



Research Report

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At the table or on the menu? Moscow's proposals for strategic reform

by Andrew Monaghan¹

Moscow has launched a series of proposals for the reform of the security, energy and financial architectures in the Euro-Atlantic region and beyond. These proposals should be seen together as a whole, since each set stems from similar concerns and perspectives and asserts that the current architectures and mechanisms (such as the Treaty on Conventional Armed Forces in Europe [CFE] and Energy Charter Treaty [ECT]) are out of date and simultaneously ineffective in resolving current problems – as shown, Moscow argues, by the war in August, the Russia-Ukraine gas dispute and the financial crisis – and generating new ones.

This paper outlines the nature of the broader relationship between the Euro-Atlantic community and Russia. It then assesses Moscow's proposals themselves, looking first at their background and then outlining their inconsistencies and limitations before sketching some broad aims. The paper then assesses the short-term political outlook and concludes with some ramifications for NATO.

Strategic Dissonance

Russia's relations with the Euro-Atlantic community in its institutional formats are characterised by a sense of strategic dissonance. With increasing frequency and intensity, the two sides draw different conclusions from the same body of evidence. This is becoming systemic, reflecting contrasting understandings of the political evolution through the post-Cold War era and magnifying mutual distrust. NATO and the EU see a Europe that is “whole, free and at peace”, reflecting a strategic transformation over twenty years. Moscow sees a European continent that is bound by the inertia of “bloc mentalities”. At the same time, Moscow sees negative trends in the expansion of Cold War-era institutions and agreements. Senior Russian officials thus note that security is “degrading”, and that Moscow feels “uncomfortable” with this process.

At its root, this dissonance stems from very different understandings of equality of involvement in strategic decision-making – the “seating at the table” of Euro-Atlantic affairs. The Euro-Atlantic community argues that it has sought Moscow's inclusion, pointing to both the multiplication of channels for communication and the increasing frequency of meetings with Russia through the EU-Russia and the NATO-Russia relationships. Few would argue

¹ Andrew Monaghan is Research Advisor at the NATO Defense College (NDC). The views expressed are the responsibility of the author and should not be attributed to the NDC or the North Atlantic Treaty Organization.

that the relationships and mechanisms are without flaw. Nevertheless, they represent a sea change from the confrontation of the Cold War. At the same time, there is a sense in the Euro-Atlantic community that Russia bears some of the responsibility for the failings of such mechanisms, and that Moscow has not fulfilled the commitments it has made.

For its part, however, Moscow asserts that the expansion of fundamentally exclusive institutions denies Russia equal status in decision-making or even a real voice at all. This is not simply an anti-NATO focus: conceptually, the EU poses the same problems for Moscow, and its efforts to establish partnerships with states in the former Soviet Union through programmes such as the Eastern Partnership are interpreted in Moscow as harmful to Russian interests. This sense of exclusion even spreads to organisations in which Russia is a member: the OSCE is also often accused of focusing its tasks “east of Vienna” and counter to Russian interests.

Moscow’s proposals are thus an attempt to become included as an equal in Euro-Atlantic decision-making, make Russia’s voice heard and propose an agenda. Essentially, to borrow a phrase, Moscow appears to believe that “if it is not sitting at the table, it may find itself on the menu” in a world of mounting instability and emerging challenges.

The proposals²

It is in this atmosphere – fractious already for some time – that Moscow has made a range of proposals for a reconsideration of the Euro-Atlantic architecture. They have emerged since President Medvedev called for a pan-European security conference at a speech in Berlin in June 2008. Subsequently, in early spring 2009 Moscow published its proposals for reform of the international financial architecture prior to the G20 summit in London. Finally, during a visit to Helsinki in April, Medvedev launched its energy proposals, which were in large part triggered by the dispute between Gazprom and Naftogaz Ukraini.

In fact, however, the three sets of proposals build on long-standing Russian arguments and are now couched in and reflect the official documentation which forms Moscow’s systematic overhaul of its doctrinal and strategic planning.³ As such, the proposals can be seen as the emergence of an admittedly still nascent attempt to formulate a strategic focus and effort to establish Russia as a security, energy and economic/financial affairs hub. The ancestry of the security proposals can be traced from Russian negotiations leading to the Istanbul summit of 1999, through Vladimir Putin’s speech at the Munich Security conference in 2007. Moscow seeks to tie its energy proposals back to its G8 presidency focus on energy security, but the ideas can be found in the longer-term arguments behind its rejection of the ECT. The financial proposals are couched in the longer-term objective to establish Russia as a financial hub and the rouble as a reserve currency.

In each of the sets of proposals there are a number of problems. Not the least of these is that the strategic view about the role Russia does and could play that has resulted from Moscow’s

² The main points of the financial, energy and security proposals are included in the Annex below.

³ For more discussion of this, see Giles, K. *Russia’s National Security Strategy to 2020*, NATO Defence College Review paper, June 2009 available at <http://www.ndc.nato.int/research/reviews.html>

overhaul of doctrine and planning, and on which the proposals are based, might be called “aspirational”, even fanciful.

Furthermore, the three sets of proposals are light on substance, being apparently simply documents to launch discussions. What substance there is, is often inconsistent and contradictory even regarding Russia’s own policy – for instance the assertion of respect for sovereignty, territorial integrity and political independence, which contradicts Russia’s own recognition of South Ossetia and Abkhazia. It also remains unclear how these proposals sit alongside the existing arrangements such as CFE and the ECT – is Russia leaving them? Are the proposals intended to complement existing formats or as replace them? While Russian officials argue that hard security is the main focus of the security proposals, it remains unclear where the other baskets of the wider security agenda fit. Grushko has suggested that issues such as the rule of law, human rights and energy should be addressed separately in appropriate fora, which does not exclude the new treaties to cover issues exceeding those of the political-military sphere. But then how many separate treaties does Moscow envisage?⁴

Finally, whether Moscow has sufficient capital, in terms of bureaucratic capacity, resources and international political capital to advocate and sustain all these proposals at once is open to question. Essentially, therefore, the question is whether Moscow can formulate the proposals clearly and then persuade a sceptical Euro-Atlantic audience that may not be either willing or able to renegotiate agreements which it has reached and ratified but of which Moscow disapproves at a time of many other (more) pressing priorities. The impact of the financial crisis on Russia and the range of serious domestic problems Moscow faces, including ongoing instability in the north Caucasus, dilute Moscow’s own focus. Moreover, beyond the Presidential Administration and specific governmental departments, the process of formulating more detailed sets of proposals appears to remain somewhat under-developed and ill-defined.

The somewhat haphazard nature of their formulation and the lack of substance “in letter”, however, should not overshadow the importance of the “spirit” in which they are proposed. As such, it is worth sketching some of Moscow’s possible aims, which are likely to stretch across a spectrum from “minimum” to “maximum” – keeping in mind both that a prolonged process of discussion in itself may be an aim, since it allows Moscow to assess opportunities as they may arise, and that aims are constantly evolving.

The primary, minimum aim is to cause a pause in all ongoing processes, particularly enlargement (especially, but not only NATO enlargement) and the US missile defence project. Some Russian analysts that Moscow seeks a “peace treaty” to end the Cold War, and as such it is interesting to see the use by Russian officials of terminology such as “Greater Europe” and reflections on the need for a new version of the European Coal and Steel Community, so symbolic in its tying France and Germany together at their very roots to enhance security.

⁴ For more detailed examination of the complications and inconsistencies of the security proposals, see Monaghan, A. *Russia’s ‘Big Idea’: ‘Helsinki 2 and the Reform of Euro-Atlantic Security*, NATO Defence College Report, 3 December 2008 available at <http://www.ndc.nato.int/research/report.html>

Further, by making such proposals, Moscow tests the cohesion of the western community and encourages individualised responses, from which it could cherry pick and return to the negotiating table. Given the engagement and support of a number of European states both officially and through foreign think tanks, it seems likely that at some stage Moscow may return with a more detailed and potentially seductive set of proposals.

Another aim appears to be the activation of the Platform for Cooperative Security as a framework in which Moscow can continue to advance the proposals while at the same time bringing the existing architecture to the negotiating table – including the CSTO. It could also be in this context that Moscow would emphasise the inability of the EU, OSCE and NATO to meet current challenges and seek to “WEU-ise” them.

Clearly, legally binding treaties will not happen in the short term. But in “maximal” goal terms, it is worth considering the longer-term horizon. The proposals might be insubstantial now, but over time they could gain substance. If the Helsinki process took some 9 years, and the Istanbul process also took 5 years, we should also consider that this process might take years to fulfil, even as it seeks to build on these foundations – how might the substance of the proposals look in, for instance, 2013? With this in mind, it is instructive to consider what will be important dates for Moscow – the doctrinal and strategic planning overhaul has adopted an ambitious, aspirational horizon of 2020, which is perhaps indicative of Moscow’s “maximal” frame of reference.

Despite the flaws in the proposals, a process has begun, starting with Medvedev’s speech in Berlin on 5 June 2008, then in subsequent meetings in Evian, Nice and Helsinki, continuing in 2009 at Ambassadorial retreats and other meetings. The “processes” of the financial agenda began in London in April and continued at the BRIC meeting in Yekaterinburg in June, and the energy agenda began at the EU-Russia summit in Khabarovsk in May. They are likely to feature prominently at the NRC and OSCE meetings in Corfu and at the G8 summit in July and then later in the year in Athens. The proposals have therefore become part of the international agenda and thus of import for all the Euro-Atlantic organisations. Indeed, given that Moscow aims to keep the proposals at a high political level and technically vague, “informal” progress at ministerial gatherings may be a way for Moscow to obviate the need to elucidate more clearly the proposals and allow them to gain their own momentum.

At the same time, the international context remains a difficult one, practically and conceptually. Practically, the South Caucasus is volatile and the energy relationship between Gazprom and Naftohaz Ukraini remains uneasy. It is clear that a resumption of either the war or the gas dispute – or both simultaneously, which cannot be ruled out – would have a major impact on Russia’s relationships with the Euro-Atlantic institutions. Importantly, the question of “responsibility” for managing “architectural” current problems becomes ever more prominent: Moscow seeks to highlight the EU’s responsibility for monitoring the cease-fire lines in Georgia and also for contributing to resolving energy security questions and the role of Ukraine. The EU will therefore be exposed as failing to meet its responsibilities, in Moscow’s view, should either problem re-emerge.

Conceptually, the context is equally complex in two ways. First, there are numerous differences in approach to Moscow’s proposals. The EU and NATO have voiced their strong

opposition to the idea of Russia establishing a “sphere of influence” or “privileged interest”. The stated basis of Moscow’s policy (albeit in sum somewhat nascent and inconsistent), however, is to create such a sphere of influence and establish Russia as a security, energy and financial hub in Eurasia and act as a political role model for states in Eurasia and beyond. Russia sees itself as a regional power with global horizons, one of the emerging poles in a new multi-polar world – and seeks international recognition of such a sphere of influence. How will this tension be resolved in discussing Moscow’s proposals? Where will organisations such as the CSTO fit in the pan-European discussion that Moscow seeks? Moreover, while Moscow seeks to advance specific agenda in its proposals – such as the military element in its security proposals – the EU and NATO seek to embed further a broader security agenda.

Second, as outlined above, there is a clear mismatch in how each side views the dialogue. Each side is calling the other to the table – yet given the range of mechanisms available, both are already at the table. Importantly, however, the languages being spoken at the table differ. The spirit of Moscow’s proposals as advocated by the Russian leadership is that it is open and ready for negotiation and discussion – but the Euro-Atlantic community appears unable to grasp the meaning of what Moscow intends. Essentially, Moscow appears to be offering a politically focused agenda, while both NATO and the EU seek a more technical one – a “list of problems which can be resolved” as it were. NATO and the EU see the development of meaningful practical cooperation as the key to resolving problems, therefore, while Moscow sees their resolution in the establishment of political dialogue on an inclusive and equal footing.

The US “reset” of relations with Russia offers an interesting parallel to Moscow’s proposals. If successful, this would benefit the wider relationship between the West and Russia. But it remains uncertain, including to some in Moscow, what this “reset” actually means in practical terms. Thus both sides claim to be offering the opportunity for dialogue. But if the parties cannot understand the language, practical progress on either the proposals or the reset will be limited – and patience and goodwill on both sides is unlikely to last.

Ramifications for NATO

NATO faces a strategically important situation. Though attempting to rebuild a relationship with Russia, NATO has hardly participated in the discussions about Moscow’s proposals, especially compared to the activity of the EU and particularly the OSCE. Indeed, the Alliance has tended to question the nature of such a discussion – as the Secretary General noted, he could not see how such a discussion could take place when a prime element of the proposal is territorial integrity and Russia is building bases on Georgian territory.⁵ The Alliance’s focus, as illustrated by the Strasbourg-Kehl Declaration, is to underscore its belief that the “existing structures – NATO, the EU, the OSCE and the Council of Europe ... continue to provide every opportunity for countries to engage substantively on Euro-Atlantic security issues”. NATO also urges Russia to meet its commitments with regard to Georgia, condemns Russian recognition of South Ossetia and Abkhazia and simultaneously reaffirms the Alliance’s commitment to CFE while registering its deep concern about Russia’s “unilateral ‘suspension’” of it. Democratic values are a strong element of the Declaration.

⁵ Jaap de Hoop Scheffer, Speech at Munich Security Conference, February 2009.

But ignoring or seeking to sideline Moscow's proposals does not serve the Alliance well and may simply store up problems and underscore Moscow's narrative of exclusion. Moscow has already demonstrated its willingness to push at the pillars of Euro-Atlantic security with its suspension of the CFE. Other examples of "shudders in the foundations" of the current architecture include the war in Georgia and the disruption of gas supplies in January. What might Moscow's next move be if it continues to advocate its narrative of being ignored? Where do other elements, such as the Vienna document, fit if Moscow decides to push again at the pillars of the current architecture? Essentially, how will the Euro-Atlantic community – and particularly NATO – respond as Moscow seeks other, more "audible" ways of showing that it is serious "in spirit" about its exclusion from the current architecture?

Failing to engage on these issues, either by rejecting the suggestion that the NRC might be a valid forum for considering the proposals, or by "leaving it" to the OSCE and the EU, again particularly regarding the security proposals, might lead to questions being raised about the Alliance's purpose. If a political-military organisation such as NATO does not take the lead in discussions about conflict management on its borders or arms control in the Euro-Atlantic region, there may be partners and even some within the alliance who wonder what its aim should be.

Additionally, if the Alliance is serious about enhancing its agenda, for instance by addressing energy security, it will have to consider the ramifications of Moscow's energy proposals. While these are of course mostly relevant to the EU more specifically, NATO's explicit statement at the Strasbourg-Kehl summit that the gas dispute in January affected NATO member states, suggests that the Alliance should take a greater interest in this problem or risk finding itself unexpectedly and perhaps disadvantageously entangled should the problem resurface.

Equally, by engaging with Moscow now, the Alliance can do so from a position of strength, and there may be benefits to NATO's own agenda if it adopts a more active role in addressing Moscow's proposals. First, many states in the region look to NATO for a lead in political-military affairs in the Euro-Atlantic region. By taking an active role in supporting the OSCE's discussions about the Russian proposals, and perhaps engaging with the EU on those matters of common interest, such as the security of energy supplies, the Alliance can both reaffirm its commitments to the existing architecture in this process that has begun and contribute to enhanced institutional coordination in the Euro-Atlantic community. Essentially, therefore, NATO could play an important role in synchronising a Western response to Moscow's proposals, even as the OSCE retains the lead role as the main forum for their discussion. Without such a clear lead, responses from the Euro-Atlantic community are likely to be fragmented and offer gaps to Moscow.

Furthermore, by supporting the discussions in the OSCE, the Alliance can also add its own agenda: Moscow calls for interaction and contributory proposals from the existing architecture, NATO can answer that call with its own ideas and its own vision for the strategic development of the continent. Engagement does not mean simply accepting Russia's narratives and proposals. President Medvedev's proposals are an opportunity, an invitation to participate. Russia's evolving strategic planning is in effect a dialogue with the context in which Moscow finds itself – which means that external influences such as NATO have a role to play. This means taking the initiative, seeking to rebut and transform Moscow's narrative

of exclusion (*using Russia's own logic*), and convincing Moscow of the validity of the alliance's positions.

If it is to be effective, such engagement depends on the final, but perhaps most important point for the Alliance. Moscow's proposals afford an opportunity for the Alliance to conduct a major rethink of "Russia" – particularly timely given the drafting of the Strategic Concept. A coherent, sophisticated, consensus based detailed assessment of Russia's evolution, current status and possible future developments, from first principles is necessary. From this, a more sophisticated understanding can be developed of what the Alliance both wants and can expect from Russia and its relationship with it, and, importantly, what NATO thinks Russia seeks from the relationship and why Russia acts as it does. From this detailed assessment, the likely limitations and disagreements over the medium term can be sketched and then developed.

This should not just be a review, it must search out and pose difficult questions in plain language. Gaining Alliance consensus on such a complex subject will require focused and prolonged attention to a thorny issue at a moment when the alliance has many other (difficult) priorities, not least Afghanistan. It will not be easy, and additionally will be costly in terms of time and resources. But effectiveness in developing relations with Russia will best be achieved through unity, a unity based on a coherent overall approach. Moreover, a failure to do so is likely to prove more costly in the longer term.

There is no question of "sacrificing" the considerable progress and undoubted gains made in the last 20 years. But the realisation that the process is incomplete is an important one. As the Euro-Atlantic community seeks to support and enhance the current architecture as it is, calls – particularly from Moscow – will come ever louder emphasising the need for new, and possibly ever more radical solutions. It is this contradiction that the Euro-Atlantic community will have to address, particularly as it seeks to develop relationships with states to the East, including with former Soviet states. Given the increasingly systemic dissonance between Russia and the Euro-Atlantic community, can Russia be engaged to enhance the architecture that has been built so far? How? And what are the steps the Alliance will have to make to achieve this? What are the ramifications both for relations with Russia and indeed more broadly for European security if this opportunity is not taken?

ANNEX

Summaries of Moscow's proposals

- Financial proposals:⁶ Moscow argues that the existing financial system has failed adequately to respond to the international financial crisis. Thus it prepared and circulated a series of ideas to G20 participants proposing to discuss the following points at the G20 summit:
 - o Greater international representation is needed, reflective of several major international centres of financial power.
 - o The roles of major international organisations and institutions such as the IMF and World Bank should be reconsidered.
 - o Legislation and supervision procedures should be reformed and tightened.
 - o The parameters of a new global financial system should be agreed, to be followed by an international conference to adopt the conventions of new global financial organisations.
 - o Since the London summit, at which the proposals gained little traction, Russian officials have continued to restate these ideas. Medvedev stated in May, for instance that Moscow wants to establish a fairer world financial architecture to take account of changes in the global economy. The system needs strengthening, he argued, noting the need for a global reserve currency and Moscow's aim of achieving reserve currency status for the ruble.

- Energy proposals:⁷ Alongside Russian concerns about the EU trying to prevent Russian energy companies (particularly Gazprom) from playing a significant role inside the European market, the long-term dispute between Gazprom and Naftohaz Ukraini has significantly contributed to Russian dissatisfaction with the energy security system. In December Prime Minister Putin noted that the system was “not viable” and at Davos he reiterated the Russian view that the ECT has failed to become a working instrument. The goal of the proposed agreement is to ensure a reliable and uninterrupted transit of energy resources – hence a particularly noteworthy part of the short proposal document is its Annex 1: “Elements of the Transit Agreement”. Of course, Moscow lays the blame squarely with Ukraine. Medvedev stated in May in Khabarovsk that “Ukraine is a party to the Energy Charter and ECT ... and acted as [it] pleased and ignored the Energy Charter and ECT”. For Moscow, the evident failures of the current architecture make it necessary to
 - o Improve the legal framework of the world trade in energy resources by elaborating a new, universal internationally legally binding instrument which would include all the major energy producing countries, countries of transit and energy consumers and cover all aspects of global energy cooperation. This would include the USA, Canada, China, India and Norway.
 - o Moscow's idea of a more sustainable legal framework would be based on the following “comprehensive” principles, among others:

⁶ The proposals can be found at <http://www.kremlin.ru/eng/text/docs/2009/03/213995.shtml>

⁷ The proposals can be found at <http://kremlin.ru/text/docs/2009/04/215303.shtml>. According to the Kremlin website, the energy proposals have been sent to “leaders of the G8 and G20 countries, the CIS, Russia's closet neighbours and partners and international organizations”.

- Recognition of the indivisibility of sustainable global energy security and interdependence of all world energy exchange participants;
 - Mutual responsibility of energy consuming and supplying countries as well and the recognition of security of supply (delivery) and demand (transparent and predictable marketing) as key aspects of global energy security;
 - Unconditional state sovereignty over national energy resources;
 - Non-discriminatory investment promotion and protection, including new investments into all energy chain links and the promotion of mutual exchange of energy business assets within investment activities’;
 - Coverage of all types of energy and utilities and their related materials and equipment (including, therefore nuclear, coal and electricity).
- Security proposals:⁸ Though featuring prominently in official speeches and strategic documents, the security proposals have not yet been published. They exist in a range of different incarnations, the most developed of which is a three page document circulated as the “Elements of European Security Treaty” to Russia’s main partners.
- Reaffirm basic principles of security and intergovernmental relations in the Euro-Atlantic area: respect for sovereignty, territorial integrity and the political independence of all states, non-interference in domestic affairs and the equal rights and self determination of peoples;
 - Reaffirm the inadmissibility of the use of force in international relations and confirm that one’s own security should not be enhanced at the expense of others;
 - Reaffirm that no single state or international organisation could have exclusive rights to maintaining peace and stability in the Euro-Atlantic area, and assess the adequacy of existing (Cold War) structures in the region;
 - This treaty could build on the framework of the Platform for Cooperative Security, a basis for inter-institutional dialogue which Moscow appears to believe sets out the principles that govern interaction among organisations in the OSCE area.
 - Moscow has advocated the participation of all states in the broader region and also the existing organisations, including the EU, NATO and CSTO.
 - Though the aim is to establish a new framework, Moscow appears ready to hold discussions within the OSCE framework, but this is not ideal. Moscow seeks to advance a hard security agenda, and as Medvedev noted in Helsinki, the OSCE’s agenda is increasingly pre-occupied with security issues that are “more peripheral”. At the same time, despite the current difficulties between NATO and Russia, there have been suggestions from Moscow that the NRC could play a role in these discussions.

⁸ To date these have not been published. They exist in a range of incarnations, having been outlined in speeches by President Medvedev at Evian and Foreign Minister Lavrov at Helsinki, and in a 3 page document entitled “*Elements of European Security Treaty*” circulated to Russia’s main partners.