



RUSSIA'S INVASION OF UKRAINE: FIRST ASSESSMENTS AND GEOPOLITICAL IMPLICATIONS

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The Nature of the Political Regime and Responsibility for the Invasion

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Abstract

Russia's poor prospects as a power that depends on fossil fuel sales are undermining Putin's power at home and Russia's standing on the global stage. The country's economic stagnation and sluggish improvement in living standards in recent years provide the backdrop for Putin's decision to launch war in Ukraine. Despite the centralized nature of Russia's power system, blame for the attack extends throughout the system of enablers and members of the population who do not oppose the leader.

Russia Is a Declining Power

In the face of a rapidly changing climate and the necessity for global consumers to curtail their use of fossil fuels, Russia is in a losing position (Gustafson, 2021). While demand for its natural gas supplies is likely to grow for the next decade, the world is inexorably seeking to replace oil and gas with renewables. Russia's main export is fossil fuels and it is betting these exports will continue to be in demand, prompting it to develop new supplies in Siberia and the Arctic.

Despite his centralization of power, Putin has not implemented the kinds of economic reforms that would make it possible for Russia to move away from a reliance on fossil fuels and seek a competitive edge in the new high-tech economy. Russia has prowess in software development but has not been taking advantage of it. In the last few years, Russia has been growing slowly, with the consequence that living standards for most people are not improving as they did during the first eight years of Putin's rule.

The future drop in demand for Russia's energy exports and its failure to invest in alternative sources of economic prosperity mean that Russia is slowly dropping in the ranking of countries. Without a change in course at the top, the decline will be inescapable.

The Nature of Authoritarian Regimes Like Putin's

Russia suffers from a political resource curse (Ross, 2015). Selling energy for a substantial profit on the world commodity markets requires only a small workforce and is amenable to government control. Developing a high-tech sector, by contrast, necessitates extensive academic and media freedom to support a creative class of programmers, designers, and engineers. The Kremlin fears that such a class could lead to social instability (Miller, 2018); Putin therefore chose a different path (Aslund, 2019). Putin's efforts to eradicate Russia's political opposition and many aspects of civil society make creative economic development difficult.

Russia's authoritarian system is one in which the rulers are self-appointed and there is no legal procedure for removing them (Wintrobe, 2000). Putin's authoritarian regime can be broken down into the essentials, the influentials, and the interchangeableables (Buono de Mesquita & Smith, 2012). Despite his extensive personal power, Putin needs to maintain the support of crucial state agencies such as the police, secret police, and military. Belarus's Aleksandr Lukashenka has demonstrated the ability to stay in power by relying on the use of measured but sufficient force despite strong popular mobilization against him.

Why Launch a War Now?

The first source of Putin's foreign aggression is his deteriorating position at home. During his first two terms, rising oil prices lifted Russia's economy and made Putin a popular ruler even as he slowly tightened control over Russian society. As Russia's economic fortunes sank following the economic crash in 2008/9 and with volatile commodity prices, Putin slowly began to lose support among the population. His quick and easy annexation of Crimea provided an initial boost, but the on-going war in eastern Ukraine and continuing economic struggles, combined with on-going Western sanctions, meant that Putin needed to find new sources of legitimacy (Hale, 2021). Putin likely felt a quick victory in Ukraine—coupled with an intensified crackdown on all forms of political opposition—would boost his stature at home and abroad.

Given his declining status at home as the economy stagnates and Russia finds itself unable to compete with a surging China and the still growing Western powers, Putin likely sees the current moment as the height of his own power and every day that goes by a weakening of his position. Putin probably views the Western alliance as weak given the divisions among NATO countries, which have been exacerbated by the Trump administration's America First policies, the retreat of the U.S. from Afghanistan, and the uncertainties plaguing domestic

politics in the advanced democracies as they deal with the rise of populism and intense polarization. By contrast, Putin currently has as much control of Russia as he is likely to achieve (setting aside challenges posed to his rule by Chechnya's Ramzan Kadyrov) and benefits from current energy sales.

If Putin wanted to make his mark as a leader at the height of his power, he knew he would have to act quickly. That would explain his demands that the West roll back NATO and the post-Cold War system and his calculation to invade. If he did not do it now, he faced the prospect of a slow decline into irrelevance both at home, as a weak president, and abroad, as few countries paid much attention to Russia. The early failures in prosecuting the war suggest that Putin miscalculated how strong Russia actually was compared to its neighbors and the West. Yet while Putin made the decision to invade, he is not alone in its implementation.

Who is Blameworthy?

Every individual is morally responsible for his or her actions. Even in the most extreme circumstances, when making a choice risks the life or well-being of oneself or one's loved ones, an individual can make a choice. This freedom of action is central to each person's humanity. Not recognizing this basic fact makes it impossible to acknowledge and celebrate the extraordinary sacrifices some make to defend their rights and expose the realities of tyrannical regimes. Acknowledging freedom of action makes it possible to assign blame to those who enable wrong-doing and hold them accountable.

Putin deserves the most blame for starting the war and for its brutal prosecution. Putin had an array of options (Dawisha, 2014), and opted for one of the most cruel and violent choices. He is a war criminal and responsible for the deaths that the fighting is causing. His claims in his speeches on the eve of the assault—that Ukraine is not a sovereign country and that its leaders are Nazis—reflect his delusional and morally bankrupt thinking.

Putin's inner circle also deserves blame for the war and its consequences. He is surrounded by a small group of people whose access to the leader could have changed the course of events. While we can only speculate who is in this group and what kind of information they feed the leader (Guriev & Treisman, 2019), they bear direct responsibility for the harms they abet and indirect responsibility for all of the brutal actions of the regime to which they dedicate themselves.

Beyond that, the oligarchs and their immediate family members are also culpable. They benefit directly from the regime and work to prop it up because they wrongly judge that the benefits to themselves outweigh the far more significant costs to others. While one can

argue that these individuals do not control policy (Hagel, 2020), the oligarchs' resources give them a strong responsibility to engage or, at the very least, to disentangle themselves from this callous regime.

The agents of the state also carry some blame. While Putin gives the orders, somebody has to carry them out (Goldhagen, 1997). Putin's generals could refuse his orders. Soldiers can refuse to fight and some have apparently surrendered to the Ukrainians in order to avoid killing innocents. The secret police and their collaborators also have made choices. The argument that "I was simply following orders" does not stand up to scrutiny because orders from above do not compel an individual to take action. One always has the ability to refuse, even in the face of exceedingly high costs.

As for the population, if millions of people came out into the streets in Moscow, St. Petersburg, and other Russian cities, the war would end (Chenoweth, 2021). However, such organization faces a collective action problem and many are simply afraid to speak out (Rosen, 2014). The authorities have systematically destroyed the opposition by blocking their access to free elections, open media, and organizational structures, while killing, imprisoning, or forcing into exile its leaders. Nevertheless, Putin and the people co-create power (Greene & Robertson, 2019). If the population can be divided into active Putin supporters, passive Putin supporters, passive opponents, and active opponents, only the individuals who take action against their regime bear no responsibility for its actions. A small number of people do stand in the street, sign petitions, issue statements, write letters to their representatives... Acknowledging their heroism requires the recognition that all who fail to follow their example are acting wrongly. Acting wrongly is precisely what renders an individual blameworthy for resultant harms. We cannot morally praise these heroes without simultaneously regarding their silent counterparts as blameworthy.

What is the responsibility of people outside the battlefield? First, they must prevent Russia's war of aggression from escalating into one that destroys all of humanity. Second, they must take action to stop the assault and turn back the aggressors to ensure that the initiator of the conflict does not benefit from its violent attacks. Additionally, they must help develop solutions to the conflict that address its underlying causes, so as to prevent the outbreak of similar conflicts in the future. Finally, they must signal their opposition to Russia's message that "might makes right" and their commitment to certain standards of international peace.

What Type of Sanctions?

This analysis of blame provides a roadmap for sanctions. Sanctions on Putin, his inner circle, the oligarchs, and

state agents are appropriate and clearly morally justified to deter their action. While it is possible to debate how effective such sanctions are, in the current case they will make it harder for Russia to benefit from its aggression and therefore make sense to apply.

In theory, the West can apply “smart” sanctions that target those responsible while minimizing damage to innocents or those opposed to the war. Drawing on the logic above, the Russian population should suffer from sanctions if it does not actively oppose the illegal aggression launched by its leader. Since their failure to oppose his actions is itself blameworthy, they have rendered themselves legitimate targets of sanctioning. Those who actively speak out deserve all the support that can be provided to them to ensure that they suffer as little as possible for their heroic stand.

About the Author

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Should Western universities cut off ties with Russian universities? Doing so makes sense if the Russian universities are simply recreating the status quo power structure of an authoritarian society. If, however, the Russian university is promoting a more critical approach, then it deserves support and continued integration into international academic networks.

Conclusion

This article examines the central question of who is to blame for Russia’s unprovoked attack on Ukraine and its use of lethal force against Ukrainian cities. It implicates all members of Russian society, from the leader to the implementers, in this crime. Only those who actively speak out deserve no blame.

Natural Gas as Russia's Foreign Policy Tool and How to Mitigate the EU's Vulnerability

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Abstract

For more than a decade, Europe's dependence on Russian energy supplies has been a staple of geopolitical considerations. Discussions surrounding this issue have intensified every time relations between Russia and the West have reached a new low. The Russian invasion of Ukraine has returned the issue to the agenda, this time with greater urgency than ever. With the EU seeking to transition to a climate-neutral economy, the need for increased volumes of natural gas, and a second major Russian pipeline now linking the country directly to Germany via the Baltic Sea, the EU must take stock of the potential threats resulting from its import dependence.

Politicization of Supplies: Determinants and Enabling Factors

European energy security—defined as the security of supplies—has traditionally been associated with individual states, as energy policies have been the exclusive domain of domestic politics. However, with the introduction of electricity and gas markets, higher interconnectivity, and—most notably—the EU's climate and energy goals, supply patterns and sources of supply have effectively become an EU-wide issue, even if not formally. Regardless of the actual composition of its supply portfolio, the growing import dependence of the Union is an immediate issue. Currently, the EU imports over 60% of its energy needs, most prominently in oil and gas. Among EU import volumes, 27% of oil and 41% of natural gas come from Russia. Beyond the extent of its import dependence, the routing of the supply lines is crucial for EU energy security. Specifically, one cannot neglect the role of transit countries in central and eastern Europe, particularly considering the transit disputes Russia has had with these countries over the past three decades.

When speaking about the politicization of energy supplies, not every imported source poses the same danger of being misused. Although the concept of “energy weapon” is most commonly associated with oil, natural gas holds the prime spot when speaking about Russia and energy supplies as a part of the Kremlin's foreign policy toolbox. The reason for this is simple: the gas sector is much more dependent on a rigid supply infrastructure than the oil sector. The majority of gas supplies are still delivered via pipelines that are able to serve only a limited area and take a long time to build. Hence, countries dependent on a specific pipeline are essentially locked into a supply pattern that is difficult to change quickly. This makes the recipient country a vulnerable target and a potential subject of supply manipulation.

Although the topic of import dependence and Russia intentionally manipulating supplies has gained prominence only in recent years in line with Russia's growing geopolitical aspirations, there is plentiful evidence of Russia using energy as a tool when needed and where conditions permit. Usually, Russia pressures dependent countries that import gas exclusively or predominantly from Russia. Chief among the facilitating factors in these cases are personal ties between representatives of the Russian state and of the client state, which often facilitate non-transparent contract negotiations.

In the case of Ukraine, Russia has bundled the issue of the debt owed for gas supplies with political pressure on several occasions. Typically, high-level state officials have used their positions and connections to exacerbate the pressure. Following the crisis in 2009, Russia used gas as a pressure tool in June 2014, cutting off supplies as the conflict between the Kyiv government and pro-Russian separatists in eastern Ukraine escalated.

Gazprom used the debt issue as leverage against other countries as well. In Bosnia and Herzegovina, debt was used as a bargaining chip in 2006 and 2009 when negotiating supplies. Gazprom's usual tactic is to raise debt issues just before winter to increase pressure on a given country. In 2014, while briefly discussing the connection of Bosnia and Herzegovina to the then planned South Stream pipeline, Milorad Dodik, president of Republika Srpska and a Kremlin protégé, served as the main facilitator of the deal. In a similar fashion, in Serbia, gas supplies have often been discussed at the level of state representatives and correlated with Serbia's general affinity for Russia. Russia's apparently powerful influence on Serbia's media, NGOs, and Orthodox church stands behind the perceived strong partnership between Serbia and Russia. However, not even the friendly tone of these mutual ties prevented Russia from cutting gas supplies to the country in 2014. Last but not least, Mol-

dova provides another case of Russia using gas supplies as leverage against a supply-dependent country when conditions permit. Here, the situation is further complicated by the pro-Russian separatist region of Transnistria, where the country's main power plant is located. The debt for gas supplies accumulated in the separatist region is attributed to mainland Moldova, which refuses to recognize it. Consequently, Gazprom has raised the issue several times to justify supply manipulations and blackmail Chisinau over its intentions to join the EU.

It is no coincidence that Russia's gas manipulations have occurred in these countries. Two major factors determine gas supply security: the level of supply diversification and the strictness of market rules. Based on the evidence collected over the past decade, in countries with multiple sources of supply and the EU's Internal Energy Market rules in place, the chance of gas supplies being used as leverage is very low. The explanation for this is straightforward. As long as a country has supply alternatives to choose from, it cannot easily be blackmailed. Consequently, such a country can secure a better price when negotiating a supply deal, as competition usually leads to lower average prices on the market. A prime example of such a correlation is Lithuania. Once a unilaterally dependent country, Lithuania saw a significant decline in the gas price at which Gazprom was selling its product to the country after building an LNG terminal in 2014.

The market rules enshrined in the EU's liberalization packages ensure that no supplier controls the whole supply chain, which would allow it to block customers from reselling gas or fend off competition. Thanks to the EU rules, the former market-makers, including Gazprom, have become mere market subjects subordinated to the overseeing body: the European Commission. As a result, in countries with various sources of supply, a flexible market has emerged in which customers can choose based on the best offer. In such an environment, no supplier can pressure a specific customer without compromising their ability to sell supplies to the whole market.

Still No Common Energy Policy

Although the third liberalization package effectively dissolved the power of former market-makers (i.e., companies controlling the supply chain and thus also gas marketing), efforts to raise energy policy to the EU level have stopped there. No common approach to external supplies has been implemented at the European level to date. That includes not only the issue of supply contracts, but also (and, in retrospect, even more importantly) supply routes. Diverging interests behind projects such as South Stream, TurkStream and, most importantly, Nord Stream 1 and 2 have raised tensions not only among EU members but also in Europe at large.

Most recently, we saw a lack of unity in terms of the Nord Stream 2 gas pipeline. The pipeline has a capacity of 55 bcma and, combined with Nord Stream 1 of the same capacity, is able to ship up to 110 bcma from Russia directly to western Europe, the most important region from suppliers' perspective. The Nord Stream pipeline system also means that Russia can shift its gas transport away from central and eastern Europe, effectively stripping Ukraine of its role as Europe's most prominent transit country.

The pipeline has been a contentious issue ever since its inception. When Gazprom signed an agreement with Royal Dutch Shell, E.ON, OMV, Wintershall, and Engie to build the pipeline in 2015, the project drew criticism from central and eastern European countries who feared that it would provide geopolitical leverage to Russia and allow it to exert pressure on the European gas market. After all, the agreement was signed after the annexation of Crimea and the downing of the MH17 flight. However, criticism began to mount even earlier. Nord Stream 2 retraces the route of Nord Stream 1, bringing natural gas from Russia directly to Germany via the Baltic Sea. As early as 2006, when the project started, the Polish defense minister called it similar to the Molotov-Ribbentrop pact.

Considering the international context in 2015, it is no surprise that central and eastern European countries criticized Nord Stream 2. The staunchest opponents were Ukraine, Poland, and the Baltic states. Surprisingly for some, the Czech Republic, Slovakia, and Hungary mostly remained silent. While the Czech Republic and Slovakia would benefit from the pipeline, as it would revive their once strong transit role, Hungary has never really been concerned with the pipeline and has instead focused on sealing the best bilateral deal with Gazprom, building on friendly relations between Viktor Orbán and Vladimir Putin.

For its part, Germany, the state of the pipeline's landfall and the main prospective buyer of the gas, has always supported the project. Germany has been adamant that the pipeline is a de facto private endeavor, as 50% of the project is financed by Western companies, with Russia providing the other half. Opponents of canceling the project also pointed to the risk that investors would potentially file a lawsuit to recoup their investment.

Germany's stance naturally put it at odds with the pipeline's central and eastern European opponents; the project also drove a wedge into the transatlantic bond. Under Donald Trump, the US imposed sanctions on companies and individuals working on the pipeline. This move negatively impacted U.S. relations not only with Germany, but also with the EU, as Commission President von der Leyen saw the sanctions as an extra-territorial intervention into EU matters. In turn, Pres-

ident Biden's decision to lift the sanctions in 2021, as part of an effort to mend relations with Germany, provoked an aggravated reaction from the pipeline's critics.

Nord Stream 2 and Prospects for Russian Gas

Based on the popular discourse, one might assume that the gas consumer is in a weaker position because he is dependent on the supplier's will to send the needed commodity. However, this coin does have two sides, especially when it comes to Russian energy supplies. Europe is Russia's key market and thus a key source of budget revenues. Since the de facto renationalization of energy assets in the early 2000s, there has been a direct connection between Russia's economic prosperity and energy prices. The oil and gas industry currently creates 15–20% of Russian GDP, while natural resources account for over 50% of total exports coming from Russia. Even though the overall value of Russian exports is approximately 50% higher than the value of imports, meaning that even without natural resources, Russian foreign trade would be more or less balanced, oil and gas exports play a crucial role in Russia's budget.

Despite effectively shifting transit from central and eastern Europe to the Baltic Sea instead of adding new transit capacity, the Nord Stream pipeline system makes sense for Russia's long-term export strategy. The pipeline taps into the most important markets without the intervention of transit countries and fees that have been increasing the Russian gas price in recent years. With a view toward the fossil fuel phase-out the EU plans as a part of its climate-neutral 2050 strategy, Russia is trying to sell as much gas as possible while it still can. Nord Stream 2 is the key point of this strategy. However, the pipeline ran into trouble with the regulatory environment in the EU, most notably the update to the gas directive. The update, agreed in 2019, will extend the EU's Internal Energy Market rules beyond the borders of the EU to pipelines from third countries. Therefore, Nord Stream 2 will need to find a way to comply with measures such as unbundling and third-party access. As Gazprom has a monopoly on pipeline exports from Russia and Nord Stream 2 is a direct undersea connec-

tion between Russia and Germany, the pipeline would breach these rules. (The measure applies only to pipelines built after May 2019; older export pipelines will not be impacted.)

What Lies Ahead

Even though it is extremely tricky to make predictions in these turbulent times, we can project Russian gas exports. Even under the pressure of sanctions and an accelerated phase-out of gas supplies, Russian gas will not vanish from European markets overnight; rather, it will continue to play a significant role, at least for the foreseeable future. That being said, as an inter-state war on the European continent was virtually unthinkable until this February, radical changes in supply patterns cannot be ruled out entirely.

Declining indigenous production in Europe renders Russia the most important supplier, as no neighboring country can match its potential in production capacity. In other words, Russia is best equipped to cover the future increase in European demand for gas. Also, despite the prominence of southeast Asia, Europe will remain an important market due to its stable consumption and predictable legal environment. Additionally, in terms of pipeline supplies, Europe and Asia are not in direct competition because the gas wells and infrastructure serving these markets are different. Consumption in Europe is predicted to increase in the immediate future, plateau in the mid-term outlook, and decline toward mid-century. Europe thus remains an important export destination. As LNG supplies are becoming increasingly competitive thanks to economies of scale, major exporters like the US and Qatar will rise in importance, mainly on the liquid western European markets. LNG suppliers from Russia are likely to gain prominence; however, they will have to face tough competition. Even now, the ability of Russian gas companies to open new and remote gas fields is limited by sanctions, and the situation is likely to become even more complicated, as more limitations will roll in following the Russian attack on Ukraine. Nor can politically motivated diversification away from Russian supplies be ruled out in the mid-term outlook.

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Further Reading

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What the West Should Do in Response to Russia's Invasion of Ukraine

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Abstract

Russia's unprovoked military invasion of Ukraine is unparalleled in Europe since 1945 and has already impacted practically all aspects of Western security. This article outlines ten steps the West should take in response. These include designating Russia as a terrorist state, implementing a no-fly zone, and blocking the import of Russian oil and gas.

Russia's unprovoked military invasion of Ukraine is unparalleled in Europe since 1945. The world is undergoing the worst crisis since that in Cuba in 1961. The crisis has impacted practically all aspects of Western security, from Germany expanding its military capacity, to the increased number of countries supporting Ukraine militarily, to the range and extent of sanctions against Russia.

In response, the West should take ten steps.

First, the UK and its Western allies should designate Russia as a terrorist state. Russia has pursued a covert war against Ukraine for the last eight years, leading to the deaths of 20,000 civilians and combatants. Far more Europeans have joined Russian terrorist forces in the so-called DNR (Donetsk People's Republic) and LNR (Luhansk People's Republic) than joined ISIS. Britain and its fellow NATO members should follow America's lead in the GUARD Act, which designates Russia "as a state sponsor of terrorism in the event its forces further invade Ukraine."

Second, sanctions should be expanded to the higher level of those imposed on Iran. In April 2020, the [European Parliament](#) adopted a non-binding resolution that stated that, in the event of a Russian invasion of Ukraine: "imports of oil and gas from Russia to the EU [should] be immediately stopped, while Russia should be excluded from the SWIFT payment system, and all assets in the EU of oligarchs close to the Russian authorities and their families in the EU need to be frozen and their visas cancelled." When Iran was removed from SWIFT in 2012, its gas and oil revenues dropped by almost half, crippling its economy. Other areas that have been considered for new sanctions are Russian state debt, Russian state banks, and Russian energy, mining, and metals businesses.

Third, the UK should close London as a laundromat for dirty Russian money. It is time to rename Londongrad back to its historical name of London. Russian oligarchs and officials should be banned from the UK indefinitely and any assets they own should be nationalised. The nationalised money could be used by the West-

minster Foundation for Democracy to support democratic change in Russia. Another way the funds could be used would be for humanitarian aid for the one million or more Ukrainian refugees.

Fourth, support President Volodymyr Zelenskyy in designating the invasion and accompanying human rights abuses as a war crime. Warn the Kremlin against undertaking massive human rights abuses during a Russian occupation and that Putin and his Kremlin sycophants will be charged as war criminals by the International Criminal Court. Although Russia is not a member of the ICC, this step would mean Putin and his Kremlin sycophants would be unable to attend any international summit or go on vacation in Europe.

Fifth, adopt a Europe-wide Magnitsky Act. In March 2019, the European Parliament adopted a resolution in favour of the EU adopting a Magnitsky Act, and in September 2020, President of the European Commission Ursula von der Leyen stated that this would be a goal for her Commission. Now, with Russia having invaded Ukraine, is the time for the EU to support the collective adoption of a Magnitsky Act.

Sixth, certification of Nord Stream II should be not only suspended, as Germany has done in response to the invasion, but permanently closed. Western sanctions should be expanded to block the import of Russian gas and oil into Europe. Russian oil and gas, which is always accompanied by the Kremlin's strategic use of corruption to buy political elites and extremist political parties, should no longer be welcome in Europe.

Seventh, NATO members should implement a no-fly zone over the capital city of Kyiv and at a minimum Ukrainian territory west of the Dnipro River. By denying Russia a monopoly of the air, the West could create a safe haven for refugees and provide air cover for supply lines to Ukrainian security forces.

Eighth, NATO member states more willing to support Ukraine directly in the military field should send special forces into western Ukraine. These special forces would assist their Ukrainian counterparts in training in the use of weapons that have been delivered and strategy

and tactics. NATO special forces could accompany Ukrainian forces for the purpose of collecting intelligence. NATO should plan for the medium term by storing military and medical supplies in Poland, Slovakia, and Romania—three of the four NATO member states bordering Ukraine—with the goal of organising a supply route into Western Ukraine, a region that is unlikely to be occupied by Russia. In the event of a Russian occupation, NATO special forces should become more directly involved in planning and possibly participating in a covert manner in launching attacks on Russian forces.

Ninth, NATO should increase its supply to the Ukrainian armed forces of lethal military equipment, especially military equipment that can be used to destroy Russian air force planes, helicopters, and incoming missiles. Secondly, NATO should provide upfront and advance intelligence on Russian military movements.

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Taras Kuzio is a Research Fellow at the Henry Jackson Society, London, and Professor of Political Science at the National University of Kyiv Mohyla Academy. He is the author of *Russian Nationalism and the Russian-Ukrainian War*, published by Routledge in January 2022, and joint editor of *Ukraine's Outpost: Dnipropetrovsk and the Russian-Ukrainian War*.

ANALYSIS

Kazakhstan–Russia Relations in the Wake of the January Unrest

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Abstract

Putin's Russia appeared to gain the greatest benefits from Kazakhstan's Bloody January. Contrary to claims that the Kremlin's influence in the republic is growing, I show how Russia's relatively weak economic standing, coupled with Kazakhstan's changing attitudes, will seriously limit Russia's ability to increase its geopolitical influence over Kazakhstan.

Russia's Troop Deployment

The deployment of Russia-led CSTO troops to Kazakhstan in January 2022 to protect key strategic facilities threatened by the violent unrest and standoff with the loyalists of former President Nursultan Nazarbayev triggered a tide of commentaries about the future of Russia in Central Asia and Moscow's relations with Kazakhstan. According to many observers, not only has the swift military expedition changed assessments of the CSTO, which was once dismissed as a symbolic alliance, but it has also helped the Kremlin to strengthen

Tenth, Russian information warfare and media outlets such as RT should be closed in every NATO and EU member state. YouTube, Facebook, Instagram, and Twitter should ban Russian disinformation outlets.

The fate of the democratic West is being decided in Ukraine. If the West were to allow Ukraine to be occupied and transformed into a Russian satellite state resembling Belarus, it would be the beginning of the end for NATO and the EU. Revisionist powers such as China and Iran would see this as a signal that the West was in decline. The threat to Taiwan and the three Baltic states would grow.

The West cannot allow Russia to destroy Ukraine's sovereignty and democracy. Ukrainians made their choice to live in an independent state three decades ago and have given thousands of lives in two revolutions and since 2014 to join the ranks of the democratic world.

its influence in the post-Soviet space and secure the loyalty of Kazakhstan's leadership to Russia. Kazakhstan President Kassym-Jomart Tokayev's first foreign trip to Moscow following the January 2022 unrest seemed to support these accounts. During the February 2022 Russia–Kazakhstan talks, President Tokayev thanked President Vladimir Putin and other CSTO partners for their support and stressed that the two countries would expand and deepen their bilateral cooperation.

The argument that Tokayev's government will lose its political and economic autonomy to Moscow is mis-

guided. Kazakhstan will not become the Kremlin's geopolitical pawn. The health of Kazakhstan's economy, whose structural deficiencies precipitated the January 2022 protests, hinges on foreign investments, with the bulk of foreign capital coming from Western countries and China. While the Russian energy companies may gain from a new investment policy announced by President Tokayev, as well as from the re-launch of the nuclear industry in Kazakhstan, Moscow's lack of free-floating cash and sweeping economic sanctions imposed by the Western countries will obviate any changes to the balance of investments in Astana. Russia may retain its position as Kazakhstan's primary trade partner, but its ability to control Astana's commerce through the Eurasian Economic Union's (EAEU) regulations will be limited by Moscow's own economic dependence on China.

In the security realm, Kazakhstan's robust defense and military cooperation with Moscow will be sustained, but deeper political integration with Moscow will not be forthcoming. The loss of autonomy to the former colonial "master" will be a political liability for the Tokayev regime as it seeks to build legitimacy in the eyes of the Kazakh population. The leadership of Kazakhstan will therefore continue Nazarbayev's strategy of making tactical concessions to Moscow while offsetting Russia's influence by means of different balancing measures in the economic and security realms.

Russia in Kazakhstan's Economy

In the first two decades following its independence, Kazakhstan saw spectacular economic growth. Its vast hydrocarbon resources and mineral wealth, relative political stability, and ambitious structural reforms made the republic an attractive target for foreign investments. The influx of petroleum dollars, coupled with the government's effort to educate and train the country's managers, engineers, and bureaucrats, helped to resuscitate its energy, manufacturing, and service sectors, propelling Kazakhstan to the status of an upper-middle-income economy. Despite some attempts to diversify domestic production in Kazakhstan by targeting the food processing, telecommunications, petrochemicals, and pharmaceuticals sectors, the country's economic growth was due to the extraction and sale of fossil fuels, with nearly 60 percent of the state budget coming from oil revenues. This made Kazakhstan's economy susceptible to fluctuations in the crude oil price and shocks in the global financial markets.

The 2007–2009 global financial crisis, the oil price plunge in 2014–2016, and the collapse of Russia's economy as a result of Western sanctions revealed serious structural deficiencies in Kazakhstan's economy. Since 2014, Astana's economic growth has slowed, inequality has risen, and corruption has become further

entrenched. Some analysts speculate that the ailing economy—once a source of pride and legitimacy for Nursultan Nazarbayev—led to the first Kazakh president's resignation. The "anointed" successor to Nazarbayev, Kassym-Jomart Tokayev, assumed the presidency in 2019 through a managed political succession. Tokayev's presidency was met with rising public discontent over growing wealth disparities, poor labor conditions, salary arrears, and environmental concerns. These were exacerbated by the pandemic, which highlighted the perennial underfunding, ineffectiveness, and corruption of the health system.

The immediate economic challenge facing the Tokayev government is to pull the country out of its economic slump. Foreign investments have been the main catalyst of Kazakhstan's growth, with the largest share of foreign investments having come from the West. As of 2022, more than 700 US companies were operating in Kazakhstan. Between 2005 and 2020, Kazakhstan's cumulative energy investments were \$161 billion, of which \$30 billion came from the US, making the latter among Kazakhstan's top three investors. Chinese investments likewise soared even before the advent of Xi Jinping's Belt and Road Initiative (BRI). By the end of 2019, Beijing had invested \$29.66 billion in various sectors of Kazakhstan's economy. Some 56 China-backed projects worth nearly \$24.5 billion are slated to be completed by 2023. Kazakhstan has given extensive hydrocarbon exploration and mining rights to Chinese companies. The construction of the China–Central Asia gas pipeline allowed the republic to diversify its infrastructural links, which had previously been monopolized by Russia.

While Russia remains Kazakhstan's main trading partner, due in large part to the structure of Astana's imports, which are shaped by its EAEU membership (see Figures 1 on p. 12 & 2 on p. 13), China has supplanted it as a top export destination. Russia's investments, which constituted between 3 and 6 percent of total FDI in Kazakhstan pale in comparison to Western and Chinese foreign capital. Moscow's limited economic leverage over Kazakhstan stems from the EAEU, which binds its members to the operating rules of the customs union. Russia has pressured Kazakhstan to consent to the harmonized oil and gas standards within the EAEU, which might allow Moscow to dictate fuel prices for exports to China. These mechanisms could also be used to divert China's gas imports from Kazakhstan to Russia. Under current agreements, however, trade will remain exempt from tariff harmonization until 2024, and Moscow promised, in a joint declaration with China signed in 2015, to coordinate economic integration within the EAEU with the BRI projects.

The area where Moscow's economic clout may increase in the future is nuclear energy generation.

Increased demand for electricity, coupled with the crumbling coal plant infrastructure and failing energy grid, have resulted in energy deficits and outages across Central Asia. Hailing the republic's commitment to achieving carbon neutrality by 2060, the Tokayev government has moved to revitalize the nuclear energy sector in Kazakhstan. Russia's Rosatom will train the republic's nuclear power engineers and may build the first nuclear plant in Kazakhstan. If implemented, the nuclear energy project will entail minor changes to the national accounts of Kazakhstan. The Tokayev government is well aware that the country needs Western investments for its economic growth. Any shift in its geo-economic orientation will be detrimental to economic stability in Kazakhstan.

Kazakhstan's Security Cooperation with Moscow

In the defense, security, and military sectors, Kazakhstan has maintained its strongest ties to Russia, and this is unlikely to change. Long before the January 2022 events, Moscow and Astana inked a new bilateral military cooperation agreement that replaced an outdated 1994 deal. Signed by the Russian and Kazakh defense ministers in October 2020 and ratified by the countries' parliaments in 2021, the new agreement formalized the multi-faceted defense, military, and security cooperation that involves nearly every aspect of their security policies and related activities: joint military exercises within the CSTO and SCO frameworks, the production and sales of military weapons and technology, professional military education and training, the sharing of military facilities and installations, and sending peacekeeping troops for UN-led missions. Russia's influence on the region's security has been seen favorably by Beijing. Russia's stabilizing measures help protect Chinese investments and its security posture in the region reinforces defense and military cooperation between Moscow and Beijing, including through joint CSTO-SCO exercises and training.

While close security and military ties with Moscow remain in Kazakhstan's interests, its government has also endeavored to diversify its strategic partners and resisted Moscow's attempt at greater political integration using security and economic cooperation as a springboard. In 1994, the same year that Kazakhstan signed its first military cooperation agreement with Moscow, it joined the NATO Partnership for Peace Program; it has collaborated in the areas of counter-terrorism and emergency response through the Kazakhstan–NATO Individual Partnership Action Plan since 2006. Under this program, Kazakhstan has hosted the annual Steppe Eagle military exercises with NATO and regional partners sponsored by the U.S. Joint Chiefs of Staff and carried out by the U.S. Central Command. Washington

has maintained robust security cooperation with Astana and discussions are underway to extend it through 2027. Kazakhstan has also maintained security cooperation with other NATO members. In October 2021, it signed a plan for cooperation in peacekeeping, military training, and naval affairs with Italy, and agreed to buy offensive drones from Ankara.

There is little indication that the Tokayev government will cut its strategic ties with its Western partners, notwithstanding Russian diplomats' suggestions to the contrary. Kazakhstan has not accused the West of stirring up the January unrest, a narrative professed by Russia. Moreover, President Tokayev was quick to declare the CSTO mission complete. These moves reflect the Kazakh government's understanding that getting too close to Russia and cutting its ties with the West risks upsetting the people. This is something Tokayev would not risk, given that he needs to win public support and legitimize his rule in the eyes of the general population.

Public Opinion and the Future of Kazakhstan–Russia Relations

For the first two years of his presidency, Tokayev operated in the shadows of the first president, Nursultan Nazarbayev. The duumvirate government arrangement made it difficult to separate the accomplishments (and failures) of the Nazarbayev government from those of his successor. As a consequence, when Tokayev emerged as solo leader of Kazakhstan he could claim little political capital and legitimacy independent from the legacy of the "Father of the Nation." This lack of popular legitimacy, in turn, has made Tokayev more vulnerable to sentiments, opinions, and attitudes in the broader population.

The majority of Kazakhstanis continue to hold a positive opinion of Russia. According to the Central Asia Barometer, 87 percent have a favorable view of Moscow and 88 percent support closer relations with their northern neighbor. Yet these positive views are neither extreme nor exclusive of positive attitudes toward other countries; they are also constantly changing. Younger Kazakhstanis are less likely to identify as Russophiles. The growing number of Muslim voices are furious about the clout of the Orthodox Church in Kazakhstan, while the nationalist groups have been pushing against Russia-centric curricula in public education. Kazakhstani society consists of more ethnic Kazakhs than Russians and the Russian language has been gradually supplanted as a lingua franca in Kazakhstan. All in all, national consciousness and identification with national interests has become a stronger vector in Kazakhstan's foreign relations with Russia. While a sense of shared historical experiences and perceptions of Russia's modern-day accomplishments at home drive the positive attitudes

of Kazakhstanis toward Moscow, the Kremlin’s aggressive adventurism in Ukraine, Putin’s assertions about the malleability of the Soviet borders, and the consequences of sanctions on Moscow will alter these assessments, incentivizing Kazakhstan’s citizens to pressure their government to keep its distance from Russia.

Conclusion

By relying on CSTO intervention for regime reinforcement, President Tokayev has fallen into Moscow’s power grip, according to many analysts. Yet Kazakhstan’s economic imperatives, elites’ orientation, and public sentiment present serious obstacles to the country’s further drift into the Russian orbit of influence. While the prospect of the deployment of Russia-led troops in support

of the regime might deter future palace coups, prevent defections among the security forces, and limit the success of mass demonstrations, it will not suffice to offset the strategic balance of economic and security interests that has been built in Kazakhstan to date.

The Russian aggression against Ukraine will have serious consequences for Moscow, limiting its ability to project security and economic influence in Kazakhstan in the future. In a first clear sign of distancing its government from the Putin regime, the Tokayev cabinet turned down a request for Kazakhstani troops to join the Russian offensive in Ukraine. Additionally, Kazakhstan refused to recognize the Russia-backed statelets in Ukraine’s Donbass region.

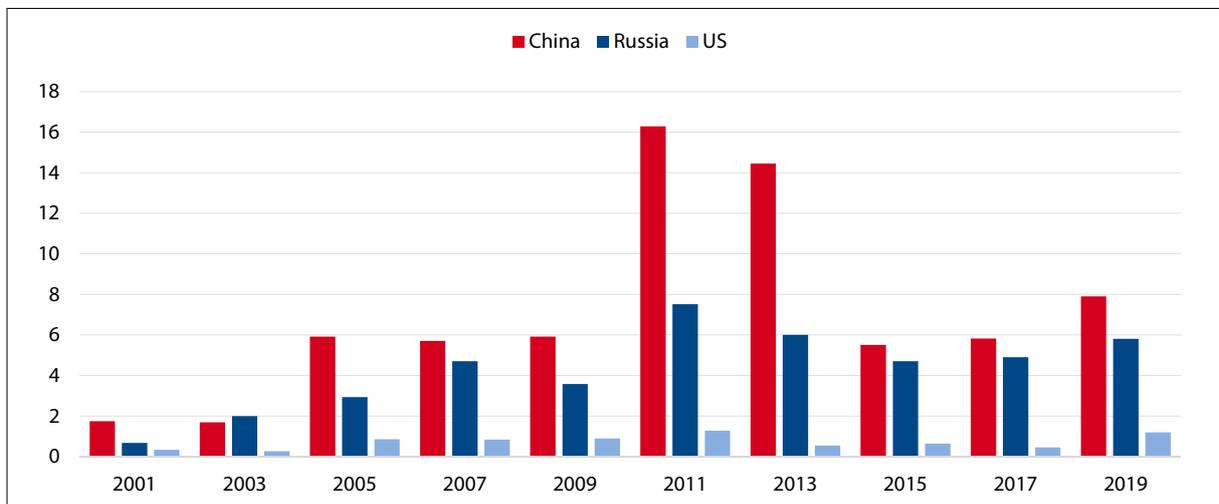
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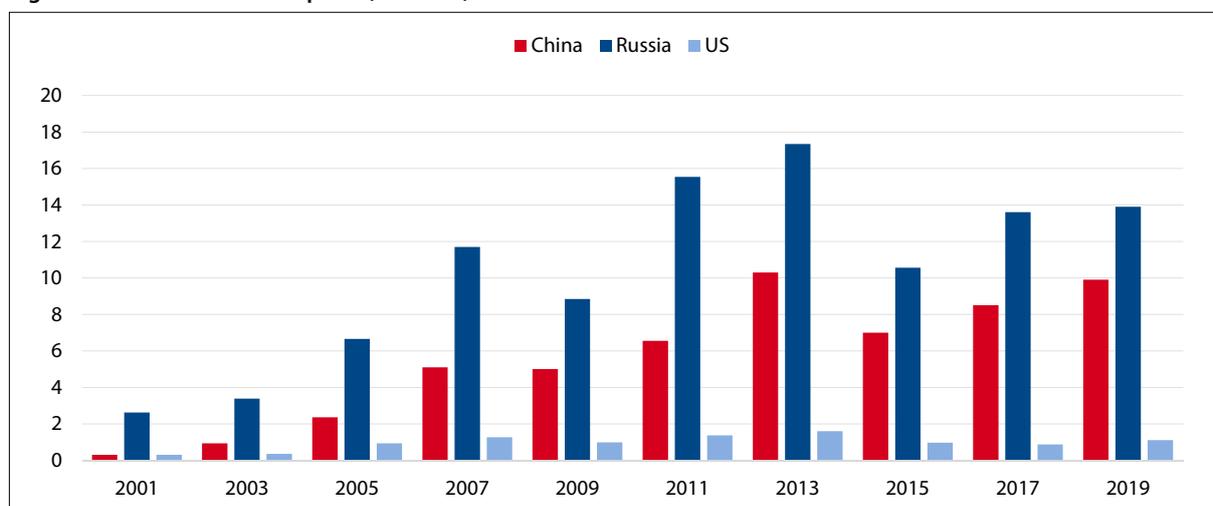
Figure 1: Kazakhstan’s Exports (bln. USD)



Year	China	Russia	US
2001	1.74	0.67	0.33
2003	1.68	1.99	0.26
2005	5.91	2.93	0.85
2007	5.7	4.7	0.83
2009	5.91	3.57	0.89
2011	16.28	7.51	1.27
2013	14.45	6	0.54
2015	5.5	4.7	0.64
2017	5.82	4.9	0.45
2019	7.9	5.8	1.19

Source: <https://oec.world/en/profile/country/usa#latest-data>

Figure 2: Kazakhstan's Imports (bln. USD)



Year	China	Russia	US
2001	0.3	2.62	0.3
2003	0.93	3.38	0.36
2005	2.36	6.66	0.93
2007	5.1	11.7	1.27
2009	5	8.84	0.99
2011	6.55	15.54	1.37
2013	10.3	17.34	1.6
2015	7	10.56	0.97
2017	8.5	13.6	0.869
2019	9.9	13.9	1.11

Source: <https://oec.world/en/profile/country/usa#latest-data>

ABOUT THE RUSSIAN ANALYTICAL DIGEST

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