impetus by several other developments. First, NATO's relations with Russia are in flux. President Putin's decision to support the U.S.-led war in Eurasia has changed the nature of NATO's relations with Russia. Russia is no longer an adversary and is emerging as a potential strategic partner. Yet this new relationship is by no means irreversible. How durable it will be will depend to a large extent on the success of the newly established NATO-Russia Council as well as Russia's long-term political evolution, which at this point still remains uncertain.

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[4]See Richard Sokolsky and Tanya Charlick-Paley, *NATO and Caspian Security: A Mission Too Far?* Santa Monica, CA: RAND, MR-1074-AF, 1999.

Second, the EU is attempting to build a new European Security and Defense Policy (ESDP). At present, this effort is only in its infancy, but it is likely to gain strength as the EU develops and consolidates. The key question is whether the EU will be a partner—or a competitor.[5] To date, the first trend has predominated. But some EU members, especially France, appear to see the EU as a potential "counterweight" to the United States. If this trend gains strength, it could significantly weaken NATO and exacerbate tensions with the United States.

Third, there is a lack of consensus about NATO's purpose and missions. At Prague, the NATO Heads of State and Government agreed that NATO needed to have the capability to address threats *anywhere*. To give this commitment substance, they agreed to create the NATO Response Force, capable of being deployed anywhere in 7–30 days and able to sustain itself in the field up to a month. This action essentially ended the "out of area" debate that had raged within NATO since the early 1990s. However, some NATO members have reservations about NATO's involvement in areas outside of Europe without a UN mandate. Thus, it may prove difficult to use the NRF even if the capabilities are built.

Fourth, there is uncertainty about the U.S. role and commitment to NATO. This uncertainty has been reinforced by the U.S. handling of the Afghanistan crisis. In the Afghanistan campaign, the United States essentially side-stepped NATO, preferring to deal with key allies bilaterally. Many Europeans have seen this as evidence of a growing trend toward unilateralism in U.S. policy. If this trend intensifies, it could signal a sharp reduction of the U.S. commitment to NATO and lead to a weakening of the Alliance.

Finally, the Iraq crisis has revealed new fissures within the Alliance. In the debate on Iraq, France and Germany openly opposed the U.S.-led invasion, whereas the new members from Central and Eastern Europe generally sided with the United States and Britain. Thus, new fault lines may be emerging that could have a profound impact on NATO's future.

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[5]See Robert E. Hunter, *The European Security and Defense Policy: NATO's Companion—or Competitor?* Santa Monica, CA: RAND, MR-1463-NDRI/RE, 2002.

These developments highlight that NATO's Eastern agenda cannot be viewed in isolation. It must be seen in the context of the larger debate about NATO's strategic rationale and transformation. How this debate evolves will have a profound impact not only on NATO's policy toward the East but also on whether NATO remains the prime vehicle for managing U.S. and European security interests in the future.

FOCUS OF THIS STUDY

This study examines NATO's evolving Eastern agenda and broader transformation after September 11 against the background of critical strategic changes. It focuses in particular on the challenges NATO may face in the East in the wake of the Prague summit. Chapter Two analyzes the residual security challenges in Central Europe and Eastern Europe, whereas Chapter Three considers the problems of ensuring the security of the Baltic states. Chapter Four examines Ukraine's evolution and its implications for European security and the further enlargement of NATO. Chapter Five focuses on Russia's evolution and Russia's relations with NATO. The concluding chapter examines the implications for U.S. policy and NATO's broader transformation.

Chapter Two

CENTRAL AND EASTERN EUROPE

Historically, Central Europe has been a source of political instability and geopolitical rivalry. In the interwar period, a combination of economic backwardness, political weakness, and unresolved minority problems led to the rise of right-wing antidemocratic governments and a search for powerful patrons that significantly contributed to making the region a source of instability and tension.[1]

With the collapse of communism in Eastern Europe in 1989, many in the West feared that Central Europe might again become a source of instability and insecurity. Today, however, this possibility seems increasingly remote. Hungary, Poland, and the Czech Republic are being incorporated into Euro-Atlantic structures and becoming part of a broader European space marked by growing stability and integration.

To be sure, this increasing stability is not solely a result of NATO enlargement. Other factors, especially the prospect of EU membership, also have played an important role. However, NATO enlargement has clearly helped by providing a framework for internal reform and anchoring the three Central European countries more firmly to the West, thus preventing a search for the types of unstable alliances that contributed to insecurity during the interwar period. Perhaps most important, it removed Central Europe—particularly Poland—as a

[1]See Hugh Seton Watson, *Eastern Europe Between the Wars 1918–1941*, New York: Harper Torchbooks, 1967. Also, Joseph Rothschild, *East Central Europe Between the Two World Wars,* Seattle: University of Washington Press, 1977.

gray zone, reducing the chances that the region will again become a source of geopolitical rivalry between outside powers.

NATO enlargement also provided a major incentive for the countries of Central Europe to solve their territorial and minority problems. Without the prospect of NATO (and EU) enlargement, it is doubtful whether Hungary would have normalized its relations with Slovakia and Romania as quickly as it did, or that Poland would have resolved its historical differences with Ukraine and Lithuania so rapidly. The result is that many of the most dangerous security problems in the region have been resolved or significantly attenuated.

DEMOCRATIC CONSOLIDATION

However, in the post-Prague period Central Europe faces a series of new challenges. These challenges, moreover, must be addressed in a new strategic context and at a time when NATO's identity and strategic rationale are in flux.

The first challenge is to ensure that the process of democratic consolidation begun in the 1990s remains on track and that there is no backsliding. This is a prerequisite for Central Europe's successful integration into Euro-Atlantic institutions and stability in Europe as a whole. If there is a reemergence of antidemocratic trends in Central Europe or if the Central European countries fail to consolidate their democratic transitions, the process of European integration could be endangered.

The question of the degree of democratic consolidation in Central Europe has provoked a debate among scholars and Western officials. Some observers have suggested that Central Europe is facing a revival of nationalism and a slowdown of the generally positive trends witnessed in the mid- to late 1990s. Charles Gati, for instance, has argued that rising nationalism has diluted the intensity of the region's commitment to the rule of law and to the spirit of tolerance and that it is "still uncertain whether change will lead to Western-style democracies and free markets in Central Europe."[2]

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[2]Charles Gati, "All that NATO Can Be," *The National Interest*, Summer 2002, p. 80.

However, the "Gati thesis"—as it has come to be known—presents a very skewed picture of developments since 1989. While the transition process in Central Europe has been uneven, significant progress has been made toward consolidating democracy in all three countries in the last decade. Since the collapse of communism, all three Central European countries have established stable democratic systems based on the rule of law. In all three countries, democracy has become "the only game in town." The major political forces in the three countries accept the democratic rules of the game and there is little danger that any of the three countries will slip back into the pattern of semiauthoritarian rule that characterized much of Central and Eastern Europe during the interwar period.

Extreme right-wing parties have been largely marginalized.[3] In Hungary, the extreme right-wing, anti-Semitic Justice and Life Party (MIEP) received only 4.4 percent of the vote in the first round of the Hungarian elections in April 2002, thereby failing to overcome the 5 percent threshold needed to maintain representation in parliament. And in the Czech Republic, the Assembly for the Republic-Czechoslovak Republican Party (SPR-RSC) failed to overcome the 5 percent hurdle in 1998, obtaining only 3.9 percent of the vote.

In Poland, populist as well as nationalist parties have made some gains. In the September 2001 elections, the populist Self-Defense and League of Polish Families made strong showings, winning 10.2 percent and 7.9 percent of the vote, respectively. But these cases represent the exception, not the rule. Moreover, in no Central Europe country is an extreme right-wing party part of the government—as is the case in three West European countries (Netherlands, Italy, and Austria).

In short, radical right-wing parties have so far had only limited success in Central Europe. At the moment, they pose no serious threat to the transformation and democratization process in Central

[3]Extreme right-wing parties and movements are a heterogeneous group that defies easy classification. For a useful effort to assess their origins, influence, and ideology, see Sabrina P. Ramet (ed.), *The Radical Right in Eastern Europe Since 1989*, University Park: The Pennsylvania State University Press, 1999. On the difficulties of classifying radical right-wing parties, see Jonathan Olsen, "The European Radical Right: Back to the Future?" *East European Politics and Societies*, Vol. 14, No. 2, Spring 2001, pp. 1995–2000.

Europe.[4] Indeed, the really interesting question, as Cas Mudde has noted, is "Why is right-wing radicalism in Eastern Europe so weak?"[5] Given the interwar history of authoritarian governments, anti-Semitism, and nationalism, as well as the high degree of social transformation and upheaval over the past decade, one might have expected extreme right-wing parties to have had more success in Central Europe than has been the case.

In all three Central European countries, there is a consensus about the basic strategic directions of policy, whether it be market reform, membership in the EU, or membership in NATO. These goals are shared not only by the former democratic opposition but also by the post-communist parties. In Poland and Hungary, the post-communist parties have pursued EU and NATO membership and market reforms just as ardently as their noncommunist predecessors—in some cases more ardently.

Communism has largely been discredited. In the mid-1990s, post-communist parties were returned to power in Hungary and Poland. However, their success had more to do with "reform fatigue" and desire on the part of the populations in Hungary and especially Poland to cushion the shock of reform than it did with any desire for the return of communism.[6] Reform fatigue, moreover, is hardly unique to Central Europe. Other countries undergoing transitions from authoritarian to democratic rule have experienced similar problems. Spain, for instance, experienced a similar period of disenchantment and disillusionment (*desencanto*) in the late 1970s as it

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[4]For a comprehensive discussion, see Michael Minkenberg, "The Radical Right in Post-Socialist Central and Eastern Europe: Comparative Observations and Interpretations," *East European Politics and Societies*, Vol. 16, No. 2, 2002, pp. 335–362.

[5]See Cas Mudde, "Warum ist der Rechtsradikalismus in Osteuropa so *schwach*?" *Osteuropa*, Vol. 52, May 2002, pp. 626–630. Also, Dieter Segert, "Viel weniger Rechtsradikalismus als zu erwarten wäre," *ibid.*, pp. 621–625. For a broader discussion, see the contribution by Timm Beichelt and Michael Minkenberg, "Rechtsradikalismus in Transformationsgesellschaften. Enstehungsbedingungen und Erklärungsmodell," *Osteuropa*, March 2002, pp. 247–262.

[6]See F. Stephen Larrabee, "East Central Europe: Problems, Prospects and Policy Dilemmas," in Clay Clemens (ed.), *NATO and the Quest for Post-Cold War Security*, New York: St. Martin's Press, Inc., 1997, pp. 87–108.

sought to consolidate its transition to democracy after Franco's death.[7]

Such periods are usually short-lived and followed by a new effort to consolidate reform. This proved to be the case in Hungary and Poland. In both countries, right-of-center coalitions were returned to power in the next national elections and then replaced by left-of-center parties. This rotation of power is a sign of the health and viability of democracy—not its weakness—and suggests that politics in Central Europe are increasingly beginning to resemble politics in Western Europe.

THE WANING NATIONALIST TEMPTATION

Rather than being on the rise, as Gati suggests, parties espousing nationalism have been losing ground lately. Under Prime Minister Victor Orbán, Hungary seemed to be lurching in a nationalist direction, much to the surprise—and consternation—of many Western observers. Initially, Orbán seemed to exemplify exactly what Western officials wanted to see in Central Europe: a young, dynamic, pragmatic, pro-Western leader. However, after assuming power, he sought to exploit the Hungarian minority issue for partisan domestic purposes, introducing laws allowing Hungarians in neighboring countries to work in Hungary and giving them certain benefits and privileges of Hungarian citizens. He also flirted with the extreme right-wing Justice and Life Party, refusing to exclude an electoral coalition with it.[8]

Orbán's attempt to exploit the Hungarian minority issue exacerbated relations with Slovakia and Romania. Ties to the Czech Republic and Slovakia also deteriorated as a result of Orbán's call for an abrogation of the Beneš Decrees as a precondition for the entry of the Czech

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[7]See José Maria Maravall and Julian Santamaria, "Political Change in Spain and the Prospects for Democracy," in Guillermo O'Donnell, Philippe C. Schmitter, and Lawrence Whitehead (eds.), *Transition from Authoritarian Rule: Southern Europe*, Baltimore: Johns Hopkins University Press, 1986, pp. 93–94.

[8]Orbán's refusal to condemn MIEP leader István Csurka's statement suggesting that the September 11 attacks on the United States were justified particularly incensed American policymakers and seriously tarnished Orbán's image in Washington.

Republic and Slovakia into the EU.[9] In addition, Orbán sought to cultivate ties to other nationalist forces in Austria, Italy, and Bavaria, raising the specter of the emergence of a "new regional axis" based on nationalism.

Orbán's policies raised concerns among some observers that Hungary—and perhaps Central Europe more broadly—was succumbing to a new wave of nationalism and that democracy in the region might be endangered.[10] However, Orbán's defeat in the April 2002 elections—together with the poor showing of the extremist MIEP[11]—has diminished such fears. The socialist-led government, headed by former deputy prime minister Péter Medgyessy, has taken a less nationalistic approach to the Hungarian minority issue and put a premium on restoring cooperation with Hungary's regional neighbors. This less-nationalistic stance has eased strains with Slovakia and Romania and given new impetus to cooperation within the Visegrád group, which had stalled during the latter part of Orbán's tenure in office.

Nationalists also suffered a defeat in the Czech Republic elections in June 2002. In the elections, the Czech voters rejected the more nationalistic policies of Vaclav Klaus, the leader of the right-of-center Civic Democratic Party (ODS), opting instead for the less confrontational, more pro-integrationist policies of the left-of-center Social Democrats (CSSD), led by Vladimir Spidla, who campaigned on a platform of increased social spending and rapid integration into the European Union. The Social Democrats won 30 percent of the vote and 70 seats in parliament, whereas Klaus' Civic Democratic Party won 25 percent of the vote and 55 seats in parliament.

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[9]Named after Czechoslovakia's president Eduard Beneš, the decrees provided for the expulsion of ethnic Germans and Hungarians from Czechoslovakia in the aftermath of World War II. The decrees have become a particular source of friction in the Czech Republic's relations with Germany. For background, see the various contributions in Barbara Coudenhove-Kalergi and Oliver Rathkolb, *Die Beneš-Dekrete*, Vienna: Czernin Verlag, 2002.

[10]See in particular, Gati, "All that NATO Can Be."

[11]Some preelection polls had suggested that the MIEP might obtain as much as 15 percent of the vote. It received only 4.4 percent of the vote, below the 5 percent hurdle needed to be represented in parliament.

The big surprise was the strong showing of the unreformed Communist Party (KSCM), which won 19 percent of the vote and 41 seats in parliament—nearly twice its tally in the 1998 elections. Most of the Communist votes came from aging ideological diehards and disgruntled workers, but the Communists also attracted poor rural voters from the wine-growing districts in Moravia, near the Austrian border. The Communists were also greatly helped by Klaus' nationalistic campaign and anti-EU rhetoric. This tactic backfired. Most of the voters whom Klaus tried to frighten with his anti-EU blasts ended up voting for the Communists. At the same time, his scare tactics managed to frighten many of the ODS' traditional voters.

However, the Communists are not likely to play a major role in shaping the government's policy. Indeed, many who voted for the Communists did so out of disenchantment with the policies of the mainstream democratic parties, particularly the 1998 opposition agreement in which Klaus' ODS agreed to support the minority CSSD government in exchange for high-level parliamentary positions and promises of joint work on constitutional amendments and electoral-law changes advantageous to those two parties. This was seen by many Czechs as a cynical power-sharing deal promoting corruption.

In Slovakia, nationalist forces have also lost ground. Prior to the September 2002 elections, many observers worried that the Movement for a Democratic Slovakia (HZDS), headed by former prime minister Vladimir Meciar, an ardent nationalist with authoritarian inclinations, would win the September 2002 elections. However, the pro-integration, reform-oriented, center-right coalition, headed by Prime Minister Mikulas Dzurinda, made a surprisingly strong showing and was returned to power. While Meciar's HZDS gained the largest number of votes of any party (19.5 percent), it did considerably worse than in the 1998 elections. The HZDS was hurt in particular by the fact that Western governments made clear that Slovakia's chances at EU and NATO membership would be jeopardized if Meciar were elected. The Smer (Direction) party, headed by Robert Fico, a left-wing populist, also fared poorly, winning only 13.46 percent of the vote—considerably less than expected.

A GENERATIONAL CHANGE OF LEADERSHIP

Central Europe is also undergoing a significant generational change of political leadership—one which could have important implications for its political future. A generation of political leaders who led their countries out of the darkness of communism and significantly shaped their countries' democratic transition and political destiny is now passing from the political scene.

In the Czech Republic, President Vaclav Havel's departure leaves a particularly serious vacuum. Havel embodied the moral conscience of Czechoslovakia's "Velvet Revolution." While his position as president was largely ceremonial—the day-to-day affairs of government were in the hands of the prime minister—Havel used his presidential post to speak out on major issues, especially NATO's future. His eloquent speeches gave Czech politics a political and strategic vision that earned him wide respect in Western capitals, even though his popularity at home diminished in the latter years of his tenure.

Havel's successor, Vaclav Klaus, does not enjoy Havel's international stature and prestige. A former finance minister and prime minister, Klaus is a Euro-sceptic and has in the past been highly critical of the EU and regional cooperation within the Visegrád group. He is unlikely to provide the type of broad philosophical and strategic vision Havel did. Moreover, he is a polarizing figure. His presence as head of the ODS prevented cooperation among right-wing parties and caused the party to split on several occasions. Thus, he may have difficulty acting as a statesman who is above party politics.

In Poland, many of the key figures of the Solidarity movement that sparked the overthrow of communism have faded from the scene or are about to retire. Lech Walesa, the leader of Solidarity and Poland's first president, has retired to splendid isolation in Gdansk, while the influence of Bronislaw Geremek and Janusz Onyszkiewicz, two of Solidarity's leading intellectuals who later served as foreign minister and defense minister, respectively, has been significantly diminished by the collapse of the political center. Among the major figures in the original Solidarity movement only Adam Michnik, editor of the Polish daily *Gazeta Wyborcza*, still remains a major force in Polish political life.

In Hungary, the first generation of political leaders is also fading from the scene. Jozsef Antall, Hungary's first prime minister after the collapse of communism, died in the mid-1990s, while Geza Jeszenszky, Antall's foreign minister and later ambassador in Washington, has retired from politics, as has Janos Kis, a leading dissident during the communist period and later leader of the Free Democrats. Arpad Goncz, a leading dissident and writer who became Hungary's first president, has also retired.

These leaders can be compared to the first generation of leaders who rebuilt Western Europe after World War II: Konrad Adenauer, Charles de Gaulle, Alcide De Gasperi, Jean Monnet, and others. They laid the foundations for the "New Central Europe" and the region's "return to Europe." Many had suffered under communism and had a strong dedication to individual freedom and Western values. They were also fervent Atlanticists and firmly believed in the importance of maintaining strong ties to the United States.

This generation is now fading from the political scene. In their place, a new generation of leaders is emerging in Central Europe for whom the communist period is a distant memory and for whom the United States is less of a beacon and inspiration. This generational change is likely to affect the character and tenor of Central European politics over time. As memories of the communist period fade and a new generation of leaders emerges, Central European politics is likely to resemble more and more politics in Western Europe, though most of the countries in the region, especially Poland, will continue to see strong ties to the United States and NATO as essential for their security.

THE CHANGING PARTY LANDSCAPE

At the same time, the party landscape in Central Europe is undergoing a transition. On the one hand, there is a movement away from parties dominated by one man toward those allowing greater internal pluralism. On the other, the baton is being passed to a new generation of leaders less influenced by the communist past. In the Czech Republic, both the ODS and the CSSD are trying to change their image to more loosely structured parties featuring greater internal pluralism.

The same is true in Slovakia. Meciar's HZDS seems likely to break up. Although the HZDS received the most votes of any party in the September 2002 elections, Meciar's authoritarian methods contributed to the party's increasing isolation, with no party willing to form a coalition with Meciar. Since then, ferment within the party has been growing. An increasing number of HZDS members believe that the party needs to be reformed if it is to remain a significant force in Slovak political life, and Meciar faces growing pressure to resign as party leader.

In Poland, too, the party landscape is in transition. Solidarity had been the driving force behind the creation of the Electoral Solidarity Action (AWS), which was a coalition of a number of center-right and rightist parties. However, the AWS consistently lost political influence during the late 1990s. Solidarity found it difficult to be both a political movement and a union at the same time. AWS was also unable to keep so many disparate rightist groups under one roof and was finally disbanded after its electoral defeat in 2001.

The disappearance of AWS has led to a vacuum on the center and center-right, especially in the parliament. The right is split into a number of splinter groups such as the League of Polish Families and Law and Justice, which either oppose modernization and EU integration or are highly skeptical of it, while the center has virtually collapsed. In September 2001, the center-rightist Civic Platform won only 13 percent of the vote, whereas the Freedom Union, the home of many of the most prominent Solidarity intellectuals, was unable to garner enough votes to pass the 5 percent threshold for representation in parliament. As a result, no major pro-integrationist party remains on the right to act as a counterweight to the ex-communist Democratic Left Alliance (SLD), headed by Prime Minister Leszek Miller.

In Hungary, by contrast, the political landscape has shown itself to be remarkably stable and is divided into three major parties—the leftist Socialists, the left-of-center Free Democrats, and the rightist Young Democrats (Fidesz). However, Fidesz has had a hard time coming to terms with its electoral defeat and has adopted an increasingly nationalistic and opportunistic stand on foreign policy, attacking the Medgyessy government for supporting the United States on Iraq and blocking the deployment of peacekeeping troops to Iraq.

The key question is whether Fidesz can put together a strong coalition of rightist forces without losing the support of moderate voters.

In addition, there has been a significant shift within the left in Central Europe. The left-wing parties in Central Europe today have little in common with the old-style socialist (communist) parties of the communist era. In the last decade, the post-communist parties have become staunch advocates of policies that were once the hallmark of the right—membership in NATO and the EU, privatization and market reform, and an end to corruption. Indeed, the old communist versus anti-communist divide has virtually disappeared in Central Europe. The divisions in Central Europe today are no longer between communists and anti-communists but between integrationists versus nationalists.

The real danger today in Central Europe comes not from nationalism but populism. The process of economic reform in Central Europe, while on the whole positive, has left large portions of the population, especially older, unskilled workers and pensioners, worse off than they were under communism. These parts of the population are particularly susceptible to populist appeals and could be mobilized if there were to be a sharp economic downturn in Central Europe.

Corruption also remains a serious problem. In recent years, there has been a decline in trust in the state and state institutions throughout Central Europe. In Poland and the Czech Republic, there has been a marked increase in the number of corruption-related scandals involving ministers and politicians in the last several years.[12] Right-wing parties in Poland and elsewhere in Central Europe have sought to exploit the concern about corruption and made it an important political issue. Criminality is also becoming a growing concern in all three countries. Until these issues are more adequately addressed by the mainstream parties, they are likely to continue to fuel popular resentment and provide grist for populist parties on both the right and left.

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[12]See in particular *Corruption and Anti-Corruption Policy in Poland,* Open Society Institute, 2002.

MILITARY INTEGRATION AND REFORM

The second challenge is to ensure that the process of military integration and reform, initiated after the collapse of communism, continues and is accelerated. This is important because NATO is entering a new phase in which its identity and missions are in flux. It will require new efforts and adjustments on the part of the Central European countries.

The military performance of the three Central European members so far has been mixed.[13] Since their withdrawal from the Warsaw Pact, all three have made major cuts in their armed forces. Poland has reduced its military forces from 406,000 in 1989 to 162,000 in 2002, while Hungary has cut its forces from 150,000 to about 37,000 in 2002. Since its formal separation from Slovakia in 1993, the Czech Republic reduced its forces from 103,000 to about 48,100 in 2001.

Each country is planning further reductions and a gradual transition from a conscript-based force to a greater reliance on an all-volunteer force. Under current plans, the Czech forces will be reduced to 35,000 and become fully professionalized by 2007. Hungary's new defense reform, presented by the government to parliament in August 2003, envisages reducing the Hungarian Defense Forces (HDF) to 26,500. Hungary also plans to end conscription in 2005 and to move toward greater reliance on volunteers. Poland plans to cut its forces to 150,000 by 2003.

All three countries have reorganized their existing peacetime forces and wartime units into immediate reaction, rapid reaction, and reserve/territorial defense forces to reflect more closely existing NATO categories. However, while the three new NATO members have reduced the number of troops, they have not reduced *structure* in proportion. Many units are undermanned and have very low readiness. They also have too many senior officers—a legacy of their membership in the Warsaw Pact. All three need not only to reduce the number of their forces but to streamline their force structure and

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[13]For a good discussion of early military reform efforts, see Jeffrey Simon, *NATO Enlargement and Central Europe*, Washington, D.C.: National Defense University, 1996. Also Sebestyen L.v. Gorka, *Contributions to European Security of the Three New Members of the Alliance: The Logic of NATO Enlargement in the Post–Cold War World,* Rome: NDC Monograph Series, Fall 1999.

consolidate personnel and equipment into fewer units. In addition, they need to increase the number of NATO-competent English-speaking civilians and military officers to staff posts in the Alliance.[14] Moreover, in all three new members a gap is opening between rapid reaction forces, which are well-equipped and maintained at relatively high readiness, and the main defense forces, which have older equipment and lower standards of readiness.

Finding the resources to finance these modernization programs has been—and continues to be—a problem for all three new members. Of the three, Poland's record on defense spending has been the best. Since 1994, Poland has consistently spent about 2 percent of gross domestic product (GDP) on defense. In 2001, it spent 1.98 percent of GDP on defense—slightly below the NATO target (2 percent). Poland's good record regarding defense spending reflects its desire to play an important role in NATO as well as the strong performance of its economy, which grew between 4 and 6 percent in the second half of the 1990s. However, the recent decline in economic growth rates is likely to make it difficult for Poland to maintain this level of spending.

The Czech Republic's record regarding defense spending is better than that of many NATO members. Czech defense spending has been on the rise since 1998. In 1999, Prague spent 1.9 percent of GDP on defense. In 2000, the figure rose to 2 percent of GDP and in 2001 to 2.1 percent of GDP. However, the Czech Republic is just beginning to recover from a lengthy recession. Moreover, much of its defense budget is allocated to pay for the purchase of L-159 light fighter/trainer aircraft. The large-scale damage caused by the floods in the summer of 2002 is also likely to have a negative effect on defense modernization efforts, forcing cutbacks in some areas. Thus, Prague could have difficulty meeting its NATO force goals in the next few years.

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[14]This has been a particular problem in Hungary. Of the 59 positions allocated to Hungary in Southern Region Commands—its strategic and highest priority—Hungary had filled only about 69 percent of the posts by the end of 2001. See Jeffrey Simon, "Roadmap to NATO Accession: Preparing for Membership," *INSS Special Report*, Washington, D.C.: National Defense University, October 2001, p. 2.

Hungary has made the least progress in military reform. It has the lowest defense spending of the three new members. In 2001, it spent only 1.6 percent of GDP on defense. As a result, the Hungarian armed forces have faced persistent problems of underfunding, and Hungary has had problems meeting its NATO force goals, which have had to be scaled back several times. This has seriously damaged Hungary's image in NATO—and in Washington.

The Medgyessy government has given greater attention to military reform than the Orbán government and taken some steps to give substance to its reform rhetoric, including a promise to raise the defense budget to 2 percent by 2006. It also initiated a new comprehensive Defense Review and authorized the deployment of 300 Hungarian soldiers, most of them logistic troops, to aid in the post-conflict reconstruction effort in Iraq. But it remains unclear whether the government is really prepared to adopt the difficult and painful measures needed to carry out a deep-seated reform—particularly removing or retiring the old guard in the Ministry of Defense who have continuously blocked reform in the past.

The budgetary constraints faced by the new members put strong limitations on the money available for equipment modernization. Operating and personnel costs consume 80 to 90 percent of the defense budgets of the new members, leaving 10 to 15 percent for R&D and procurement of new equipment. Although personnel costs are expected to decline slightly over the next five years, they will still account for a large part of the overall defense budget of the three new members, especially as conscription is phased out.

These constraints mean that the new members have little margin for error and they must spend their limited procurement funds wisely and avoid purchasing expensive equipment that could inhibit their ability to meet NATO target force goals. The decision by Hungary and the Czech Republic to acquire the JAS-39 Gripen fighter jet, produced by the Anglo-Swedish consortium BAE-Saab, instead of the F-16, made by Lockheed Martin, highlights this problem.[15] In both

[15]Hungary's decision to lease the Gripen came as a particular surprise because the Orbán government had earlier indicated that it intended to acquire the F-16. For background, see Sebestyen L.v. Gorka, "Central European Lessons in How Not to Be a Good Ally," *Defense News*, January 14, 2002.

cases, the lower unit cost and lucrative offset packages were major factors influencing the decision to choose the Gripen over the F-16.

However, strategically the decisions are questionable. The Gripen is not flown by any NATO nation, whereas the F-16 is flown by over half the NATO members. In both cases, the acquisition of the new fighter aircraft comes at the expense of other—arguably more important—modernization priorities.

Moreover, Hungary initially contracted to lease the Gripen Batch II—which cannot be refueled in midair and would be extremely expensive to retrofit with U.S. precision-guided weapons—rather than the more capable and versatile Gripen Batch III. After coming into office, the Medgyessy government renegotiated the contract with BAE-Saab and signed an agreement to lease an upgraded version of the Gripen (JAS-39 EBS HU) that better meets NATO requirements.[16] But the upgraded version is more expensive and it is not clear how the government will pay for it.

Meanwhile, the Czech government has been forced for financial reasons to postpone its plans to buy the Gripen and is looking at other options, including the Eurofighter and the Joint Strike Fighter (JSF) as well as the F-16. However, the country's financial problems will make it difficult to purchase new fighter jets before 2009–2010. Thus, the government is likely to end up leasing new jets as an interim measure.

In contrast to Hungary and the Czech Republic, Poland opted to buy the F-16 to replace its aging fleet of Soviet-built MIGs. The decision was heavily influenced by Lockheed Martin's strong offset offer and the fact that the offer was supported by a package of loans backed by the U.S. government totaling $3.8 billion.[17] But it also represented a fundamental decision on Poland's part about the importance of its strategic and political relationship with the United States and is a sign that Warsaw wants to play a significant role in NATO over the long run.

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[16] "Hungary signs revised Gripen deal," *Jane's Defence Weekly,* February 12, 2003.

[17] John Reed, "Poland chooses F-16s for Air Force," *Financial Times*, December 28–29, 2002. See also "Jilting Europe, Poland opts to buy American," *International Herald Tribune*, December 28–29, 2002.

CIVIL-MILITARY RELATIONS

Civilian control over the military has been gradually strengthened in all three countries. All three have civilian defense ministers and many of the top policy positions in the ministries of defense are occupied by civilians. However, civilian control remains relatively superficial. The three countries lack a strong cadre of civilian defense specialists who can provide their civilian superiors with alternative sources of advice to the military. As a result, defense policy in all three countries still tends to be dominated by the military.

The consolidation of civilian control was particularly a problem in Poland in the early 1990s. During Lech Walesa's presidency, civil-military relations were marked by bitter infighting and persistent efforts by Walesa to interfere in military matters and subordinate the General Staff to the president rather than to the minister of defense.[18] However, civil-military relations have improved considerably since the election of Aleksander Kwasniewski as president in November 1995. Soon after Kwasniewski's election, the General Staff was subordinated to the defense minister, ending the debilitating power struggle that marked Walesa's tenure in office. However, the Polish defense ministry and General Staff have maintained two separate lines of command, weakening the links between the General Staff and the political process.

Civilian control has been less of a problem in the Czech Republic. In the early 1990s, a series of vettings eliminated many of the officers most closely associated with the communist regime. In addition, the creation of a new Defense Policy and Strategy Directorate in the Ministry of Defense in 1995 reduced the General Staff's ability to influence the deployment of the army and to coordinate its emergency activities with other ministries.

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[18]The most notorious example of Walesa's backstage maneuvering to increase his control over the military was the so-called "Drawsko affair" in October 1994, in which Walesa reportedly met privately with a group of senior Polish officers and encouraged them to speak out against Defense Minister Piotr Kolodziejczyk. Kolodziejczyk, a retired military officer, was fired shortly thereafter, largely because he resisted Walesa's efforts to subordinate the General Staff to the president rather than the defense minister. See "Walesa fördert Verteidigungsminister zum Rücktritt auf," *Frankfurter Allgemeine Zeitung*, October 11, 1994.

In Hungary, civilian control has gradually been consolidated, though problems remain in some areas. The 1992 Defense Reform restructured the Ministry of Defense, giving the MoD oversight over the armed forces, and in 1993 the positions of Army Commander and the Chief of Staff were fused. However, under the 1989 Defense Reform the Chief of Staff remained subordinate to the President, not the Defense Minister. This bifurcation of responsibility caused periodic tensions between the Minister of Defense and the Chief of Staff as well as the Prime Minister and President. In the summer of 1999, it was decided to subordinate the General Staff to the Defense Minister—a move that led to the resignation of the Chief of the General Staff, Ferenc Végh. However, differences between the military and civilian leadership of the MoD over how the organizational integration should be carried out have hindered its implementation. As a result, integration remains more formal than real. In addition, there has been a tendency to bring back retired military officers to fill positions that should be occupied by civilians. This has slowed the process of civilianization and reform.

THE IMPACT OF THE KOSOVO CONFLICT

The Kosovo conflict was a rude shock for the new Central European NATO members. The air campaign, coming less than two weeks after the Central European countries had officially joined NATO, caught them unprepared—politically, militarily, and psychologically—despite the fact that NATO closely consulted with all three members about its plans. Prior to the outbreak of the Kosovo conflict, the countries had viewed membership in NATO as bringing unambiguous benefits and had not focused much on the responsibilities or obligations involved in joining the Alliance. The Kosovo conflict drove home the fact that membership entailed obligations as well as benefits and made clear that the new members would be expected to contribute to NATO's new as well as old missions.

While all three new members supported the Alliance's military campaign in Kosovo, they did so with varying degrees of enthusiasm and commitment. From the very beginning, Poland strongly supported the NATO policy in an effort to demonstrate that it was ready to fully shoulder its responsibilities as a new Alliance member. However, official government spokesmen avoided any commentary on whether

Poland would be willing to participate in a land offensive, arguing that such questions were purely hypothetical.

The strong Polish support for the air campaign was meant to demonstrate its credentials as a loyal NATO member and reflected its desire to play a significant role in NATO. At the same time, being geographically removed from the conflict, the Polish population was less concerned about the possibility of a spillover of the conflict onto Polish soil.

The Czech response, by contrast, was hesitant and ambivalent. President Havel was one of the few Czechs who strongly and unambiguously supported the air campaign. He argued that it was a test of the Czech Republic's credibility as a loyal ally.[19] The Czech government's position, however, was more equivocal. Initially, the government seemed to disassociate itself from the NATO operation by suggesting that the decision to begin the bombing had been made before the Czech Republic had joined the Alliance.[20] In addition, on April 26, 1999, Prime Minister Milos Zeman unequivocally ruled out the possibility of the Czech Republic's participation in a ground operation—a statement that was strongly criticized by President Havel. To make matters worse, Czech Foreign Minister Jan Kavan launched a special "peace proposal" in Belgrade with his Greek counterpart that nearly split the Alliance.

However, despite its initial rather ambivalent support for the NATO operation, the Czech government made a number of contributions to the Kosovo conflict:

- It offered a field hospital and unarmed transport to be used for the mission in Kosovo.
- It supported the second wave of NATO air strikes as well as the possible use of Apache helicopters.
- It allowed NATO to use its airspace, railways, and airports.

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[19]See Peter S. Green, "Czechs Got Into NATO—And Into War," *International Herald Tribune*, April 24, 1999.

[20]See Michael Ludwig, "Wankelmut und Vorwurf der 'Krieglusterheit,'" *Frankfurter Allgemeine Zeitung*, April 15, 1999.

- It approved a bill on the implementation of EU sanctions against the Federal Republic of Yugoslavia (FRY).[21]

Hungary's response was not as unequivocal as Poland's but less ambivalent than the Czech Republic's. The Hungarian reaction was influenced by Hungary's proximity to Yugoslavia and, particularly, by the possible effect of any military action on the large Hungarian minority (300,000 to 350,000) in the neighboring province of Voivodina in Serbia.

The Kosovo campaign stirred an internal debate in Hungary about Voivodina's status. István Csurka, the head of the extreme right-wing Hungarian Justice and Life Party, called for redrawing Hungary's borders to include part of Voivodina—a proposal that was explicitly rejected by the government and all other parties in parliament because it could have significantly complicated relations with Romania and Slovakia.

Csurka, however, was not the only Hungarian politician to raise the issue of Voivodina's status. Zsolt Lányi, the deputy chairman of the Smallholders' Party and chairman of the defense committee, suggested that Voivodina could become an independent state.[22] Lányi's remarks caught the Hungarian government by surprise and were immediately disavowed by government spokesmen. Nevertheless, they highlighted the degree to which the Kosovo bombing raised sensitive domestic issues for the Hungarian government, issues that would not have surfaced—at least not so directly—had the bombing not occurred.

At the same time, the Kosovo crisis underscored Hungary's utility as a staging area for NATO operations in the Balkans. Hungary allowed the Alliance to use its airspace for Kosovo operations and provided bases for air strikes against Serbia. In April 1999, it blocked a Russian convoy containing five armored personnel carriers (APCs) en route to Yugoslavia from traversing its territory—the convoy was eventu-

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[21]See Jiri Sedivy, "The Kosovo Test: Are the Czechs Out?" *Newsbrief*, Vol. 19, No. 6, June 1999.

[22]*RFE/RL Newsline*, Vol. 3, No. 2, May 12, 1999. See also "According to Lanyi, Vojvodina Could Be an Independent State," *Népszabadság*, May 11, 1999. Translated in FBIS-EEU-1999-0511, May 11, 1999.

ally allowed to pass minus the five APCs and minus the extraneous gasoline trucks that were being taken to Serbia. In June, shortly after the end of the Kosovo conflict, it refused to allow Russian planes carrying troops to Kosovo to transit its airspace, a decision that prevented Russia from reinforcing the garrison at Pristina. Budapest also contributed a small peacekeeping unit to KFOR (NATO's Kosovo force). However, it ruled out any participation in a land invasion or the use of Hungarian territory for a land invasion, largely out of concern for the impact of such actions on the Hungarian population in Voivodina.

In short, despite the rather sensitive domestic problems posed by the Kosovo campaign, the Hungarian government made an important contribution to the campaign and demonstrated its value to the Alliance. Hungary's willingness to allow the Alliance to use the base at Taszár for air strikes helped the air campaign and served to underscore Hungary's strategic position as a staging area for operations in the Balkans. This assistance contrasted starkly with Austria's refusal to allow NATO aircraft to use Austrian airspace for Kosovo air operations.

THE IMPACT OF SEPTEMBER 11

NATO had already begun to emphasize the need to move away from its Cold War posture of defending territory to one aimed at projecting power prior to the outbreak of the Kosovo conflict. However, the terrorist attacks on September 11 added a new set of challenges. Before September 11, the emphasis had been on acquiring capabilities to project power, mostly to areas on the periphery of Europe. In the run-up to the Washington summit in April 1999, the United States sought to push the Alliance to address threats beyond Europe's border, but many European allies had resisted efforts at what they perceived as an attempt to "globalize" NATO.

However, September 11 made clear what many Americans had been arguing for some time: that most of the threats to the United States and the NATO allies today emanate not from Europe but from be-

yond Europe's borders.[23] As Ronald Asmus and Kenneth Pollack have noted, today "the greatest likelihood of large numbers of Americans and Europeans being killed no longer comes from a Russian invasion or in the Balkans. It comes from the threat posed by terrorists or rogue states in the Greater Middle East armed with weapons of mass destruction, attacking our citizens, our countries, or our vital interests."[24]

As a result, in the aftermath of the Afghanistan operation, NATO faces a new period of reform designed to enable the Alliance to address emerging challenges and to reduce the capabilities gap between U.S. and European forces. This transformation is likely to put even greater demands on the military reform efforts of the Central European members, who are already struggling to improve the quality of their military forces and make them more interoperable with those of NATO. Many of their current procurement plans and priorities will need to be revised in light of the change in the security environment since September 11.

However, the Central European countries should not try to duplicate the U.S. force posture or invest in expensive high-tech weaponry. Given their limited resources, it makes more sense for them to concentrate on developing niche capabilities—that is, providing special capabilities that NATO may lack or which are in high demand. The Czechs, for instance, have a highly regarded nuclear, biological, chemical (NBC) unit deployed in Kuwait and have offered NATO the use of their NBC warfare range in Brezina. This would be the Alliance's only such facility in Europe.

Central Europe could also serve as a useful staging area for NATO-related exercises. Over the past decade, West European countries, especially Germany, have placed growing restrictions on the training of U.S. forces stationed on their territory. The Central Europeans, however, have fewer restrictions and many are eager to offer their facilities for training. As a result, the U.S. Army has recently begun to

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[23]See in particular David Gompert and F. Stephen Larrabee (eds.), *America and Europe: A Partnership for a New Era*, New York: Cambridge University Press, 1997.

[24]Ronald D. Asmus and Kenneth M. Pollack, "The New Transatlantic Project: A Response to Robert Kagan," *Policy Review*, October–November, 2002, p. 5.

conduct exercises at training areas in Central Europe.[25] In the future, more and more NATO exercises could be conducted in Central Europe, thereby avoiding the problems the U.S. and NATO have faced in Germany and elsewhere in Western Europe.

Finally, Central European countries could also play a role in the development of a global missile defense system. Some components, especially radars, could be deployed in Central Europe.[26] This would tie Central Europe more tightly into a European missile defense network as well as help to strengthen U.S.–Central European defense ties at a time when these ties may atrophy as the United States increasingly focuses on security threats outside of Europe.

CENTRAL EUROPE AND EUROPEAN INTEGRATION

The decision at the EU's summit in Copenhagen in December 2002 to invite ten new members—including Poland, Hungary, and the Czech Republic—represents a major step toward integrating Central and Eastern Europe into a broader European framework and overcoming the division of Europe. At the same time, enlargement will complicate the integration process and accentuate tensions within the EU.

The projected expansion of the EU will give new impetus to the debate about the nature and the organization of the EU. France and Germany have proposed a "core Europe," consisting of a few countries who want to move forward with faster integration. This idea is likely to meet resistance from members such as Sweden and Britain, as well as the countries of Central and Eastern Europe, many

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[25]The U.S. Army conducted its second annual air assault training exercise Victory Strike in Poland in the fall of 2001. Similar exercises have been held in the Czech Republic. A major evacuation exercise involving an airborne assault by the U.S. 173rd Airborne Brigade, based in Vicenza, Italy, and the airlift of armored and mechanized units of the 1st Armored Division, based in Wiesbaden, Germany, was held for the second year in a row in Kecskemét, Hungary, in May 2002. See Vernon Leob, "Closer Ties with Ex-Soviet Bloc Nations Help Pentagon's Training Efforts," *Washington Post*, May 28, 2002.

[26]Poland has indicated that it would be willing to have radars deployed on its territory. Hungary and the Czech Republic have reportedly expressed an interest as well. Gopal Ratnam, "U.S. Offers Allies Missile Defense Menu," *Defense News*, August 19–25, 2002.

of whom fear that they may become second-class citizens in a highly centralized EU dominated by the larger members.

These concerns were reflected in the letter of the "gang of eight," signed by the prime ministers of Britain, Denmark, Italy, Spain, Portugal, Poland, Hungary, and by (then) President Havel of the Czech Republic in January 2003. The letter was as much about resistance to Franco-German domination of the EU as it was about support for the United States in the Iraq crisis.[27] Together with the letter of the Vilnius 10 a few days later, it made clear that France and Germany do not speak for Europe.

At the same time, the strong East European reaction to French President Jacques Chirac's criticism, at the informal EU summit on Iraq in February 2003, that the East Europeans had displayed "bad manners" by supporting the United States on Iraq underscored that the East Europeans are not prepared to act like obedient school children, politely kowtowing to their French and German masters.[28] They want a say in the construction of the new Europe and intend to make their views heard.

Indeed, enlargement will change the way the EU is run. For the past 25 years, France and Germany have been the motor of the integration process. With enlargement to 25 countries—and perhaps close to 30 at some point—this will change; they will no longer be able to dominate the EU and drive the integration process.

The new invitees from Central and Eastern Europe are also concerned to preserve the basic principle of equality among member states. They are thus likely to be tacit allies of the current smaller member states who share similar concerns. To some extent, the dispute at the Copenhagen summit over whether farmers from the new invitees would receive payments at the same level as provided for current members was a surrogate debate about the question of equality. So was the dispute provoked by President Chirac's criticism that the East Europeans had "missed a great opportunity to keep

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[27]For the text of the letter, see the *Wall Street Journal*, January 30, 2003. See also "Les Europeens affichent leurs divisions face à Washington," *Le Monde,* January 31, 2003.

[28]On the East European reaction, see in particular "Empörung über den 'Rupal Chirac,'" *Frankfurter Allgemeíne Zeitung,* February 20, 2003.

quiet" by siding with the United States in the Iraq debate. As Polish Foreign Minister Wlodzimierz Cimoszewicz tartly reminded Chirac: "In the EU, there are no mommies, no daddies and no kids—it is a family of equals."[29]

The question of sovereignty is also a sensitive issue among the new invitees. Resistance to the loss of sovereignty has been growing in many quarters in Central Europe, above all Poland, where anti-EU groups like Self Defense (Samoobrona), led by populist Andrzej Lepper, have steadily gained ground in the last few years. Indeed, the perception of the EU has significantly shifted in Central Europe. In the early 1990s, the populations in Central and Eastern Europe had a rather idealized image of the EU. The Union was seen as a symbol of prosperity and a rapid "return to Europe." Support for EU membership was close to 80 percent in most Central and East European countries.

This idealized picture began to erode the closer the Central and East European countries came to achieving membership and the more they were forced to change their laws and practices to meet EU standards. As in Western Europe, parts of the population in Central Europe began to criticize the "overcentralization" of the EU and the loss of sovereignty that EU membership implied. These issues had a particularly sensitive echo in Central Europe as a result of the Soviet experience. Many groups, especially those directly affected by EU regulations, such as farmers, began to fear that Brussels was becoming a "new Moscow."[30]

This anti-EU sentiment is not strong enough to endanger membership. All the Central and East European countries, including Poland, voted with large majorities for joining the EU. But having just recently escaped the embrace of Moscow, most Central and East European states will be reluctant to support far-reaching integrationist schemes that force them to cede significant sovereignty to Brussels. They are likely to prefer something akin to a confederation rather than the federalist vision favored by France and Germany.

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[29]Keith B. Richburg, "EU Unity on Iraq Proves Short Lived," *Washington Post*, February 19, 2003.

[30]Reinhard Veser, "Brussels als neues Moskau," *Frankfurter Allgemeine Zeitung*, December 12, 2002.

Indeed, their membership could tip the balance away from the federalist vision in the debate within the EU.

Enlargement will also force the EU to rethink its approach to the allocation of Structural Funds. The accession of ten new members—most of them poor—will have a profound impact on the balance of wealth in the EU and hit hard many regions in Southern Europe that have grown used to receiving substantial development aid from Brussels. Under existing EU rules, many areas of Southern Europe could become ineligible for grants from the EU's Structural Funds once the current financing period expires in 2006. Thus, Central and East European entry is likely to exacerbate tensions between the East and South as well as with the wealthier members in the North, which are net contributors to the budget.

Finally, the entry of ten new members, eight of which are from Central and Eastern Europe, could have an impact on the EU's approach to several other broader issues. The first is Russia. The new entrants may take a more hard-nosed approach to assistance to Russia. While not opposing such assistance, they may seek to attach more stringent conditions on such assistance to ensure that it is used effectively.

The second issue is the EU's approach to its Eastern neighbors—Belarus, Ukraine, and Moldova. Poland, for instance, has called for a more coherent and comprehensive EU policy toward its Eastern neighbors, including the prospect of eventual membership if the three meet the criteria for membership.[31] This could put Warsaw—and perhaps others—at odds with some members of the EU who wish to slow the enlargement process and concentrate on institutional reform before contemplating further enlargement.

CENTRAL EUROPE AND ESDP

Central and East European membership is also likely to affect the European Union's effort to develop an autonomous European

[31]See John Reed, "Poland seeks to influence EU on policy on east," *Financial Times*, January 28, 2003. See also the speech by Polish Foreign Minister Wlodzimierz Cimoszewicz, "EU Eastern Policy—the Polish Perspective," Prague, February 21, 2003, http://www.msz.gov.pl/start.php.

Security and Defense Policy (ESDP).[32] The Central European countries support ESDP in principle. However, they do not want ESDP to lead to a weakening of NATO or the transatlantic link. They regard the U.S. presence in Europe as indispensable for European security and do not want to see it weakened.

Many Central European officials fear that they will be pressured to make a choice between Europe and America. This concern is most acute in Poland, which is regarded by many European leaders and officials as America's "Trojan horse" in Central Europe. EU officials have criticized Poland for being "too pro-American" and have warned Warsaw that it should temper its pro-American tendencies if it wishes to join the EU.[33] Poland's decision to buy the American F-16 rather than the UK-Swedish Gripen or French-built Mirage particularly angered some European officials, who complained that Poland should have chosen a European manufacturer.[34]

In general, the Central and East Europeans are strong Atlanticists. On most security and defense issues, they are likely to side with Britain, Spain, and Italy. Their membership in the EU will strengthen the Atlanticist wing within the EU and make it harder for countries like France to develop the EU as a counterweight to the United States. At the same time, their membership will make it more difficult for the EU to speak with one voice on foreign and defense policy.

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[32]For a detailed discussion of the evolution of Central European attitudes toward ESDP, see Jiri Sedivy, Pal Dunay, and Jacek Saryusz-Wolski, *Enlargement and European Defense After September 11*, Chaillot Papers No. 53, Paris: The European Institute for Security Studies, June 2002.

[33]Steven Erlanger, "Poland Pressed to Choose Between Europe and the U.S.," *New York Times*, June 4, 2000.

[34]The head of Dassault, the maker of the Mirage, argued that "the European factor should have played a role . . . There is no justification for choosing American, none at all." "Jilting Europe, Poland opts to 'buy American.'" *International Herald Tribune*, December 28–29, 2002. "Dassault Head Slams Polish Fighter Jet Decision as 'Scandalous," Agence France Presse, December 27, 2002. Roman Prodi, President of the European Commission, also attacked the decision, complaining that "it's displeasing that the day after the EU integration ceremony Poland signs a megacontract for the purchase of American fighters . . . One cannot entrust his purse to Europe and his security to America." Beata Pasek, "Poland Shrugs Off EU Criticism for Signing Landmark Deal to Purchase US-made F-16s," Associated Press, April, 22, 2003.

REGIONAL COOPERATION

While the countries of Central Europe have focused their primary attention since 1989 on integration into the EU and NATO, they have also sought to increase regional cooperation. The most prominent example is the Visegrád group, which was formally established in 1991.[35] Originally composed of Hungary, Poland, and Czechoslovakia, the group came to include the Czech Republic and Slovakia after the two became independent states on January 1, 1993. Cooperation was largely informal and ad hoc and was designed to coordinate the four states' approach to Western institutions, especially the European Union.

However, this cooperation began to wane after 1992–1993, largely because of the ambivalence of the Klaus government in the Czech Republic, which saw regional cooperation as a distraction from its main goal—EU membership. The increasing authoritarian tendencies of the Meciar government in Slovakia also made close regional cooperation difficult. However, the post-Klaus governments in the Czech Republic have shown greater interest in regional cooperation, particularly in the defense field. The three Central European countries also maintain regular defense consultations within the framework of NATO.

The more nationalistic approach adopted by the Orbán government in Hungary created strains within the Visegrád group. The prime ministers of the Czech Republic, Slovakia, and Poland canceled their participation in a scheduled meeting in Budapest in the spring of 2002 after Orbán warned that a failure to amend the Beneš Decrees could affect the prospects of the Czech government and Slovakia to become members of the EU. The episode led to a virtual freezing of cooperation within the Visegrád group. However, since the election of the socialist-led coalition in Hungary in May 2002 cooperation within the group has revived.

The Central European countries have sought to encourage regional economic cooperation through the Central European Free Trade Association (CEFTA). The goal of CEFTA, founded in 1993, is to pro-

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[35]For a detailed discussion, see F. Stephen Larrabee, *East European Security After the Cold War*, Santa Monica, CA: RAND, MR-254-USDP, 1993, pp. 99–105.

mote economic growth and trade. Originally composed of the four Central European countries (Hungary, Poland, the Czech Republic, and Slovakia), membership in CEFTA has gradually expanded to include Slovenia, Bulgaria, Croatia, and Romania. The creation of the group has contributed to an intensification of trade between member states. However, upon entry into the EU, Poland, Hungary, the Czech Republic, Slovenia, and Slovakia will have to withdraw from CEFTA, leaving only Bulgaria, Croatia, and Romania as members. Their withdrawal is likely to effectively signal the death knell of CEFTA.

The Central European Initiative (CEI) has also contributed to the promotion of regional cooperation. Originally formed in 1978 as the Alpen-Adria group to coordinate cooperation between the regions of Yugoslavia, Italy, Bavaria, Austria, and Hungary, the CEI has expanded its membership significantly since then. Today it comprises 17 members: Austria, Italy, Albania, Bosnia-Herzegovina, Bulgaria, Croatia, Macedonia, Yugoslavia, Moldova, Poland, Romania, Slovakia, Slovenia, the Czech Republic, Hungary, Ukraine, and Belarus. In contrast to CEFTA, the CEI has a permanent institutional structure, including an Information and Documentation Center in Trieste and a Secretariat at the European Bank for Reconstruction and Development (EBRD) in London. However, the broad expansion of the CEI's membership has diluted its Central European character and diminished the interest of the Central European countries in using it as a mechanism to promote cooperation within Central Europe.

GERMANY'S NEW *ZWANG NACH OSTEN*

Along with Central Europe, Germany has been a key beneficiary of NATO enlargement. The enlargement of NATO has resolved Germany's historical security dilemma—the need for friendly and stable Eastern neighbors—and removed Germany as a frontline state. As a result, Germany is now surrounded by NATO members and its eastern border is no longer the eastern border of the New Europe.

At the same time, Germany's approach to the East has undergone a significant transformation. Germany's old *Drang nach Osten* has been replaced by what Ronald Asmus has aptly termed a new *Zwang*

nach Osten—the imperative to become more involved in the East in order to prevent instability in Eastern Europe from spilling over into Germany itself.[36] This new *Zwang nach Osten* has both political and economic roots. Economically, Germany is the leading trading partner for all the countries of Central and Eastern Europe and one of the largest foreign investors. Hence, Germany has a strong economic stake in a stable Central Europe. It also has a strong political stake in stability in Central Europe. Large-scale instability in the region would result in a large influx of refugees and economic migrants, accentuating Germany's growing economic and social problems.

The centerpiece of Germany's new *Ostpolitik* has been the effort to integrate Poland into Euro-Atlantic structures. Germany has been among the strongest proponents of Poland's integration into NATO and, especially, the EU. As a result, many of the old suspicions and animosities that characterized Polish-German relations in the past have largely dissipated and ties have achieved a closeness and warmth few would have imagined possible a decade ago. This reconciliation has significantly transformed the political landscape of Central Europe—and Europe more broadly. In terms of historical importance, Polish-German rapprochement is on a par with the reconciliation between France and Germany after World War II.

A primary example of this new spirit of cooperation in the military field is the German-Danish-Polish Corps, which has its headquarters in Szczecin (Stettin), Poland. The corps, which is composed of divisions from all three countries, is available for both Article 5 (collective defense) as well as non–Article 5 missions (crisis management and peacekeeping). This trilateral defense cooperation has significantly contributed to integrating Poland more tightly into NATO as well as enhancing defense cooperation in the Baltic area.

Closer political cooperation has also been promoted through the "Weimar Triangle," composed of Germany, France, and Poland. Established in 1991 in Weimar, Germany, the cooperation has proved to be a valuable tool for encouraging and supporting Poland's desire to join the EU and an important means for Poland to build a bridge to EU institutions. Moreover, by embracing France, with whom

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[36]Ronald D. Asmus, *German Unification and Its Ramifications*, Santa Monica, CA: RAND, R-4021-A, 1991, p. 70.

Poland has strong historical ties, the Weimar Triangle helped to broaden cooperation and calm Polish fears about a possible new German *Drang nach Osten*. At the same time, it has helped to ensure French support for Poland's European aspirations.

However, cooperation within the triangle has not fully lived up to Polish hopes and expectations. Discussions have been rather general and restricted to low-level issues. France has not demonstrated a strong interest in strengthening cooperation within the triangle. Moreover, the Iraq crisis has accentuated policy differences between Poland and France and Germany. As a result, the triangular cooperation has lost momentum. Many observers believe that if it is to serve as a useful vehicle for cooperation in the future, the triangle needs to be reinvigorated and put on a new footing.[37]

Germany has had a much more difficult time overcoming the legacy of mistrust with the Czech Republic. The expulsion of the Sudeten Germans after World War II has been a major obstacle to the type of far-reaching rapprochement that has taken place with Poland. Many Czechs fear that a full and open acknowledgment of the injustices done to the Sudeten Germans could stimulate many Sudeten German expellees to try to reclaim their property and lead to a "Germanization" of the Czech economy. After the signing of the 1997 cooperation agreement between Germany and the Czech Republic, the Sudeten issue gradually subsided. However, it re-emerged as a result of pressure from the Christian Social Union (CSU) in Bavaria as well as efforts by the former Orbán government in Hungary to exploit the Hungarian minority issue for partisan political purposes.[38]

Germany's relations with Hungary, by contrast, are quite cordial. Hungary and Germany were allies in World War II. As a result, there is much less anti-German feeling and fear of "Germanization" in Hungary than in the Czech Republic, which suffered under Nazi oc-

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[37]For a good discussion of the Weimar Triangle's problems and future, see Kai-Olaf Lang, "Wiederbelebung des Weimarer Dreiecks im Zeichen atlantischer Differenzen und europäischer Zerrissenheit," *SWP-Aktuell 19,* Berlin: Stiftung Wissenschaft und Politik, May 2003.

[38]For a detailed discussion, see Kai-Olaf Lang, "Der Streit um die Beneš -Dekrete und die Folgen für das deutsch-tschechische Verhältnis," *SWP-Aktuell 20*, Berlin: Stiftung Wissenschaft und Politik, June 2002.

cupation. Moreover, Germany feels a special debt to Hungary for opening its borders in 1989, which directly contributed to the collapse of East Germany and to eventual German unification. This, too, has contributed to the development of close and cordial ties between the two countries.

However, Chancellor Gerhard Schröder's decision to side with France against the United States in the Iraq crisis has created new strains in relations with Central Europe, especially Poland. The Central Europeans highly value their ties to Germany, but they are also strong Atlanticists and do not want to see any weakening of the transatlantic link. As Janusz Reiter, former Polish ambassador to Germany, pointedly warned during the Iraq debate, anti-Americanism is alien to Central Europe and cannot be the basis for a viable European foreign and security policy.[39]

A Franco-German entente designed to "counterbalance" the United States not only risks alienating Washington, but as Karl-Peter Schwartz has noted, would also squander much of the good will Germany earned in Central Europe after the fall of the Iron Curtain through its support of NATO enlargement.[40] Thus, in the aftermath of the Iraq crisis, Germany is likely to seek to mend fences with Washington not only to limit the damage to its relations with the United States but also to repair relations with Central Europe, particularly Poland.

POLAND'S GROWING REGIONAL ROLE

One of the most striking developments since the late 1990s has been the growing importance of Poland as a regional actor in Central Europe. Historically, Poland has played a critical role in Central Europe, and it is well positioned to play such a role again. It is the largest and most populous country in Central Europe. It also has the largest and most modern armed forces in the region. And it is the

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[39]Janusz Reiter, "Antiamerikanismus ist kein guter Baustoff für Europa," *Frankfurter Allgemeíne Zeitung*, February 5, 2003.

[40]See Karl-Peter Schwartz, "Wie Kredit verspielt wird," *Frankfurter Allgemeíne Zeitung*, February 24, 2003.

country in the region that takes defense most seriously. Consider the following developments.

Within NATO, Poland's performance has been the best of the three new members. It has had the highest level of defense spending and it has done the best at meeting its force goals. It provided significantly more political and military support to the campaign in Kosovo than did Hungary or the Czech Republic—even offering publicly to send combat troops. It has also been willing to send troops for peacekeeping missions abroad, not only in Europe but in areas such as Haiti, Afghanistan, and Iraq.

First, Poland's performance reflects its desire to play a leading role in Central Europe as well as within the Alliance over the longer run. Over the next decade, Poland hopes to achieve a level of interoperability with NATO similar to that of middleweight powers such as Spain and Italy. While financial constraints may make this difficult, its key strategic location could make Poland's influence in the Alliance equal to, or even greater than, that of Spain and Italy.

Second, Poland has consciously sought to develop a strategic partnership with the United States, building on the strong historical and cultural ties that exist between the two countries as well as the strong U.S. support for Poland's membership in NATO. In recent years, Warsaw has emerged as Washington's strongest ally in Central Europe. Unlike most European countries, Poland supported President Bush's plans for missile defense and has indicated it is willing to serve as a site for radars associated with the deployment of a theater missile defense system for Central Europe. The decision to purchase the F-16 instead of the British-Swedish Gripen or French-built Mirage also reflects Poland's desire to maintain a close strategic partnership with the United States.

Poland's strong support for American policy during the Iraq crisis is another indication of its desire to strengthen its strategic partnership with Washington. Warsaw not only publicly backed the U.S. intervention—a move that put it at odds with many West European members of NATO, especially France and Germany—but also sent a combat unit to Iraq. In addition, it agreed to take responsibility for one of the three peacekeeping zones in Iraq after Saddam Hussein's ouster.

Third, Poland has pursued an active Eastern policy—a move that has been both encouraged and welcomed by Washington. Warsaw has been a leading advocate of Ukraine's closer integration into Euro-Atlantic structures and has pushed the EU to develop a more coherent and flexible policy toward its Eastern neighbors, especially Ukraine.[41] Indeed, Poland's entry into the EU is likely to give the EU's effort to develop an "Eastern dimention" new impetus.

Fourth, Poland has played an active role in promoting security in the Baltic region. Relations with Lithuania, which were strained in the early 1990s, have significantly improved and today are extremely close. The two countries have created a joint peacekeeping battalion (LITPOLBAT). Poland was one of the strongest supporters of Baltic membership in NATO and has proposed expanding the German-Danish-Polish Corps to include the Baltic states.[42]

Several factors have contributed to this increasing self-confidence and assertiveness on Poland's part. The first is Poland's entry into NATO. Membership in the Alliance has given Poland the firm anchor in the West it needed to be able to pursue an active *Ostpolitik* and expand its regional role. Without it, Poland would have had more difficulty in pursuing such an active Eastern policy.

The second is the strong backing of Washington. This, too, has significantly increased Poland's security and self-confidence. It is no accident that President Bush decided to give his major speech on NATO enlargement in Warsaw (July 2001). It was a natural choice, given the strong ties between Washington and Warsaw and the important role that Poland played in pushing for an expansive second round of NATO enlargement.

The third factor is the reconciliation with Germany discussed earlier, which removed a substantial residual problem in Poland's relations with the West and allowed Warsaw to turn its attention more forcefully to the East. The Polish-German reconciliation has significantly

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[41]For a detailed discussion of the Polish-Ukrainian rapprochement, see Kataryna Wolczuk and Roman Wolczuk, *Poland and Ukraine. A Strategic Partnership in a Changing Europe,* London: The Royal Institute of International Affairs, 2002.

[42]See "Robertson für NATO-Einsatz im Irak," *Frankfurter Allgemeíne Zeitung*, June 25, 2003.

changed the geostrategic map of Central Europe, freeing Poland to pursue an active policy in the East while allowing Germany to lay to rest one of its most sensitive and painful historical legacies. Indeed, reconciliation with Poland has been a cornerstone of Germany's *Ostpolitik* since 1989.

However, Poland's ability to continue to play an active regional role in the future will depend in large part on its economy. In the second half of the 1990s, buoyed by high growth rates, Poland emerged as the leading "tiger" in Central and Eastern Europe. But growth rates have recently plummeted. Poland's growth rate in 2002 was about 1 percent as compared to 5–6 percent in the second half of the 1990s. Unless the performance of the Polish economy improves, Warsaw will find it difficult to modernize its military and play the ambitious regional role to which it aspires.

THE SECOND ROUND OF ENLARGEMENT

At the Prague summit in November 2002, the NATO Heads of State and Government invited seven new countries—Slovenia, Slovakia, Estonia, Lithuania, Latvia, Romania, and Bulgaria—to join the Alliance. Adding these new members to the Alliance will help to complete the consolidation of a "Europe whole and free" and give new impetus to democratic reform in these countries. It will also strengthen the Atlanticist wing within the Alliance, since most of the new members are strongly pro-American.

At the same time, however, such a robust expansion of the Alliance also poses new risks and challenges. Most of the candidates are small and relatively poor. Their military equipment is obsolete and below NATO standards.[43] None is able to seriously project power beyond its borders—an increasingly important requirement in the post–Cold War period. Hence, many observers worry that the addi-

[43]For a useful examination of the qualifications of the recent invitees and aspirants for membership, see Thomas S. Szayna, *NATO Enlargement 2000–2015: Determinants and Implications for Defense Planning and Shaping*, Santa Monica, CA: RAND, MR-1243-AF, 2001, and Thomas S. Szayna, "NATO Enlargement: Assessing the Candidates for Prague," *Bulletin of the Atlantic Council of the United States*, Vol. 13, No. 2, March 2002, pp. 1–6.

tion of seven new members could diminish NATO's military effectiveness.

However, September 11 has changed the way the issue of NATO membership is viewed, especially by the United States. In the future, the willingness and ability of a country to contribute niche capabilities to the war on terrorism may prove to be more important than its ability to project power over long distances. Although resource constraints prevent many of the new invitees from contributing substantially to NATO military operations beyond Europe, they can make useful "niche contributions" to the war on terrorism.

In the Afghanistan campaign, a number of newly invited countries offered intelligence sharing, use of their territories and airspace, and other specialized assets. Bulgaria provided a base for U.S. KC-135 tanker aircraft and sent a 40-person NBC decontamination unit to Afghanistan. Romania contributed a police platoon and a C-130 aircraft for the international peacekeeping force in Afghanistan (ISAF), in addition to sending a 405-man infantry unit. Slovakia sent an engineering unit.

Moreover, U.S. defense priorities have shifted, especially since September 11. Today, Europe is increasingly seen by U.S. defense planners as a staging area for contingencies beyond Europe's borders rather than as a likely seat of confrontation in its own right. This shift has enhanced the strategic importance of countries such as Bulgaria and Romania, which are closer to many of the likely crisis areas and which may be willing to allow use of their facilities in the war on terrorism.

The key problem will be to ensure that the new invitees live up to their commitments once they are full members of the Alliance. This was a problem in the first round of enlargement, especially with Hungary (and to a lesser extent with the Czech Republic). Once they received invitations—the golden carrot—their performance fell off and they failed to meet a number of their NATO force goals. NATO needs to ensure that this is not repeated with the second round of invitees.

THE "NEW EUROPE" AND THE NEW NATO

The latest round of enlargement is likely to have a significant impact on NATO's orientation and policy.

First, the introduction of seven new members will shift the center of gravity within the Alliance to the East. With the addition of these new members, nearly 40 percent of the Alliance (10 out of 26 members) will be former communist states from Eastern Europe. As the debate on Iraq has underscored, the perspective of these states differs from that of many West European members on a number of points. Thus, there may be a sharper divide between "Old Europe" and "New Europe" on some issues.

This is particularly true in regard to policy toward Russia. Having lived for long periods under Soviet domination, many of the new entrants may be hesitant about embracing Russia too warmly, at least initially. While all agree on the need for good relations with Moscow, many are skeptical about long-term Russian goals and tend to draw a sharp dividing line between Russia and Europe.[44] This could complicate NATO's efforts to develop a cooperative partnership with Russia.

Second, some of the new entrants are likely to give greater priority to developing close relations with Ukraine and see Ukrainian membership in NATO (and the EU) as a strategic priority over the long run, whereas many West European members of the Alliance are skeptical about Ukrainian membership in both organizations. Lithuania in particular has emerged as a strong supporter of Ukraine's integration into Euro-Atlantic institutions.[45] Romania and Bulgaria also want to see Ukraine more closely tied to Euro-Atlantic institutions. This in-

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[44]This hesitation and skepticism was evident in internal discussions about the establishment of the NATO-Russia Council in the spring of 2002. In these discussions, the three new Central European members expressed reservations about the degree to which Russia should be allowed to participate in NATO activities. Note also Vaclav Havel's opening speech to the Aspen Berlin Conference on "The Transformation of NATO," Prague, November 20, 2002. In his speech, Havel specifically warned against the dangers of developing a "special bond" with Russia at the expense of the poorer South or other continents.

[45]See "Vilnius wirbt für die Ukraine bei der EU," *Neue Zürcher Zeitung*, December 14–15, 2002.

terest is likely to ensure that Ukraine is given greater attention in Alliance policy in the future.

Third, the new entrants are more pro-American and Atlanticist than many West European members of the Alliance (Britain, Spain, Portugal, and Italy excepted).[46] Their entry will thus strengthen the Atlanticist wing of the Alliance. The key questions are, Will this pro-Americanism last? Will these countries retain their pro-American orientation once they join the EU? Or will they gradually become "Europeanized" and begin to act more like Belgium or Germany?

Fourth, the new entrants may be less squeamish about contributing to military operations beyond Europe than some of the older members. Romania, Bulgaria, and Slovakia made small but useful military contributions to the campaign in Afghanistan. The significance of their contributions lay less in the military assets that they provided than in their readiness to shoulder responsibilities in a conflict far from their shores. In short, even before they had officially entered the Alliance, they had begun to act like allies.

The new entrants also adopted a tougher stand regarding Iraq than many current European members of the Alliance. At the Prague summit, the Vilnius 10 issued a statement that if Iraq failed to comply with UN Security Council Resolution 1441, they were prepared to contribute to an international coalition to enforce its provisions and disarm Iraq.[47] This was a stronger statement than the statement on Iraq issued by NATO as a whole, which referred only to the willingness to assist and support the efforts of the UN to ensure full and immediate compliance by Iraq with UN Resolution 1441.[48]

In February 2003, the Vilnius 10 issued a strong statement supporting the use of force against Iraq if Iraq failed to disarm, as required by

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[46]See the polling data in *What the World Thinks in 2002,* Washington, D.C.: The Pew Research Center for the People and the Press, December 2002, p. 55. The percentage of those who had a positive attitude toward the United States was nearly 10 percent higher in Central and Eastern Europe than in Western Europe.

[47]*Statement of the Heads of State and Government of Albania, Bulgaria, Croatia, Estonia, Latvia, Lithuania, Macedonia, Romania, Slovakia and Slovenia on the occasion of NATO Summit in Prague*, November 21, 2002.

[48]*Prague Summit Statement on Iraq*, issued by the Heads of State and Government in Meeting of the North Atlantic Council in Prague on 21 November, 2002.

UN Resolution 1441.[49] The statement aligned the ten countries closely with the United States in the Iraq debate and demonstrated that the countries recognized that threats emanating from beyond Europe's borders could pose a threat to Alliance interests and security. In addition, several new entrants, such as Romania and Bulgaria, provided facilities for U.S. troops in the Iraq crisis and have committed forces to the post-conflict stabilization effort in Iraq.

However, there is a visible gap between the elites and the populace in these countries. The elites tend to be more "internationalist" and willing to support the use of force outside their borders than the populace, who are generally more hesitant about sending their soldiers to fight in areas beyond their own country's borders. Thus, it may not be so easy for the elites in the new entrants to mobilize public support for military actions in areas outside of Europe.

This is particularly true in Slovenia and Croatia, where public support for NATO is weaker than in the rest of the Vilnius 10. In contrast to most of the rest of Central and Eastern Europe, for instance, the media in Slovenia and Croatia strongly criticized the governments' support for the February 2003 Vilnius 10 declaration supporting the United States on Iraq. This criticism reflected concerns in both countries that the governments' support for the United States could complicate relations with the EU.[50]

THE FUTURE OF THE VILNIUS GROUP

The Vilnius 10 statement on Iraq highlights the degree to which the new entrants and aspirants share common goals and values. However, the key issue is whether this solidarity will last. Will the new entrants continue to show the same degree of solidarity once they are members of NATO? Does the Vilnius Group have a future or will it gradually disintegrate?

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[49] *Statement by the Foreign Ministers of Albania, Bulgaria, Croatia, Estonia, Latvia, Lithuania, Macedonia, Romania, Slovakia and Slovenia,* February 5, 2003. See also, "Vilnius-Gruppe unterstützt Amerika," *Frankfurter Allgemeíne Zeitung*, February 7, 2003.

[50] See Karl-Peter Schwartz, "Auf Distanz zur Vilnius-Gruppe," *Frankfurter Allgemeíne Zeitung*, February 18, 2003.

The Vilnius Group was established in May 2000 to promote solidarity and cooperation among countries openly aspiring to NATO membership and to avoid an unseemly "beauty contest" among the aspirants. It met periodically to coordinate policy and lobby for a broad expansion of NATO that would include as many of the ten aspirants as possible. By banding together, members hoped to have more influence than if they acted alone. The group held periodic summits and proved to be an effective pressure group in the run-up to the Prague summit.

Many members would like to see this cooperation continue after Prague. President Kwasniewski of Poland, for instance, has proposed combining the Visegrád group and the Vilnius 10 into a new regional structure composed of 13 states—the Vilnius 10 plus the three Visegrád states: Poland, Hungary, and the Czech Republic.[51] The aim of his initiative is not to replace the Vilnius 10 and Visegrád groups but to try to strengthen the voice and influence of the countries of Central, Eastern, and Southeastern Europe by creating new synergies between the various regional initiatives. The proposal is also designed to prevent the marginalization of those states not invited to join the Alliance at Prague—especially Ukraine—and help them improve their prospects for eventual membership.

However, the proposal has several weaknesses. One is the diversity of the countries involved. The security concerns of the various states in the two organizations vary widely, which is likely to make it difficult for the group to achieve consensus regarding priorities. Another problem is the lack of involvement of important Western countries, such as Germany and the Nordics. The group would be more influential—and more effective—if these countries were engaged, at least in some projects. Nevertheless, Kwasniewski's proposal shows that the Central Europeans, especially Poland, are beginning to think about "life after Prague."

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[51]See Kwasniewski's speech at the summit meeting of the Vilnius Group in Riga, July 5, 2002.

THE WESTERN BALKANS

A final dilemma centers on how to handle the aspirations of the Western Balkan states. Macedonia, Croatia, and Albania have formally applied for NATO membership—and Serbia may do so at some point. However, all of these states have a long way to go before they qualify for NATO membership. At the same time, NATO cannot just turn its back on these states. Thus, NATO will need to develop a coherent strategy for the region that provides an incentive for reform while keeping the door open to possible membership down the line.

Chapter Three

BALTIC SECURITY

The Baltic issue has been the most difficult part of the enlargement puzzle. Many Western officials and observers argued that the Baltic states (Estonia, Latvia, and Lithuania) could not—or should not—be admitted to NATO. They feared that Baltic membership would seriously damage NATO's relations with Russia. The invitations at Prague and Copenhagen thus represent a significant victory for the Baltic states and the end to a long uphill battle.

At the same time, they create a new set of security challenges. For much of the last decade, ensuring the security of the Baltic states was an important Western—especially U.S.—priority. The Baltic states received high-level Western attention because they were considered the most challenging part of the NATO enlargement puzzle. However, having succeeded in obtaining invitations to join NATO, the Baltic states now run the risk of becoming victims of their own success, as Western attention begins to shift elsewhere.

In short, the paradigm that shaped Western policy in the Baltic region in the last decade has largely been overtaken by events and is becoming obsolete. That paradigm centered on integrating the Baltic states into NATO and the EU. With invitations at Prague and Copenhagen, these goals have essentially been accomplished. Thus the challenge in the post-Prague period is to find a new strategic framework that can keep the United States anchored in the region.

At the same time, the nature of the Alliance challenge is changing. The main challenge in the pre-Prague period was for the Baltic states to secure invitations to join the Alliance. The key challenge in the post-Prague period is to ensure that they receive a militarily credible

Article 5 (collective defense) commitment. Thus, the future focus will increasingly shift from the political to the *defense* aspects of NATO membership.

As well, the nature of the Russian challenge is changing. In the pre-Prague period, the key challenge was to prevent Russia from blocking Baltic membership in NATO. The key task in the post-Prague period will be to find ways to put Baltic-Russian relations on a firmer footing and defuse the antagonism that has characterized relations over the past decade.

In this context, the issue of Kaliningrad is likely to take on increased importance. During the Cold War, Kaliningrad was one of the most highly militarized regions in the former Soviet Union. With the independence of the Baltic states, Kaliningrad has become an exclave cut off from the Russian mainland and a major center for crime, drug trafficking, and arms smuggling. If these problems are not addressed, Kaliningrad could become a growing source of instability in the Baltic region.

In short, NATO enlargement does not end the security problems in the Baltic region. It simply transforms them. A new security agenda is emerging—one that is quite different from the pre-Prague agenda. How well the Baltic states and NATO address this new security agenda will have a critical impact on the security of the Baltic region and on NATO's relations with Russia.

MILITARY MODERNIZATION AND REFORM

Unlike some other aspirants for NATO membership from Central and Eastern Europe such as Romania and Bulgaria, the Baltic states had to create militaries from scratch. Given their small size and limited financial resources, this has not been an easy task. Nonetheless, all three Baltic states have made significant progress in modernizing their military forces and making them capable of operating with NATO forces.

Defense budgets in all three have been rising. Estonia's defense budget increased from 1.6 percent of the GDP in 2000 to 1.8 percent in 2001 and rose to 2 percent in 2002. Estonia is in the process of

creating a small intermediate reaction force; a battalion-size rapid reaction force; and two brigades of main defense forces.

Defense spending has also risen in Lithuania. In 2001, all parliamentary parties signed an agreement reaffirming their commitment to devote no less than 2 percent of GDP in 2001–2004. To reinforce this commitment, the extension of the accord until 2008 is under consideration. Lithuania has also taken steps to modernize its forces and make them NATO compatible. It plans to have one NATO-interoperable reaction brigade by 2006. It has also formed a peacekeeping battalion (LITPOLBAT) with Poland.

In the future, Lithuania plans to have a slightly smaller but more easily deployable force and to move away from the concept of territorial defense. In line with this, it is planning to reduce the number of conscripts and increase the number of professionals in the armed forces as well as restructure the territorial units to provide host-nation support, protection of key strategic facilities, and assistance to civil authorities. The active reserve forces will also be downsized.

Latvia's military transition has been the most difficult. Low defense spending in particular has been a problem. In 2000 and 2001, Latvia spent only 1 percent of GDP on defense. However, Latvia has pledged to raise defense spending to 2 percent by 2003. By the end of 2004, Latvia will be able to commit a fully professional motorized infantry battalion, with more combat support and combat service support units, to the Alliance for a full range of NATO missions.

Given the small size of their armed forces and the strong financial constraints they face, the Baltic states cannot hope to build powerful armed forces that can match those of the larger and richer members of the Alliance. Instead they have sought to enhance their value to the Alliance by developing specialized capabilities in certain areas. Latvia, for instance, is developing specialized ordnance and minesweeping units and is considering developing a chemical/biological defense unit. Estonia is also developing a minesweeping unit, whereas Lithuania is creating a medical unit.

All three Baltic states, moreover, have contributed to the war on terrorism. Latvia deployed a special forces unit and de-mining team in Afghanistan, whereas Estonia sent an explosive detection dog team. Lithuania deployed a special forces unit and a medical team.

Although these contributions were small and largely symbolic, they made clear that all three Baltic states were prepared to contribute to the war on terrorism and the broader security agenda. In addition, all three supported the U.S. effort to disarm Iraq and contributed forces to the post-conflict stabilization effort in Iraq.

REGIONAL DEFENSE COOPERATION

The three Baltic states have also taken a number of steps since 1993 to strengthen regional defense cooperation. The most successful initiative has been the creation of a joint Baltic peacekeeping battalion (BALTBAT). Composed of a company from each of the three Baltic states, BALTBAT was deployed in Bosnia as part of the Nordic Brigade. The joint peacekeeping battalion demonstrated the Baltic states' readiness to contribute to international peacekeeping. At the same time, it helped the Baltic states to gain valuable experience in working closely with NATO. Having fulfilled its primary mission, BALTBAT is likely to be replaced by other forms of joint cooperation.

In addition, several other efforts have been undertaken to enhance regional defense cooperation:

- A joint Baltic Naval Squadron (BALTRON) has been set up. It is composed of a combined Lithuanian-Latvian-Estonian staff and national ships from the navies of the three Baltic countries. It is based in Estonia. The goal is to integrate BALTRON into NATO naval forces.
- A Baltic Air Surveillance Network (BALTNET), based in Lithuania, has been established. It is designed to improve international cooperation between civilian and military authorities in aviation matters and to increase operational effectiveness. Now that the three Baltic countries have been invited to join NATO, BALTNET is expected to become part of NATO's integrated air defense system.
- A Baltic Defense College (BALTDEFCOL) has been set up in Tartu, Estonia. Its primary function is to train senior staff officers and civilians from the Baltic states in NATO-based staff procedures, strategic planning, and management.

These initiatives have helped to promote a greater sense of cohesion and regional cooperation among the Baltic states. The three Baltic states are also cooperating in joint arms and equipment purchases in order to save money. In August 2001, Latvia and Estonia agreed to jointly purchase long-range radars from Lockheed Martin. The radars will form part of BALNET, which will be integrated into similar NATO systems in the future.

AMERICAN POLICY

The United States' role has been—and remains—critical in enhancing security in the Baltic region. The United States was one of the few Western countries that never recognized the incorporation of the Baltic states into the Soviet Union. This gave the United States high credibility in the eyes of the Baltic states. Moreover, in the wake of Baltic independence, a large number of Baltic-Americans returned to their homelands and took up key positions in Baltic governments, further cementing the strong ties between the United States and the Baltic states.[1]

The first Bush administration was initially hesitant about supporting Baltic independence, fearing that it could result in widespread turmoil throughout the Soviet Union. However, the Clinton administration strongly supported the aspirations of the Baltic states. It regarded their integration into Euro-Atlantic institutions, including NATO, as a "litmus test" of its broader effort to overcome the divisions of the Cold War in Europe.[2]

At the same time, the administration sought to embed the Baltic issue in a broader policy toward Northeastern Europe, including Northwestern Russia. In so doing, it drew on patterns of Baltic and

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[1]The most prominent example is former president Valdas Adamkus of Lithuania, who was an official in the U.S. Environmental Protection Agency (EPA) in Chicago before returning to Lithuania to run for president.

[2]For a detailed discussion of the origins and development of the Clinton administration's policy toward the Baltic states, see Ronald D. Asmus, *Opening NATO's Door, How the Alliance Remade Itself for a New Era,* New York: Columbia University Press, 2002, pp. 228–238. Also *U.S. Policy Toward Northeastern Europe*, report of the Independent Task Force sponsored by the Council on Foreign Relations, New York: Council on Foreign Relations, 1999.

Nordic cooperation that already existed as well as historical traditions of regional cooperation such as the Hanseatic League, but sought to weave them into a more formal and coherent policy framework and provide "value added." The administration's policy proceeded along three separate but closely related tracks.

The first track was designed to integrate the Baltic states into Euro-Atlantic institutions and structures, including NATO. The most important element of this track was the Charter of Partnership, or "Baltic Charter," which was signed with the Baltic states in January 1998. The charter stressed that the Baltic states would not be excluded from Euro-Atlantic organizations and structures simply because of geography (i.e., their proximity to Russia) or the fact that they were once part of the former Soviet Union. While not providing an explicit security guarantee—as the Balts initially wanted—the United States committed itself in the charter to help create the conditions for eventual Baltic membership in NATO. In addition, along with Denmark, the United States took the lead in coordinating military assistance to Baltic countries through the Baltic Security Assistance group (BALTSEA).

Second, the administration sought to strengthen relations with the Nordic states and coordinate efforts to improve regional cooperation. The cooperation focused on six major areas: law enforcement, the environment, energy, public health, strengthening civil courts, and business promotion. The cooperation with the Nordic countries, especially Finland and Sweden, gave U.S. policy a broader focus and helped to link the issue of Baltic security to European security, thereby ensuring that the two issues were not decoupled—a major Nordic and Baltic concern. At the same time, it helped to give U.S.-Nordic relations a new warmth and intensity.

Third, the administration sought to encourage Russia's greater involvement in regional cooperation in the Baltic/Nordic region. In particular, it tried to develop cooperation with Northwestern Russia and integrate it into a broader regional framework. The main vehicle for promoting this cooperation was the administration's Northern European Initiative (NEI). The NEI complemented the EU's "Northern Dimension" and aimed at promoting cross-border initiatives in trade and investment, nuclear waste control, law enforcement, and the development of civil society.

In retrospect, the Clinton administration's Baltic policy can be seen as one of the most successful elements of its European policy. It increased the self-confidence of the Baltic states and provided much needed reassurance that reduced Baltic fears that they would again be abandoned or neglected by the West. It also provided diplomatic cover for the Nordics and allowed them to step up their engagement and support for the Balts. The convergence of U.S. and Nordic thinking on the Baltic issue led to a kind of "explicit strategic alliance and cooperation" in the region that ensured that the door to NATO membership would be kept open at the NATO- summit in Madrid.[3]

However, the Clinton administration was less successful in promoting Russian engagement with the Baltic states. While local authorities in Northwestern Russia welcomed the administration's Northern European Initiative, the central authorities in Moscow, showed little interest, fearing it would weaken their control and reinforce growing pressures for greater autonomy in the regions of Northwestern Russia. Many Russians also dismissed it as a disguised effort to bring the Baltic states into NATO. Moreover, the Kosovo conflict led to a general deterioration of U.S.-Russian relations, which further reduced Russia's interest in cooperation in the Baltic region.

The Bush administration built on the foundations laid down by the Clinton administration. It did not come into office with a fixed position either on Baltic membership or on enlargement more broadly, but it was gradually drawn toward an expansive approach. President Bush's speech in Warsaw in June 2001 was an important watershed.[4] Although Bush did not explicitly advocate Baltic entry into NATO in his speech, his reference to an Alliance from the "Baltic to the Black Sea" and his rejection of any "false lines" strongly suggested that the United States was likely to take an inclusive approach to enlargement that would include the Baltic states.

For tactical reasons, the administration was careful not to announce which countries would be issued invitations at the Prague NATO summit. It wanted to keep pressure on candidates to continue reforms and prevent any backsliding. However, after September 11,

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[3]Asmus, *Opening NATO's Door*, p. 231.

[4]For the text of Bush's speech, see http://www.whitehouse.gov/news/releases/2201/06/20010615-lhtml.

it came to favor a robust enlargement that included all three Baltic states.

Indeed, the relative equanimity with which Baltic membership was accepted is quite remarkable. As late as 2000, few outside observers or members of the policy elite in Washington would have given the three Baltic states much chance of being invited to join the Alliance at the Prague summit. At that time, most observers expected that there would be a relatively small enlargement at Prague, which would include Slovenia and Slovakia (the so-called "Slo-Slo" option) and at most one Baltic country—and even that seemed a long shot.[5] By the summer of 2002, however, it was widely assumed that all three Baltic states would receive invitations at Prague.

Several factors contributed to this remarkable shift. The first was the performance of the Baltic states themselves. In terms of democratic consolidation and market reform the Baltic states ranked at the head of the enlargement queue, along with Slovenia. In addition, they gradually improved their military performance, moving to the head of the queue there as well. Thus, based on purely objective criteria, it was hard to exclude the Balts.

Second, Russia began to mute its objections to Baltic membership. Although Putin continued to oppose Baltic membership in principle, by mid-2001 it had become clear that he did not intend to make a major issue out of Baltic membership and that he wanted to concentrate on improving relations with NATO. This shift took the wind out of the sails of many opponents of Baltic membership. It also defused the defensibility issue, making any aggressive Russian action or pressure against the Baltic states less likely.

Third, September 11 changed the whole context in which NATO enlargement was viewed by the United States. The main U.S. strategic priority became the war on terrorism. For this the United States

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[5]The Council on Foreign Relations report on *U.S. Policy Toward Northeastern Europe*, issued in 1999, advocated admitting one Baltic state in order to demonstrate that Moscow did not have a veto right over Baltic membership and to provide geographic balance. At the time, this position was regarded as "radical" by many members of the policy establishment. See *U.S. Policy Toward Northeastern Europe*, p. 43.

needed as broad a coalition of allies as possible. The ability of allies to provide niche capabilities and other assets such as peacekeeping forces and overflight rights in the war on terrorism became more critical in U.S. eyes than their ability to provide high-tech weaponry.

Finally, there was a growing belief that it did not make sense to invite only one Baltic state—that if you were going to invite one, you might as well invite them all, especially because the difference in qualifications between the three states was not great. Many U.S. officials came to believe that it was better to get the process over in one fell swoop than to have the issue remain a lingering irritant in relations with Russia and have to face a bitter debate once again later.

U.S.-BALTIC RELATIONS AFTER PRAGUE

The invitations to the Baltic states at Prague represent an important victory for Baltic diplomacy. At the same time, they create new dilemmas and challenges. In the post-Prague period, there is a danger that with NATO and EU membership largely complete, the United States could regard the Baltic problem as "fixed" and decrease its engagement in the region. Indeed, there are already signs of this happening.

As long as NATO enlargement was a priority and Russia's orientation uncertain, the Baltic issue received high-level U.S. attention and involvement. Baltic leaders had little problem getting on the schedules of high-level U.S. policymakers, including the U.S. president. That will no longer be the case in the future. After the ratification of the second round of NATO enlargement, getting high-level American attention will be much harder.

Thus, the key challenge after Prague will be to find a new agenda that keeps the United States actively engaged in the Baltic region. At the same time, some of the original cooperation mechanisms, such as the Baltic Partnership Commission, may need to be revamped. Because the private sector and nongovernmental organizations (NGOs) will become the main vehicle for sustaining U.S. engagement, new ways will need to be found to encourage and support their greater involvement.

EUROPEAN ATTITUDES AND POLICY

Support for Baltic membership in NATO was much weaker in Europe than it was in the United States. Except for Denmark, Norway, and Poland, few European members of the Alliance openly favored Baltic membership. Some, such as Germany and Britain, were basically opposed to issuing invitations to the Baltic states until very late in the run-up to the Prague summit. However, President Bush's speech in Warsaw significantly changed the enlargement landscape. Even though he did not explicitly come out in support of Baltic membership, his speech sent a strong signal that the administration favored including the Balts in the next round of enlargement. After his speech, many members of the Alliance who had previously expressed skepticism about Baltic membership or were opposed to it dropped their reservations and announced their support for Baltic membership in the Alliance.

France was one of the first Alliance members to adjust its policy. During a visit to the Baltic states in July 2001, President Chirac announced France's support for Baltic membership.[6] Chirac's remarks marked a significant change in French policy and were an implicit recognition that the enlargement landscape had shifted in the wake of Bush's Warsaw speech. Sensing that U.S. policy was moving toward support of Baltic membership, Chirac decided to make a virtue out of necessity and get some credit for what was clearly growing U.S. support of Baltic membership in the Alliance.

German policy was slower to change. Initially, Germany expressed reservations about Baltic membership in the Alliance, fearing that it would have a negative impact on relations with Russia. While not ruling out Baltic membership over the long term, Berlin gave top priority to the Baltic membership in the EU and to enhancing regional cooperation in the Baltic area. Germany's hesitant attitude toward Baltic membership in NATO contrasted sharply with its outspoken support for including the Central European countries in the first round of NATO enlargement and was strongly resented by the Baltic states, who had hoped for much firmer backing from Germany.

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[6]See "Jacques Chirac prône l'intégration des pays baltes dans l'OTAN," *Le Monde*, July 28, 2001.

However, German policy slowly began to shift in the course of 2001–2002, when it became increasingly apparent that support for Baltic membership was growing, especially in the United States. During a visit to Riga (Latvia) in February 2002, Foreign Minister Joschka Fischer formally announced German support for Baltic membership, noting that an invitation to the Baltic states to join NATO at the Prague summit would "erase the lines of injustice and division in Europe."[7] This brought German policy firmly in line with U.S. and French policy.

Great Britain was also initially hesitant about Baltic membership in NATO, but for other reasons. London was concerned that a security guarantee to the Baltic states would be difficult to carry out and that Baltic membership could weaken NATO militarily. However, Britain's resistance began to wane once it became clear that the United States strongly supported Baltic membership and as sentiment within the Alliance shifted in favor of issuing invitations to the Balts at Prague.

In the aftermath of enlargement, the Baltic question is likely to be much less contentious With the exception of Denmark, Germany, and Poland—and to a lesser extent Norway—few Alliance members have strong interests in the Baltic region. Indeed, the main problem will be to maintain interest in the region now that the membership issue has been resolved.

The key issue is what role Germany will play in the Baltic region in the future. Over the longer term, German influence, especially economic influence, in the Baltic region seems likely to increase. But in the short term Germany may be too preoccupied with its own internal problems to play a significantly expanded role in the region. Moreover, there is still some lingering resentment among the Baltic elites regarding Germany's refusal to support Baltic aspirations for NATO membership more forcefully. This feeling could affect the tenor of Baltic-German relations in the short term. It is also another reason why the Baltic leaderships want to keep the United States strongly engaged in the region.

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[7]See *Jamestown Monitor*, Vol. 8, No. 42, February 14, 2002.

THE DEFENSE OF THE BALTIC STATES

The invitations to the Baltic states to join the Alliance were largely issued for political reasons—as part of a broader effort to overcome the division of Europe and create a Europe "whole and free." However, the admission of the Baltic states will force the Alliance to confront how it intends to carry out an Article 5 commitment to the Baltic states. To date, little thought has been given to how to make an Article 5 guarantee credible. What are the military requirements to carry out an Article 5 commitment? What is the force package needed to reinforce the Baltic states in a crisis?

The situation today regarding the defense of the Baltic states differs significantly from the defense of Central Europe. Prior to the extension of invitations to Central Europe at the Madrid summit, there had been roughly five years of analysis and war-gaming on how to defend the region. Thus, by the time that invitations were issued NATO had a rough consensus on how it was going to defend Poland and the rest of Central Europe. No such consensus exists today within the Alliance on how to defend the Baltic states.

Lacking any clear conceptual thinking about how to defend the Baltic states, NATO planners may be tempted to dust off the plans for defending Poland and use them as a model for defending the Baltic states. However, it is not at all clear that the "Polish model"—i.e., large indigenous land and air forces, plus a robust NATO reinforcement package—is the right defense model for the Baltic region, which lacks the strategic depth and large military forces that were available in the Polish case. In addition, Russian forces are closer and Belarus does not provide a strategic buffer as Ukraine does in the Polish case. Finally, Western reinforcements are not next door as is the case in Poland. Getting reinforcements to the Baltic states will be much harder and take longer.

Moreover, the U.S. approach to warfare has significantly changed since 1997. The U.S. military is increasingly relying on network-centric systems and precision-guided weapons that can hit their targets with deadly accuracy. Reliance on these systems and weapons obviates the need for large ground forces in many cases. Such a strategy was employed with considerable success in Afghanistan and

may significantly influence how the United States thinks about and plans for military operations in the future.

In short, NATO has options today that it did not have in 1997. Relying on heavy ground reinforcements, as was the case for defending Poland, may not necessarily be the most effective way to carry out an Article 5 commitment to defend the Baltic states.

One alternative would be to rely on network-centric forces, many of which would be over-the-horizon, and precision-guided weapons, with near real-time linkage between sensors and shooters (the "Afghan model"). Such a strategy would be less provocative, requiring little or no prepositioned equipment or exercises on Baltic territory. It would also avoid a contentious dispute with Russia over the Conventional Forces in Europe (CFE) treaty because there would be no Treaty-Limited Equipment (TLE) stationed on Baltic territory.[8]

However, this strategy also has some potential drawbacks. It could weaken Alliance cohesion, because most of the high-tech, over-the-horizon forces and systems would be American. The Balts might also balk if no reinforcements were stationed on their territory in a crisis; they might view such reinforcements as an important tangible symbol of NATO's commitment to defend them. Finally, some of the designated over-the-horizon forces might not be available if the United States found itself confronted with a crisis in some other part of the world.

Another alternative for defending the Baltic states in a crisis would be a hybrid model. This strategy would involve a combination of network-centric systems and reinforcements that would count as TLE under CFE. This might prove to be the best strategy. It would provide reassurances to the Balts, because there would be plans to send some ground reinforcements. At the same time, NATO would rely on network-centric weapons and over-the-horizon systems that proved to be so effective in Afghanistan. The strategy would reduce, but not entirely eliminate, the amount of TLE.

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[8]The Baltic states are not part of the current CFE regime, but they will come under strong pressure to join now that they have been invited to join NATO.

A final possibility would be to rely on over-the-horizon forces designed to inflict great damage on economic and industrial targets, including the possible use of nuclear weapons. In effect, this strategy would be a latter-day version of the "Massive Retaliation" strategy adopted by NATO in the 1950s. However, such a strategy would not be very credible. Moreover, it would be out of sync with today's security thinking in Europe and would be unlikely to get allied support. NATO could be driven in this direction, however, if it relies solely on political deterrence and that effort fails.

The basic point is that NATO has various options for carrying out an Article 5 commitment. It does not necessarily have to defend the Baltic states the way it planned to defend Poland in 1997. Indeed, as suggested earlier, the "Polish model" may not be very applicable to the Baltic situation. Thus, NATO may have to develop new approaches to defending the Baltic states.

Developing defense plans to carry out an Article 5 commitment to the Baltic states, however, could prove controversial. Some allies may be reluctant to engage in such defense planning, arguing that the political environment has changed significantly since 1997 and Russia is no longer an adversary. They may contend that "political deterrence" is sufficient. Such an approach would be shortsighted and could seriously undermine the Alliance's credibility as well as create a crisis of confidence with the Baltic states. Although the strategic context is today quite different from what it was prior to September 11—above all because of the shift in Russian policy toward NATO and the United States—collective defense remains a core Alliance mission. Thus, NATO needs to develop operational plans to ensure that it can carry out an Article 5 commitment to the Baltic states.

THE EUROPEAN UNION'S NORTHERN DIMENSION

The European Union has stepped up its engagement in the Baltic region since the mid-1990s. The main vehicle for this engagement has been the EU's "Northern Dimension" adopted at the

Luxembourg summit in December 1997.[9] The Northern Dimension was essentially a Finnish initiative, but it was strongly supported by other Nordic members of the EU, especially Sweden. It aims at expanding regional cooperation in the Baltic and Barents Sea regions in areas such as trade, the environment, energy, and nuclear safety. One of its main goals is to engage Russia and promote greater regional cooperation with Northwestern Russia, including Kaliningrad.

Politically, the Northern Dimension represents an attempt by the Northern members (especially Sweden and Finland) to give greater attention to the economic and social problems in the Nordic/Baltic region and balance pressure from Southern members to focus on the Mediterranean ("The Barcelona Process"). It is also aimed at trying to engage Russia in cooperative arrangements in the region, thus defusing Russia's sense of isolation and creating a better climate for regional cooperation.

However, progress in implementing the Northern Dimension has been slow. The Kosovo war cast a pall over Russia's relations with the West, including with the EU. Although Russia has recently begun to show a greater interest in cooperation with the EU, including within the framework of the Northern Dimension, progress has been marred by continued coordination problems within the EU, both within the Commission and between the Commission and the Council. Lack of new money to fund projects has also hindered progress.

In the mid-1990s, Association (Europa) agreements were signed with the three Baltic countries similar to those signed with the Central and East European states. These agreements provided for an expansion of trade and other ties and opened up a perspective for eventual EU membership. At the Luxembourg summit in December 1997, the EU

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[9]For a detailed discussion of the EU's Northern Dimension, see Mathias Jopp and Riku Warjovaara (eds.), *Approaching the Northern Dimension of the CFSP: Challenges and Opportunities for the EU in the Emerging European Security Order*, Bonn and Helsinki: Institut für Europäische Politik und Ulkopoliittinen Instituutti, 1998.

decided to begin accession negotiations with six candidates, including Estonia, which at the time was considered to be the best prepared of the Baltic states for membership. Latvia and Lithuania were put on a slower track, along with Romania, Bulgaria, and Slovakia.

However, at its summit in Helsinki in December 1999, the EU abandoned its two-tier policy of differentiation and decided to open accession negotiations with all prospective candidates. This decision formally removed the distinction between Estonia and the other two Baltic states and paved the way for the invitations to all three Baltic states at the EU's summit in Copenhagen in December 2002. By May 2004, all three are expected to become full members of the EU.

Baltic membership in the EU will enhance stability in the region. The Baltic states will become part of the larger European political and economic space, which will end any ambiguity about their status and where they belong. At the same time, EU membership will act as an indirect deterrent against Russian misbehavior. Any attempt by Russia to interfere in their affairs or exert pressure on them would have serious consequences for Russia's relations with Europe, especially the EU. Russia, therefore, is likely to think twice before undertaking such action.

However, the EU does not have the capability—or the intention—to defend the Baltic states if they face a serious military threat to their security. The 60,000-man Rapid Reaction Force that the EU agreed to set up at the Helsinki summit is designed for peacekeeping and humanitarian rescue operations—the so-called "Petersburg tasks"—not for collective defense. Hence, NATO will continue to play an important role in ensuring Baltic security for some time to come.

NORDIC PERSPECTIVES AND POLICY

Baltic security will also be significantly influenced by the policy of the Nordic countries. The Nordics were initially divided when the debate over NATO enlargement first broke out in the early 1990s. Some countries, such as Denmark, were early supporters of Baltic membership in NATO. Norway initially feared that Baltic membership would dilute NATO's traditional Article 5 commitment and have a negative impact on Norwegian-Russian cooperation in the Barents Sea. Finland and Sweden were worried that enlargement would be

limited to Central Europe, exclude the Baltic states, and provoke a negative Russian reaction, leading to a deterioration in Baltic Sea security.

These initial concerns, however, were generally supplanted in the mid-1990s by increasing concerns about the prospect of Baltic regionalization—the fear that the Nordic states would be put in a special category with the Baltic states and saddled with the responsibility of managing Baltic security on their own. The Nordics concluded that they would have to stand up and promote the Baltic cause if the Baltic states were going to be integrated into Western institutions. They thus took the lead in developing the EU's Northern Dimension. They also sought closer ties with Washington and NATO outreach programs to the region. The increasing involvement of the United States, in turn, emboldened the Nordics to deepen their own commitment to the Baltic states.

The Nordic states, however, are not a homogeneous group. Their interests and approaches to security in the Baltic region vary considerably. Within NATO, Denmark has been the most ardent champion of the Baltic cause. Copenhagen has played a leading role in providing the Baltic states with financial and military assistance. It was one of the driving forces behind the establishment of the Baltic peacekeeping battalion (BALTBAT). Baltic platoons were integrated into the Danish peacekeeping battalion in Bosnia and were also included in the Nordic brigade in IFOR/SFOR.[10]

Norway regards itself primarily as an Atlantic rather than a Baltic country. Its chief interest is cooperation in the Barents Sea rather than Baltic cooperation. As noted, Norway was initially skeptical about Baltic membership in NATO because it feared it would lead to a dilution of NATO's traditional emphasis on Article 5 (collective defense) and would have a negative impact on Norwegian-Russian cooperation in the Barents Sea. However, in the last few years, Norway has taken a more active interest in Baltic security issues. It played a major role in the initial phases of setting up BALTSEA—the multilateral assistance program for the Baltic states—and was the lead nation in organizing BALTNET.

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[10]IFOR is the NATO-led Implementation Force (Operation Joint Endeavour) in Bosnia and Herzegovina; SFOR is the NATO Stabilization Force in the same area.

While militarily nonaligned, Finland and Sweden have strongly supported the Baltic states' integration into Euro-Alliance institutions and have provided low-level military assistance to the Baltic states. Gradually a de facto division of labor has emerged. For linguistic, cultural, and geographic reasons, Finland has tended to favor Estonia in its assistance to the Baltic states. Sweden, on the other hand, has taken a strong interest in helping Latvia, whereas Denmark has concentrated on assisting Lithuania.

However, Sweden and Finland oppose the creation of a special Baltic or Nordic security zone—an idea that Moscow has pushed from time to time—because they do not want to "de-couple" Nordic security from European security. At the same time, they favor major U.S. involvement in the Baltic region as a counterbalance to Russia. Indeed, cooperation between the United States and Finland and Sweden in the Baltic region has intensified significantly in recent years and given U.S. relations with both an important new strategic dimension.

At the same time, Swedish and Finnish security policy has undergone an important evolution in the last decade. Both countries have taken significant steps away from nonalignment by joining the EU and NATO's PfP. Sweden, for instance, officially modified its interpretation of neutrality. The new Security Policy Line, adopted in February 2002, notes that threats to peace can best be averted by acting in concert and cooperation with other countries.

While neither Finland nor Sweden has officially expressed a desire to join NATO, a debate has broken out among policy elites and journalists in both countries about the possibility of eventual NATO membership. This debate has gone furthest in Finland, in part because neutrality was imposed upon Finland whereas in Sweden it was voluntary. Some Finnish commentators have suggested that Finland will have little choice but to join NATO, not because Finland faces any particular threat to its sovereignty, but to ensure that it has a "seat at the table" on matters that directly affect Finnish security interests. The Finnish government insists that it sees no reason at the moment to change Finland's traditional policy of military nonalignment. However, it has kept open the option of possibly joining NATO at a later date.

In Sweden, as well, voices in the media and some political circles have begun to raise the issue of NATO membership. The Liberal Party has come out in favor of immediate NATO membership, whereas the Moderate Party has called for eventual Swedish membership in the Alliance. In addition, the need for defense cuts has caused some members of the Swedish policy elite to question whether Sweden can afford to remain outside the Alliance over the long run. The Swedish government, however, continues to contend that there is no reason to abandon Sweden's policy of military nonalignment.

Since Prague, several Finnish politicians, such as former president Martti Ahtisaari, have come out in favor of Finnish membership in NATO. Some Finnish think tanks have also come out in favor of Finnish membership in NATO.[11] However, Finnish public opinion continues to be strongly opposed to NATO membership.[12] The Finnish government therefore is likely to wait to see how NATO deals with the second round of enlargement before making any decision about joining.

The situation in Sweden is more complex because nonalignment there has deeper historical roots. Swedish public opinion is currently opposed to Swedish membership in NATO. Moreover, the Swedish rejection of joining the Eurozone has underscored the strong concerns among the Swedish population about the impact of integration on the Swedish identity and makes any Swedish membership in NATO in the near future highly unlikely.

A lot will depend on NATO's own future—and how much energy and effort the United States devotes to ensuring the importance and vitality of the Alliance. If NATO remains a critical forum for addressing transatlantic security issues and meeting new threats, Sweden and Finland will have a much greater interest in joining the Alliance. But if the United States neglects NATO and decides to deal with new

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[11]A recent report by the Finnish Institute of International Affairs, for instance, concludes that NATO membership would offer better opportunities for cooperation with Russia than Finland's current policy and would also benefit Russia. See Christen Pursiainen and Sinikukka Saart, *Et tu Brute! Finland's NATO Option and Russia,* UPI Report 2002, Helsinki: The Finnish Institute of International Affairs, 2002, p. 5.

[12]A survey by the polling agency Suomen Gallup showed that 65 percent of Finns are against Finnish membership in NATO, while 16 percent favor membership.

challenges largely on its own, both countries may decide that there are few benefits from changing their current nonaligned policies and joining the Alliance.

THE RUSSIAN FACTOR

Russia's approach to the Baltic states will have a critical impact on the security environment in the Baltic region. As former Swedish prime minister Carl Bildt has noted, Russia's willingness to accept the independence of the Baltic states is the real "litmus test" of the degree to which Russia has jettisoned its imperial ambitions.[13]

Russian policy toward the Baltic states has evolved since the late 1990s. However, it continues to be dominated by geopolitical concerns. At the same time, Russia has strong economic interests in the Baltic region. It is heavily reliant on Baltic ports for the transit of its goods, especially oil and gas—over 40 percent of Russia's exports go through Baltic ports.[14]

Moscow thus has a strong interest in developing cooperative relations with the Baltic states over the long run. Indeed, Russia appears to see real long-term economic benefits for itself from the integration of the Baltic states into the EU. The Baltic states could become Russia's gateway to Europe and facilitate closer relations between Russia and the EU. At the same time, Russia is concerned about the impact of Baltic membership in the EU on Russia's economic ties to the Baltic states.[15]

The most important impact, however, will be political. Baltic membership in the EU will effectively move the Baltic states irrevocably

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[13]See Carl Bildt, "The Baltic Litmus Test," *Foreign Affairs*, Vol. 73, No. 5, October 1994, pp. 72–85.

[14]For a detailed discussion, see René Nyberg, "Ökonomische Interdependenz im Ostsee-Raum: Transportbedürfnisse Russlands und das Baltikum," *Internationale Politik*, 2/1998, pp. 41–46.

[15]In its response to the EU's "common strategy," Moscow for the first time officially expressed some uneasiness over the Union's enlargement to Eastern Europe and claimed for itself a *droit de regard* over Baltic entry into the EU because of the Russian minority. It also protested the EU's decision to open accession negotiations with Latvia. See Daniel Vernet, "Moscou demande aux Quinze de reconnaître son rôle dirigeant en ex-URSS," *Le Monde*, January 16–17, 2000.

out of Moscow's orbit and make it more difficult for Russia to impose economic sanctions against the Baltic states—as it threatened to do on a number of occasions in the past—without jeopardizing its broader relationship with the EU. Indeed, over the long run Baltic membership in the EU is likely to have a bigger impact on relations with Russia than will Baltic membership in NATO.

One of the most sensitive issues is the treatment of the Russian minority, which continues to be a source of friction, especially between Russia and Estonia and Latvia. The minority issue is less of a problem with Lithuania because Lithuania has a relatively small Russian-speaking population (about 9 percent). Moreover, unlike Estonia and Latvia, Lithuania granted automatic citizenship to the Russian minority after independence. Estonia and Latvia, by contrast, have imposed special language and other requirements for citizenship on Russians who were not living in Estonia and Latvia prior to 1940.

The Russian population has been one of the chief losers in the transformation process in the Baltic states and is overrepresented among the weaker social groups, such as the urban unemployed and pensioners, who are dependent on the Baltic government for support.[16] Moreover, most of the investment in Estonia and Latvia has been concentrated in and around the capitals rather than in those areas in the provinces that have large Russian populations. This has reinforced the sense of discrimination felt by the Russian population in Estonia and Latvia. Moreover, in Latvia the Russians have been forced into the private sector because of the stiff language requirements for employment in the public sector.

Russian authorities have used the minority issue to exert pressure on the Baltic states to achieve broader foreign policy goals that have little to do with the treatment of the minority. Economic interests of nonstate actors such as Gazprom and LUKoil also influence Russian policy toward the Baltic states. The sharp Russian attacks against Latvia in the spring of 1998, for instance, appear to have had more to do with the difficulties that LUKoil was having in acquiring shares in

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[16]See Wim P. van Meurs, *Die Transformation in den baltischen Staaten: Baltische Wirtschaft und russische Diaspora*, Köln: Berichte des Bundesinstituts für ostwissenschaftliche und internationale Studien, June 1999.

Latvian port facilities critical for the transport of its oil than with Latvia's treatment of the Russian minority.[17]

Recently, Latvia and Estonia have introduced changes in their citizenship laws to bring the laws into accord with the norms of the EU and the Organization for Security and Cooperation in Europe (OSCE). It is now much harder for Russia to credibly argue that the Russian minority in these countries is suffering from "massive discrimination" and "genocide," as it had previously claimed. The real problem today is not the lack of laws protecting the Russian minority but the implementation of the laws already on the books.

However, Russia does not appear to have a coherent, overarching policy toward the Baltic region. Rather, it has tended to treat the Baltic countries individually and pursue separate policies toward each. Its policies have often been driven by domestic politics—the desire to look tough and be perceived as standing up for "Russian interests"—rather than by any grand design for the region as a whole.

Russia's relations with the individual Baltic states vary. Relations with Lithuania are the best—in part because the Russian minority in Lithuania is small and better integrated than in Latvia or Estonia. Lithuania and Russia also have no territorial differences. A border treaty was signed in October 1997 and finally ratified by the Russian Duma in May 2003. Trade ties with Lithuania are also extensive, especially in the energy field.

Russian-Estonian relations have been troubled by differences over the demarcation of the Russian-Estonian border. A treaty delineating the Russian-Estonian border was worked out in 1996. However, Moscow has dragged its heels on signing the treaty in an attempt to complicate Estonia's relations with the EU and NATO and has frequently criticized Estonia's treatment of the Russian minority.

Relations with Latvia have been strained by the minority issue and by Latvia's prosecution of KGB officials for their participation in alleged war crimes in the period after Latvia's incorporation into the Soviet

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[17]See Igor Leshoukov, "Russlands Politik gegenüber den baltischen Staaten," *Internationale Politik,* 10/1998, pp. 39–44.

Union. Russian capital also plays a larger role in Latvia than in Estonia or Lithuania. Indeed, the increasing role of Russian capital in financing Latvian political parties has become a source of concern in some Western capitals.

THE ECONOMIC AND ENERGY DIMENSION

As its political influence over the Baltic states has declined, Moscow has sought to find new ways—especially economic means—to retain influence in the Baltics. This has been evident in particular in Latvia, where Russia has tried to gain economic influence over Latvia's energy sector, especially the oil refinery at Ventspils, which is one of the few ice-free winter ports in the Baltic region. In early 2003, the Russian state monopoly Transneft stopped oil deliveries to Ventspils, causing serious economic losses to the refinery. Transneft argued that the reason for the cutback was because it was sending oil to its own terminal at Primorsk, on the Gulf of Finland. However, the real aim of the move appears to have been to force the management of Ventspils to sell control of the refinery to Transneft.

The Ventspils incident appears to be part of a broader effort by Russian firms to gain economic control over key energy industries in the Baltic region. In August 2002, the Russian oil giant Yukos acquired a controlling stake in Makeikiu Nafta oil—a Lithuanian conglomerate that includes an oil refinery, a shipping terminal, and a transit pipeline. The Russian gas monopoly, Gazprom, and an allied company, Itera, also own a major stake in Latvia's natural gas industry.

However, overall Moscow has much less influence in the Baltic states today than it did five or ten years ago. Russia's influence over the Russian minorities in the Baltic states is declining. Although many members of the minority continue to feel that they are second-class citizens, few wish to emigrate to Russia. Today a growing number of the younger members of the minority see their fate tied to the process of European integration rather than to Russia's evolution. This perception has reduced Russia's ability to use the minority as a means of pressure on the Baltic states.

THE PROBLEM OF KALININGRAD

In the post-Prague period, Kaliningrad—the former German city of Königsberg—is likely to become an increasingly important part of the Baltic security agenda. After World War II, Kaliningrad became part of the Soviet Union.[18] During the Soviet period, the Kaliningrad district was one of the most militarized areas in the Soviet Union and was closed even to Russian citizens. However, the collapse of the Soviet Union and the independence of the Baltic countries left the region an enclave, detached from Russia.

Initially, the heavy militarization of the region was perceived as a problem, particularly by Poland and Lithuania. However, since the mid-1990s, Russia has significantly reduced its military presence. In the early 1990s, Russia had 120,000 to 200,000 troops in the region.[19] Today, there are only about 25,000 Russian military personnel stationed in the Kaliningrad area. According to Russian officials, Russia intends to reduce the number of military personnel stationed there by another 8,063 men by the end of 2003.[20] However, the quality and readiness of the troops and equipment in Kaliningrad remain high.

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[18]Under the Potsdam Treaty (July–August 1945), Kaliningrad was put under Soviet administration until a final peace treaty was signed, which never occurred. The Soviet Union maintained that the Potsdam Treaty resolved the issue of Kaliningrad's status once and for all and that Kaliningrad was legally a part of the Soviet Union. West Germany renounced any claim on Kaliningrad in the Renunciation Force Treaty signed with the Soviet Union in 1970. Lithuania also acknowledged Russian sovereignty over Kaliningrad in the border treaty signed with Russia in 1997. However, because of the lack of a final peace treaty, some Russian officials fear that the West, especially Germany, might try to reopen the issue of Kaliningrad's legal status. For a comprehensive discussion of the Kaliningrad issue, see Richard Krickus, *The Kaliningrad Question*, Lanham, MD: Rowman and Littlefield, 2001.

[19]In 1997, the Kaliningrad Special Defense District (the only remnant of the former Baltic Military District) was abolished, including the 11th Army, which had been stationed there. The residual land units were subordinated to the Baltic Sea Fleet, which was radically reduced as well. See Roy Allison, "Russia and the Baltic States: From Geopolitics to Geoeconomics," in Joop and Warjovaara (eds.), *Approaching the Northern Dimension of the CFSP: Challenges and Opportunities for the EU in the Emerging European Security Order*, p. 99. See also Klaus Carsten Pedersen, *Kaliningrad: Armed Forces and Missions,* Copenhagen: The Danish Foreign Society, November 1997; and Mikhail Urusov, "Kaliningrad Special District: Where Does the Danger Lie?" *Moscow News,* October 9–15, 1997.

[20]See the interview with Admiral Vladimir Yegorov, governor of the Kaliningrad district and former commander of the Russian Baltic Fleet, "Wir brauchen das reiche Europa," *Der Spiegel*, 11/2001, p. 154.

The downsizing of Russian forces in Kaliningrad has been prompted primarily by economic pressures, particularly the Russian government's need to cut defense spending and curb outlays to the military industrial complex. However, there are also indications that the Russian military has concluded that Kaliningrad cannot be defended and that a small contingent of air, ground, and naval units will be sufficient for air and sea surveillance and local defense. The decline in the number of Russian troops, together with the conclusion of the 1997 border treaty between Russia and Lithuania, has also served to defuse the transit issue.

Today the real dangers stem not from the region's "militarization" but rather from its economic isolation and the lack of an overall concept in Moscow for dealing with the region. Kaliningrad's road, rail, and waterway systems are not directly linked to the rest of Russia. Communications and transportation links to the outside world are poor. The local authorities would like to upgrade these links, but the central authorities in Moscow have been unwilling to allocate the necessary resources to improve them.

In addition, a large part of the region's economy remains tied to the Russian military-industrial complex. The overall cutback in defense spending and military outlays by the Russian government has created significant economic hardships in the region. Many of the large factories built in the Soviet era are no longer viable, creating serious unemployment problems. Industries such as fishing and cellulose have also been hard hit.

These developments have resulted in a decline in the region's economy. Today nearly one-quarter of the region's workforce is unemployed. The region also has become a major haven for gun running, crime, drugs, and disease. Kaliningrad has the second highest incidence of AIDS in the Russian Federation.

The law passed in February 1996 to make Kaliningrad a "Special Economic Zone" (SEZ) was intended to address these problems. It was hoped that this special status would attract foreign investment and help to ameliorate the region's growing economic and social problems. Some Russians even talked of turning Kaliningrad into a "Russian Hong Kong." However, little has been done to implement this plan. As a result, there has been little direct foreign investment

and the region's economy has continued to perform more poorly than much of the rest of Russia.[21] In addition, the criminalization of Kaliningrad's economy is a major impediment to foreign investment in the region.

Given Germany's strong historical ties to Kaliningrad, many local officials hoped that Germany would play an active role in helping to revitalize the region. However, Germany has maintained a low profile regarding Kaliningrad. Berlin has been reluctant to become too strongly engaged economically in the region for fear of sparking Russian fears of German "revanchism" and that it intended to "reclaim" Kaliningrad at some point.[22] Instead, Germany has favored treating Kaliningrad within the broader framework of EU policy.

Kaliningrad's problems have been aggravated by the lack of a coherent Russian policy toward the region. Moscow has essentially left the region to fend for itself, which has made Kaliningrad increasingly dependent on outside ties. At the same time, the authorities in Moscow remain wary of increased direct foreign assistance to the region, fearing that this could reduce their control and stimulate separatist pressures.

Lately, however, Russia has begun to show a greater interest in addressing the problems in Kaliningrad. At the June 1999 meeting with the EU Troika, Russia floated the idea of discussing the impact of EU enlargement on Kaliningrad. And at the EU-Russia summit in Helsinki in October 1999, Putin—then prime minister—characterized Kaliningrad as a "pilot project" for Russia's cooperation with the EU in presenting Russia's response to the EU's "Common Strategy."

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[21]In the first half of 2002, Kaliningrad received only $4 million in direct investment. Of this, $2.3 million came from Cyprus, which is a haven for Russian capital, and another $1.3 million came from the Isle of Man. By contrast, during the same period foreign firms invested $1.9 billion in Russia as a whole, $780 million of which was in Moscow. See Markus Wehner, "Wer will schon in Kaliningrad investieren?" *Frankfurter Allgemeine Zeitung*, October 24, 2002. On the lack of direct investment, see also Sybille Reymann, "Das Kaliningrader Gebiet und seine Beziehungen zu gewählten Ostsee-Anrainern," *Osteuropa Wirtschaft*, June 1999, pp. 177–195.

[22]In the first half of 2002, German investment amounted to only $153,000. See Markus Wehner, "Wer will schon in Kaliningrad investieren?" *Frankfurter Allgemeine Zeitung*, October 24, 2002.

Russia's more flexible position toward Kaliningrad lately has been part of a basic shift in Russia's approach to the EU's Northern Dimension. The economic crisis of August 1998 and the approaching enlargement of the EU appear to have persuaded Moscow that a new approach was needed to relations with the EU, and especially to Kaliningrad. Lithuania's active effort to promote cooperation with Russia on Kaliningrad in the context of the Northern Dimension also played an important role in persuading Moscow to take a more positive approach toward Kaliningrad.

At the same time, with a further round of enlargement looming on the horizon, the EU has begun to take a more active interest in Kaliningrad's problems. Under the EU's Northern Dimension, a joint EU-Russian working group has been set up to explore ways to improve the region's economic prospects. In January 2001, the European Commission laid out a comprehensive program for expanding cooperation and addressing some of Kaliningrad's most urgent needs.[23] It was designed to launch a dialogue with Russia (and Poland and Lithuania) about the difficulties that may arise as a result of EU enlargement.

However, the central authorities in Moscow remain highly sensitive about Kaliningrad's ties to the West, which they fear could spark separatist pressures. Recently, Putin has strengthened federal control over Kaliningrad as part of his general effort to strengthen central control over Russia's regions. He has also sought to have all external ties channeled through Moscow and has discouraged direct Western ties with the local Kaliningrad authorities.[24]

Putin has also taken steps to tighten federal control over Kaliningrad by appointing a special presidential deputy for the region. This move

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[23]"The EU and Kaliningrad," *Communication from the Commission to the Council*, COM (2001), Brussels, no date.

[24]Moscow's sensitivity about direct contacts with the local authorities in Kaliningrad was well illustrated by its handling of the visit of the EU Troika to Kaliningrad in February 2001. At Moscow's behest, the visit was downgraded to an "unofficial visit" of the Swedish presidency and Javier Solana, the High Representative for the Union's Common Foreign and Security Policy (CFSP), was dropped from the delegation. An invitation to attend a session of the Kaliningrad parliament was also withdrawn by Russia. See "Nur ein 'Kennenlernbesuch' in Kaliningrad," *Frankfurter Allgemeine Zeitung*, February 15, 2001.

sets up a parallel administration not under the control of the local Kaliningrad authorities and responsible only to Putin. Kaliningrad's governor, Admiral Vladimir Yegorov, has warned that such a parallel structure will result in "chaos." Some observers have suggested, however, that tighter federal authority may allow a controlled intensification of contacts with the EU and Kaliningrad's Baltic neighbors.

THE IMPACT OF EU AND NATO ENLARGEMENT ON KALININGRAD

The enlargement of the EU will make Kaliningrad an enclave within the EU. As prospective members of the EU and the Schengen zone, Poland and Lithuania have been required to impose strict border and visa requirements on Kaliningrad citizens wishing to travel west or to Russia, restricting the relatively easy travel to both areas Kaliningraders previously enjoyed. Many Russian officials fear that these restrictions will reduce cross-border trade and exacerbate Kaliningrad's already serious economic problems. However, without strict border controls, there is a danger that many of Kaliningrad's problems—growing criminal activities, drugs, AIDS, etc.—could be imported into the EU.

The increased restriction on Russians traveling between Kaliningrad and the Russian mainland have caused strains in Russia's relations with the EU, as well as tensions in relations with Lithuania and Poland. Russia rejects the idea that Russian citizens traveling to and from Kaliningrad should be required to obtain visas, since they are traveling from one part of Russia to another. Instead, Moscow has proposed the establishment of special transit corridors through Lithuanian territory and the use of sealed trains—a proposal that both the EU and Lithuania have rejected.

At the Russian-EU summit in Brussels in November 2002, a compromise was achieved. The EU agreed that Kaliningrad residents will be issued special transit passes (facilitated transit documents) starting in July 2003 to travel through Lithuania. They will be easier to obtain than a regular visa. The EU also agreed to study the possibility of letting Kaliningrad citizens travel to Russia proper

through Lithuania without visas in special high-speed trains.[25] This compromise has temporarily defused the transit issue and could provide the basis for a resolution of the transit problem over the long term.

The controversy with the EU over transit has tended to overshadow the impact of NATO enlargement on Kaliningrad. The inclusion of Lithuania in NATO will make Kaliningrad a NATO enclave. Some Western and Russian observers initially expressed concerns that NATO enlargement could lead to a remilitarization of Kaliningrad, possibly leading to the deployment of tactical nuclear weapons there.[26] However, such a move seems unlikely. It would make little military sense and would exacerbate Russia's relations with the West without bringing any appreciable gain in Russian security.

Moscow's main concern regarding Kaliningrad is likely to be to ensure continued unimpeded transit between Kaliningrad and the Russian mainland for its military forces. This issue is regulated by an agreement signed between Lithuania and Russia on November 18, 1993.[27] To date, the agreement has worked quite well. Some

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[25]"Vilnius signals agreement on EU Kaliningrad deal," *The Baltic Times*, October 31–November 6, 2002. "EU und Russland einig über Königsberg-transit," *Frankfurter Allgemeíne Zeitung*, November 12, 2002.

[26]Western concerns were intensified in early January 2001 by press reports that Moscow had been putting tactical nuclear warheads into storage facilities at a naval base in Kaliningrad. Poland and Lithuania called for an international suspension of Russian arms dumps in Kaliningrad. However, Russia denied the press reports. See Bill Gertz, "Russia Transfers Nuclear Arms to Baltics," *Washington Times*, January 3, 2001; Walter Pincus, "Russia Moving Warheads," *Washington Post*, January 4, 2001; Bill Gertz, "Poland Wants Inspections in Kaliningrad," *Washington Times*, January 5, 2001, and Bill Gertz, "Satellites Pinpoint Russian Nuclear Arms in Baltics," *Washington Times*, February 15, 2001.

[27]The agreement of November 18, 1993, regulated transit through the territory of Lithuania of Russian armed forces and military cargos withdrawn from Germany and was valid until December 1994. In the agreement, questions of military transit from Germany and from the Kaliningrad Oblast were not separated. Throughout 1994, Russia pressed Lithuania to sign a special transit agreement granting Russia special rights to implement military transit to and from Kaliningrad—which Lithuania refused to do. The military transit issue was finally resolved in January 1995 when the Russian government consented in a diplomatic note to accept a Lithuanian proposal to extend the procedures on military transit through Lithuanian territory contained in the November 18, 1993, bilateral agreement. For a detailed discussion, see Ceslovas Laurinavicias, Raimundas Lopata, and Vladas Siratavicius, *Military Transit of the*

observers worry that Russia could try to obtain additional assurances from NATO regarding transit rights for its military forces and possibly even seek to renegotiate the 1993 agreement. However, Russia appears to be satisfied with the 1993 agreement and is not likely to press to renegotiate it.

THE BROADER IMPACT OF ENLARGEMENT ON BALTIC POLITICS AND SECURITY

Baltic membership in NATO will effectively end the debate about the security orientation of the Baltic states. Once in NATO, they will be firmly integrated into the Western security architecture. At the same time, NATO membership may have an important impact on the long-term security policies of the Baltic states in several ways.

The first concerns the Baltic states' Atlanticist orientation. Like their counterparts in Central Europe, the elites in the Baltic states are strongly Atlanticist and pro-American—not only because the United States strongly supported their aspirations for NATO membership but also because many Balts emigrated to the United States after World War II. After their return to their homeland in the early 1990s, they looked to the United States for both inspiration and political support.

The key question is whether this Atlanticism and pro-Americanism will remain strong once the Baltic states become integrated into the EU and as the first generation of Baltic leaders, many of whom have strong ties to the diaspora in the United States, fades from the political scene. In short, is this Atlanticism and pro-Americanism a deep-seated and enduring feature of Baltic political life? Or are we likely to witness a growing "Europeanization" of Baltic politics as EU integration becomes more pronounced?

A lot will depend on U.S. policy toward the region. If the United States remains actively engaged, then the Atlanticism and pro-Americanism evident to date are likely to remain important features of the Baltic political landscape. However, if the United States decides that the Baltic problem has essentially been "fixed" and

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Russian Federation Through the Territory of Lithuania, Vilnius: Institute of International Relations and Political Science of Vilnius University, 2002.

gradually disengages, then the process of Europeanization—or more accurately "EU-ization"—of the region is likely to intensify and the Baltic states will look increasingly to Brussels rather than Washington for political guidance and inspiration.

Additionally, the impact of the security factor in Baltic politics is likely to diminish after NATO membership has been secured. As long as the Baltic states remained outside NATO and the EU, security issues played a prominent role in Baltic politics, and Baltic politicians sought to capitalize on security issues to enhance their political stature and careers. However, with NATO and EU membership, security issues are likely to become less of a concern, whereas domestic issues are likely to take on greater political prominence.

The surprise victory of Rolandas Paksas over the incumbent president Valdas Adamkus in the Lithuanian presidential elections in December 2002—only a few weeks after Lithuania's invitation to join NATO and the EU—underscores this point. Given his key role in achieving these long-sought goals, Adamkus was expected to win the election easily. However, Paksas ran a skillful campaign, focusing on Lithuania's social and economic problems. He appealed to many of the "losers" in the transformation process and managed to pull off a stunning upset victory.

The declining prominence of security issues may also affect the character of relations with Washington. As the security issue diminishes in importance, the need for strong ties to the United States may seem less critical and the Atlanticism and pro-Americanism witnessed to date in the region may dissipate somewhat. But as long as Russia remains a serious security concern, the Baltic states will want to maintain close ties to Washington and keep the United States engaged in Baltic security.

Finally, with the completion of NATO and EU enlargement, the solidarity and cooperation among the Baltic states evident over the last decade may begin to dissipate and a sharper process of differentiation in Baltic policy may ensue. Signs of such differentiation were already visible before the invitations to join NATO and the EU, with Estonia orienting itself toward Finland and Lithuania toward Poland. However, they were muted by the shared desire to gain entry into

NATO and the EU and the need to demonstrate a common front to attain these goals. With these goals now basically achieved, the drive toward regional cooperation may begin to weaken.

THE POST-PRAGUE AGENDA IN THE BALTIC REGION

The Prague summit marked an important watershed. On the one hand, the invitations issued at Prague tie the Baltic states more closely to the West and end the debate about the place of the Baltic states in the new post–Cold War security order. At the same time, they create a new set of strategic challenges.

The first challenge is to ensure that NATO's Article 5 guarantee is not just a paper guarantee but is backed up by real military capabilities to defend the Baltic states in a crisis. However, developing credible defense plans to carry out an Article 5 commitment to the Baltic states may prove harder than it was for Central Europe because the European security environment has significantly changed since 1997. Today Russia is seen as a partner, not an adversary. Hence, some NATO members may be reluctant to engage in serious military planning for an Article 5 contingency for fear that it could antagonize Russia and undermine the prospects for the development of the newly created NATO-Russia Council. However, as long as Article 5 remains a core mission, NATO will need to have serious contingency plans to carry out its security commitment to the Baltic states in a crisis.

Second, NATO membership will make cooperation with Russia more important. It is also likely to make such cooperation easier. Russia has spent the last half decade trying to block Baltic membership in NATO. Once the Baltic states have become members of NATO, however, Russia is likely to show a greater interest in cooperation, as it did with Poland after Poland entered NATO. At the same time, NATO membership is likely to increase the self-confidence of the Baltic states and make them more receptive to cooperation with Russia.

Third, the Baltic states will need to find new ways to keep the United States engaged in the Baltic region. The 1990s saw an unprecedented degree of U.S. engagement in the region. Indeed, Baltic membership in NATO would probably not have become a reality—certainly not so

soon—without strong U.S. engagement and support. With the entry of the Baltic states into NATO, the main strategic agenda of the 1990s in the region will largely be completed. There will be no strategic framework to keep the United States engaged.

The key challenge in the post-Prague period therefore will be to find a strategic agenda that will maintain U.S. interest in the region. This agenda must build on but be different from the pre-Prague agenda. With the entry of the Baltic states into NATO, the agenda should shift from "fixing the Baltic region" to stabilizing the immediate neighborhood. The key focal points of this new agenda should be Russia, Kaliningrad, Belarus, and Ukraine.

Pursuing this new agenda may require revamping many of the current Baltic cooperation mechanisms such as the Council of Baltic Sea States, the Baltic Partnership Council, the 5+3 Group, etc.—and even developing new mechanisms and institutions. Most of the current mechanisms and institutions were developed to deal with the old Baltic agenda. They may have to be restructured or modified to deal with the new agenda.

BEYOND THE IMMEDIATE NEIGHBORHOOD

Fourth, the Baltic states need to find ways to contribute to the broader security agenda, especially the war on terrorism. Although Baltic military capabilities are quite limited, the Baltic states have important niche capabilities that could prove useful in addressing the broader security agenda. Latvia and Estonia, for instance, have been developing minesweeping and ordnance capabilities, whereas Lithuania is developing medical units.

The Baltic states could also play a constructive role in helping to export stability to the Caucasus, an area of growing strategic importance and interest to the United States. Lithuania has already taken steps in this direction by supporting a Georgian officer at the Baltic Defense College. It has also proposed holding a "3+3" meeting of Baltic and Caucasian states. These initiatives provide useful building blocks for a broader engagement by the Baltic states.

To be sure, the conditions in the Caucasus differ considerably from the Baltic region. Baltic institutions and experience cannot be

transposed lock, stock, and barrel to the Caucasus. However, the Baltic states have significant experience in transitions and regional cooperation that could be of value to the Caucasus states, which are trying to build market economies and stable democracies.[28]

The main point is that keeping the United States engaged in the Baltic region will require the Baltic states to become more outward looking and contribute to the broader security agenda. At the same time, United States and Baltic strategic priorities will have to be more closely harmonized. Otherwise, it will be difficult to keep the United States engaged in the Baltic region at a time when Washington is increasingly focused on other areas and other issues.

DEVELOPING NEW PARTNERS

The Baltic states also need to think about what is the best mechanism or vehicle for achieving this new security agenda.[29] In the pre-Prague period, the Balts could count on access to high-level U.S. and European officials because NATO enlargement was a top priority for most Western governments, especially the U.S. government. Once the second round of enlargement is complete, the Baltic states will find it harder to get high-level U.S. attention for their concerns.

The Baltic states therefore need to consider how they can best achieve their strategic objectives. Acting alone, they are too small to have much political weight. They are likely to have more influence, especially in Washington, if they band together with like-minded countries that share common strategic objectives. The key question is, What is the right coalition for achieving this new strategic agenda? Who would make the best partners?

The Nordic-Baltic group is perhaps the most attractive group. It includes a number of countries—Sweden, Finland, Norway, and Denmark—that bring important assets to the table. If the group were expanded to include Germany and Poland—also Baltic littoral countries—it would be a powerful vehicle for addressing this new security

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[28]For a useful discussion, see Per Carlsen, "From the Baltic States to the Caucasus: Regional Cooperation After the Enlargements," Reprint 2002/8, Copenhagen: Danish Institute of International Affairs, 2002.

[29]I am grateful to Ronald Asmus for help in developing many points in this section.

agenda. But whether Germany and Poland can be enticed to join the group—and whether all of the Nordic countries would want them to—is unclear.

The Vilnius Group is another possible vehicle for addressing the new strategic agenda in the Baltics. The group served as an effective lobby group for NATO membership. It also played a significant role in the Iraq debate. However, the group is highly diverse and its long-term cohesion is uncertain. Moreover, unlike the Nordic-Baltic group, it does not include several of the key players who shape the Western agenda. Finally, it lacks the resources to address effectively many of the key strategic issues in the Baltic region.

The third possible mechanism is Polish President Kwasniewski's Riga initiative, which seeks to promote cooperation between the Vilnius and the Visegrád groups. Many members of the Riga group have an interest in the democratization of Belarus and integrating Ukraine more firmly into Euro-Atlantic institutions. If the initiative finds greater support, it could prove to be a useful vehicle for addressing this broader security agenda.

No one grouping is, however, ideally suited for addressing all the issues on the new post-Prague agenda. The choice of group or mechanism will probably depend on the issue at hand. Kaliningrad may best be handled within the Nordic-Baltic group. Ukraine, on the other hand, may be best addressed within the Vilnius or Riga groups, because many members of these groups regard it as a major strategic interest.

The key point is that there is strength in numbers. The Baltic states need to find partners who share their strategic interests and work with them to address issues of common interest. This will enhance their political weight in Washington and other European capitals.

Chapter Four

UKRAINE'S UNCERTAIN "EUROPEAN CHOICE"

The emergence of an independent Ukraine is one of the most significant geopolitical developments emerging from the collapse of the former Soviet Union. An independent Ukraine transforms the geopolitics of Europe, especially Central Europe. As Zbigniew Brzezinski has pointed out, without Ukraine Russia ceases to be a European empire. However, if Russia were to regain control over Ukraine, Russia would acquire the potential to become a powerful imperial state again.[1] Poland would then become the "geopolitical pivot" on the eastern frontier of a united Europe. Hence, how Ukraine evolves will have a critical influence on the evolution of the post–Cold War security order in Europe.

However, more than a decade after independence, there is no clear consensus where Ukraine fits into the new security order in Europe. Integration into Euro-Atlantic institutions, especially the EU, is a top Ukrainian priority. However, this goal has been hindered by the slow pace of economic reform in Ukraine as well as ambivalence on the part of the EU regarding exactly what type of relationship it wants with Ukraine. Ukraine also has a long way to go before it can be seriously considered for NATO membership.

Moreover, Ukraine's economic weakness has forced it to rely more heavily on Russia lately. In the last few years, Russian involvement in the Ukrainian economy has significantly increased, particularly in the energy sector. Domestically, the process of democratization and reform has slowed, while President Leonid Kuchma has been em-

[1]Zbigniew Brzezinski, *The Grand Chessboard,* New York: Basic Books, 1997, p. 46.

broiled in a series of scandals that have weakened him politically and resulted in Ukraine's growing isolation from the West. Taken together, these developments have prompted concerns whether Ukraine will be able to sustain its current "European Choice" or will eventually be forced to realign itself more closely with Russia and the rest of the Commonwealth of Independent States (CIS).

ETHNIC AND REGIONAL DIVISIONS

The main challenges that Ukraine faces today are *internal* not external. They are related to the frailty of its democratic institutions, the weakness of civil society, and the difficulties of transforming a centrally planned economy that had been run from Moscow for over seven decades. Ethnic and regional differences complicate the process of state and nation building. Regional identification in Ukraine is very strong. Most Ukrainian citizens identify first and foremost with their region and only second with the Ukrainian "state."

The biggest differences are between the Russian or russified regions in the East (Dnipropetrovsk, Donetsk, Luhansk, and Zaporizhzhya) and those in the West (Lviv, Ternopil, Ivano-Frankivsk, Volyn, and Rivne). The eastern part of Ukraine was under Russian rule for centuries, whereas the western part (or more exactly Galicia-Volyn) was under Austro-Hungarian rule prior to 1917. Thus, the western parts have a much more highly developed sense of Ukrainian national consciousness and tend to be anti-Russian. These regions were the spearhead of the movement for Ukrainian independence in the late 1980s and they remain the strongest advocates of a pro-Western foreign policy.

However, the destabilizing potential resulting from the differences between the Russian-speaking or russified parts of eastern Ukraine and the western parts has been exaggerated by many Western analysts. Historically, there has not been strong hostility between Russians and Ukrainians living in Ukraine. The two peoples are closely related ethnically, culturally, and linguistically. There has also been significant intermarriage between Russians and Ukrainians. Most Russians feel quite comfortable in Ukraine. The Russians in eastern and southern Ukraine strongly supported Ukrainian independence in 1991 (though not as strongly as western Ukraine). Indeed, most ethnic Ukrainians in the eastern and

southern parts of Ukraine have more in common with the Russians in these regions than with ethnic Ukrainians in western Ukraine. As Tor Bukvoll has noted, there has been a history of *state conflict* between Russia and Ukraine, but little history of ethnic conflict between Ukrainians and Russians.[2]

The Russian minority—8 million or about 17 percent of the population of Ukraine[3]—has been well treated and has not been subject to significant discrimination. Citizenship in Ukraine is based on territory, not on ethnic identity. Thus, Ukraine has not faced the type of problems with the Russian minority that have arisen in the Baltic states, especially Latvia and Estonia. Indeed, some of the most influential figures in the Ukrainian government—including President Kuchma himself—come from eastern Ukraine.

Russia, moreover, has not sought to exploit the ethnic issue. Moscow has pressed for dual citizenship for Russians in Ukraine and the designation of Russian as a state language. But it has carefully avoided trying to mobilize the Russian population against the Ukrainian government. There are several reasons for this restraint.

- First, as noted, there is no significant discrimination against the Russian minority in Ukraine.
- Second, Russia is aware that playing the ethnic card could lead to a civil war and prompt a massive outflow of refugees into Russia, which Moscow would have difficulty in absorbing.
- Third, in its present condition, Russia is incapable of integrating Ukraine economically or occupying even parts of it militarily.
- Fourth, any effort to play the ethnic card would have serious consequences for Russia's relations with the West.

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[2]Tor Bukvoll, *Ukraine and European Security*, London: Royal Institute of International Affairs, 1997, p. 33.

[3]The national census taken in December 2001 showed a 5 percent drop in the number of people identifying themselves as ethnic Russians in comparison to the previous census taken in 1989 and a corresponding upsurge in those identifying themselves as Ukrainian and speaking Ukrainian. The 2001 census also registered a 6 percent decline in overall population. For a detailed discussion, see Taras Kuzio, "Census: Ukraine, More Ukrainian," *Russia and Eurasia Review*, Vol. 2, Issue 3, February 4, 2003, pp. 7–10.

These factors are likely to continue to create incentives for Russia to refrain from trying to play the ethnic card in the future. An unstable, fragmenting Ukraine is not in Russia's interest. Moreover, any attempt to intervene in Ukraine would require Russia to assume enormous economic and political burdens that could derail its own economic recovery.

CRIMEA AND SEVASTOPOL

One issue, however, that could under certain circumstances become a source of friction in Ukrainian-Russian relations is Crimea. Crimea is different from other Russian-speaking areas in Ukraine. It is the only area of Ukraine where ethnic Russians constitute an overwhelming majority (67 percent of the peninsula's population). Also, the Russian Black Sea Fleet is anchored in Sevastopol, a Crimean city that has strong emotional and symbolic overtones in Russian history.

Crimea was acquired by Russia in the late 1800s under Catherine the Great. In 1954, it was given to Ukraine as a gift by Khrushchev to commemorate the 300th anniversary of the unification of Ukraine and Russia. At the time, the gesture was largely symbolic, in that Ukraine was part of the Soviet Union and few could envisage an independent Ukraine. Crimea's status, however, became an issue after the breakup of the Soviet Union.

On a number of occasions in the 1990s, leading Russian political figures such as former vice president Alexander Rutskoi, former foreign minister Andrei Kozyrev, and Moscow mayor Yuri Luzhkov challenged the legality of Khrushchev's decision to cede Crimea to Ukraine.[4] In July 1993, for instance, the Russian parliament passed a resolution, without any dissenting vote, affirming that Sevastopol was a part of Russia and providing for its financing from the federal budget. While the 1997 Treaty on Friendship, Cooperation and Partnership signed between Russia and Ukraine recognized the inviolability of Ukraine's borders, some Russian politicians, such as Luzhkov, have continued to claim that Sevastopol belongs to Russia.

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[4]For a detailed discussion, see Roman Solchanyk, "Crimea, Between Ukraine and Russia," in Maria Drohobycky (ed.), *Crimea: Dynamics, Challenges and Prospects*, Lanham, MD: Rowman and Littlefield Publishers, Inc., 1995, pp. 3–13.

In the period immediately following the collapse of the Soviet Union, Crimea witnessed strong pressures for independence.[5] The Kuchma leadership managed to defuse these pressures by exploiting splits in the pro-Russian Crimean leadership and putting the region under the direct control of the Ukrainian government.[6] This effort was made easier by the fact that the Yeltsin government did not seek to exploit the issue and essentially turned a blind eye to the crackdown, regarding it largely as an "internal Ukrainian affair." Russia's restraint was significantly influenced by its own problems in Chechnya. Faced with a serious separatist movement in Chechnya, Moscow could hardly afford to encourage separatism in Crimea.

Since the crackdown in 1995, the pressure for independence in Crimea has abated, largely because the Russian separatists are divided and Moscow has shown little inclination to support them. However, it would be wrong to think that the Crimean issue has been solved. There has been repeated friction between the authorities in Kyiv and the Crimean parliament over the degree of autonomy to be granted to Crimea as well as the appointment of Crimean prime ministers. Moreover, separatist sentiment remains strong among many inhabitants of Crimea.[7]

Crimea's economic development will be an important factor influencing the pressures for separatism. Economic conditions in Crimea are worse than in the rest of Ukraine. Much of the pressure for independence in the 1992–1995 period in Crimea was generated by economic dissatisfaction and occurred at a time when economic conditions in Ukraine—and specially Crimea—were much worse than those in Russia. If the region's economy declines, it could spark

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[5]For details, see Taras Kuzio, *Ukraine Under Kuchma*, New York: St. Martin's Press, 1997, Chapter 3. Also Bukvoll, *Ukraine and European Security*, pp. 45–60.

[6]For a detailed discussion, see Anatol Lieven, *Ukraine and Russia: A Fraternal Rivalry*, Washington, D.C.: U.S. Institute of Peace, 1999, pp. 105–123. See also Chrystyna Lapychak, "Crackdown on Crimean Separatists," *Transition*, May 20, 1995, p. 106. Also Tor Bukvoll, "A Fall from Grace for Crimean Separatists," *Transition*, November 17, 1995, pp. 46–49.

[7]A public opinion poll taken in February 2002 by the Crimea Center for Humanitarian Research in 17 towns and regions in Crimea indicated that 51.4 percent of Crimean residents want Crimea to be part of the Russian Federation. *Interview Weekly Digest*, March 1, 2002.

renewed pressures for independence, especially if the Russian economy continues to pick up.

However, the biggest threat to stability in Crimea is posed not by the pro-Russian separatists but by the Crimean Tatars. The Tatars, a Muslim-Turkic people, were deported from Crimea, their ancestral homeland, in 1944 by Stalin. Since the late 1980s, several hundred thousand have returned to Crimea. Today they account for about 12 percent of the Crimean population. Many are homeless and unemployed. About half of the population is stateless and cannot vote in Crimean or Ukrainian elections. Thus, they have virtually no representation in the Crimean and Ukrainian parliaments and few political channels to articulate their grievances.

Discontent among the Tatars has been growing in the last few years. The Tatars have staged several large protests to dramatize their grievances, which include calls for better housing and jobs, simplified citizenship procedures, legalization of their unofficial parliament, and recognition of Turkic as one of the three official languages of Crimea.[8] Although the Ukrainian leadership has taken a number of steps to meet some of these demands, including simplifying the citizenship procedures, the Tatars continue to suffer from various forms of economic and political discrimination.

However, while the Tatars are dissatisfied with their treatment by the Ukrainian government, they are strongly opposed to the union of Crimea with Russia. For the Tatars, Crimea is their ancestral homeland. They lived under Russian rule for several centuries and they blame the Russians for many of their grievances and misfortunes. Thus, they are the Ukrainian government's objective allies in its struggle against the Russian separatists. Indeed, many of the Ukrainian promises to address Tatar grievances have been a "bribe" to ensure Tatar support against the Russian separatists.

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[8]In May 1999, some 40,000 Tatars converged on the Crimean capital, Simferopol, demanding that the Ukrainian authorities listen to their grievances. They eventually dispersed after Crimean authorities agreed to meet a number of their demands, including providing titles to land and opening Tatar schools. See *RFE/RL Newsline*, Vol. 3, No. 106, June 1, 1999. See also "Next Ethnic Hot Spot: Crimea . . . ," *Foreign Report*, No. 2547, June 10, 1999.

However, the Ukrainian government has to be very careful how it handles the Tatar issue. If Kyiv were to side openly with the Tatars, it could rekindle separatist pressures among the Russians in Crimea. The potential for violence is actually much higher between the Tatars and the Russians than between Ukrainians and Russians because the Tatar-Russian relationship is rooted in old hatreds and overladen with ethnic and religious differences. The close historical and cultural ties between the Tatars and Turkey—which has begun to play an increasingly visible role in the Caucasus recently—have intensified the concerns of the Russian population in Crimea, deepening this antagonism. The danger is that these fears could prompt a new wave of separatism among the Crimean Russians.

ECONOMIC CHALLENGES

The most serious internal challenge, however, is not the differences between the eastern and the western parts of Ukraine or separatist pressures in Crimea but the Ukrainian government's failure to implement a coherent program of economic reform and its willingness to allow various lobbies and groups to exploit the state. Kuchma's predecessor, Leonid Kravchuk, neglected economic reforms, concentrating instead on state building. During the last two years of his tenure, Ukraine's economy went into a free fall, with inflation rising to 10,000 percent by the end of 1993.

Kuchma came to power advocating a policy of economic reform. In 1994, he introduced an economic program that emphasized financial stabilization, privatization, and price liberalization. But this program was subsequently watered down by the Rada (parliament). Some progress was made during Viktor Yushchenko's tenure as prime minister. Privatization was speeded up; outstanding wages and pensions were paid; land reform was introduced; corruption was reduced; the energy sector was restructured; and Ukraine regulated its energy debts with Russia.[9] But after Yushchenko's forced resignation in April 2001, reform ground to a halt.

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[9]See Anders Åslund, "Ukraine's Return to Economic Growth," *Post-Soviet Geography and Economics*, Vol. 42, No. 5, 2001, pp. 313–328.

While the GDP growth rate was over 4 percent in 2002—and is expected to be close to 7 percent in 2003—Ukraine's business climate remains marred by overregulation, corruption, indirect subsidies, and weak property rights. Without a coherent economic program that addresses these problems, Ukraine will not be able to attract Western investment or expand its ties to the EU. Nor will it be able to obtain backing from key Western financial institutions such as the International Monetary Fund (IMF) or World Bank to restructure its debt.

THE IMPACT OF "KUCHMAGATE"

Ukraine's internal difficulties have been exacerbated by the political crisis set off by the release of illicitly made tape recordings suggesting President Kuchma's complicity in the murder of Georgiy Gongadze, a muckraking Ukrainian journalist killed in September 2000. The tapes also contained discussions of other illegal acts, including the undeclared sale of weapons abroad, rigging of the November 1999 presidential elections, persecutions of independent journalists, high-level corruption, and misuse of public funds.

In reaction to the scandal over the tapes, Kuchma has clamped down on the media, stifled civil dissent, and concentrated control of the power ministries more firmly in his own hands. At the same time, public dissatisfaction with his rule has grown since the outbreak of the scandal. Western support for Ukraine has also eroded and Kuchma has been forced to rely more heavily on Moscow. Although he managed to survive the scandal, his reputation and effectiveness have been severely damaged.

The strong showing by former prime minister Yushchenko's Our Ukraine party in the March 2002 elections has strengthened the hand of the reformers. Yushchenko's party received the largest number of votes—25.5 percent—followed by the communists with 20.1 percent and the pro-government block for United Ukraine with 11.9 percent. Thus, for the first time since independence there is a strong reformist bloc in the Rada. However, Kuchma was able to create the largest bloc in parliament by obtaining most of the votes of the deputies directly elected. He has thus maintained control of the Rada despite

his party's poor showing among those elected according to party lists.[10]

Kuchma is constitutionally barred from running for a third term. Thus, the 2004 presidential election will be the next big test in Ukrainian politics. Yushchenko is the most popular politician in Ukraine. His strong showing in the March 2001 parliamentary elections puts him in a good position to run for president in 2004—and win—provided he can keep the reformist forces united and remain the sole opposition candidate. A victory by Yushchenko could give reform in Ukraine a new impetus and help end Ukraine's growing isolation.

However, a Yushchenko victory is far from assured. Yushchenko has little support in the Russophone eastern and southern areas of Ukraine. Moreover, the forces around Kuchma are likely to use the power of the state to intimidate the opposition and deny Yushchenko access to the media. Indeed, Kuchma may try to engineer a "Yeltsin-style" succession by promoting one of his key lieutenants such as Viktor Medvedchuk, the head of his presidential administration, or Prime Minister Victor Yanukovych to succeed him in an attempt to preserve the current structure of power and ensure his own immunity from prosecution. Moreover, even if he wins, Yushchenko will face major obstacles to carrying out a reform agenda from the criminal clans and oligarchs who dominate Ukrainian political life and control much of the media. These clans are likely to resist efforts to restructure the Ukrainian political system and break their hold on power.

THE RUSSIAN FACTOR

Ukraine's political evolution will be critically influenced by its ability to develop stable, cooperative relations with Russia while still maintaining its independence. The breakup of the Soviet Union left a number of unresolved issues that initially aggravated Russian-Ukrainian relations. Foremost was the recognition of Ukraine's

[10]For background, see Eberhard Schneider und Alexander Reimer, "Die ukrainischen Parlamentswahlen und die neue Werchowna Rada," *SWP-Aktuell 18,* Berlin: Stiftung Wissenschaft und Politik, June 2002.

borders and sovereignty. Until May 1997, Russia procrastinated on signing a state-to-state treaty that would recognize Ukraine's borders. In addition, during the Yeltsin era, the Russian Duma passed several resolutions calling into question Ukrainian sovereignty over Sevastopol. Relations were also strained by differences over the Black Sea Fleet.

Since the signing of a Treaty on Friendship, Cooperation and Partnership in May 1997, however, relations between Ukraine and Russia have significantly improved. Valid for ten years, the treaty officially recognizes the immutability of existing borders—a key Ukrainian concern. Thus, the treaty gives legal substance to Russia's rhetorical recognition of Ukraine's territorial integrity and removes Crimea and Sevastopol as points of contention in Russian-Ukrainian relations, at least for the time being.

At the same time, in a separate accord, the two sides regulated the remaining details of the division of the Black Sea Fleet.[11] Under the accord, Russia received four-fifths of the fleet. Ukraine also agreed to lease port facilities at Sevastopol to Russia for 20 years. The agreement represented important gains for Ukraine. Although Russia retains use of the facilities at Sevastopol, the accord underscores Ukrainian sovereignty over the city (it is the facilities that are leased, not the territory itself).

Since Putin's ascendance to power, this rapprochement has intensified, especially in the economic sphere. Kuchma's internal weakness and Ukraine's failure to attract significant Western investment have forced Ukraine to rely more heavily on Russia. Moscow has sought to exploit Kuchma's internal difficulties and Ukraine's increasing economic vulnerability to expand its control over key sectors of the Ukrainian economy, especially the energy sector.[12]

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[11]For a detailed discussion, see James Sherr, "Russia-Ukraine Rapprochement: The Black Sea Accords," *Survival*, Vol. 39, No. 3, Autumn 1997, pp. 35–50.

[12]In October 2000, Ukraine agreed to cede to Russia an unspecified stake in its gas transit system, estimated to be worth $20 billion to $70 billion. The move was forced on Kuchma under Russian pressure because of Ukraine's mounting arrears for past gas deliveries—estimated to be about $2 billion—as well as its own energy shortages. Russian control of the gas transit system gives Russia significant leverage over Ukraine's economic policy.

The appointment of former Russian prime minister Viktor Chernomyrdin as ambassador to Ukraine should be seen against this background. Chernomyrdin has strong ties to the Russian energy sector, especially Gazprom, and to many of the pro-Russian oligarchs around Kuchma. His appointment appears to reflect Putin's desire to exploit Ukraine's economic dependence on Russia in the energy field and link Ukraine's economic development with that of Russia.

In addition to growing economic rapprochement, Ukraine and Russia have stepped up military cooperation. In January 2001, the two countries signed an agreement to increase military cooperation in 52 areas. However, initial reports suggesting that Ukraine had agreed to allow Russia to take part in the planning of all multinational military exercises—a move that could affect Ukraine's ties to NATO—appear to have been inaccurate.[13] In addition, the joint Russian-Ukrainian project on the An-70 transport aircraft has been plagued by difficulties and may be abandoned by Russia.[14]

At present, the rapprochement with Russia seems more of a tactical maneuver designed to offset Kuchma's internal weakness than a strategic shift in Ukrainian policy. But the rapprochement could take on strategic dimensions if Ukraine fails to put its domestic house in order. Faced with declining Western support, Ukraine would have little choice but to rely more heavily on Russia.

Indeed, this seems to be Moscow's hope. For the moment, Russia has accepted Ukrainian independence as a fact of life. However, many Russians continue to hope that at some point Ukraine will "come to its senses" and return to the Russian fold. The union between Russia and Belarus may give them some hope in this regard. Russian nationalists—and even some Russian democrats—see the union as laying the foundation for an expanded Slavic Union, which could include Ukraine at some point. The idea of a Slavic Union with Russia and Belarus also has strong support among leftist forces in the Ukrainian Rada.

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[13]See Charles Clover, "Kiev-Moscow pact could threaten NATO links," *Financial Times*, January 22, 2001.

[14]See "Russisch-ukrainischer Zwist über das An-70-Projekt," *Neue Zürcher Zeitung*, August 12, 2003.

In the short term, a Slavic Union that includes Ukraine has little prospect of realization. Kuchma has made clear that Ukraine has no interest in joining such an entity. Moreover, such a move would be opposed by most of the population in western Ukraine. Ukraine's longer-term evolution, however, remains less certain. Much will depend on Ukraine's ability to manage its domestic agenda and implement a program of coherent economic reform. If Kyiv succeeds in relaunching economic reform, it will be in a much better position, both economically and politically, to develop closer ties to Euro-Atlantic institutions and realize its "European Choice." But if it fails to do so, it may find itself increasingly dependent on the Russian market and have little choice but to integrate more fully into the post-Soviet space.

THE AMERICAN CONNECTION

Ukraine's ability to maintain its current independence and avoid Moscow's embrace will also be heavily influenced by Western policy, especially U.S. policy. For Ukraine, strong ties to the United States are especially important. The United States is the only country powerful enough to counter Russia's strategic weight. It also brings significant economic and political assets to the table. Hence, Ukraine has been anxious to obtain U.S. support for its independence and foreign policy goals.

In the initial period after the proclamation of Ukrainian independence, the United States concentrated its attention on Russia. Ukrainian security concerns were given short shrift in the face of U.S. concerns about nuclear proliferation.[15] Ukraine was seen by Washington as a "spoiler" because of its reluctance to give up the nuclear arsenal left on its soil after the collapse of the former Soviet Union.

The U.S. preoccupation with the nuclear issue created serious strains in U.S.-Ukrainian relations. First, it put emphasis on the nuclear

[15]See Sherman W. Garnett, "The Sources and Conduct of Ukraine's Nuclear Policy," in George Quester (ed.), *The Nuclear Challenge in Russia and the New States of Eurasia,* London: M. E. Sharpe, 1996, pp. 125–151. Also see Garnett, *Keystone in the Arch*, Washington, D.C.: Carnegie Endowment for Peace, 1997, pp. 113–124.

issue to the virtual exclusion of other issues. In effect, Ukrainian-U.S. relations were reduced to a single issue—the nuclear issue. Second, it tended to reinforce the predisposition of many Ukrainian officials to hang onto nuclear weapons or use them as a bargaining chip. Those officials feared that if Ukraine gave up nuclear weapons, the United States would no longer pay attention to Ukraine. Third, the preoccupation with the nuclear issue tended to obscure the fact that the main threats to Ukrainian security are not military but economic, particularly the failure to implement economic reform.

The signing of the Trilateral Agreement in January 1994, which committed Ukraine to eliminate all strategic missiles on its soil; the ratification of the SALT I Agreement by the Rada in February 1994; and the ratification of the Non-Proliferation Treaty (NPT) in November 1994 served to defuse the nuclear issue and removed a serious irritant in U.S.-Ukrainian relations. At the same time, President Kuchma's election in July 1994 and his initial efforts to introduce a comprehensive economic reform program helped to restore U.S. confidence in Ukraine and led to a substantial improvement in U.S.-Ukrainian relations as well as a major influx of U.S. economic assistance. Today Ukraine is the fourth largest recipient of U.S. foreign economic assistance. Military ties are also close.

However, maintaining the momentum in U.S.-Ukrainian relations has grown difficult. The corruption and stagnation in the reform process in the last several years have undercut support for Ukraine in the U.S. Congress. Unless the Ukrainian leadership does more to reduce corruption and reinvigorate the reform process, congressional support for political and financial assistance to Ukraine could be endangered.

In addition, a series of other events—the scandal surrounding the murder of Ukrainian journalist Georgiy Gongadze, Kuchma's increasing pressure on the independent media that exacerbated tensions in relations, Ukraine's arms sales to Macedonia, and allegations that Kuchma approved the sale of four advanced (Kolchuga) radar systems to Iraq—have contributed to a cooling of relations. The Kolchuga affair prompted the United States to suspend $54 million worth of aid to Ukraine and initiate a review of its relations with

Kyiv.[16] Since then, Ukraine has taken a number of steps to improve ties, including sending 1,800 troops to help stabilize Iraq. However, relations are unlikely to improve substantially without greater effort by Ukrainian authorities to implement economic and democratic reforms designed to strengthen civil society and an independent media.[17]

UKRAINE'S PROBLEMATIC "EUROPEAN CHOICE"

Under President Kuchma, Ukraine has made integration into European institutions, especially the EU, a top foreign policy priority. However, the EU has been unwilling to include Ukraine in the ranks of prospective candidates with whom it intends to open accession negotiations or to conclude with Kyiv the type of association agreement that it signed with the Central and East European countries in the mid-1990s.

The main framework for relations with the EU is the Partnership and Cooperation Agreement (PCA) signed between the EU and Ukraine in June 1994, which entered into force March 1, 1998.[18] The PCA grants Ukraine preferential trade status and identifies specific areas for practical cooperation. It also provides a framework for political relations and holds open the prospect of the establishment of a free trade area. However, it does not offer a perspective or commitment for membership.

Since the signing of the PCA in 1994, trade and economic cooperation have grown steadily. The EU is currently Ukraine's second largest trading partner (behind Russia) and the largest outside the CIS. It is also the largest bilateral provider of foreign technical assis-

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[16]See Michael Wines, "U.S. Suspects Ukraine of Selling Radar to Iraq," *New York Times*, September 24, 2002. See also Tom Warner and Richard Wolffe, "U.S. launches review on Ukraine policy," *Financial Times,* September 25, 2002.

[17]For U.S. concerns, see the speech by Steven Pifer, Deputy Assistant Secretary for European and Eurasian Affairs in the U.S. Department of State, "The U.S. and Ukraine: Looking to Move Forward," at the Center for Strategic and International Affairs, Washington, D.C., February 14, 2003, *http://www.artukraine.com/Guildukraine/pifer.htm*. Also see the speech by Carlos Pascual, U.S. ambassador to Ukraine, at the Center for Strategic and International Affairs, Washington, D.C., January 9, 2003, *http://www.artukraine.com/buildukraine/pascualsp4.htm.*

[18]The trade provisions entered into force two years earlier.

tance to Ukraine. Despite the expansion of trade, Ukraine's relations with the EU have advanced slowly and have been burdened by a number of problems. Progress in meeting World Trade Organization (WTO) requirements has stalled since 1997. Ukraine has applied discriminatory excise tariffs and other protectionist measures that the EU claims violate WTO rules and the provisions of the PCA.[19] Ukraine, in turn, has charged that the EU has applied discriminatory quotas on textiles and other Ukrainian products such as steel, thus effectively closing its markets to numerous Ukrainian exports.

Differences over the Chernobyl nuclear power plant have also complicated Ukraine's relations with the EU. In December 1995, Ukraine signed a Memorandum of Understanding with the EU and the G-8 countries, in which Kyiv agreed to close Chernobyl by the year 2000 in return for support for strengthening and upgrading the Chernobyl sarcophagus and financing the completion of two new facilities—built to Western standards—at Rivne and Khmelnytskyi. Implementation of the agreement was delayed by difficulties over financing the construction of the two reactors. However, Ukraine's decision to finally shut down the Chernobyl reactor at the end of 2000 has reduced the issue as a bone of contention in relations with the EU.

The primary complicating factor, however, has been Ukraine's failure to create a viable market economy. Despite a promising start, President Kuchma has failed to implement a coherent reform program. Some macrostabilization has occurred. There has been progress in privatization and a small business sector has gradually emerged. However, the slow pace in privatization and endemic government interference in business has contributed to a growing sense of irritation and fatigue with Ukraine within the EU.

Ukraine has pressed the EU for a broader strategy that would include a perspective on membership. However, the EU has argued that membership consideration is premature; Ukraine should instead concentrate on implementing the provisions of the PCA and put its

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[19]For a detailed discussion of the problems complicating Ukraine's relations with the EU, see Fraser Cameron, "Relations Between the EU and Ukraine," in James Clem and Nancy Popson (eds.), *Ukraine and Its Western Neighbors*, Washington, D.C.: Woodrow Wilson International Center for Scholars, November 2000, pp. 79–92.

own domestic house in order. At the same time, the EU has sought to respond to Ukraine's desire for closer ties. At its summit in Helsinki in December 1999, the EU launched its "Common Strategy" toward Ukraine. The Common Strategy aims at developing a broader partnership with Ukraine and commits the EU to expand cooperation in a number of specific areas such as the environment, energy, and nuclear safety. However, while recognizing Ukraine's "European aspirations," it does not contain a commitment to membership.

The prospect of further enlargement has led the EU to launch a new initiative—the New Neighbors Initiative—designed to enhance relations with Ukraine, Belarus, and Moldova and narrow the gap in prosperity between these countries and the Union. The initiative takes into consideration the different levels of economic and political development in each of the three countries as well as the different state of relations between the EU and each country. This has raised hopes in some Ukrainian circles that Ukraine will be able to differentiate itself not only from Russia but also from Belarus and Moldova. However, given the slow pace of economic and political reform, and especially the increasing constraints on the Ukrainian media of late, the new policy seems unlikely to lead to a substantial improvement in relations—at least as long as Kuchma is in power.

In short, Ukraine's "European Choice" remains fragile. Even if Ukraine does succeed in launching a serious program of economic reform, membership in the EU is unlikely for a long time, if ever. Ukraine's economy is too large and needs massive restructuring. Such a process will take decades. Moreover, Ukrainian membership immediately raises the problem of Russia. Can Ukraine become a member of the EU but Moscow be excluded? Most European leaders want to avoid confronting this issue. Thus, they are likely to skirt the question of Ukraine's candidacy as long as possible.

UKRAINE AND NATO

Ukraine's attitude toward NATO has evolved significantly over the last decade. Initially, Ukraine consciously chose to pursue a non-aligned policy—in part to avoid exacerbating relations with Russia but also because domestic support for membership in NATO is much weaker in Ukraine than in the countries of Central Europe. Kyiv ini-

tially opposed NATO's enlargement to Central Europe, fearing that it would create new dividing lines in Europe and lead to increased Russian pressure on Ukraine.

However, Moscow's hard-line opposition to enlargement and Kyiv's desire to improve relations with the West contributed to a gradual shift in Ukraine's approach to enlargement. During 1995, Kyiv dropped its opposition to enlargement and began to regard the membership of Central European countries, especially Poland, in NATO as having security benefits for Ukraine as well.[20] Ukraine also consciously began to strengthen ties to the Alliance. Ukraine was the first CIS state to join PfP and it has been one of the most active and enthusiastic participants in PfP exercises. Ukraine has a liaison officer at Supreme Headquarters Allied Powers, Europe (SHAPE) in Mons (Belgium) and in May 1997 a NATO information office was opened in Kyiv. A NATO Military Liaison Mission (MLM) has also been set up in Kyiv.

The most important development during this period, however, was the signing of the Charter on a Distinctive Partnership with NATO at the Madrid summit in July 1997. Although the charter did not provide explicit security guarantees, it called for the establishment of a crisis consultative mechanism that could be activated if Ukraine perceived a direct threat to its security.[21] It also foresaw a broad expansion of ties between NATO and Ukraine in a number of key areas such as civil-military relations, democratic control of the armed forces, armaments cooperation, and defense planning. Thus, the charter established a deeper relationship with Ukraine than with any non-NATO member with the exception of Russia.

The Kosovo conflict led the Ukrainian leadership to temporarily downplay ties to NATO, largely for domestic political reasons.

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[20]For a detailed discussion of the shift in Ukraine's attitudes, see F. Stephen Larrabee, "Ukraine's Place in European and Regional Security," in Lybomyr A. Hajda (ed.), *Ukraine in the World: Studies in the International Relations and Security Structure of a Newly Independent State*, Cambridge, MA: Ukrainian Research Institute, Harvard University, 1998, pp. 249–270.

[21]For the text of the charter, see "Charter On A Distinctive Partnership Between the North Atlantic Treaty Organization and Ukraine," *NATO Review*, Vol. 45, No. 4, July–August 1997, Documentation Section. See also David Buchan and David White, "NATO signs charter with Ukraine," *Financial Times*, July 10, 1997.

However, relations have visibly improved since late 1999. In March 2000, the North Atlantic Council (NAC) held a session in Kyiv—the first held in a nonmember country—and in June 2000 Ukraine hosted Cooperative Partner 2000 within the framework of NATO's enhanced PfP program—the largest exercises ever conducted by NATO forces in a post-Soviet state. In addition, exchanges have been initiated between Ukraine's National Defense Academy and the NATO Defense College and the SHAPE school in Oberammergau, Germany.

In May 2002, Ukraine announced that it intended to abandon its policy of nonalignment and apply for NATO membership. This decision appears to have been prompted by two factors. First, Putin's decision to support the United States in its war on terrorism and the subsequent improvement in U.S.-Russian relations raised the prospect that Russia would have a closer relationship with NATO than Ukraine. Second, Kuchma appears to have seen the application for NATO membership as a means to halt Ukraine's growing isolation and repair relations with the West.

However, Ukraine has a long way to go before it meets the economic and political criteria for membership. Much more will have to be done to eliminate corruption in the economy and stabilize democracy before Ukraine can seriously be considered for membership. Civilian control of the military is considerably weaker in Ukraine than elsewhere in Central Europe. Moreover, Ukraine's admission would inevitably raise the issue of possible Russian membership—an issue that many Alliance members are not yet ready to address.

A lot will depend on the outcome of the 2004 presidential elections. A victory by Yushchenko could give Ukraine's reform efforts—and its NATO candidacy—important new momentum. However, a Yeltsin-style transition, designed to preserve the current internal power balance, could be a setback for Ukraine's NATO aspirations.

MILITARY REFORM

Ukraine's willingness to carry out a serious program of military reform will also significantly affect its NATO aspirations. However, to date progress toward military reform has been slow and half-hearted, although some changes have taken place. Ukraine's mili-

tary forces have been sharply reduced from almost 800,000 at the time of independence to 310,000. Current plans call for a further reduction to 295,000 by 2005. These moves are to be accompanied by other structural changes designed to raise combat effectiveness, including the reduction of excess command units. But Ukraine's armed forces are still too large to be supported by current resources.

Ukraine's lack of resources is a key problem. Over the past decade defense spending has declined significantly. In 1992, defense expenditures amounted to 9 percent of total budget expenditures, whereas in 2000, they accounted for only 4.5 percent of total budget expenditures. Moreover, the military has been increasingly left to find extra-budgetary resources to make up for shortfalls in the defense budget.

These budgetary problems have led to a steady erosion in the socioeconomic situation of Ukrainian servicemen. In an effort to economize, military benefits such as tax exemptions for servicemen and food rations were abolished. The low pay and loss of benefits have resulted in a decline in morale among Ukrainian servicemen and forced many to seek jobs in the shadow economy. Many younger officers have been prompted to leave the armed forces.

The Ukrainian armed forces are plagued by a host of other weaknesses: draft dodging, low combat readiness, growing obsolescence of equipment; and low training levels.[22] Ukrainian pilots fly only some 10 hours a year compared to about 200 hours or more in NATO countries. The overall combat readiness of the military at the end of 2000 was estimated at 28–30 percent, rendering it unable to perform its key tasks.

However, Ukraine's problems do not stem solely from a lack of resources. Redundancy is a key problem. In addition to the 310,000 troops under the Ministry of Defense, Ukraine also maintains nine other security formations not under the supervision of the MoD.[23]

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[22]See Walter Parchomenko, "Prospects for Genuine Reform in Ukraine's Security Forces," *Armed Forces and Society*, Vol. 28, No. 2, Winter 2002, pp. 287–292.

[23]For a detailed discussion, see Taras Kuzio, "The Non-Military Security Forces of Ukraine," *The Journal of Slavic Military Studies*, Vol. 13, No. 4, December 2000, pp. 29–56.

Although the functions of many of these forces overlap, there has been little effort to include the nine other forces not attached to the Ministry of Defense in the military reform process.

These problems are compounded by the fact that Ukraine lacks an up-to-date National Security Concept and Military Doctrine. The National Security Concept approved in 1997 is out of date and does not adequately delineate the roles and missions of the various military forces. As a result, there is a significant overlap and duplication of functions and missions among the various military forces.[24] The new National Security Concept currently being developed is intended to remedy many of these weaknesses. However, its approval has been held up by internal divisions and bureaucratic infighting between various government branches involved in its drafting.

Civilian control over the military is weak. Parliamentary committees are not legally empowered with strong supervisory functions. The Ukrainian Rada has no authority over the appointment of the minister or deputy ministers within the defense sector and has no role in the drafting or approval of defense and military-technical policy documents. Once the budget is provided to the MoD, there is little or no accountability to the Rada on the expenditure of funds or whether defense officers met their goals.

Ukraine has had only one civilian defense minister, Valeriy Shmarov, since independence. The rest of the defense ministers have been military officers. However, Shmarov's tenure was not very successful and may well have set back progress toward greater civilian control. Civilians do work in the MoD in low- to mid-level administration and technical staff positions, but they have little influence over defense policy.

Under pressure from NATO and outside critics, some effort has been made to address these problems. As noted, Ukraine plans to reduce its armed forces from 310,000 to 295,000 by 2005 and to move to an all professional force by 2015. But these moves are insufficient. Under current budgetary conditions, Ukraine cannot maintain and

[24]For instance, Ukraine maintains two navies (the MoD navy and naval forces attached to the Border Guards), each with its own separate bases and education facilities.

adequately equip a force of 295,000 troops. Moreover, the other security formations not under the control of the MoD need to be brought into the reform process.

However, the appointment of Yevhen Marchuk as defense minister at the end of June 2003 could give military reform efforts in Ukraine new impetus. A former prime minister and former head of the National Security and Defense Council as well as former head of the Ukrainian Security Services (SBU), Marchuk has a broad familiarity with defense issues and is a strong proponent of Ukraine's integration into NATO. He is likely to give priority to strengthening civilian control over the military and restructuring the Ukrainian armed forces into a smaller, more efficient force. However, he lacks a strong political base in the parliament, which could reduce his ability to obtain the financial resources necessary to implement a comprehensive program of military reform.

THE CENTRAL EUROPEAN DIMENSION

In recent years, Ukraine has increasingly sought to emphasize its "Central European" identity. Many countries in Central Europe were initially reluctant to consider Ukraine as a genuine Central European country, arguing that it had more in common, politically and culturally, with Russia and Belarus than with Central Europe. Moreover, some of Ukraine's initial security initiatives, like its 1996 proposal for a nuclear-free zone in Central Europe, were strongly opposed by the countries of Central Europe, especially Poland.[25]

However, since 1994, Ukraine has made substantial progress in strengthening ties to Central Europe. In June 1996, Ukraine joined the Central European Initiative (CEI), a grouping of 16 Central and Southern European countries designed to promote greater regional economic and political cooperation. Ties to the Central European Free Trade Association (CEFTA) have also been strengthened.

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[25]The proposal reflected Ukrainian fears about the possible deployment of nuclear weapons on the territory of prospective new members of NATO such as Poland, Hungary, and the Czech Republic. However, it was seen by the Central European countries, especially Poland, as a "trap" that could weaken the chance of a security guarantee from NATO. See "Polnische Kritik an Kiewer Plänen für atomwaffenfreie Zone," *Frankfurter Allgemeine Zeitung*, August 28, 1996.

The most significant development, however, has been the far-reaching rapprochement with Poland. Historically, relations between Ukraine and Poland have been characterized by considerable tension and mistrust. However, over the last decade the two countries have succeeded in overcoming their past animosities and developing remarkably cordial relations. In May 1992, they signed a Treaty on Friendship and Cooperation in which both sides affirmed the sanctity of the borders and renounced all territorial claims against one another.

In addition, in May 1997, the two countries signed a Declaration of Accord and Unity. The declaration is aimed at eradicating past historical grievances and deepening the process of reconciliation that has taken place in recent years. Both sides hope that the declaration will contribute to a far-reaching process of reconciliation similar to that which took place between France and Germany after World War II and more recently between Germany and Poland.

This rapprochement has been buttressed by an expansion of economic ties. Particularly important in this regard are plans to transport Caspian oil from Azerbaijan and Georgia via the Odessa-Brody pipeline on to Gdansk, where it would then be transported to Europe. This project, which has been strongly supported by the Polish government, would link Ukraine more closely to the European energy network and enable it to reduce its dependence on Russian energy.

Military cooperation has also intensified. The two countries have set up a joint peacekeeping battalion (UKPOLBAT), located in Przemysl (Poland) near the Polish-Ukrainian border. Drawn from a Ukrainian mechanized division in the Carpathian military district and a Polish tank brigade, the joint battalion is intended to participate in international peacekeeping operations under NATO and UN aegis and has been deployed in Kosovo as part of KFOR. Ukrainian officers are receiving training at Polish military academies.

In addition, there has been a proliferation of ties at the societal level.[26] Particularly important are plans to establish a Ukrainian-

[26]See Andrii Deshchytsia, "Ukrainian-Polish Cooperation on a Societal Level: NGOs, Think Tanks, Academia and Cultural Initiatives," in James Clem and Nancy Popson

Polish university. The initiative is modeled on the activities of the German-Polish university in Frankfurt (Germany). The realization of this project is expected to promote academic contacts as well as increased youth and cultural exchanges. Plans exist to open campuses in Przemysl and Lutsk near the Ukrainian-Polish border.

The rapprochement with Poland is politically quite significant. It not only removes a major source of tension in the region, but also opens the door to Europe for Ukraine. For Kyiv, the road to Europe is likely to increasingly lead through Warsaw. Poland has been a strong spokesman for Ukrainian interests within NATO. It has also pushed for a more flexible and active policy toward Ukraine within the EU.[27] Poland's efforts help to ensure that the Ukrainian issue is given serious consideration by both organizations.

Ukraine's relations with Hungary have also improved significantly since 1990. In 1990, the two countries signed a declaration on minority rights—a concern for Budapest because of the large Hungarian minority (160,000) living in Ukraine. The Hungarian minority in Ukraine is relatively well treated. As a result, the minority issue has not burdened Hungarian-Ukrainian relations in the way it has Hungary's relations with Slovakia and Romania.[28]

Finally, Ukraine has regularized relations with Romania. In June 1997, Ukraine and Romania signed a Treaty on Cooperation and Good Neighborly Relations. The treaty contains important provisions regarding the inviolability of frontiers, effectively laying to rest Romanian territorial claims against Ukraine, as well as provisions for the protection of minorities. In an appendix to the treaty both sides agreed to the demilitarization of Serpents' Island, which had been a source of contention because of large deposits of oil.

These developments have helped to strengthen Ukraine's ties to Central Europe and Europe more broadly. However, the accession of

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(eds.), *Ukraine and Its Western Neighbors*, Washington, D.C.: Woodrow Wilson Center for International Scholars, November 2000, pp. 19–24.

[27]See John Reed, "Poland seeks to influence EU policy on East," *Financial Times*, January 28, 2003.

[28]For a detailed discussion, see Sherrill Stroschein, "Hungarians in Transcarpathian Ukraine," in Clem and Popson (eds.), *Ukraine and Its Western Neighbors*, Washington, D.C.: Woodrow Wilson Center for International Scholars, November 2000, pp. 51–65.

Hungary, Poland, and the Czech Republic to the EU could complicate Ukraine's effort to build stronger ties to Europe, especially Central Europe. As part of their preparation for joining the EU, beginning in July 2003, Poland, Hungary, and the Czech Republic have had to tighten control of their borders and introduce visa requirements for Ukrainian citizens.[29] Ukrainian officials fear that these restrictions will reinforce the dividing line between Ukraine and its Central European neighbors and increase Ukraine's isolation from Europe.

GUUAM AND CASPIAN COOPERATION

The Black Sea and Caspian region are becoming areas of increasing strategic interest for Ukraine. In recent years, Ukraine has expanded cooperation with Georgia, Uzbekistan, Azerbaijan, and Moldova within the framework of GUUAM, a group formed as a political and economic alliance to strengthen each country's independence. The five countries have sought to coordinate national policies in a number of areas such as peacekeeping, conflict resolution, energy supplies, and transportation links. (See Figure 1.)
Ukraine's interest in GUUAM is, in large part, driven by its desire to reduce its energy dependence on Russia, although it also has broader strategic motivations. Ukraine hopes to become a link in the Caspian energy transport network. The Odessa to Brody pipeline plays a key role in Ukrainian calculations. Under the plan, Azerbaijani oil would be pumped to the Georgian port of Supsa. From there it would be shipped by tanker to Odessa and then piped to Brody on the Polish-Ukrainian border. At Brody, the line would branch into a Polish pipeline, which, in turn, would continue westward into Germany. In addition, Polish and Lithuanian ports could be used for transporting oil to Northern European markets.

The plan would enable Ukraine to become a conduit for Caspian oil and reduce its dependence on Russian oil—an important strategic objective—as well as earn much-needed hard currency in transit fees. However, Poland has yet to initiate construction of its part of the pipeline. Moreover, Azerbaijan's commitments to the Baku-

[29]However, to soften the impact, Poland will cover the cost of the visas for Ukrainian citizens from its own budget.

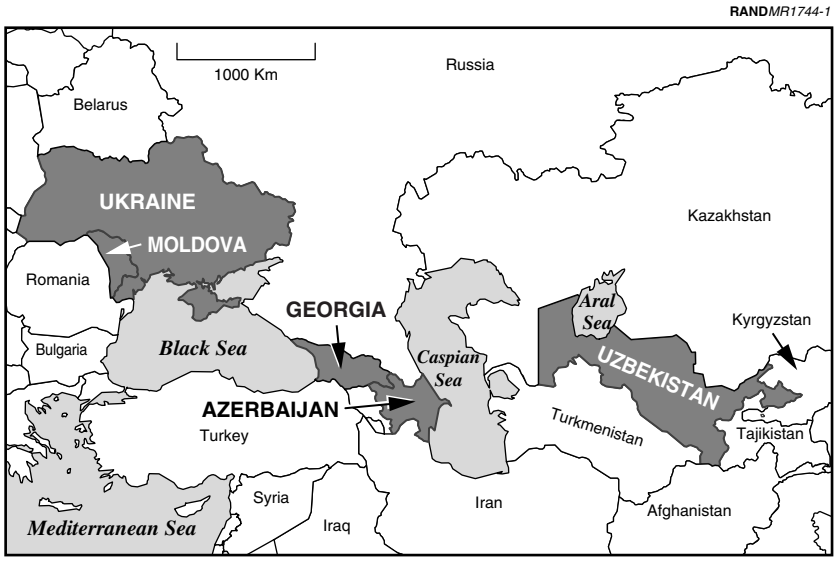

Figure 1—The GUAAM Countries

Ceyhan pipeline—which began construction in September 2002—will leave little oil left over to be shipped through the Ukrainian pipeline.[30] Ukraine could bring oil from the Russian port of Novorossiysk by tanker to Odessa, pump it to Brody, and then pump it through an existing pipeline to the Adriatic. But this would increase Ukraine's dependence on Russia and defeat the original purpose.

The cooperation in GUUAM has a number of advantages for Ukraine. It ties Ukraine more fully into the development of Caspian energy resources; it also provides a means for Ukraine to integrate more fully into the global economy. Finally, it strengthens ties to other post-Soviet states that want to escape Russia's grip and desire closer ties to the West such as Georgia and Azerbaijan. However, GUUAM does not represent a serious security alternative to Ukraine's ties to

[30]See Michael Ludwig, "Eine Pipeline ins Nirgendwo?" *Frankfurter Allgemeine Zeitung*, October 7, 2002.

Europe. The interests of its members are too diverse. Most of the members are weak militarily. Moreover, Uzbekistan and Moldova have lost interest in GUUAM and no longer actively participate in its activities, significantly weakening the group.

Turkey has emerged as an increasingly important partner for Ukraine in the last decade. Both countries share a strong interest in countering Russian influence in the Caucasus and Central Asia and in strengthening the independence of the countries in the Caspian basin. This cooperation could become a key factor affecting the geopolitical balance in the Black Sea–Caspian region in the future. However, Turkey is likely to be careful not to allow the cooperation to develop to the point where it could jeopardize its growing economic ties with Moscow.

Ukraine has also sought to increase economic cooperation with the energy-rich states of Central Asia. In September 1999, Kuchma and Kazakhstan's President Nursultan Nazarbaev signed a ten-year economic agreement. Under the agreement, Kazakhstan will supply Ukraine with gas and oil in return for deliveries of An-74 aircraft and construction of tractor stations in Kazakhstan for repair of Ukrainian tractors, ships, and aircraft.[31] The two sides have also been discussing the possibility of transporting Kazakhstani oil via Ukraine to Europe. But Ukraine's inability to pay for oil and gas deliveries remains a major obstacle to a broad expansion of trade.

UKRAINE'S UNCERTAIN FUTURE

In the last decade, Ukraine has made significant progress in regulating its relations with Russia and establishing close ties to the West. However, Kuchma's internal difficulties—above all the increase in corruption and lack of serious economic reform—have led to Ukraine's increased isolation and forced Kuchma to rely more heavily on Moscow. Thus, a decade after independence Ukraine's security orientation remains unclear and there is no consensus in the West as to where Ukraine fits in the new European security order.

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[31] *RFE/RL Newsline*, Vol. 3, No. 183, September 30, 1999.

Ukraine's political evolution and ability to strengthen ties to Euro-Atlantic institutions will heavily depend upon how well it manages its domestic agenda in the years ahead, especially economic reform. If the Ukrainian authorities succeed in implementing a coherent program to reduce corruption and bureaucratic obstacles to business and foreign investment, Ukraine could succeed in strengthening its ties to Euro-Atlantic institutions. But if they fail to do so, Kyiv will find it increasingly difficult to achieve its "European Choice" and may be forced to rely even more heavily on Moscow.

Much will also depend on Western policy. Western leaders need to decide how important Ukraine's integration into Euro-Atlantic structures is for Western security. At present, many European countries remain ambivalent about whether Ukraine belongs in Europe or is part of the Euro-Atlantic community. As a result, they have not been willing to invest much effort—or resources—in supporting Ukraine's quest for closer integration into Euro-Atlantic institutions.

Ultimately, however, it is the Ukrainians themselves who will have to do the heavy lifting if Ukraine is to realize its "European Choice." Ukraine needs to undertake more strenuous efforts to eliminate corruption, develop stable democratic institutions, and address its economic problems. How well it succeeds in doing this will have a critical impact on its political evolution—and on security in Central Europe more broadly.

Chapter Five

WHITHER RUSSIA?

The collapse of the Soviet Union in 1991 dramatically changed the geopolitical map of Eurasia and has had profound consequences for Russia's role in world affairs. As a result of the USSR's disintegration, Russia's frontiers were rolled back in the West to where they were in the 1600s, shortly after the reign of Ivan the Terrible. In the Baltic region, Russia lost the ports of Riga and Tallinn, limiting Russia's access to the Baltic Sea. The loss of the Baltic states also left gaping holes in Russia's air defense system.

Even more important from a geopolitical point of view was the loss of Ukraine. This event not only repudiated more than 300 years of imperial history but also resulted in the loss of a large, potentially rich industrial and agricultural economy. In addition, Ukraine's independence deprived Russia of its dominant position in the Black Sea, which for centuries had been a gateway to trade with the Mediterranean and outside world, as well as ports of the Black Sea Fleet itself, which were claimed by Ukraine. Perhaps most significantly, the loss of Ukraine has severely reduced Moscow's geopolitical options. Without Ukraine, any attempt by Russia to reestablish its dominance over the former Soviet space will be extremely difficult.

The loss of the Caucasus and Caspian region also had serious geopolitical and economic consequences for Russia. On the one hand, it exacerbated ethnic conflicts in the region, creating a highly unstable situation on Russia's southern border. On the other, it deprived Russia of control over and access to crucial energy resources, especially gas and oil. In addition, it opened up the region

to penetration by Turkey and Iran, two powers with whom Russia had long-standing historical differences, as well as to new competitors such as the United States and Europe.

In Central Asia, Russia's frontier was pushed back over 1000 km. Here, too, Russia lost control over energy resources, especially in Kazakhstan, a major exporter of oil and gas. The emergence of an independent Central Asia has also led to a resurgence of Islamic fundamentalism on Russia's borders, a prospect deeply worrying to Russian leaders. At the same time, Russia is faced with an increasingly dynamic, assertive (and in many areas, more advanced) China on its eastern border. This fact, together with the independence of Central Asia, has created an entirely new security situation in the Far East, one to which Russian leaders will have to pay increasing attention in the future.

From the Western point of view, however, the most significant changes have occurred in Europe, especially Central Europe. As a result of the changes wrought by the collapse of the Soviet Union and the end of the Cold War, the military balance in Europe has been altered. Russian military power has withdrawn 1000 km from the center of Europe. With the collapse of communism in Eastern Europe and the unification of Germany, Russia has lost major staging areas for the forward deployment of its troops and airpower and, more significantly, the established infrastructure in Eastern Europe necessary to support military operations in Europe.

This dramatic decline in Russian power and territory has created a new set of strategic challenges for Western policymakers. In the Cold War, the key strategic challenge was to contain Soviet military power. Today, the key strategic challenge is to support Russia's democratization and promote its closer association with—and possibly integration into—European security structures. This task is no less compelling than the challenge of containment was during the Cold War.

RUSSIAN FOREIGN POLICY IN TRANSITION

This task is complicated by the fact that Russian foreign policy—and Russia itself—is in a process of transition. The collapse of the Soviet Union compelled Russian policymakers to develop a specifically "Russian" foreign policy and define Russia's own national interests

more clearly. During the Yeltsin period, this effort provoked a wide-ranging debate among the Russian political elite. In many ways, this debate mirrored earlier debates in Russian history between Slavophiles and Westerners. In effect, three major schools of thought emerged.

The "Euro-Atlanticists." This group essentially advocated a continuation of the Mikhail Gorbachev–Eduard Shevardnadze policy. Adherents of this school favored close ties to the West, especially the United States. They were more willing to accept the loss of the Soviet empire and adopt a more accommodating position toward the newly emerging states in the post-Soviet space (the so-called "near" abroad). The main spokesman for this group was Russia's first foreign minister Andrei Kozyrev.

The "Eur-Asianists." This school stressed Russia's distinctiveness. Adherents rejected Kozyrev's pro-Western course and called instead for an "independent" foreign policy. They argued that Russia was not only a European power but also an Asian one. Hence it had to pursue an independent policy in line with Russia's distinctive history and geography. They were particularly critical of Kozyrev's willingness to follow the U.S. lead, which they saw as diminishing Russia's role as a great power. They also advocated a more assertive Russian policy toward the post-Soviet space.

"Neo-Imperialists." Members of this group essentially wanted to reconstruct the old Soviet Union but under a Russian banner. Like the Eur-Asianists, they strongly criticized Yeltsin and Kozyrev for not paying enough attention to relations with the near abroad and for orienting Russian foreign policy too closely with the West. But they advocated a much more confrontational policy. The most notable exponent of this view was Vladimir Zhirinovsky, the leader of the Liberal Democratic Party.

In the initial period immediately following the collapse of the Soviet empire, the "Euro-Atlanticists" tended to dominate Russian foreign policy. However, after 1992, Kozyrev's policy came under increasing attack. Kozyrev was criticized for pursuing a foreign policy that was too closely aligned with U.S. policy and for not doing enough to defend Russian interests in the "near abroad."

What was striking about this criticism was that it came not just from the nationalist right but from parts of the Moscow intelligentsia who had distinguished themselves as outspoken liberals during the Brezhnev period. Their criticism underscored the degree to which the pendulum in Moscow had shifted after 1992 in favor of a tougher, more nationalist policy. In effect, they took over the rhetoric and agenda of the right to the point where the two agendas became virtually indistinguishable.[1]

Kozyrev's inability to give firm direction to Russian foreign policy and his tendency to become a lightning rod for criticism from the nationalists and Communists finally induced Yeltsin in 1996 to replace him with Yevgeni Primakov, the head of the Foreign Intelligence Service (SVR) and a respected member of the Soviet *Nomenklatura*. Primakov proved to be a much more effective manager than Kozyrev. Under his direction, Russian foreign policy took on a greater degree of coherence and consistency. It also became more balanced and diversified. Whereas Kozyrev had primarily concentrated on improving Russia's relations with the West, Primakov gave greater priority to pursuing a "multipolar" policy and sought to strengthen ties to China, the Middle East, and the CIS.

While much of the blame for Russia's incoherent foreign policy during this period was put on Kozyrev's shoulders, a large part of the problem was actually due to Yeltsin's own style of foreign policy decisionmaking. Yeltsin failed to set up an effective and smooth running system of foreign policy decisionmaking that could integrate and coordinate foreign and security policy.[2] As Sergei Karaganov, head of the influential Council on Foreign and Defense Policy, noted at the time:

> Foreign policy is called "presidential" but neither the president nor anyone else has the bureaucratic possibility of shaping or directing it.[3]

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[1]For a detailed discussion, see Eugene B. Rumer, *Russian National Security and Foreign Policy in Transition*, Santa Monica, CA: RAND, MR-512-AF, 1995.

[2]See F. Stephen Larrabee and Theodore W. Karasik, *Foreign and Security Decisionmaking Under Yeltsin*, Santa Monica, CA: RAND, MR-831-OSD, 1997.

[3]Sergei Karaganov, "Rudderless and Without Sails," *Moscow News*, No. 66, December 25, 1994–January 1, 1995.

Yeltsin, moreover, was not a "hands-on manager." He tended to stay above the political fray and let problems fester, then intervene suddenly, often in dramatic ways. Ministers were hired—and then fired—as Yeltsin sought to demonstrate *he* was "in charge." This constant reshuffling of personnel led to incoherence and constant zigzagging in foreign policy. As Thomas Graham has noted, this was combined with a lack of a clearly articulated strategic vision.[4] Yeltsin had a vague notion of the basic strategic direction in which he wanted to move but no clear idea of how to get there. This situation resulted in long periods of stagnation in policy combined with short bursts of frantic energy.

These problems were exacerbated by the decline in Yeltsin's health during his second term. Yeltsin's long absences encouraged infighting and jockeying for power among his chief aides. As a result, the decisionmaking process became even more chaotic and confused, and various bureaucratic players, especially Alexandr Korzhakov, the head of the Presidential Security Service (SBP) and Yeltsin's former bodyguard, were often able to impose their special interests on the foreign policy agenda.[5]

RUSSIAN FOREIGN POLICY UNDER PUTIN

Under Putin, Russian foreign policy has changed in several important ways. First, Putin has added a degree of predictability and coherence to Russian foreign policy that was lacking under Yeltsin. Yeltsin made many commitments, but he often proved incapable of fulfilling them. This was a source of considerable frustration to American policymakers.[6] Putin, by contrast, is much more cautious, but when he makes a commitment, he generally delivers.

Second, Putin has shown a greater awareness of Russia's weakness and limitations. Yeltsin tended to see Russia as an equal to the

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[4]See Thomas E. Graham, Jr., *Russia's Decline and Uncertain Recovery*, Washington, D.C.: Carnegie Endowment for International Peace, 2002, p. 27.

[5]On Korzhakov's role, see Larrabee and Karasik, *Foreign and Security Decisionmaking Under Yeltsin,* especially Chapter 5.

[6]On this point, see in particular Strobe Talbott, *The Russia Hand,* New York: Random House, 2002, *passim*.

United States and was easily angered when Russia was not accorded what he considered to be its just due in international matters. In effect, he tried to punch above Russia's real weight internationally and found it hard to accept Russia's loss of international influence. Rather than underscoring Russia's strength, his outbursts tended to make Russia's weakness all the more apparent.

Putin, by contrast, has pursued a much more realistic and pragmatic foreign policy. He has recognized that Russia, in its weakened condition, cannot compete internationally with the United States and has tried to pursue a foreign policy more in keeping with Russia's existing resources. In effect, he has opted out of the nuclear competition. Rather than seeking to maintain nuclear parity with the United States, he has adopted what could be best described as a policy of minimum nuclear deterrence. This policy has been forced on him by Russia's economic weakness, on the one hand, and the growing obsolescence of its nuclear arsenal on the other.

In addition, Putin has made a conscious choice in favor of the "Euro-Atlantic" option. The debate about Russia's identity that raged in the early and mid-1990s is largely over—or at least greatly subdued—with the Eur-Asianists in retreat. Putin clearly sees Russia as a part of Europe and he has given high priority to enhancing Russia's ties to the West. Indeed, in many ways, he has pursued a more openly pro-Western policy than did Yeltsin—especially since September 11. This policy, however, has faced far less domestic opposition than Yeltsin's policy because Putin enjoys much stronger domestic support than Yeltsin did. Moreover, the Russian economy has begun to recover from the sharp downturn it witnessed under Yeltsin. This turnaround has provided an important political cushion and enabled Putin to avoid the strong domestic criticism that plagued Yeltsin during much of his tenure in office.

Overall, Putin has played a weak hand quite skillfully. It remains to be seen, however, how successful he will be over the long run. His decision to side with the United States in the war on terrorism after September 11 has won him accolades in Washington and helped to put U.S.-Russian relations on a firmer footing. However, it appears to have been taken without much internal consultation and has generated considerable unease in parts of the foreign policy elite and military establishment. For the moment, domestic criticism is

muted, but it could become louder if the rapprochement with the United States fails to bring tangible results.

By contrast, Putin's domestic record has been mixed. Although he has pushed through some significant reforms—including a land code legalizing the sale of property, a labor code giving businessmen more control over the workforce, a new tax code, and a reform of the judiciary—they have been accompanied by increased constraints on the media, a clamp-down on tycoons critical of his policies, a strengthening of the role of the security services, and the prosecution of a brutal war in Chechnya. In effect, what has emerged is a kind of "managed democracy" that is substantially less open and free than that in most former communist countries in Central and Eastern Europe, not to mention parliamentary democracies in Western Europe.

RUSSIA'S MILITARY DECLINE

The dramatic decline in Russia's power and influence has been underscored by the sharp deterioration in the operational readiness and combat capability of Russia's armed forces. This deterioration was particularly pronounced under Yeltsin. In 1998, then defense minister Igor Sergeev stated that one-third of the military's hardware was not combat-ready and two-thirds of Russia's aircraft were incapable of flying.[7]

In addition, the Russian armed forces face severe manning problems, particularly within the officer corps. Roughly 10 percent of medium-level officer posts and nearly one-third of all petty officer posts are currently vacant.[8] There has also been a serious hemorrhaging of younger officers. As a result, senior officers today outnumber junior officers,[9] leading to a significant "graying" of the officer corps and creating problems in staffing platoon and unit commanders.

The MoD has also had trouble recruiting reliable contract officers and fulfilling its draft quotas. In 2002, only 11 percent of draftees

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[7] *Jamestown Monitor*, Vol. 4, No. 230, December 14, 1998.

[8] *RFE/RL Security Watch*, Vol. 3, No. 6, February 15, 2002.

[9] *Jamestown Monitor,* Vol. 7, No. 161, September 5, 2001.

were suitable for military service.[10] The number of draft dodgers has increased, in part because of the war in Chechnya.[11] In addition, the educational level and health standards of the Russian military have seriously declined.[12]

Military units have faced periodic cutoffs of electricity due to non-payment of debts. In January 2002, energy companies in Russia's Far Eastern and Siberian regions reportedly switched off energy supplies in a number of military installations, including a space-tracking facility on Kamchatka peninsula used to control the International Space Station, because of the MoD's failure to pay its debts.[13] These cutoffs have had a serious impact on military readiness and morale within the Russian armed forces.

Russia's economic decline has exacerbated many of the military problems. During the 1990s, the Russian gross national product (GNP)—initially about 60 percent of the Soviet GNP in 1992—shrunk by about 50 percent. The defense budget's share of GNP fell even further, from about 15 percent during the Cold War to less than 3 percent.[14] All told, Russian defense spending is estimated to be approximately 10 percent of that of the Soviet Union and 2–3 percent of the U.S. defense budget. During the 1990s, the Ministry of Finance consistently underpaid or delayed payments to the MoD, allowing inflation to eat away at the defense budget's real value. In the late 1990s, the MoD received only about 60 percent of its formal budget each year.[15]

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[10] *RFE/RL Newsline*, Vol. 6, No. 128, July 11, 2002.

[11] Michael R. Gordon, "Ranks of Russian Draft Dodgers Swelling," *New York Times*, April 12, 2000.

[12] For a detailed discussion, see Theodore Karasik, "Do Russian Federal Health and Demography Matter in the Revolution in Military Affairs?" in Michael H. Crutcher (ed.), *The Russian Armed Forces at the Millennium*, Carlisle, PA: The United States Army War College, February 2000, pp. 77–98.

[13] *Jamestown Monitor*, Vol. 7, No. 20, January 29, 2002.

[14] Real defense spending is probably higher because a number of defense-related activities are excluded from the defense budget and are contained in the federal budget under another heading. When these items are included, the total defense-related outlays are probably closer to 5 percent of gross domestic product (GDP).

[15] At the end of 1998, Alexei Arbatov, deputy chairman of the defense committee of the Duma, stated that only 33 percent of the allocated defense funds for 1998 had actually been disbursed to the MoD. See *RFE/RL Newsline*, Vol. 2, No. 284, December 7, 1998.

Russian economic performance has improved since 2000, largely because of increased revenues from the export of oil and gas. But even allowing for Russia's improved economic performance in the last several years, resource outlays for defense are likely to remain constrained over the next five to ten years. Defense spending is likely to be 2–3 percent of GDP. Under these conditions, Russia will find it difficult to maintain and adequately equip its current force levels or even a force of 850,000 men, which is the level Russian forces are anticipated to reach by 2005.

MILITARY REFORM

The sharp deterioration of Russia's armed forces has forced the Russian leadership to pay greater attention to military reform. However, military reform has proceeded by fits and starts. It has been hampered by severe economic constraints as well as by differences between the military and civilian leadership—and differences within the military itself—over the scope, direction, and pace of reform.

During Yeltsin's first term, the reform process was stalled in large part because of differences between Pavel Grachev, Yeltsin's first defense minister, and General Mikhail Kolesnikov, the head of the General Staff at the time.[16] Kolesnikov reportedly wanted the supreme military command to reside with the General Staff, which would have responsibility for developing and implementing Russia's long-range strategic plans for ensuring national security and for the administration of the military. Under this plan, the functions of the MoD would have been reduced to providing material and technical support and financing the coordination with the military industrial complex.

Grachev reportedly opposed this plan because it would have significantly reduced his authority. Instead, he pushed for an expansion of the MoD's authority, including placing other Russian armed formations, such as the border troops, the Interior Ministry troops, and the units of the Ministry of Emergency Situations, under the jurisdiction

[16]For details, see Larrabee and Karasik, *Foreign and Security Decisionmaking Under Yeltsin*, pp. 16–17.

of the Ministry of Defense. Grachev also vigorously opposed the appointment of a civilian defense minister, a reform reportedly favored by some members of Yeltsin's entourage, especially Yuri Baturin, his advisor on national security matters at the time and secretary of the Defense Council.

Grachev's resistance to reform eventually led to his dismissal as defense minister in June 1996. Grachev's replacement, Igor Rodionov, the former commandant of the General Staff academy, came into office with a reputation as a strong proponent of reform. (He had helped write Russia's 1993 military doctrine.) However, Rodionov's repeated calls for increased defense spending and his warnings about the disastrous impact of underfunding on the state of the armed forces brought him into increasing conflict with the proponents of military reform within Yeltsin's entourage, especially Baturin, and eventually led to his forced resignation in May 1997.

Rodionov's successor, Marshal Sergeev, former head of the Strategic Rocket Forces (SRF), showed a greater willingness to implement a program of military reform and live within Russia's reduced economic means. Under his supervision, the armed forces were reorganized into four services (Army, Navy, Air Force, and Strategic Rocket Forces) and reduced from 1.7 million to 1.2 million men. The military districts and the command structure were also reorganized. However, plans to move to an all-professional army, announced by Yeltsin in 1996, were scrapped because of lack of resources.[17]

MILITARY AND DEFENSE POLICY UNDER PUTIN

Unlike Yeltsin, who never trusted the military and had little interest in military matters, Putin has taken a strong interest in defense issues. He came into office determined to restore the power and prestige of the military and in his initial months in office he went out of his way to cultivate the military and avoid direct actions that might

[17]Sergeev also proposed a plan for the creation of a Russian Strategic Deterrent Force in which the Strategic Rocket Forces would have operational control over all of Russia's strategic forces, including those belonging to the Air Force and the Navy. Sergeev planned to make General Vladimir Yakovlev, then head of the Strategic Rocket Forces, the commander of the new deterrent force. However, the plan ran into strong resistance from the General Staff and other services and was never approved.

antagonize its leaders. However, since late 2000, he has taken a number of initiatives designed to reshape and modernize the Russian military.

These initiatives should be seen against the background of a major debate that had been raging within the Russian military leadership about Russia's defense priorities. In July 2000, this debate burst into the open when General Anatolii Kvashnin, chief of the General Staff, proposed subordinating the SRF to the regular army and slashing the number of its personnel.[18] Kvashnin also proposed a significant reduction in Russia's strategic arsenal. Kvashnin's proposal—which was flatly rejected by Sergeev—would have enhanced the role of the General Staff over the SRF and sharply shifted resources from nuclear to conventional forces.

To some extent, the dispute reflected interservice rivalries and turf battles. Sergeev represented the "missile mafia" within the armed forces. As former head of the SRF, his career was closely tied to the development of Russia's strategic nuclear forces, which he regarded as the backbone of Russia's military deterrent. Hence, he was reluctant to see investment in these forces reduced. But the dispute also reflected a more fundamental argument over Russia's international role and status. Strategic nuclear weapons were the last remaining vestiges of Moscow's superpower ambitions and desire to maintain parity with the United States. Shifting resources away from the SRF implicitly meant acknowledging that Russia was no longer a superpower and could not afford to maintain strategic parity with the United States.[19]

In this debate, Putin appears to have essentially sided with Kvashnin, as is reflected in the shift in defense investment priorities in the last

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[18]See David Hoffman, "Russian Brass Split on Cuts in Strategic Rocket Forces," *International Herald Tribune*, July 14, 2000, and David Hoffman, "Putin Scolds Generals," *International Herald Tribune*, July 15–16, 2000.

[19]As Sergei Karaganov, the head of the influential Council on Foreign and Defense Policy, aptly put it at the time, "Nuclear weapons are paramount for Russia, given its present weakness. They are the foundations of its political weight and influence as well as its ability to uphold its interests . . . . Without a serious nuclear potential or even with the expectation that it will soon lose these weapons, Russia will be just another Indonesia . . . but with a cold climate and more expensive work force." See Sergei Karaganov, "Antinuclear Strike," *Moscow News*, July 26–August 1, 2000.

several years. Whereas the FY 1998 and 1999 defense procurement budgets gave priority to the modernization of Russia's nuclear forces, the FY 2000 defense procurement budget reversed these priorities, giving greater priority to conventional forces.[20] This shift in investment priorities has resulted in a visible slowdown of the modernization of Russia's strategic nuclear forces.[21]

The military reform package announced in the fall of 2000 also reflects this shift in priorities. First, it called for the Russian armed forces to be restructured into three branches: the Army, Navy, and Air Force. Under the reform, the Strategic Rocket Forces will lose their independent status as a separate service branch. They were also stripped of two important elements—the Missile Defense Forces and the Space Forces—which will be directly subordinated to the General Staff. At the same time, the Army was restored to full service status, a status it had lost in 1997. These moves represented a clear blow to those like Sergeev who favored giving priority to Russia's strategic nuclear deterrent over conventional forces.

Second, the reform called for major reductions in the armed forces from 1.2 million men to 825,000–850,000 by 2005. Another 120,000 civilian personnel will be cut from the Ministry of Defense. In addition, the share of the defense budget outlays for salaries and other personnel costs will decline from 80 percent (the figure at the time) to 50 percent. Thus, all told Kvashnin appears to have emerged as the big winner in the reform process.[22]

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[20]Simon Sarazadzyan, "Russia to Shift Funds for Conventional Upgrades," *Defense News*, January 31, 2000.

[21]This slowdown has been reflected in particular in a reduction in the deployment of the Topol-M (SS-27), a single-warhead intercontinental ballistic missile designed to replace Soviet-era multiple warhead missiles. Whereas in 1998 and 1999 Russia deployed ten Topol-Ms, in 2000 and 2001 it deployed only six. See David Hoffman, "Shift Seen in Russian Nuclear Policy," *Washington Post*, December 27, 2000. See also Nikolai Sokov, "Russia Commissions Third Topol-M Regiment," *Jane's Defence Weekly*, January 10, 2001.

[22]However, Kvashnin did not get all he wanted. In the debate about military reform that preceded Putin's decision, Kvashnin had apparently wanted the General Staff to be separated from the MoD and its role strengthened. Under his plan, the MoD would have essentially been in charge of training, arming, and administering the troops. This separation would have significantly strengthened the role of the General Staff over the MoD. However, it was not included in the military reform plan approved by Putin.

In November 2001, Putin went a step further, approving a plan to transform the Russian armed forces to an all-professional force—a move long advocated by some Russian defense experts.[23] The current plan envisages a three-stage process:

> *Stage One* (2001–2004). The MoD will develop a series of measures specifying how the transformation will be implemented.
>
> *Stage Two* (2004–2008). The armed forces will go through a transition in which the percentage of volunteers will be gradually increased in comparison to conscripts.
>
> *Stage Three* (2010). Russia will transition to an all-volunteer force.

In addition, Putin has taken a number of steps to consolidate presidential control over the military. In March 2001, he reshuffled the MoD, appointing Sergei Ivanov, a former intelligence officer and a close confidant, as defense minister, replacing Sergeev, who became a special advisor to Putin. As head of the Security Council, Ivanov had been in charge of overseeing military reform and coordinating Russia's new Military Doctrine and Security Concept. The move for the first time put a "civilian" in charge of the MoD.[24] Putin also appointed two new defense ministers: Alexei Moskovsky, a former intelligence officer, and Lyubov Kudelina, former head of the Finance Ministry's department dealing with defense financing, who was given responsibility for budgetary and financial matters.

Sergeev's removal as defense minister was followed by several other key changes within the top leadership of the military. In May 2002, Nikolai Kormiltsev, head of the Ground Forces, was appointed deputy defense minister, and Vladimir Yakovlev, head of the Strategic Rocket Forces, a close associate of Sergeev's, was replaced by Nikolai Solovtsov. The appointments represented an upgrading

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[23]See Alexei Arbatov, "We Badly Need a Professional Army," *Moscow News*, November 29, 2000.

[24]In November 2000, Putin signed a decree dismissing Ivanov from his rank of Lt. General in the Foreign Intelligence Service. This was seen by many analysts as an indication that Putin might be grooming Ivanov to take over the defense portfolio.

of the importance of the Ground Forces and a further downgrading of the SRF.

In addition, in July 2001, two hard-liners, Colonel General Leonid Ivashev, head of the Directorate for International Cooperation, and Valeri Manilov, deputy chief of the General Staff, were sacked. Manilov had been closely associated with the new Military Doctrine adopted in April 2000, which had strong anti-Western overtones (see below), whereas Ivashev had been one of the most outspoken critics of Western policy, especially NATO. Their dismissals thus removed two major obstacles to military reform and improved relations with the West.

These moves have been designed to create a military more in keeping with Russia's reduced economic circumstances as well as its changed security environment. However, the reforms have largely been organizational and have concentrated on *reductions* rather than improving the *quality* of Russia's forces. They have not been accompanied by administrative and operational restructuring that would improve the capabilities of the armed forces.

Although the plan to begin the transition to a professional army is a step in the right direction, it will be expensive and have to be implemented gradually. Given the high costs involved, it is unlikely that Russia will be able to complete the transition to an all-volunteer force by 2010, as initially planned. Moreover, Russia's experience to date with professional contract soldiers is not particularly encouraging. Units in which the volunteer system has been introduced on an experimental basis have witnessed high rates of dismissals resulting from drunkenness and violations of discipline.[25] Currently, half the slots for contract personnel are occupied by the wives and daughters of Russian officers, who have used the slots as a means of augmenting family incomes.

The process of military reform also remains marred by a lack of openness and transparency. The defense budget presented to the

[25]The volunteer system was introduced into the 201st Motorized Infantry Division on an experimental basis. According to MoD officials, 80 percent of the volunteers in the division were dismissed for violations of discipline, drunkenness, or professional unsuitability. See *RFE/RL Newsline*, Vol. 6, No. 164, August 30, 2002.

Duma contains 128 items (by contrast, the U.S. defense budget contains 3000–4000 detailed items). However, these items are so vaguely worded that it is impossible to figure out how the MoD intends to spend its money and what its defense priorities are. Moreover, many of the 128 items are classified. This secrecy and lack of detail make any parliamentary control of the armed forces virtually impossible.

Civilian control remains weak. Although some small steps have been taken to strengthen civilian control over the military, such as the appointment of Sergei Ivanov as defense minister, it is difficult to talk about true civilian control as it is understood in the West. Ivanov and his deputy Alexei Moskovsky are both former professional intelligence officers. Moreover, according to Russian press reports, Ivanov and the small group of civilians he brought with him to the MoD are largely isolated and unable to compete effectively with the General Staff, which has much more profound military expertise.[26]

In addition, the worldview and mind-set of the top leadership in the Russian military have not significantly changed since the Soviet period. Most Russian officers continue to see the West and NATO as a threat requiring a force structure far larger than Russia needs or can afford in its current circumstances. Although Putin himself does not appear to share these perceptions, his efforts to reshape Russia's defense policy have met opposition from the military.[27] At the moment, this opposition is muted, but if Putin's rapprochement with the West fails to bring practical results, this discontent could become more vocal.

The success of the military reform will also heavily depend on the state of the Russian economy. The economy recorded a strong growth rate in 2000 (9 percent), largely due to a sharp increase in gas and oil exports. But growth slowed in 2001 (5 percent) and 2002 (4.1 percent) and is expected to be about 3–4 percent in the next few years. This slowdown will coincide with an increase in Russia's debt

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[26] *Moscow Times*, March 4, 2002; *Jamestown Monitor*, Vol. 7, No. 45, March 5, 2002.

[27] On November 5, 2001, the nationalist newspaper *Zavtra* published a letter signed by 17 retired military generals and admirals sharply criticizing Putin's foreign and defense policy. See Natalie Nougayrède, "La ligne «pro-occidentale» russe suscite les réticences de l'armée," *Le Monde*, November 24, 2001.

repayment obligations. By 2003, Russia will have to pay $18 billion (about one-third of the annual state budget) in Soviet-era debt obligations to the Paris Club of creditors. This high debt service will reduce the amount of money available for economic and social reforms, including military modernization and restructuring.

The Iraq conflict could give the Russian debate about military reform new momentum. The swift American military victory in Iraq—contrary to the forecasts of the Russian military which had predicted that the United States would suffer a "new Vietnam"—underscored the importance of a highly mobile, professional military able to exploit high technology. It also contrasts sharply with the Russian experience in Chechnya, where the Russian army has been bogged down for several years and continues to suffer losses at the hands of the Chechen guerrillas—a fact that has sparked new calls for a more rapid transition to an all-volunteer force in Russia.

However, Putin appears to have opted for a gradual approach. Under the Defense Ministry's reform plan, adopted by the Cabinet in July 2003, Russia will retain a mixed system of conscription and contract-based service. The decision marks a defeat for the advocates of radical military reform such as Boris Nemtsev, leader of the Union of Rightist Forces, who had proposed a plan calling for full professionalization of the Russian armed forces by 2007.

RUSSIA'S NEW MILITARY DOCTRINE AND SECURITY CONCEPT

Russian military thinking has undergone some shifts in the last several years. The new Military Doctrine, which was made public in early October 1999[28] and signed by Putin on April 21, 2000, downplays the threat from low-intensity conflicts like those in Chechnya and puts increased emphasis on the need to maintain sizable conventional and strategic nuclear forces.[29] It also broadens the circumstances in which Russia would use nuclear weapons.

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[28]For the text of the pre-final draft Military Doctrine, see *Krasnaya zvezda*, October 9, 1999. For a detailed discussion, see C. J. Dick, "Russia's 1999 Draft Military Doctrine," *Occasional Brief 72*, Conflict Studies Research Centre, November 16, 1999.

[29]For the final text of the Military Doctrine, see *Nezavisimaya gazeta*, April 22, 2000.

The new Security Concept approved by Putin on January 6, 2000, also broadens the scope for the use of nuclear weapons.[30] The 1997 Security Concept stated that Russia reserved the right to use nuclear weapons "in case of a threat to the existence of the Russian Federation as a sovereign state." The new Security Concept envisages the use of nuclear weapons "to repel armed aggression if all other methods of resolving the crisis situation are exhausted or have been ineffective"—a more ambiguous formulation.

Neither document, however, represents a major break with recent Russian policy on the employment of nuclear weapons. Russia has steadily moved away from a no-first-use position since the early 1990s. The 1993 Military Doctrine asserted that Russia would use nuclear weapons in the event of an attack on its sovereignty and national integrity. The references in the new Military Doctrine and Security Concept therefore represent slight modifications of existing policy rather than a fundamental change in Russian strategy. They are essentially a reaction to the deterioration of Russia's conventional forces. With its conventional forces in decline, Russia has been forced to rely more heavily on nuclear weapons to ensure its security.

Both the new Military Doctrine and Security Concept have a sharper anti-Western tone than do their predecessors. However, both documents were formulated before the post–September 11 improvement in U.S.-Russian relations and are heavily influenced by developments in the late 1990s, especially the war in Kosovo.[31] They

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[30]For the text of the Security Concept, see *Nezavisimoye voennoye obozreniye*, January 14, 2000. For a detailed discussion, see Hannes Adomeit, "Widersprüchlich und wenig Erfolg versprechend," *Frankfurter Allgemeine Zeitung*, February 15, 2000.

[31]See, in particular, Alexei Arbatov, *The Transformation of Russian Military Doctrine. Lessons Learned from Kosovo and Chechyna*, The Marshall Center, Paper No. 2, Garmisch: The George C. Marshall European Center for Security Studies, 2002. While Arbatov overdramatizes the long-term impact of Kosovo on U.S.-Russian relations, his analysis reflects Russian national security thinking in the immediate aftermath of the Kosovo war. For a Western analysis of the Military Doctrine that also stresses the significant effect of the Kosovo conflict on Russian threat perceptions, see Stephen J. Blank, "Military Threats and Threat Assessment in Russia's New Defense Doctrine and Security Concept," in Colonel Michael H. Crutcher (ed.), *The Russian Armed Forces at the Dawn of the Millennium*, Carlisle, PA: U.S. Army War College, February 2000, pp. 191–220. See also Franz Walter, "Russlands neue Militärdoktrin 2000," *Osteuropa*, Vol. 7, No. 50, July 2000, pp. 221–246.

do not reflect the increased importance of the terrorist threat since September 11 and are likely to be revised to take into consideration changes in the post–September 11 security environment.

THE CONFLICT IN CHECHNYA

The war in Chechnya has highlighted the difficulties the Russian High Command has had in adjusting to the challenges posed by Russia's new strategic environment. Although Russian forces have performed better in the current war than in the 1994–1996 conflict, the conflict revealed significant weaknesses in Russia's ability to fight low-intensity conflicts and demonstrated that Russia's military leadership still has trouble fighting small-scale guerrilla wars. At the same time, it also showed some ability to adapt and learn from past mistakes at the tactical level.[32]

The Russian units initially sent into Chechnya in 1994 were hastily cobbled together from different army and airborne units. The quality of the troops was very low. Many of the soldiers had never trained or fought together and had not been trained in the type of guerrilla combat they faced in Chechnya.[33] The Russian MoD also failed to send in sufficient forces. The initial strength of the Russian forces assembled was about 38,000 and the overall strength of the Russian forces never exceeded 45,000 men.[34] This force proved insufficient to subdue the insurgency.

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[32]For an excellent discussion of Russia's military performance in both Chechen wars, see Olga Oliker, *Russia's Chechen Wars 1994–2000: Lessons from Urban Combat*, Santa Monica, CA: RAND, MR-1289-A, 2001. On the first Chechen war, see Anatol Lieven, *Chechnya. Tombstone of Russian Power*, New Haven and London: Yale University Press, 1998.

[33]See Michael Orr, "Some Provisional Notes on Current Russian Operations in Dagestan and Chechnya," Conflict Studies Research Centre, December 3, 1999. For a critical Russian view of Russia's military performance in Chechnya, see Alexander Goltz, "Russia's Military Operations in Dagestan and Chechnya," paper prepared for a conference on "Russian National Security After Yeltsin," sponsored by the Department of National Security Affairs at the Naval Post-Graduate School in Monterey, CA, April 24–26, 2000. Also Marie Jégo, "L'armée russe enlisée en Tchètchènie," *Le Monde*, April 29, 2000.

[34]See Pavel Felgengauer, "Russia's Forces Unreconstructed," *Perspective*, Vol. 10, No. 4, March–April 2000, pp. 8–10.

In the 1999 campaign in Chechnya, by contrast, the Russians sent in a much larger force—93,000 men—twice as many as in the first Chechnya campaign. The Russians created "permanent readiness" army brigades and divisions that were supposed to be fully manned and ready for deployment. In addition, the Russians showed improvements in a number of areas such as joint operations, reconnaissance and intelligence gathering, training, and logistics. They also demonstrated a greater ability to manage and control the press, which has resulted in a much more favorable portrait of the conduct of the war and less public dissension than in the first war.

However, the Russian conduct of the second Chechen war demonstrated a number of continued weaknesses: most Russian forces cannot fight at night; secure communications remain a problem; and equipment is old and decrepit. Moreover, in an effort to keep casualties low, the Russians subjected Chechen towns and villages to prolonged artillery barrages and air strikes, resulting in high—and in many cases unnecessary—civilian casualties. The continued Russian disregard for civilian casualties, as well as rape and other human rights violations by Russian soldiers, has served to create more Chechen radicals, especially among the young, who see little hope for a negotiated settlement.

In February 2001, Putin essentially turned responsibility for the conduct of the war over to the Federal Security Service (FSB), claiming that only "mopping up" operations remain. However, the continued attacks on Russian checkpoints, convoys, and helicopters by Chechen guerrillas suggest that the war is far from over and that Russia faces the prospect of a protracted conflict over many years unless it agrees to some sort of a negotiated settlement. In addition, the Chechens might decide to take the war to Russian territory and conduct terrorist activities against Russian cities. (Indeed, the rash of suicide bombings by Chechen women in the spring and summer of 2003 suggests that such a strategy has been adopted.) As the conflict drags on—and Russian casualties continue to mount—the public mood, which initially was highly supportive of Putin's conduct of the war, could begin to sour, increasing the pressure for a negotiated settlement.

In many ways, Putin confronts a dilemma similar to the one that General de Gaulle faced in Algeria when he assumed power in France

in 1958: either to continue a costly, bloody guerrilla war that could drag on for years, dividing the country domestically and tarnishing its image internationally, or to negotiate an end to the conflict. In the end, de Gaulle decided that the political, economic, and military costs of hanging onto Algeria were too high and opted for a settlement. Whether Putin will show the same degree of political wisdom and statesmanship remains to be seen. If he does not, Russia could find itself embroiled in a costly and protracted guerrilla war that could divert high-level attention and much-needed resources from crucial domestic tasks—including military reform—as well as impede its effort to promote closer ties to Europe.

RELATIONS WITH THE COMMONWEALTH OF INDEPENDENT STATES

Since the collapse of the Soviet Union in 1991, Russia has given high priority to relations with states located in the post-Soviet space (the so-called "near abroad") and has sought to use the CIS as a mechanism for integrating the post-Soviet space under its leadership.[35] Under Yeltsin, Moscow sought to assert a special role for itself in the post-Soviet space. In February 1993, in an important speech to the Civic Union, Yeltsin called for Russia to be given "special responsibilities" for ensuring stability in the territory in the former Soviet Union.[36] The long-term goal of this policy appeared to be to establish a belt of friendly states along Russia's periphery. In effect, Moscow seemed to be seeking a "Monroe Doctrine for the near abroad"; that is, it wanted the international community to regard the territory of the former Soviet Union as Russia's sphere of influence and a region where Moscow had special rights and interests.

However, Russia's effort to turn the CIS into an effective mechanism for promoting Russian influence has largely failed. On the economic side, there has been little progress toward real integration. An

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[35]For an excellent discussion of Russian relations with the CIS, see Dimitri Trenin, *The End of Eurasia: Russia on the Border Between Geopolitics and Globalization*, Washington, D.C.: The Carnegie Endowment for International Peace, 2001.

[36]See *Summary of World Broadcasts (SWB)*, SU/1626 B/1, March 2, 1993. See also Serge Schmemann, "Yeltsin Suggests a Role for Russia to Keep Peace in Ex-Soviet Lands," *New York Times*, March 1, 1993.

agreement on the creation of a Free Trade Zone was signed in April 1994. However, it has never been implemented, largely because of Russia's protectionist policies.

Moscow has been even less successful in coordinating defense policy. In September 1995, Yeltsin issued a decree calling on the states of the CIS to develop a collective security system along the lines of the May 1992 Tashkent Treaty on Collective Security. However, Ukraine, Moldova, and Turkmenistan declined to participate from the outset, and in April 1999, Georgia, Azerbaijan, and Uzbekistan refused to renew their participation in the treaty.

Moscow's efforts to forge greater cohesion within the CIS have also been hindered by the formation of GUUAM, a regional grouping of Georgia, Ukraine, Uzbekistan, Azerbaijan, and Moldova. The five countries have sought to coordinate policies in a number of areas such as conflict resolution, energy supplies, and transportation. The group has also discussed the formation of a joint peacekeeping battalion.

However, GUUAM does not represent a serious alternative to the CIS. The group is highly diverse and momentum toward cooperation has waned lately. Ukraine has strengthened ties to Russia whereas Uzbekistan has suspended its participation in GUUAM. Moldova's interest in GUUAM has also visibly diminished. In addition, Azerbaijan and Georgia face succession issues that could significantly affect their foreign policy and reduce their interest in promoting cooperation within GUUAM.

NEW ACCENTS IN CIS POLICY UNDER PUTIN

Russian policy toward the CIS has witnessed a number of important shifts under Putin. Although Yeltsin often stressed the need to forge a cohesive and effective CIS, he never gave CIS affairs sustained high-level attention. Putin, by contrast, has given relations with the CIS greater priority. Moreover, his policy has differed from Yeltsin's in several key ways.

First, Putin has put greater emphasis on bilateralism and sought to use bilateral meetings with CIS leaders to advance Russian interests. The most important business at CIS meetings is conducted on the

sidelines and backstage rather than in the formal CIS meetings. Putin has used CIS summits to hold meetings with the presidents of CIS countries and discuss issues that have little to do with the CIS.

Second, Putin has put greater emphasis on Russian-led subgroups. Such groups allow Russia to play the lead role in subregional affairs. The most prominent example is the so-called "Caucasus Four." The Caucasus Four—Russia, Georgia, Armenia, and Azerbaijan—is designed to shape developments in the Caucasus in directions conducive to Russian interests and to counteract Western influence in the region, especially Turkey's proposal for a Stability Pact for the South Caucasus (see below).

Third, Putin has put stronger emphasis on security issues, especially the fight against terrorism, as a means to foster greater cohesion within the CIS, particularly within Central Asia. This trend is reflected in the two Russian initiatives approved at the CIS summit in June 2000—the adoption of the CIS Program to Combat Terrorism and Extremism and the creation of a CIS Anti-Terrorism Center (ATC). However, the ATC has generated little enthusiasm among CIS members, who have been unwilling to allocate significant resources to support it.

In addition, Putin has placed security officials in key positions of responsibility dealing with the CIS. Initially, Putin entrusted operational responsibility for the CIS to Sergei Ivanov, at the time head of the Security Council. In June 2000, Putin appointed Vyacheslav Trubnikov, former head of the Foreign Intelligence Service (SVR), to a specially created post with responsibility for CIS affairs. The head of the ATC, Boris Mylnikov, a lieutenant general in the Federal Security Service, also has a security background. These moves reflect Putin's tendency—evident in other areas as well—to promote officials from the security services to important positions of responsibility.

Fourth, Putin has put greater emphasis on energy cooperation within CIS. In January 2002, he proposed that Russia, Turkmenistan, Kazakhstan, and Uzbekistan forge a regional cartel of gas-producing

nations.[37] Under his proposal, all of the Eurasian gas would run through pipelines of the Russian state-owned monopoly Gazprom via Russia. Moscow already controls the overwhelming share of Caspian oil exports. Putin's plan would allow Russia to have control over the aggregate gas pool in the Caspian region and set the terms of gas deliveries to Europe.

Finally, Putin has sought to give the CIS Collective Security Treaty (CST) greater institutional content.[38] In May 2002, the CST was upgraded into a regional Collective Security Organization (CSO) and given a military component. The goal is to set up three groups of forces: a Western group composed of Russia and Belarus; a Caucasus group composed of Russia and Armenia; and a Central Asian group composed of Russia, Kazakhstan, Kyrgyzstan, and Tajikistan.

The CSO seems to be modeled on the Warsaw Pact and designed to solidify Moscow's military position in the former Soviet space. However, it is unlikely to develop into a serious regional military force or counterweight to NATO. Most of its members are poor and have little money to devote to defense (which is why they turned to Russia for help in fighting terrorism in the first place). Moreover, the organization lacks an integrated command structure and Russian proposals to create one have met strong resistance from CSO members.

Moscow's effort to use the Shanghai Cooperation Council (SCO)—composed of Russia, China, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan—as a forum for combating terrorism and countering U.S. influence in Central Asia has also largely proven to be a flop. The organization had a hard time formulating a common position after September 11, and the four Central Asian members went their own way in cooperating militarily and politically with the United States and other Western countries.

In addition, the war on terrorism has shifted the balance of power in Central Asia. The United States now has a military presence in three

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[37] *Jamestown Monitor*, Vol. 8, No. 17, January 24, 2002. Also *RFE/RL Central Asia Report*, Vol. 2, No. 4, January 24, 2002.

[38] The six members of the Collective Security Treaty are Russia, Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Tajikistan.

Central Asian states—Uzbekistan, Kyrgyzstan, and Tajikistan—and is becoming an increasingly important actor in the region. Although Putin has sought to play down the U.S. military presence in Central Asia, the growing U.S. military footprint there has caused unease among large parts of the foreign policy establishment, especially the military, and resulted in a more assertive policy aimed at bolstering Russia's economic, political, and military influence in the region.

THE CAUCASUS

Moscow's loss of influence in the post-Soviet space has been most visible in the Caucasus. Georgia and Azerbaijan have increasingly pursued pro-Western policies in recent years and Georgia has formally signaled its desire to join NATO. Even Armenia, Moscow's closest ally in the region, has recently shown an interest in improving ties to the West. Several factors have contributed to this erosion of Russian influence in the Caucasus and Caspian region:

Growing American engagement. In the last several years, the United States has begun to play a much more active role in the Caucasus and Caspian region. Bilateral ties with Georgia and Azerbaijan have been strengthened. Washington has also played a major behind-the-scenes role in promoting the Baku-Ceyhan pipeline. Construction of the pipeline, begun in September 2002, will significantly enhance the economic prosperity and political freedom of maneuver of the countries in the Caspian region, especially Georgia and Azerbaijan, and reduce Moscow's ability to use the flow of energy as a means to expand its influence in the area. The United States has also increased its military engagement in Georgia since September 11.

Turkish activism. Turkey's active policy has also contributed to the erosion of Russian influence in the Caucasus. Although Turkey's initial euphoria about its chances to make in-roads in Central Asia has waned somewhat since the early 1990s, its interest and engagement in the Caucasus have increased.[39] Ties to Georgia and Azerbaijan have intensified, particularly in the military field. Turkey has also

[39]For a comprehensive discussion, See F. Stephen Larrabee and Ian O. Lesser, *Turkish Foreign Policy in an Age of Uncertainty*, Santa Monica, CA: RAND, MR-1612-CMEPP, 2002, Chapter 5.

undertaken a quiet behind-the-scenes effort to improve ties to Armenia. However, any serious rapprochement between Ankara and Yerevan will probably have to await a settlement of the Nagorno-Karabakh conflict.

Lack of a coherent Russian policy. Russia's efforts to expand its influence in the Caucasus have also been hindered by divisions within the Russian elite over policy toward the region.[40] Whereas the Ministry of Defense, the Foreign Ministry, and the Security Services have pursued old-fashioned power politics based on coercion and intimidation to protect Russian political interests in the region, the economic elites centered on the gas and oil industries have favored a more conciliatory policy based on cooperation with the West and the Caspian states. Thus, the various Russian elites have often pursued policies that were at cross-purposes with one another, making it difficult for Russia to pursue a coherent policy toward the region.

The development of multiple energy transport routes. The development of multiple transport routes for the delivery of Caspian gas and oil has significantly reduced Moscow's ability to dominate the region and opened up prospects for the increase of Western influence. The construction of the Baku-Ceyhan oil pipeline, for instance, will increase Turkey's political influence in the region and enhance the independence and freedom of maneuver of Azerbaijan and Georgia, which will substantially benefit from the transit fees.

The events of September 11, moreover, have increased the importance of the Caucasus—especially Georgia—in American eyes. The United States has expanded its military engagement in the region, sending some 150 military advisors to aid Georgia to rid the Pankisi Gorge of Chechen and other terrorists. The lifting of Section 907 of the Freedom Support Act in early 2002 has also opened new prospects for an expansion of U.S. ties to Azerbaijan and Armenia.[41]

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[40]For details, see Rosemarie Forsythe, *The Politics of Oil in Central Asia and the Caucasus*, Adelphi Paper 300, London: International Institute for Strategic Studies, 1996.

[41]Section 907, introduced under pressure from the Armenian-American lobby, prohibited the United States from providing assistance, especially military assistance, to Azerbaijan and Armenia. It was lifted at President Bush's request at the beginning of 2002.

Russia, however, is hardly out of the game. Both Georgia and Azerbaijan face succession issues in the next few years. Georgia's president Eduard Shevardnadze's term ends in April 2004 and he is barred by the Georgian constitution from seeking a third term. Azerbaijan's president Gaider Aliev is nearly 80 and in poor health. Their departure could lead to increasing domestic turmoil and allow Russia to expand its influence in the region.

Indeed, Georgia could become a test case of U.S.-Russian cooperation. So far, Russia has refrained from intervening in Georgia—in part at least because the United States has made it clear that such a move would have serious implications for U.S.-Russian relations and Russia's relations with the West more broadly. However, a succession crisis in Georgia could create new opportunities for Russian policy.

CENTRAL AND EASTERN EUROPE

Russia's loss of influence in Eastern Europe has been particularly dramatic. With the collapse of the Warsaw Pact and the entry of Hungary, Poland, the Czech Republic, Slovakia, Romania, and Bulgaria into NATO, Moscow has lost a key buffer and staging area for the forward deployment of its troops as well as an important market for the sale of weapons and equipment. Today most Central and East European countries want to buy Western equipment, not Russian equipment, to modernize their forces. This has aggravated the already substantial problems facing Russia's military-industrial complex, which has been hard hit by the cuts in military spending at home.

Russia's trade with Eastern Europe has also markedly declined. During the Cold War, Eastern Europe was a major market for Russian goods that could not be sold on the Western market and vice versa. Since 1989, however, the countries of Eastern Europe have reoriented their trade toward the EU. The EU now accounts for over two-thirds of Eastern Europe's total trade. Although Eastern Europe still remains dependent on Russian energy resources, this dependency is declining. Russia's share in Eastern Europe's overall trade has fallen sharply. In 1989, the former Soviet Union accounted for over a third of Eastern Europe's trade. Russia now accounts for about 5 percent.

Indeed, a decade after the collapse of communism, the vestiges of 45 years of Russian influence in Eastern Europe have largely evaporated. Central Europe is well on its way to being integrated into Euro-Atlantic institutions and the gap dividing the two parts of Europe is diminishing. The process has been slower in the rest of Eastern Europe. But even Bulgaria, once regarded as the most loyal of Moscow's allies in Eastern Europe, is now firmly oriented toward the West.

Given the substantial Russian involvement in the region after 1945, the sharp decline of Russian influence is quite remarkable. Even more striking has been the general lack of attention paid to Eastern Europe by Russia since 1991. Russia has essentially pursued a policy of "benign neglect" and has made little effort to forge a coherent policy toward the region, other than trying to prevent its integration into NATO. This benign neglect contrasts sharply with the attention devoted to Eastern Europe in the latter part of the Gorbachev period, when there was an active debate in Moscow about policy toward Eastern Europe.

During the Gorbachev period, two schools of thought gradually emerged within the Russian elite.[42] The first, promoted by followers of then foreign minister Shevardnadze in the Foreign Ministry and in certain Soviet think tanks, argued that the changes in Eastern Europe enhanced Soviet security by ridding Moscow of the need to prop up unstable, inefficient governments. Moscow should seek to establish a new relationship with Eastern Europe based on full equality, sovereignty, and independence. Close ties between Eastern Europe and the West were not inimical to Soviet interests because the West was interested in stability in Eastern Europe.

A second school, centered primarily in the Soviet military and International Department of the Central Committee, argued that the USSR should adopt a more active policy toward Eastern Europe and use its "reserves of influence," including economic leverage, to preserve Soviet interests in the region and neutralize "anti-Soviet tendencies" there. Moscow's main goal in Eastern Europe, this group

[42]The discussion of the debates during the Gorbachev period draws heavily on F. Stephen Larrabee, *East European Security After the Cold War*, Santa Monica, CA: RAND, MR-254-USDP, 1993, pp. 155–156.

argued, should be to establish a buffer zone in Eastern Europe between the West and the Soviet Union and to prevent the emergence of close security ties between Eastern Europe and the West.[43]

After Shevardnadze's resignation, the advocates of the second view gradually gained the upper hand. Their thoughts were reflected in the drafts of the bilateral treaties that were sent to the East Europeans in early 1991. The drafts contained security clauses that prevented either party from entering an alliance directed against the other and prohibited stationing of foreign troops on the soil of either party. If accepted, these clauses would have given Moscow a *droit de regard* over the security options of the East European countries and could have prevented them from joining not only NATO but also the Western European Union (WEU) and the European Community (EC). However, the East Europeans (with the exception of Romania) refused to sign treaties including the controversial clauses, leading to a deadlock in the negotiations.

The failed coup in August 1991 broke the deadlock and led to a significant shift in Soviet policy. In essence, the coup changed the internal balance of forces within the Soviet Union, giving the upper hand to those who favored the "Shevardnadze line" and the establishment of relations with Eastern Europe on the basis of full sovereignty, equality, and independence. Shortly after the coup, the Soviet Union dropped its insistence on including the controversial clauses in the treaties, which paved the way for the signing of new bilateral treaties with Hungary, Poland, Czechoslovakia, and Bulgaria in autumn 1991.

The Yeltsin government, however, never really developed a coherent, long-term policy toward Eastern Europe. Rather, its policy largely consisted of ad hoc initiatives to settle outstanding issues left over from the Gorbachev era, especially those related to the withdrawal of former Soviet troops from the region and the settling of outstanding debts. The main thrust of its policy was aimed at preventing the integration of Central Europe into NATO. But beyond this it had no coherent policy toward the region and generally neglected it.

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[43]This view was put forward at the end of January 1991 in a special report to the Soviet leadership written under the direction of Valentin Falin, then head of the Central Committee's International Department. It became known as the "Falin Doctrine."

This approach has not changed substantially under Putin. Russia has too many other pressing problems—Chechnya, the CIS, China, Europe, and relations with the United States—to pay much attention to Eastern Europe. The region, therefore, is likely to remain a low priority for Moscow. Indeed, Moscow seems to have largely reconciled itself to the fact that Eastern Europe is "lost" for good. The second round of NATO enlargement, for instance, did not provoke the type of heated passions that the first round generated.

In the Balkans, too, Russian influence has dramatically declined since 1989. Romania and Bulgaria were invited to join NATO at the Prague summit and are expected to become EU members around 2007, while Albania has strengthened ties to both organizations since the early 1990s. Even Serbia, Russia's last remaining ally in the region after 1991, has increasingly pursued a pro-Western policy since Milosevic's ouster in 1999. Moscow's decision to withdraw its peacekeeping forces from Bosnia and Kosovo, moreover, is likely to further reduce its influence in the region.

Russia's loss of influence in the Balkans is not likely to be reversed in the near future. On the contrary, the balance is likely to shift further in the West's favor. The EU's Stability Pact will gradually draw the countries of the region more closely into an expanding European political and economic space, diminishing the region's historic isolation from the rest of Europe, whereas the inclusion of Romania and Bulgaria in NATO will strengthen the Alliance's role in the region.

RELATIONS WITH WESTERN EUROPE AND THE EU

By contrast, Russia's relations with Western Europe, especially the European Union, have become more important. The EU is Russia's largest trading partner. Nearly 40 percent of Russia's trade is with the EU. After the entry of the Central and East European states into the EU, this will increase to 50 percent. By comparison, the CIS makes up only 22 percent of Russia's trade. Trade with the United States and Japan constitutes only 8 percent and 3 percent, respectively, of Russia's trade. In addition, 52 percent of foreign direct investment in Russia comes from EU countries (versus 14 percent from the United States).

At the Corfu summit in June 1994, Russia and the EU signed a Partnership and Cooperation Agreement (PCA), which went into effect in December 1997. The PCA aimed at gradually drawing the economies of Russia and the EU closer by lifting trade barriers, providing a more favorable business climate, and promoting direct investment. It also lay the groundwork for the establishment of a free trade area and provides for regular political contacts. Unlike the association agreements with the East European and Baltic states, however, it did not contain any perspective for eventual membership.

Cooperation between Russia and the EU was given added impetus by the adoption of the "Common Strategy of the EU for Russia" at the EU's Cologne summit in June 1999. The Common Strategy lays out a broad vision for the strengthening of the EU's relations with Russia and Russia's integration into the world economy.[44] It goes considerably beyond the PCA by offering a permanent dialogue on political and security issues within the framework of the EU's Common Foreign and Security Policy (CFSP). It also provides for close cooperation in promoting economic reform, developing democratic institutions, and managing global challenges such as the environment, crime, and drug trafficking.

If implemented, the Common Strategy could facilitate Russia's broader integration into Europe and the world economy. However, Russian membership in the EU is unlikely in the foreseeable future, if ever. Russia's economy is too large, too unreformed, and too crime-ridden to make Russia an attractive candidate for membership. Russia's democratic institutions are also still too weak and fragile.

Moreover, EU membership would require a change in Russia's geopolitical ambitions and self-image. Many members of the Russian elite continue to see membership in the EU as incompatible with Russia's status as a great power and desire to reintegrate the states of the former Soviet space into a loose Russian-dominated federation or confederation. As Ivan Ivanov, former Russian deputy representative to the EU, has noted:

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[44]For a detailed discussion, see Detlev Wolter, "Gemeinsame Strategie gegenüber Russland," *Internationale Politik*, Vol. 54, No. 9, September 1999, pp. 57–64.

> Our country is not in need of affiliation with the EU. This would entail loss of its unique Euro-Asian specifics, the role of the center of attraction of the reintegration of the CIS, independence in foreign economic and defense policy, and the complete restructuring (once more) of all Russian statehood based on the requirements of the European Union. Finally, great powers (and it is too soon to abandon calling ourselves such) do not dissolve in integration unions—they create them around themselves.[45]

However, Russian attitudes toward the EU have begun to evolve since Putin's assumption of power. Under Putin, Russia has put increasing emphasis on its European orientation and its integration into an expanding European economic space. At the same time, Russian officials have begun to move away from the emphasis on "multipolarity" that characterized the late Yeltsin era, when Yevgeni Primakov was foreign minister, and put greater emphasis on Russia's "Europeanization" and the creation of a strategic triangle among Russia, the EU, and the United States.[46]

This shift is reflected in particular in Russia's positive response to the EU's Common Strategy, which was formally presented by Putin (at the time prime minister) at the EU-Russia summit in Helsinki in October 1999.[47] Two elements of the Russian strategy paper are noteworthy. First, for the first time Russia officially indicated that integration was not its goal, because it would conflict with its status as a great power and Eurasian state. Second, the Russian strategy paper emphasized the "strategic" nature of Russian-EU cooperation. In the past, Russia had viewed the EU essentially as an economic entity. However, the strategy paper made clear that Moscow increasingly

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[45]Ivan Dimitriyevich Ivanov, "Expansion of the European Union: Scenario, Problems, Consequences," *Mirovaya Ekonomika i Mezhdunarodnyye Otnosheniya*, No. 9, September 1999, pp. 22–33.

[46]See Heinz Timmermann, "Strategische Partnerschaft: Wie kann die EU Russland stärker einbinden?" *SWP-Aktuell 12,* Berlin: Stiftung Wissenschaft und Politik, April 2002.

[47]For the text of the Russian response, see "Strategiya razvitiya otnoshenii Rossiskoi Federacii s Evropeyskim soyuzom na srednesrochnuyu perspektivu (2000–2010 gg)," *Diplomaticheski Vestnik*, November 1999, pp. 20–28.

sees the EU as a multifaceted organization in which economic, political, and military dimensions are closely intertwined.[48]

Some Russians have suggested that relations between Russia and the EU have reached the point where they need a new goal—not just cooperation or rapprochement but eventual membership. Putting membership on the agenda, they argue, would not only give integration a new impetus but would solidify the process of Westernization and political and economic modernization in Russia.[49] For most European leaders, however, Russian membership in the EU continues to be regarded as a bridge too far.[50]

Indeed, Russian-EU relations have lost momentum lately. The Russia-EU summit in St. Petersburg at the end of May 2003 was essentially a holding action. It was long in political symbolism but brought few tangible results. Putin's call for visa-free travel to the EU for its citizens met a cool reception. The Joint Statement issued at the conclusion of the summit agreed only to examine the issue over the long term. However, it failed to set a date for dropping visa requirements, as Russia had wanted.[51]

Russia-EU relations have also been troubled by differences over Chechnya, Russia's failure to ratify the Kyoto treaty on global warming, the readmission of illegal immigrants coming to the EU through Russia, and overflight rights for foreign airlines. In addition, Russia wants "compensation" for trade losses it claims it will suffer due to enlargement. However, EU studies show that enlargement

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[48]See Heinz Timmermann, *Russlands Strategie für die Europäische Union. Aktuelle Tendenzen, Konzeptionen und Perspektiven*, Köln: Berichte des Bundesinstituts für ostwissenschaftliche und internationale Studien, June 2000.

[49]See Sergei Karaganov, "Building bridges with Brussels," *Financial Times*, May 18, 2001.

[50]During his visit to Moscow in July 2001, French President Jacques Chirac poured cold water on the idea of Russian membership. Asked about the prospects for Russian membership in the EU in an interview with Ekho Moscow radio, he replied: "I don't think one can imagine that Russia is about to join the EU. I don't think this is where its goal and destiny lie." See his interview with Ekho Moscow radio, July 3, 2001, *NATO Enlargement Daily Brief*, July 3, 2001.

[51]See *Joint Statement: EU-Russia Summit, St. Petersburg*, Washington, D.C.: Embassy of Greece, May 31, 2003.

will actually benefit Russia by opening up the large EU market to Russian goods.

Kaliningrad also remains a potential problem in relations over the longer term. While the transit issue has been temporarily defused as a result of the compromise agreed at the Russia-EU summit in November 2002 (see Chapter Three), the enclave remains plagued by numerous social and economic problems ranging from drugs to HIV. Unless these problems are squarely addressed, Kaliningrad could become a growing problem in Russia-EU relations.

RUSSIAN ATTITUDES TOWARD ESDP

Russian officials long regarded the EU primarily as an economic entity and have only recently begun to focus on the security and defense dimensions of EU policy, especially the EU's effort to develop an autonomous defense capability. However, Moscow does not yet appear to have a unified view about the European Security and Defense Policy (ESDP). While some Russian analysts and officials appear to regard the development of an autonomous European defense capability positively because it could strengthen Europe's geopolitical independence from the United States, others, especially in the military, tend to view it more coolly, fearing that it could end up strengthening NATO.

Recently, Russian officials have begun to take a more positive attitude toward ESDP. However, the Russians are realists. They recognize that Europe has a long way to go before it can become an independent actor in the defense field and that for the foreseeable future NATO is likely to remain the main security forum for discussing and implementing transatlantic security cooperation. Thus, while encouraging cooperation with the EU in the security area, Putin has put primary emphasis on strengthening ties to NATO.

In the future, Russia's attitude toward ESDP is likely to be influenced by two factors in particular. The first is Europe's ability to speak with one voice and develop a serious defense capability. The Iraq crisis has underscored that Europe remains sharply divided on defense issues—and is likely to remain so for some time. Unless the EU develops a more unified and coherent defense policy, Moscow is not likely

to take ESDP all that seriously and will continue to give priority to strengthening relations with NATO.

Much will also depend on the American attitude toward NATO. At the moment, Moscow continues to see NATO as the most important security actor in Europe, largely because of the strong U.S. political and military role in the Alliance. This could change, however, if the United States were to neglect the Alliance and decide to deal with crises bilaterally or unilaterally, as it did in Afghanistan. In such a case, the Alliance would gradually atrophy and Moscow could develop a stronger interest in strengthening defense cooperation with the EU through ESDP.

THE GERMAN FACTOR

Russia's attitude toward Germany has also significantly evolved since the end of the Cold War. During the Cold War, the "German Question"—i.e., the question of Germany's future—was the central issue of European politics. Although Moscow did not initially consciously seek the division of Germany, the division served Moscow's interests well. On the one hand, it ensured Moscow a major role in key security issues in Europe. On the other, it gave Moscow a certain indirect leverage over German policy. In formulating its policy on critical East-West issues, the Federal Republic had to be sensitive to Russian interests and consider the impact of its policy on relations with the German Democratic Republic (GDR).

After 1955, the existence of two sovereign, independent German states became the cornerstone of Soviet policy toward Europe. The GDR was the linchpin in the Soviet security system in Eastern Europe—the guarantee of Russia's role as a major European power. Hence, the GDR's demise was a strong blow to Russian security interests in Europe. More than any other single event, its demise contributed to the collapse of the Cold War security order in Europe and forced Moscow to craft a new German—and new European—policy.

German unification was clearly *not* something that the Soviet leadership wished or consciously tried to bring about. Indeed, Moscow

fought hard to prevent it.[52] But once the Berlin Wall was opened on November 9, 1989, the Soviet leadership found itself driven by events it could not control. Having predicated its policy for so long on the existence of two independent German states, Moscow found it hard to formulate a coherent policy as the fundament of its postwar European policy for 45 years crumbled beneath its feet almost overnight. As former Soviet foreign minister Shevardnadze noted in his memoirs, "The restoration of Germany had its own dynamics, which kept pushing up the negotiating time table, overtaking it and forcing it to go faster."[53]

The unification of Germany and the withdrawal of Soviet troops from the GDR removed the cornerstone of Moscow's postwar policy toward Europe and transformed the dynamics of Russia's relations with Germany. As a result of unification, Germany's influence and room for maneuver have significantly increased, while Moscow's influence has declined. As long as Germany was divided, Moscow had an informal *droit de regard* over West German policy and Bonn had to be sensitive to Soviet interests. Once Germany was unified, Moscow lost its ability to manipulate the German question.

At the same time, German attitudes toward Russia have evolved. Russia is no longer the looming superpower perched on its eastern border, holding one-quarter of the German population in its grip, but rather a distant and declining regional power. As Carl Gustav Ström noted soon after the fall of the Berlin Wall:

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[52]A detailed discussion of Soviet policy toward German unification is beyond the scope of this study. For a comprehensive discussion, see F. Stephen Larrabee, "Moscow and German Unification," *The Harriman Institute Forum*, Vol. 5, No. 9, May 1992, pp. 1–9. Also Angela Stent, *Russia and Germany Reborn*, Princeton: Princeton University Press, 1999; Hannes Adomeit, *Imperial Overstretch*, Baden-Baden: Nomos Verlag, 1998; and Rafael Biermann, *Zwischen Kreml und Kanzleramt*, Paderborn: Ferdinand Schöningh, 1997. For the Soviet perspective, see Eduard Shevardnadze, *The Future Belongs to Freedom*, London: Sinclair-Stevenson LTD, 1991, especially Chapter 6, and Valentin Falin, *Politische Erinnerungen*, München: Droemer-Kanuer, 1993, pp. 482–504. For the perspective of a key German policymaker, see Horst Teltschik, *329 Tage*, München: Siedler Verlag, 1991. See also Philip Zelikov and Condoleezza Rice, *Germany Unified and Europe Transformed*, Cambridge, MA: Harvard University Press, 1995, which remains the most comprehensive overall analysis of the developments leading up to German unification.

[53]Eduard Shevardnadze, *The Future Belongs to Freedom*, p. 137.

> The Germans must get used to the fact that, after the collapse of the Soviet Union, Russia has been moved far to the East. Russia's western border today is 1000 to 1500 kilometers from Germany's eastern border. Russia is no longer our big eastern neighbor, but rather a distant state bordering Asia.
>
> This has made obsolete the tradition of Bismarck's Russian policy as well as that of the Weimar Republic. Neither Tauroggen nor Rapallo—to name the two most famous myths of Germany's Russian policy—are practical today. Economically and politically, states such as Ukraine, the Baltic countries, or even the new states currently emerging in the Caucasus, are of greater importance.[54]

In short, with the fall of the Berlin Wall and Moscow's withdrawal from Central Europe, Russia's importance for Germany has declined, while that of other areas, particularly Eastern Europe, has increased. As a result, Germany's Eastern agenda has changed. Germany's prime concern today is no longer inducing Moscow to relax its grip on the GDR but stabilizing Central Europe and preventing the emergence of instability on its eastern borders.

For Russia, on the other hand, Germany's significance has increased since the end of the Cold War. Germany is Russia's largest Western trading partner and most important investor. No other country in Europe has supported Russian reform efforts as strongly as Germany has. Under Chancellor Helmut Kohl, Germany acted as Russia's "solicitor" (*Anwalt*) in the West. Kohl prided himself on his close personal ties to Yeltsin ("*Freund Boris*"), which were cemented through "sauna diplomacy."

Putin's advent to power has given the German connection an added new dimension. Germany is the country Putin knows best. As a KGB agent in the 1980s, he was stationed in East Germany and traveled widely in both parts of Germany. He speaks fluent German and his daughters attended German schools. This German connection has led some German analysts to dub him the "German in the Kremlin" and to suggest that his assumption of power could open up new

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[54]Carl Gustav Ström, "Mythen und Phantome," *Die Welt*, April 21, 1993. I am grateful to Ronald D. Asmus for calling my attention to this quotation.

prospects for Germany to act as a mediator between Russia and the West.[55]

Since 2001 Russian-German relations have visibly warmed. Putin has made several official visits to Berlin and in 2002 Chancellor Schröder and his wife spent the Christmas holidays with Putin and his family in Saint Petersburg. Indeed, Putin has skillfully played the German card. His speech to the German Bundestag in September 2001—delivered in German—stressed Russia's desire to integrate more deeply into Europe and was particularly well received in Berlin.

These closer ties—and particularly Putin's German connection—have raised concerns in some Western circles about the possible emergence of a "new Rapallo"[56]—the close Russian-German cooperation aimed against the West that was symbolized by the treaty signed between Russia and Germany at the Italian seaside in 1922. Such fears, however, have little foundation. Rapallo was the product of a particular set of international circumstances—the collusion of two pariah states ostracized by the other major powers.

Germany today is firmly anchored in Western institutions. This ensures that its policies will be conducted within a multilateral framework and acts as a strong constraint on Germany's ability to pursue the type of *Schaukelpolitik* (swing policy between East and West) that precipitated two world wars in the 20th century. Moreover, Germany's ambitions in Central Europe—to stabilize its eastern frontier—have largely been achieved as a result of Central Europe's integration into Euro-Atlantic institutions, especially NATO. Hence Germany has no incentive to pursue the type of collusion with Russia that led to Rapallo.

During the Iraq crisis, Germany, Russia, and France closely aligned their policy in opposition to the United States, leading to speculation that a new strategic realignment could be in the making. Such a strategic realignment, however, seems highly unlikely. While U.S.-German relations may remain cool in the aftermath of the Iraq

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[55]See Alexander Rahr, *Vladimir Putin. Der "Deutsche" im Kreml,* München: Universitas, 2000.

[56]See, for instance, Angelo Cordevilla, "Europe's Dangerous Dalliance with the Bear," *Wall Street Journal Europe*, June 7, 2000.

crisis—at least as long as Schröder is chancellor—Iraq is not likely to lead to a fundamental break in U.S.-German ties. Both sides have too much invested in the relationship. Moreover, any entente between Russia and Germany would seriously damage Germany's ties to Central and Eastern Europe, especially Poland, and make some of the smaller countries in Western Europe nervous as well.

In addition, Russia is unlikely to put all its eggs in the German basket. Putin needs U.S. help to revamp the Russian economy. Russia also has broader strategic interests beyond Europe, such as the Korean peninsula, China, and the Middle East, not to mention the struggle against terrorism. In these areas, cooperation with the United States is essential. Thus, Putin is likely to pursue an even-handed policy that avoids a clear-cut choice between America and Europe.

RELATIONS WITH NATO

Russia has had a particularly difficult time adapting to changes within NATO and developing a new relationship with the Alliance. Many Russian officials and analysts continue to regard NATO as a relic of the Cold War. The Russian approach to NATO has been dominated by 19th century geopolitical thinking and a zero-sum mentality. Until very recently, Russian officials have tended to regard any strengthening or expansion of NATO as automatically bad for Russia.

The first round of NATO enlargement to Central Europe provoked strong Russian opposition. Indeed, opposition to NATO enlargement was one of the few foreign policy issues on which the Russian elite was united. However, this opposition was driven more by a concern that NATO enlargement would isolate Russia politically than by a deep-seated fear of enlargement's military consequences. Some Russian liberals also worried that NATO enlargement would strengthen the hand of the nationalists and undercut the prospects for democratization and military reform.

Russian policy toward the first round of NATO enlargement went through several distinct phases:

Skeptical opposition (1992–August 1993). During this phase, Russian opposition to NATO enlargement was largely inchoate and

philosophical. It had not coalesced into a firm government policy because at this point there was no strong support for enlargement within the West, especially within the U.S. government. But the signs of Russia's uneasiness over the Central Europeans' desire for NATO membership were already visible.

Premature acceptance (August 1993–October 1993). This phase was inaugurated by Yeltsin's surprise acceptance of enlargement during his trip to Warsaw in August 1993.[57] Yeltsin's move caught his advisors by surprise and unleashed a frantic effort to reverse his decision. By early October 1993, Yeltsin's "mistake" had been corrected and Moscow reverted to its principled opposition to enlargement.[58]

Principled opposition (Autumn 1993–end of 1996). During this phase, Moscow stepped up its opposition to enlargement. The tone and content of Russian policy was heavily influenced by a report issued with great fanfare by the Russian Foreign Intelligence Service, then headed by Yevgeni Primakov, which emphasized the dangers of NATO enlargement for Russia's security interests and laid out a strategy for opposing it.[59] The conclusions of the report became the basis for the official Russian stand on enlargement. The Russian position during this period was complicated, however, by differences within the Russian leadership. Yeltsin appears to have seen NATO enlargement primarily as a "political problem"—one that needed to be managed because of its impact on U.S.-Russian relations and the problems it posed for him domestically—rather than as a major strategic

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[57]See Jane Perlez, "Yeltsin Seems to Accept Polish Bid for NATO," *New York Times*, August 26, 1993. For a detailed discussion, see F. Stephen Larrabee, *East European Security After the Cold War*, Santa Monica, CA: RAND, MR-254-USDP, 1993, pp. 158–159.

[58]Yeltsin made this clear in a letter to the heads of government in the United States, Britain, France, and Germany in early October. While conceding that Poland and the countries of Eastern Europe had the right as sovereign countries to choose their own alliances, he warned that East European entry into NATO would isolate Russia and violate the 2+4 agreement on German unity signed in September 1990. He suggested that instead Russia and NATO should jointly guarantee East European security. See Roger Cohen, "Yeltsin Opposes Expansion of NATO Into Eastern Europe," *New York Times*, October 2, 1993.

[59]For the text of the report, see *Izvestia*, November 26, 1993. It was interesting that the report did not limit itself solely to analysis but engaged in policy recommendations, a practice that most Western intelligence agencies would have considered overstepping their bureaucratic mandate.

problem. Others in the Russian leadership and foreign policy establishment, particularly Primakov, saw NATO's enlargement as a serious threat to Russian security interests. In private conversations with President Clinton and other U.S. officials, Yeltsin often appeared to be more accommodating regarding enlargement.[60] But once he was back in Moscow, Russian officials would take a tougher line and attempt "to walk the cat back."

Bargaining over the terms (January 1997–May 1997). During this phase, Moscow gradually came to the conclusion that it could not stop NATO's enlargement and sought to limit the damage to its own security interests. In effect, it sought to bargain over the *terms* under which enlargement would take place. In particular, Moscow tried to restrict the Alliance's ability to deploy military equipment beyond its old borders, prevent prospective new members from participating in Alliance military planning, and ban nuclear weapons, conventional forces, and NATO infrastructure from being stationed on the territory of new members. It also wanted to maximize Russian influence over NATO decisionmaking through what amounted to a proposal for "co-decisionmaking" and to block any further expansion of NATO, especially to states of the former Soviet Union.[61]

The key breakthrough came at the U.S.-Russian summit in Helsinki in March 1997, when Yeltsin grudgingly accepted enlargement in return for Western (unilateral) promises that it would not deploy nuclear weapons or large numbers of combat troops on new members' territory. The Helsinki summit paved the way for the signing of the Founding Act at the end of May 1997, which formally established the Permanent Joint Council. In accepting the PJC, Russia did not give up its objections to NATO enlargement. Moscow simply tacitly acknowledged that it could not prevent it and sought to improve the terms of its capitulation.[62] As Yeltsin made clear in the wake of the

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[60]For details, see Asmus, *Opening NATO's Door,* pp. 188–211. Also see Talbott, *The Russia Hand*, *passim*.

[61]See Asmus, *Opening NATO's Door*, pp. 188–200.

[62]As Yeltsin told Clinton at Helsinki, "Our position has not changed. But I need to take further steps to alleviate the negative consequences of this for Russia. I am prepared to enter into an agreement with NATO [i.e., the Founding Act] *not because I want to but because it is a step I am compelled to take*" (Italics added). See Talbott, *The Russia Hand*, p. 238. See also Asmus, *Opening Russia's Door*, p. 200.

summit, "We could have furrowed our brows and pounded our shoes as happened during the Cold War years. But what would that have achieved?"[63]

In effect, at Helsinki Yeltsin adopted a pragmatic approach to NATO enlargement. If Russia could not stop enlargement—and by early 1997 it had become increasingly clear that it could not—then Russia should at least get something for it. The key sweeteners were NATO's agreement not to deploy nuclear weapons or large numbers of combat troops on the soil of new members and the establishment of the PJC, which provided a formal forum for articulation of Russia's security concerns and a potential means, it hoped, of influencing NATO policy.[64]

These sweeteners made the bitter pill easier for Yeltsin to swallow and sell domestically. However, they were more symbolic than real. In fact, NATO gave up little, since it had no intention of deploying nuclear weapons or large numbers of conventional troops on the territory of new members. Moreover, the pledges were unilateral assurances, not legally binding commitments. In addition, in the negotiations leading up to the conclusion of the Founding Act, Russia agreed that NATO could upgrade "logistics," thus allowing NATO to provide reinforcements to its new allies in a crisis.[65]

At the same time, the Founding Act provided important benefits for Moscow. It gave Russia a formal forum for articulating its security concerns—something that Moscow had previously lacked—and opened up the prospect of broader involvement in NATO affairs. However, Moscow did not achieve its maximum goal, which was to make the relationship contractual, with the force of a legally binding treaty. The commitments undertaken in the Founding Act were political commitments, not legally binding ones.

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[63]See Alessandra Stanley, "Yeltsin Tells Russians that Bending on NATO Paid Off," *New York Times,* March 27, 1997.

[64]Yeltsin also tried to obtain—but did not get—an oral commitment that NATO could not admit any states from the former Soviet Union (a clear reference to the Baltic states). Clinton categorically refused to make such a commitment. See Asmus, *Opening NATO's Door*, pp. 200–202. See also Talbott, *The Russia Hand*, pp. 238–241.

[65]See Robert Hunter, "Solving Russia: Final Piece in NATO's Puzzle," *The Washington Quarterly*, Vol. 23, No. 1, Winter 2000, p. 126.

At the time, some observers such as Henry Kissinger criticized the PJC as a dangerous departure from established Alliance practice that would allow Russia to have undue influence over NATO policy.[66] These fears, however, proved to be groundless. Russia was not able to use the PJC to influence Western policy. During the Kosovo conflict, for instance, Moscow was not able to use the PJC to obstruct NATO's actions. In short, the Founding Act did not give Russia the type of leverage over NATO decisionmaking or European security matters that it wanted—or that many Western critics feared.

Indeed, from the Russian point of view, the problem was that the PJC had *too little*—not too much—influence on NATO policy. Russian officials regarded the PJC as little more than a "talk shop." It provided a forum for discussing problems but not for resolving them, and it had little real decisionmaking power on issues of key interest to Russia.

THE WINDS OF CHANGE

The Kosovo conflict led to a deterioration of Russia-NATO relations. Immediately after NATO initiated air strikes against Serbia, Russia suspended its participation in the PJC and PfP, withdrew its military mission from Brussels, terminated talks on the establishment of NATO's military mission in Moscow, and ordered the NATO information representative in Moscow to leave the country. Russia-NATO relations remained in limbo after that and the PJC fell into abeyance.

Since Putin's ascendance to power, however, relations between Russia and NATO have visibly improved. In March 2000, Putin even went so far as to suggest that Russia might one day be willing to join NATO "if its views are taken into account as an equal partner."[67] Putin's statement should not be construed as meaning that Russia is

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[66]See Henry A. Kissinger, "Atlantic Alliance: Price of a Beggar Alliance May Be Too High Unless Senate Returns to Basics," *Los Angeles Times*, June 8, 1997. For a German critique along similar lines, see Friedbert Pflüger, "NATO's Bad Bargain," *New York Times*, May 16, 1997.

[67]Patrick E. Tyler, "Putin Declares He Will Shun Confrontation and Isolation," *New York Times*, March 6, 2000.

likely to apply for NATO membership in the near future.[68] Rather it reflected a desire on Putin's part to end the "deep freeze" in relations with NATO and reestablish more regularized contacts with the Alliance as part of Russia's broader effort to overcome its isolation in the wake of the Kosovo and Chechnya conflicts.

This new, more conciliatory attitude has been reflected in particular in Putin's low-key, pragmatic approach to the second round of NATO enlargement. While making it clear that he considered further NATO enlargement a mistake, Putin—unlike Yeltsin—did not make a major issue of NATO enlargement. Instead, he has concentrated on finding ways to increase concrete cooperation with NATO, which has made the issue easier to manage both at home and abroad.

Putin's more pragmatic approach to NATO—and especially his strong support for the U.S.-led war against terrorism—has opened up prospects to put Russia-NATO relations on a stronger footing and created a new impetus for cooperation. This new cooperative spirit has manifested itself concretely in the decision at the NATO summit in Rome in May 2002 to set up the NATO-Russia Council. The council supersedes the PJC, which had largely become a dead letter after the onset of the air campaign in Kosovo. Unlike the PJC, where NATO met with Russia after it had achieved a consensus at 19 (19+1), in the new council Russia will sit as an equal with other NATO members.

Future NATO-Russia relations will heavily depend on how well the new council works in practice. If the council is able to achieve concrete results quickly, it could give an important impetus to NATO-Russia relations and pave the way for deeper cooperation. However, if the council gets bogged down in procedural details or becomes just a "talk shop," it could lead to disappointment on both sides and result in a souring of relations.

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[68]In the aftermath of Putin's interview, Russian spin doctors went to great lengths to explain what Putin "really meant." In a television interview on March 6, 2000, for instance, Foreign Minister Igor Ivanov argued that Putin had been speaking in purely "hypothetical" terms and his statement did not represent a shift in Russian policy toward NATO. Similarly, Vladimir Lukin, deputy speaker of the Duma, said that Russia might join NATO if it "transforms itself into an organization along the lines of the OSCE." See *Jamestown Monitor*, Vol. 7, No. 48, March 8, 2000. *RFE/RL Newsline*, Vol. 4, No. 47, March 7, 2000.

Chapter Six

NATO'S EASTERN AGENDA AFTER PRAGUE: IMPLICATIONS AND CHALLENGES FOR U.S. POLICY

The Prague summit in November 2002 marked an important stage in NATO's transformation following the Cold War. In inviting seven countries to join the Alliance, NATO Heads of State and Government took a major step toward overcoming the division of Europe and creating a "Europe whole and free." However, the Prague summit does not end NATO's Eastern agenda. Rather, it creates a new set of challenges—and a new agenda. This new agenda will require continued U.S. attention and enlightened leadership.

CONSOLIDATING THE DEMOCRATIC TRANSITIONS IN CENTRAL AND EASTERN EUROPE

The first challenge in the post-Prague era is to ensure that the consolidation process in Central and Eastern Europe continues and that there is no backsliding. This is all the more crucial because the process of democratic consolidation remains fragile in some of the countries invited to join the Alliance at Prague.

At the same time, NATO needs to ensure that the first three Central European allies, as well as those invited to join at Prague, continue to modernize their military forces and make them interoperable with those of NATO. This is particularly important in the case of those candidates invited to join at Prague. While many of them have made real progress toward modernizing their militaries in the last few years, their forces remain well below NATO standards.

To help ensure that they continue to modernize their forces and meet their NATO obligations, the new invitees should remain eligible for bilateral assistance programs after accession. Unfortunately, this was not done with Poland, Hungary, and the Czech Republic. As a result, the defense planning capabilities of the three new members did not improve significantly, and in some cases declined. This mistake should not be repeated with the seven new countries invited to join at Prague.

This does not mean, however, that the new members should invest in high-tech weaponry or try to duplicate the force structure of the more advanced members of the Alliance. This would not be a wise use of their limited resources and in any event would be beyond their means. Rather, the new invitees should be encouraged to develop niche capabilities and specialized units that can help to plug gaps where specific capabilities are lacking or needed.

The United States should also make greater use of training facilities in Eastern Europe and redeploy some of its forces in Western Europe to Central and Southeastern Europe as part of a general restructuring of its force posture in Europe. Such a move makes good strategic sense. In the future, the United States will need lighter, more flexible units that can be deployed quickly to areas of conflict. Moreover, with the disappearance of the Soviet Union, there is no need to maintain over 50,000 U.S. troops in Germany. These forces could be rotated to Eastern Europe for short periods of time (from one to six months).

Repositioning some U.S. forces to Eastern Europe and/or heavier reliance on East European bases or facilities for training would enable the United States to move some of its forces closer to the new centers of potential conflict such as the Caucasus or Middle East. It would also allow the United States to avoid many of the environmental restrictions on exercises that its troops currently face, especially in Germany. Finally, it would be a strong political signal of U.S. commitment to the security of these countries and could help to promote greater political stability and regional security over the long run.

Any restructuring of the U.S. force posture, however, should be undertaken only after careful study of the broader political, economic, and military costs of such a move and only after consultation with

our European allies in NATO. Although there is a strong strategic case for some restructuring of U.S. forces in Europe in light of the changed security environment since the end of the Cold War, the strategic rationale needs to be carefully explained to our European NATO allies *before* undertaking any redeployment. Otherwise, the move could be perceived as an effort to "punish" certain allies (especially Germany) or as an indication of a declining U.S. interest in Europe.

The further enlargement of NATO will change the internal balance of power within the Alliance, strengthening the Alliance's Atlanticist wing. However, the United States should avoid trying to play one part of Europe off against the other (i.e., "new" Europe against "old" Europe), which will only provoke resentment among traditional NATO allies and weaken the Alliance in the long run. While the Central and East Europeans are strong Atlanticists, they do not want to be forced to choose between Europe and the United States.

Moreover, American policymakers should not exaggerate the divide between the "old" and "new" Europe. On the Iraq issue, for instance, public opinion in Central and Eastern Europe (as opposed to the position of governments) is much closer to that of public opinion in Western Europe than it is to public sentiment in the United States. This is true even in Poland—the most pro-U.S. country in Eastern Europe. Thus, U.S. policymakers should not automatically assume that the Central and Eastern European governments will always support the United States on every issue. They too have to respond to public pressures.

Within Central and Eastern Europe two countries in particular deserve special attention in the future. The first is Poland. Poland is the largest and most important country in Central Europe. It also has the largest and best-equipped military forces in the region and has shown the greatest willingness to work with the United States to address security threats beyond Europe, sending combat troops to both Afghanistan and Iraq. Moreover, it has aspirations to play a larger role in NATO over the longer run.

Thus, it makes sense for the United States to develop a strong strategic partnership with Poland. At the same time, the United States needs to be sensitive to Poland's wider European aspirations. Poland

wants and needs good relations with Europe, especially Germany. They are essential for its long-term economic development and security. Warsaw does not want to be put in the position of having to choose between the United States and Europe and the United States should avoid forcing it to do so.

The second country deserving special attention is Romania. Romania is the largest country in the Balkans and occupies a strategic position on the edge of the Black Sea. Like Poland, it aspires to play a larger regional role over the long run. While it is a Latin country with traditionally close ties to France, Romania has given priority to strengthening ties to the United States in recent years. Bucharest contributed an infantry unit and police platoon to the International Security Force in Afghanistan and it allowed the United States to use a base on the Black Sea during the Iraq crisis.

Developing a strong strategic partnership with Romania would help to stabilize the Balkans and provide access to facilities on the Black Sea, which could become strategically more important in the future as energy routes from the Caucasus grow in significance. Romania's democratic transition, however, remains incomplete. The United States will need to continue to encourage Romania to carry out the political, economic, and social reforms necessary to prevent populist and/or nationalist backlash that could endanger the consolidation of democracy and reform.

Finally, the United States and NATO will need to remain engaged in the Balkans. Despite recent progress, the situation in the Balkans remains unstable. As a result, some Western military presence is likely to be needed there for some time. However, the military requirements are not everywhere the same. Many of the functions that NATO troops have performed in Bosnia can be better carried out by paramilitary police forces, possibly even under an EU mandate. NATO can thus afford to reduce its military presence there. In Kosovo, on the other hand, the potential for instability and renewed violence remains high. Some NATO military presence, therefore, is likely to be necessary for quite a while.

Increasingly, however, the Balkans are likely to become an EU responsibility. The main problems in the region are social and economic, and the EU is better equipped to manage those problems

than is NATO. It has already taken over responsibility for peace operations in Macedonia and it may eventually be able to take over the peacekeeping functions in Bosnia as well. Over time, the institutional balance in the region is likely to shift toward the EU.

However, it would be unwise to turn the Bosnia mission over to the EU prematurely. Managing a 350-man mission in Macedonia is one thing. Bosnia, however, would be much more demanding and entail more risks. Any transfer of the Bosnia mission to the EU should take place within the framework of the "Berlin plus" agreement, an arrangement by which military operations are conducted using NATO's command structure.

As a result of its heavy military involvement in stabilizing Iraq, the United States may face growing pressure to withdraw entirely from the Balkans. Such a move, however, would be ill-advised. Although the United States may be able to gradually decrease its military presence in the region, a total withdrawal of U.S. forces in the near future could have a negative political impact on stability in the region and encourage an upsurge of violence, particularly in Kosovo.[1] Renewed instability in the Balkans could deflect European attention from broader security threats and create new opportunities for al Qaeda and other terrorist groups to establish a foothold in the area. Moreover, it will be difficult for the United States to maintain much political influence—either with its European allies or with the Balkan governments and populations—unless it maintains some troop presence in the region.

ENSURING THE SECURITY OF THE BALTIC STATES

The second strategic challenge in the post-Prague era is to continue to ensure the security of the Baltic states. However, the Baltic security agenda is changing. For the first decade after the end of the Cold War, the key challenge was to integrate the Baltic states into Euro-Atlantic institutions, especially NATO. However, with the invitations at Prague and Copenhagen, this goal has been achieved. This does not mean, however, that NATO or U.S. planners can now

[1]The assassination of Serbian Prime Minister Zoran Djinjic, a pro-Western reformer, in March 2003 is a sharp reminder that stability in the region remains highly fragile.

afford to forget about the Baltic states. NATO membership has created a new agenda.

One of the key items on the new agenda is to maintain U.S. engagement in the Baltic region. The United States has been a strong supporter of Baltic membership in Euro-Atlantic institutions, especially NATO. However, as noted earlier, with the entry of the Baltic states into NATO, there is a danger that the United States will consider the Baltic problem "fixed" and lose interest in the region. For the region to remain stable and prosper, there needs to be a political-military balance. Therefore, the United States should not simply "declare victory" and go home after Prague.

To keep the United States engaged, the U.S. and Baltic states need to develop a new post-Prague strategic agenda. This agenda should center on four key elements: (1) enhancing cooperation with Russia; (2) stabilizing Kaliningrad; (3) promoting the democratization of Belarus; and (4) supporting Ukraine's integration into Euro-Atlantic structures. At the same time, some of the mechanisms for bilateral cooperation such as the Baltic Partnership Commission may need to be revamped to give a larger role to NGOs and the private sector.

Second, the United States and its European allies need to ensure that the Article 5 commitment is not a hollow "paper commitment." Although enlargement is mainly being carried out for political reasons, the military dimensions remain important. The United States and its NATO allies need to determine the military requirements to carry out a credible Article 5 commitment and ensure that they have the means to implement it.

This effort could prove to be controversial. Some NATO members may be reluctant to develop a coherent defense plan to defend the Baltic states, either out of inertia or for fear of antagonizing Russia. However, as long as Article 5 remains a core mission, NATO will need to develop operational plans to carry out its commitment. Failure to do this could not only provoke a crisis with the Baltic states but also undermine the credibility of Article 5 more generally.

Initially, NATO planners may be inclined to dust off plans for defending Central Europe and apply them to the Baltic region. However, it is by no means clear that the model for defending Central Europe is suitable for the Baltic region. Changes in war-fighting and technol-

ogy—above all the use of precision-guided weapons and network-centric warfare—may give NATO new options for defending the Baltic states. Moreover, these options would not require large amounts of TLE (Treaty-Limited Equipment) stationed on Baltic soil. Thus, NATO needs to look at the implementation of a defense commitment to the Baltics with a fresh eye.

This is especially notable because Russia may try to use the CFE treaty to limit NATO's ability to temporarily station forces in the Baltic states in a crisis—as Moscow tried to do in Central Europe during the first round of enlargement.[2] NATO's reinforcement ability in a crisis could emerge as an issue regarding the Baltic states as well. Thus, the Alliance will need to devise a CFE strategy that ensures that the interests of the Baltic states are adequately protected.

At the same time, to defuse Russian concerns about the military impact of Baltic membership, NATO could make a unilateral statement that it does not intend to deploy nuclear weapons or permanently station substantial combat troops on Baltic soil as long as there is not a significant deterioration in the security environment. NATO made such a unilateral statement during the first round of NATO enlargement and repeating such a statement when the Baltic states enter the Alliance could help to ease Russian anxiety about NATO's intentions.

These pledges could be accompanied by proposals for confidence-building measures. One idea worth considering would be to expand the German-Danish-Polish Corps in Szczecin (Stettin) to include units from the Baltic states and eventually perhaps even Russian forces from Kaliningrad. Initially, cooperation could begin with joint exercises on an ad hoc basis. As mutual confidence increased, the cooperation could be expanded and institutionalized.

Third, U.S. policymakers need to ensure that there is no backsliding away from democratic reform and social tolerance in the Baltic states. All three Baltic states need to make an honest reckoning with the past, including the Holocaust. In addition, they need to do more to root out corruption.

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[2]For details, see Asmus, *Opening NATO's Door*, pp. 188–200.

U.S. policymakers should also continue to encourage the Baltic states to promote the integration of the Russian minority more fully into Baltic political and social life—which is an important prerequisite for long-term political stability in the Baltic states as well as for maintaining cordial relations with Russia. This is particularly true for Latvia, which has the largest Russian minority.

Fourth, U.S. policymakers should intensify efforts to engage Russia—especially Northwestern Russia—more deeply in regional cooperation schemes such as the EU's Northern Dimension and the U.S. Northern European Initiative (NEI). The more Russia is involved in such cooperation, the stronger stake Moscow will have in regional stability in the Baltic area and the easier it will be to defuse Russian concerns about the integration of the Baltic states into NATO.

The NEI provides an important vehicle for promoting such regional cooperation. However, the momentum behind the NEI has languished in the last few years. The NEI needs to be given new impetus in the post-Prague period and receive adequate funding. At the same time, NGOs should take on a greater role in developing and implementing some of the programs. The U.S.-Baltic Enterprise Fund, for instance, should be converted into a regional development fund patterned on the highly successful Polish-American Freedom Foundation (PAFF).

The United States should coordinate its efforts closely with those of the EU's Northern Dimension. Both initiatives have similar goals and complement one another. Together they can create useful synergies. Baltic membership in NATO, moreover, may make such cooperation easier. Prior to the Prague summit, Moscow concentrated most of its effort on trying to block—or at least discourage—Baltic membership in NATO and was reluctant to engage in far-reaching regional cooperation with the Baltic states. However, now that the battle for the security orientation of the Baltic states is over, Moscow is likely to show greater interest in cooperation, especially cross-border cooperation. At the same time, NATO membership is likely to increase the Baltic states' own self-confidence and make them more willing to engage in such cooperation.

Finally, greater attention needs to be paid to stabilizing Kaliningrad and integrating it into a broader regional framework. If the eco-

nomic gap between Kaliningrad and its neighbors continues to increase and Moscow does not deal effectively with the region's problems, it could lead to the growth of separatist pressures in Kaliningrad. However, Kaliningrad is a sensitive issue for Moscow. Russian leaders fear that ties between Kaliningrad and the West could intensify separatist pressures in the region. Thus, it may be better for the United States to maintain a low profile and encourage others, especially the EU and Nordic states, to take the lead in dealing with Kaliningrad. Such an approach is likely to be more successful—and less threatening to Moscow—than if the United States attempts to play a highly visible role in addressing the Kaliningrad issue. Moreover, the main security threats in Kaliningrad are posed by economic and social problems (drugs, AIDS, economic decline, etc.)—issues that the EU is best equipped to address.

DEVELOPING A POST-ENLARGEMENT STRATEGY FOR UKRAINE

The third strategic challenge in the post-Prague era is for NATO to develop a post-enlargement strategy for Ukraine designed to support Ukraine's continued democratic evolution and integration into Euro-Atlantic structures. Ukraine's image has been tarnished by some of its recent policies, particularly President Kuchma's crackdown on the media and the alleged sale of radars to Iraq. But while pressing Kuchma to carry out a comprehensive program of economic and political reform, U.S. and European policymakers should not lose sight of the West's broader, long-term strategic objectives regarding Ukraine.

Kuchma's term will run out in early 2004 and under the Ukrainian constitution he cannot run again. Former prime minister Viktor Yushchenko, a pro-Western reformer, is likely to be a strong contender in the 2004 presidential elections if he can keep the reform coalition together. His election could give an impetus to reform in Ukraine and open new opportunities to integrate Ukraine more closely into Euro-Atlantic structures. Thus, Western policymakers need to look beyond the Kuchma era and develop a coherent, long-term strategy toward Ukraine.

This is all the more urgent because in the wake of a second round of enlargement, Kyiv is likely to feel increasingly isolated and will be looking for ways to strengthen ties to the West, especially NATO. Ukraine may also come under stronger pressure from Moscow to coordinate Russian and Ukrainian policy—especially economic policy—more closely. To be able to resist these pressures, Kyiv will need a strong show of support from the West. It is thus important to keep the Western option open.

Ukraine's decision to apply for NATO membership makes developing a post-enlargement strategy for Ukraine all the more urgent. However, Ukraine has a long way to go before it qualifies for membership. Civilian control of the military is weak. Ukraine also needs to do much more to develop a viable market economy and stable democracy. Thus NATO needs to work with Ukraine to help it improve its qualifications for membership.

PfP can play a role in this regard and can help Ukrainian forces to work more efficiently with NATO forces. Ukraine's participation in KFOR as part of the Ukrainian-Polish peacekeeping battalion (UKPOLBAT) exposed Ukraine to NATO operations and provided an invaluable learning experience for the Ukrainian soldiers involved. Ukrainian officers and staff gained useful experience in working with NATO on a day-to-day basis. At the same time, however, the participation revealed serious weaknesses and deficiencies—including a dysfunctional chain of command, low readiness and professionalism, inadequate mission support, and insufficient unit integration. NATO needs to work with Ukraine to help address these weaknesses.

NATO should also assist Ukraine in carrying out a comprehensive program of military reform. The top priorities should be to:

- integrate the non-MoD security forces into the reform process,
- strengthen civilian control over the military,
- reduce the Ukrainian armed forces to a size that can be supported by current resources,
- accelerate the transition to a professional army,

- decrease the number of senior officers and increase the number of professional noncommissioned officers, and
- close obsolete and unnecessary bases.

At the same time, the United States and its European allies should continue to encourage the Ukrainian leadership to implement a coherent program of economic and political reform. While important steps were taken in this regard under former prime minister Yushchenko, there has been little progress since his resignation in April 2001. However, without the implementation of a coherent reform program, Ukraine's "European Choice" will remain a mirage.

In particular, the United States should support measures designed to strengthen the development of a genuinely independent media and vibrant civil society. Also, it should encourage strengthening cooperation between Ukraine and the countries of Central Europe, especially Poland. Warsaw can play an important role as a bridge between a democratizing Ukraine and an expanding European Union. Further, the triangular cooperation between the United States, Ukraine, and Poland should be strengthened. This can serve as a useful vehicle for encouraging and nurturing greater internal reform in Ukraine.

DEEPENING THE RUSSIA-NATO PARTNERSHIP

The fourth strategic challenge in the post-Prague era is to incorporate Russia into a broader European and Euro-Atlantic security framework. An attempt was made to do this in the mid-1990s, but that effort was hindered by a number of factors, particularly by differences over NATO's air campaign against Serbia. However, President Putin's decision to openly support the United States in the war on terrorism opens up new prospects for developing a more cooperative partnership between Russia and NATO. The development of such a partnership, however, faces a number of obstacles.

First, there does not seem to be a clear consensus among the Russian elite about what type of relationship they want with NATO. Many in the foreign and defense community remain suspicious of NATO and have given only lukewarm support to Putin's initiative, which

appears to have been undertaken without much attempt to build broad public and elite support for it. While at the moment criticism is muted, Putin could face more vocal opposition if the new relationship with NATO is not perceived as bringing tangible benefits for Russia.

Second, Russia and the West disagree about a number of critical issues: Iran, Iraq, the Middle East, and Chechnya. These differences could make cooperation on broader global issues more difficult. Moreover, Putin's motivation for siding with the West in the war on terrorism appears in part designed to defuse Western criticism of Russia's Chechnya policy. However, the West cannot turn a blind eye to Russian repression and atrocities in Chechnya without compromising its own values. Balancing the West's traditional concerns for human rights with its desire for Russian support in the war on terrorism will present a major challenge.

Third, there is no firm consensus within the Alliance about NATO's future. Some want to keep NATO confined to peacekeeping in Europe whereas others want it to be a vehicle for addressing new threats, especially terrorism and weapons of mass destruction. This lack of consensus is likely to make it difficult to reach agreement on how to deal with Russia on broader issues, such as counterproliferation and terrorism. It may also open up prospects for Russia to exploit internal dissention within the Alliance.

Fourth, the United States and Europe disagree on how best to manage some of the same issues that divide Russia and the West: Iran, Iraq, and the Middle East. Until there is greater U.S.-European consensus on these issues, it will be difficult to develop far-reaching cooperation with Russia. Moreover, it is still not clear how much the United States really wants to use NATO to address these out-of-area threats or whether it prefers to work with a few key allies to deal with them, as it did in Afghanistan.

A lot will depend on how well the newly established NATO-Russia Council—which supersedes the old Permanent Joint Council—will function. The PJC was designed to give Russia a "voice not a veto" in NATO affairs. However, as noted in Chapter Five, it was seen by many Russian officials largely as a "talk shop" rather than a real forum for collaborative decisionmaking.

In the new council, Russia will sit as an equal with the 19 full members of NATO. However, the mandate of the council is limited to a few specific areas where Russia and NATO share common interests such as counterterrorism, ballistic missile defense, crisis management, arms proliferation, search and rescue at sea and emergency planning, and space management.

The success of the new council will depend to a large extent on its ability to promote *practical cooperation* in areas of common interest. Rather than getting hung up on procedural issues, NATO and Russia need to identify a few specific areas of cooperation where they can show *concrete, tangible results quickly*. This will demonstrate to skeptical publics, Russian and Western alike, that cooperation is feasible and give momentum to further collaboration.

To what extent Russia will be involved in NATO activities beyond the council itself is unclear. A case can be made that greater participation in NATO activities beyond the council would be useful. The more Russia is involved in these activities, the more it is likely to recognize that it has little to fear from NATO. However, some NATO members, especially the new members from Central and Eastern Europe, may be reluctant to allow Russia to poke its nose too deeply into the NATO tent.

In principle, NATO's evolution and transformation, particularly the greater emphasis on new threats, should make cooperation easier. On many of the "new" threats, such as terrorism, Russia and NATO share common interests. However, many Russians do not want to see NATO become a "global policeman" with responsibilities for managing security beyond Europe (or even in Europe). Thus, they may oppose efforts to expand NATO's responsibilities and seek to limit its involvement in areas beyond Europe.

There is also a danger that cooperation could become hostage to outside events. Differences over Iraq, for instance, could lead to a cooling of Russia-NATO relations in much the same way as the air operation in Kosovo undermined cooperation in 1999–2000. Differences regarding the Western military presence in Central Asia could also inhibit Russia's willingness to cooperate with NATO. NATO will need to find ways to insulate the work of the council from

the impact of outside events that could undermine the ability of the two sides to cooperate.

NATO also needs to begin to think about its longer-term goals vis-à-vis Russia. Some observers have argued that Russian membership in NATO should become a top Western priority and that Russia should be moved close to the head of the membership queue on the grounds that if NATO is to be the centerpiece of a new Atlantic security order, it must embrace all of Europe's major players.[3]

Defining the endgame at this point, however, may be premature. Russia has not expressed an interest in membership. Moreover, its transition is far from complete—and may not be for quite a while. Thus, it may be better to leave aside the issue of the endgame for the moment and let interests develop organically. If collaboration gradually deepens and expands, it could lay the groundwork for a different type of relationship over time.

At the moment, the main tasks are to make the new NATO-Russia Council work and to identify areas where concrete, tangible results could be achieved quickly. Counterterrorism and counterproliferation provide two possible areas for cooperation in this connection. Indeed, it may be worth considering involving Russia in the workings of the NATO Weapons of Mass Destruction (WMD) Center, which could act as a useful clearinghouse for sharing information on WMD proliferation.

NATO could also provide assistance in helping to restructure the Russian military forces, as it is already doing in Ukraine. Putin has shown some interest in such help. NATO should take advantage of this opportunity. After all, Russia and NATO countries face some of the same threats and problems in restructuring Cold War forces to address these new threats. Working together on military reform could help to break down the Cold War stereotypes about NATO held by many Russian military officers.

Peacekeeping in Central Asia could also provide a possible area for future cooperation. Russia has been trying to build up a peacekeep-

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[3]See Charles A. Kupchan, "Rethinking Europe," *The National Interest*, No. 56, Summer 1999, pp. 73–79.

ing force in Central Asia through the CIS, while the United States has been doing the same thing through CENTRAZBAT, a peacekeeping unit composed of forces from Kazakhstan, Uzbekistan, and Kyrgyzstan. Why not combine these efforts, operating through PfP and involving Russia and the United States? Before September 11, Russia—and the United States—would probably have rejected such an idea out of hand. But with the establishment of a U.S. military presence in Central Asia—and Russian support for the war on terrorism—the context has changed radically. Hence, such cooperation may now be more feasible.

ENGAGEMENT IN THE CAUCASUS AND CENTRAL ASIA

Finally, U.S. policymakers need to give more thought to NATO's future role in the Caucasus and Central Asia. A few years ago, NATO's involvement in these regions would not have been high on the priority list of most Western policymakers. However, the events of September 11 and the war on terrorism have increased the strategic importance of both regions. Moreover, Georgia's decision to apply for NATO membership, announced at the Prague summit, gives this issue new urgency.

To date, NATO's presence and role in the region have developed somewhat haphazardly, without a clear concept of the Alliance's strategic goals and objectives.[4] However, in the future, NATO will need to develop a more comprehensive and coherent approach to relations with countries in the Caucasus and Central Asia. Stability in this region will become increasingly more important as the West becomes more deeply involved in Iraq and transforming the Greater Middle East.

In most instances, PfP will serve as the best vehicle for developing cooperation with countries in the regions. PfP has already shown itself to be quite valuable. Without the years of cooperation developed within the framework of PfP, it is doubtful whether the United States would have been able to establish a military presence in Central Asia as quickly as it did after September 11.

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[4]See Robin Bhatty and Rachel Bronson, "NATO's Mixed Signals in the Caucasus and Central Asia," *Survival*, Vol. 42, No. 3, Autumn 2000, pp. 129–145.

For the foreseeable future, cooperation within PfP will provide the basic framework for developing NATO's relations with these countries. The main focus should be on activities such as search and rescue, disaster relief, and peace support operations. Cooperation in these areas can help not only strengthen ties to NATO but also lay the foundation for broader regional cooperation. At the same time, Western policymakers need to continue to nudge the rulers in the regions toward greater openness and reform. Political change in these regions, especially Central Asia, will not come quickly. However, NATO-sponsored activities designed to encourage greater democratic practices, responsible budgeting, and civilian control of the military can help to foster political change over the long run.

THE NEW STRATEGIC CONTEXT

NATO's Eastern agenda will have to be pursued at a time when the Alliance faces new challenges and pressures for change. NATO's old strategic agenda—German unification, the integration of Central and Eastern Europe, partnership with Russia, and stabilization of the Balkans—is essentially complete or in the process of completion. It can no longer serve as the prime rationale for NATO's strategic purpose.

At the same time, the United States and its NATO allies face a new set of strategic challenges from weapons of mass destruction, terrorism, and rogue regimes. Most of these challenges come from beyond Europe, which has led to a new debate about NATO's purpose. In the post-Prague period, the question, "What is NATO for?"—i.e., What is the Alliance's strategic purpose?—is likely to increasingly preoccupy Western leaders.

Some critics have argued that as a result of September 11, NATO has become increasingly irrelevant and have predicted the Alliance's imminent demise.[5] The crisis over Iraq has reinforced doubts about NATO's future. Guillaume Parmentier, for instance, has asserted that

[5]See, for instance, Charles Kupchan, "The last days of the Atlantic Alliance," *Financial Times*, November 18, 2002. Also Peter Van Ham, "Security and Culture, or Why NATO Won't Last," *Security Dialogue,* Vol. 32, No. 4, December 2001, pp. 393–406.

"NATO is finished, at least in its present form. Its refusal to reform itself after the Cold War has proved to be its undoing."[6]

Predictions of NATO's imminent death, however, are premature. Despite the changed security environment since the end of the Cold War—and especially since September 11—NATO continues to perform several important functions.

- First, it remains the key forum for coordinating transatlantic security policy and maintaining the transatlantic link. This remains a vital function even after September 11. Indeed, in many ways, September 11 has made this function even more relevant. A successful war against terrorism requires willing and capable allies.
- Second, NATO remains a major forum for integrating the countries of Central and Eastern Europe—and perhaps some day Russia—into a broader Euro-Atlantic security framework. It also is a valuable mechanism for promoting reform in these countries and reconciliation with their neighbors. Without the prospect of NATO (and EU) membership, many of the newly invited members would not have undertaken reforms as quickly as they did. Nor would they have been as ready to put aside long-enduring disputes with their neighbors.
- Third, NATO remains an important mechanism for addressing threats to common interests. This has always been a crucial Alliance function. However, the nature and focus of the threats to these interests have changed. Today the main threats to Western security are no longer in Europe. They come from beyond Europe's borders—from terrorists, rogue states, and weapons of mass destruction. NATO needs to be transformed to deal with these threats more effectively.
- Fourth, NATO plays a critical role in promoting interoperability. This function will become even more critical as the United States accelerates the transformation of its military forces. The NATO Response Force (NRF), launched at the Prague summit, is a step

[6]Guillaume Parmentier, "A fresh bridge is needed across the Atlantic," *Financial Times,* March 26, 2003.

in the right direction and could be a useful catalyst for improving interoperability among key NATO allies.

- Finally, NATO plays an important peacekeeping role, as demonstrated in Bosnia and Kosovo—and more recently in Afghanistan, where the Alliance has begun to take over many of the responsibilities of the International Security Assistance Force (ISAF). Moreover, there is growing pressure, especially in the United States, for the Alliance to play a greater role in helping to stabilize Iraq and possibly even to enforce an Israeli-Palestinian peace accord, if such an accord eventually is signed. Indeed, peacekeeping and post-conflict stability operations could become a core new mission for NATO in the future.

U.S. LEADERSHIP AND ENGAGEMENT

Managing these new challenges—both in the East and further afield—will require enlightened and sustained U.S. leadership. However, the United States has sent mixed signals regarding its commitment to NATO lately. While official U.S. statements continue to stress the continued importance of the Alliance, some U.S. policymakers seem to feel that NATO is no longer a particularly useful vehicle for achieving U.S. interests.

Such views, however, are shortsighted. While the United States is the world's sole remaining superpower—the "indispensable nation"—it cannot solve all problems on its own. Many of the challenges the United States faces—especially the war on terrorism—require cooperation with America's European allies and other partners on a broad range of security issues.

In many instances, NATO as an organization is unlikely to act collectively outside of Europe. Most non-European operations will be conducted by "coalitions of the willing." But U.S. and European forces will be better able to operate together in such instances if they have trained together and have similar operational doctrines and procedures. NATO's patterns of multilateral training and joint command structures provide a firmer basis for shared military actions beyond Europe than any other framework available to the

United States and its allies.[7] Thus, NATO will remain a crucial vehicle for ensuring interoperability between U.S. and European forces. Indeed, this may prove to be its most important military function.

Some Americans have suggested a new division of labor in which the United States would take care of threats outside of Europe while Europe would deal with security in Europe. However, such an approach would undermine the principle of shared risk and responsibility, which has been the core of Alliance cohesion. Moreover, it would encourage an inward-looking attitude on the part of the Europeans and relieve them of any responsibility for addressing broader security threats that affect their interests often as much as, or more than, those of the United States. The United States, in effect, would be left to deal with these threats on its own, while the Europeans would derive the benefits without taking any risks.

Rather than seeking a division of labor along these lines, the United States should press its European allies to shoulder more responsibility for dealing with threats outside Europe—and to develop the capabilities to address these threats. This should be part of a new "transatlantic bargain" in which the United States remains engaged in Europe and, in return, Europe does more to help the United States manage threats beyond European borders. This would help to reharness the U.S. and European strategic agendas and provide a renewed basis for strengthening the transatlantic partnership.

FORGING A NEW TRANSATLANTIC CONSENSUS

Strengthening the transatlantic partnership is all the more essential in the wake of the Iraq crisis. The crisis has made it clear that deep divisions and differences exist within the Alliance on how threats outside of Europe should be addressed. The basic problem is not the military capabilities gap but the *lack of a strategic consensus* on how

[7]As Hans Binnendijk and Richard Kugler have noted, the key point about coalitions of the willing is that "while they can be 'ad hoc' (i.e. created for a single event), they cannot be improvised. If they are to succeed, their military forces must be well prepared before the event. Hence, NATO will continue to have the critical role of preparing European forces even if the integrated command is not used often to carry out actual operations." See Hans Binnendijk and Richard Kugler, "Transforming European Forces," *Survival*, Vol. 4, No. 3, Autumn 2002, p. 131, footnote 6.

these threats should be managed and what NATO's role should be in addressing them. This strategic consensus cannot be created by bullying or riding roughshod over wobbly allies. It can only be built by wise and enlightened U.S. leadership.

In the post-Iraq period, the United States should take the lead in forging a new transatlantic consensus on how to deal with emerging threats beyond Europe. This should be a top U.S. strategic priority. The creation of the NATO Response Force is a step in the right direction, but it needs to be followed by other concrete measures, including the involvement of NATO in helping to stabilize Iraq. However, European support for these goals is not likely to occur if the United States views NATO as a "toolbox" from which it can pick and choose to create ad hoc coalitions of the willing on its own terms. Rather than viewing NATO as a toolbox, the United States should use NATO as a vehicle for building a stronger partnership with Europe to address the new threats to common interests that the United States and Europe will face in the future.

But if a new transatlantic partnership is to be forged, Europe will also have to do its part. This means abandoning efforts to build the EU as a counterweight to the United States. As Ronald Asmus has pointed out, a European counterweight policy is a prescription for divorce from the United States.[8] No American leader of whatever political persuasion can accept the idea of a new strategic partnership based on constraining U.S. power. Moreover, such an attempt will divide the continent. It will be opposed not only by many current NATO members, especially Britain and Spain, but by most of the new entrants and aspirants as well.

Rather than seeking to build the EU as a counterweight to U.S. power, America's European allies need to join the United States in forging a new partnership designed to meet the strategic challenges of the 21st century. This requires the type of strategic vision and close cooperation that U.S. and European leaders displayed at the end of World War II. The challenges today are quite different. But the need for strategic vision and close transatlantic cooperation is no less urgent than it was in 1947.

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[8]Ronald D. Asmus, "Rebuilding the Atlantic Alliance," *Foreign Affairs,* Vol. 82, No. 5, September/October 2003, pp. 6–13.

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