Russia, the CIS and Eurasian interconnections

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Central to post-Soviet Eurasian security calculations and economic stabilisation efforts are Russia's power interests and efforts to reclaim a leadership role in the region. Since the break-up of the USSR, states of the FSU have pursued foreign policies based upon their own mix of interests and preferences rather than those of a central set (Moscow) of policy-makers. It is hardly surprising that more than a decade after the Soviet collapse, all FSU states remain wary of the Russian Federation's intentions as it struggles to re-establish its lost regional leadership position. Yet the disintegration of the Soviet Russian empire did not obviate the numerous significant economic and security linkages among the FSU states and to Russia. Russia still possesses many resources with which to assert its Eurasian power interests. Russian authorities have used various means toward this end, promoting the CIS, participating in other Eurasian multilateral fora, and giving special attention to the country's own bilateral relations with FSU states. Moscow has used both military and trade arrangements to reassert its interests in Eurasia.¹

Nationalism has continued to be widespread throughout the area of the FSU and it has further invigorated post-Soviet concerns over national autonomy.² States once dominated by Moscow have pursued various bilateral and multilateral means to consolidate their sovereignty, lessen their economic and security dependence on Russia, and integrate into the mainstream global system. All of these states face the reality of geographical location and a history of economic and security interconnections, while they still share considerable common infrastructure. As demonstrated by an eager Belarus's desire for stronger integration with Russia or by a reluctant Ukraine's need to maintain and even expand commercial and military connections with Moscow, reality dictates that the FSU states rely on one another – and to varying degrees on Russia – to safeguard their security and commercial vitality. The manoeuvrings of Belarus and Ukraine, however, also reflect the

complexities of balancing entangling external linkages with the preservation of unique domestic economic and political programmes and prerogatives.

There has been an understandable post-Cold War tendency to discount Russia's continuing regional capabilities and commitment to its Eurasian leadership position. Indeed, the dramatic September 11 2001 terrorist attacks on the United States and consequent insertion of American military power in Central Asia further complicated Russia's FSU leadership aspirations and may launch a new era in the Eurasian 'Great Game'.³ Western scholarship on post-Soviet Russian foreign policy and the FSU has predictably emphasised Russian power contraction and dilemmas in the conduct of Russian-FSU relations.⁴ This development may be inspired by the sort of western triumphalism some have noted, but it does reflect the realities of significant Russian power contraction.⁵ Yet, while Russia's power has been diminished, it continues to be the state of regional standing with an ambitious agenda of Eurasian infrastructural and policy arrangements which has been promoted by all Russian Foreign Ministry teams. Russian officials have used the FSU states' heavy reliance on Russian fuel, among other dependencies, to influence those states' actions. Meanwhile, international economic conditions have complicated the efforts of FSU states both to distance themselves fully from Russia and to build extensive commercial – and security – ties with the more advanced western economies. Destabilising conflicts or political instability in selected areas (e.g., Caucasus, Tajikistan and Transdniestria) have significantly complicated the policy choices of involved states while providing Moscow with enticing openings for involvement. For all of their highly publicised failures, FSU multilateral fora such as the CIS have permitted intergovernmental policy coordination in a number of areas, not only in the economic transformation of states but in collective security and anti-terrorism arrangements as well. These fora suggest an FSU 'economic and security space', and they have been manipulated by Russia to bolster both the legitimacy and viability of a Russia-led grouping of concerned states.

We argue that all FSU states, in spite of natural desires to distance themselves from the legacy of the Russian empire and Soviet Union, must countenance relatively high levels of regional economic interaction and cooperative security arrangements. Indeed, some of these states (e.g., Belarus and Kazakhstan) have promoted longer-term and intrusive economic and political intergovernmental arrangements.⁶ Both multilateral and bilateral relations amply demonstrate the push-pull relationship between integrative and disintegrative tendencies in post-Soviet Eurasia, and they illuminate the challenges in ensuring some level of regional inter-state cooperation. A major function of the CIS has been to help identify and coordinate common security arrangements among members, and it has been the primary intergovernmental vessel used by the Russian Federation to consolidate its security relationships with FSU partners. Unfortunately for

Moscow, a decade of CIS multilateral arrangements has yielded little by way of common policy solutions.⁷ Russia and other FSU states have relied primarily on bilateral arrangements with one another to advance their agendas. Yet, even a decade after the Soviet collapse, we wonder if a common FSU economic and security space continues to obtain, and – if so – what its implications would be for efforts at long-range Eurasian cooperation under Russian tutelage. We think this is an especially important question given President Vladimir Putin's energetic commitment to consolidating Russia's position in the FSU area; its importance only underscored by the region's changed power politics in the wake of the September 11 terrorist attacks and resultant enhanced western power presence.

In this chapter, we examine the fledgling organisational arrangements, under the aegis of the CIS, which have been used to channel the transformation of the FSU area and to re-establish a zone of linked FSU states. We adopt a two-pronged approach. First, we look at CIS security arrangements, with our examination revealing the problems in consolidating firm intergovernmental institutions and effective policy positions. We contend that the confused and evolving interests of FSU states must be considered against the background of ongoing entangling infrastructural, resource and security needs among these very states. While loaded with powerful connotations, the term 'interdependence' may be appropriate in describing numerous FSU bilateral relationships. Second, we turn to underlying resource and economic realities which structure states' actions, using the limited trade data available to explore systematically the potential for a 'common economic space' among FSU states. Our desire is to balance the predictable focus on dynamic, country-specific considerations by giving attention to those underlying interconnections which structure long-term behaviour; interconnections which could facilitate longer-term engagement among FSU states, especially under assertive Russian prodding.

Continuing Russian hegemonic interests and the FSU

Governing elites of collapsing multinational empires struggle to maintain their hegemonic position even as their relations with the regions of the periphery are fundamentally restructured.⁸ This has proven true in the Soviet and Russian case, as all Moscow-based politicians endeavoured to maintain Russian influence in Eurasia. The desire of anti-Soviet Russian Republic officials to maintain Russia's sphere of influence and to limit full independence for the Soviet republics was communicated during 1990–91, well before the August coup and subsequent appearance of the CIS.⁹ Boris Yeltsin's government may have championed the rights and policy prerogatives of the republics as it challenged the Gorbachev government's position, but it simultaneously manoeuvred to reinforce other republics' political and economic linkages with Russia. The Yeltsin government did not unduly

support republics' independence drives. Rather, it used often broad-ranging political agreements and more focused economic treaties to tie the republics together – and to Russia. In November 1990, Russia, together with Belarus and Ukraine, agreed to coordinate price changes: the first multilateral agreement to enhance economic cooperation among the successor states.¹⁰ Only a few months later, the presidents of these three republics, together with the Kazakh president, met to consider a new union arrangement as an alternative to Gorbachev's Union Treaty. Thus, the logic of common FSU economic and security needs and structures had already been laid out when the CIS emerged in December 1991.

Russian priorities in the immediate post-Soviet period

After the Soviet collapse, Russia's major strategic goal within the area of the FSU was the establishment of a relatively unified and reliable system of military control and mutually advantageous economic cooperation. The CIS was to be the major organisational mechanism for ensuring these goals. From Moscow's perspective, the CIS would help prevent and resolve conflict within the FSU, help defend the CIS's external borders, and serve as the primary forum for addressing common regional infrastructural and economic issues as all countries moved towards regulated market economies.

In this environment, multidimensional issue agendas drove multilateral bargaining efforts. President Yeltsin and other Russian officials stressed the common economic and security needs which bound the FSU states together, while the representatives of the other FSU states postured against potentially intrusive intergovernmental arrangements involving Russia.¹¹ It is not surprising that initial CIS meetings entailed unilateral chest beating, with politicians predictably opportunistic in advancing their own states' resource claims as multilateral jockeying intensified. But the exhilaration of national independence quickly gave way to the growing awareness that domestic economic and political problems transcended national borders and were interconnected. Worsening economic conditions within all of the FSU states compelled politicians to acknowledge their states' continuing economic reliance on Russia, its natural and energy resources, and its markets. During 1992, Russia had a 1.5 trillion rouble trade balance with other CIS states, with its early unilateral moves (e.g., the introduction of non-cash rouble accounting to settle bilateral trade transactions for rouble-zone countries) revealing a continuing proclivity to manipulate its resource and infrastructural advantages to influence other states' commercial and security calculations.¹²

The June 1992 Russian–Ukrainian summit and the Minsk CIS heads of government meeting brought momentum to reinforcing more collective ways of addressing policy problems. Whether in finalising a scheme for the division of Soviet property or in agreeing to establish joint peacekeeping

forces for eastern Moldova, FSU states became more engaged in regional multilateral fora. Substantial agreements on economic and trade issues resulted, while some FSU states committed themselves to collective security and 'peacekeeping' activities.¹³ As the momentum for regional intergovernmental cooperation grew, Russian officials pressed for an acknowledgement by both the FSU states and the West of Russia's unique regional leadership role.¹⁴ It was Russia that would assume primary responsibility for the conduct of relations among the successor states.

Meanwhile, most FSU states, including those building firmer intergovernmental ties with Russia, concomitantly attempted to balance Russia's power position by creating smaller regional associations and arrangements which excluded the regional hegemon. Such efforts at interstate policy coordination were generally among states of a common region (e.g., the Baltic, Central Asia). The developmental pattern was, in the initial phase, to address broad policy concerns, with more specific agreements and resource commitments negotiated later.

Throughout the decade 1992–2001, multilateral protocols and agreements revealed a potential attitudinal and policy base for viable multilateral institutions, but dilemmas in policy implementation – combined with dynamic domestic situations within the FSU states – indicated the inherent fragility of all arrangements geared towards the reintegration of the FSU. Thus, while security and economic agreements were hammered out, states did not commit the necessary resources or engage in the development of intergovernmental institutional arrangements necessary to translate stated common interests into tangible policy results. Meanwhile, Russian unilateralism in its economic policies took precedence over its stated foreign policy multilateralism.¹⁵ With the massive costs of regional economic and security reintegration becoming more immediate, Russia exhibited mounting caution in transforming its hegemonic power interests into concrete external resource commitments. Formal multilateral and bilateral negotiations did not yield large-scale Russian financial or resource commitments. There was a decided gap between Russian rhetoric and actions.

The push–pull of Russian unilateralism and FSU regional cooperation

The irony of FSU regional developments by the mid-1990s was the coming to power of FSU regimes more willing to engage Russia just as Moscow was becoming more cautious about potentially costly foreign entanglements. A fundamental reality of post-1991 Eurasia has been the near-impossibility of reconciling the contrasting domestic agendas of evolving states, especially in the context of government turnovers and consequent policy reformulation. We cannot survey all of the unique domestic settings within the FSU, but it is fair to observe that domestic economic imperatives and the desire to engage positively with Russia encouraged many states to re-evaluate the payoffs of CIS and other multilateral arrangements. Once strongly anti-Russian

governments in Azerbaijan and Lithuania were replaced by regimes headed by more moderate leaders (with significant past experience with Moscow), while hotly contested presidential elections in Belarus and Ukraine brought to power more pro-Russian and pro-CIS officials. These regimes, and their voting publics, confronted the structural realities of now-independent states' mounting unpaid bills for deliveries (e.g., of energy) from Russia and their continued need for Russian credits to finance such deliveries. Resource and market needs compelled even sceptical states such as Turkmenistan and Ukraine to engage with Russia.

These developments, however, were met by Russian policy caution, reflective of Russia's own unilateral concerns over the resource costs of external commitments. Developments within the Russian polity, including the autumn 1993 executive-legislative crisis and the December 1993 elections, led to a more cautious Yeltsin government stance towards external entanglements, even though those domestic developments also required the articulation of a more assertive public line towards the FSU.¹⁶ Russian officials maintained a careful balancing act, with their often blunt and occasionally harsh rhetoric masking the absence of substantial and binding external commitments. In all policy areas – from the use of 'peacekeeping forces' to the setting of new banking and currency policies – the Yeltsin government's public positions reflected national calculations rather than Commonwealth interests.

In its public profiling, Russian efforts to consolidate regional cooperation efforts relied much more on high-level summits, formal protocols and regularised multilateral negotiations to convey the image of common community interests and obligations. These ongoing meetings centred on the construction of common CIS issue positions to reinforce the notion of a regionally defined community.¹⁷ Meanwhile, Russian politicians used economic and even military pressure to advance their policy interests *vis-à-vis* the FSU.¹⁸ But the divergent interests of individual CIS members, with their continuing worries over the re-emergence of a domineering regional hegemon, led Russia to rely more upon bilateral negotiations and smaller multilateral fora to consolidate its Eurasian position. An impressive diversity of formal economic and security arrangements was negotiated with most FSU states, ranging from the economic and troop withdrawal agreement with Lithuania in November 1993 to the 1997 formation of Turkmenrosgaz, a Russian–Turkmenian gas joint-stock company, to the 1999 (re-)establishment of Russian military bases in Tajikistan. Such arrangements signified that Russia would regularise its regional security and economic interests in a more focused and piecemeal way. Moreover, external pressures, in particular those stemming from western political and economic influence eastward, only further reinforced Russia's use of such bilateral and focused multilateral means.

Overall, Russian resource constraints, combined with unclear strategies

of action, complicated Moscow's efforts to re-establish its former regional leadership position. Comparable dilemmas within the CIS, compounded by the lack of common perspectives and goals, denied the CIS the ability to be an effective instrument for advancing common (Russian-led) regional interests. Russian officials seemed to have lost confidence in the utility of the CIS, with one observer characterising Russian actions involving the FSU as 'complacent'.¹⁹ Even the March 1996 'group of four' accords among Russia, Belarus, Kazakhstan and Kyrgyzstan – intended to forge such multilateral consensus on economic and security issues – could take on meaning only when Russia had sorted out and normalised its bilateral relations with each member. A lack of Russian strategic focus and listlessness would characterise the duration of the Yeltsin period, with a re-energised FSU policy emerging only with Vladimir Putin's ascension to power.

Two illustrative bilateral relationships

A dilemma in characterising Russian policy interests in the FSU involves the diversity of states involved, each with its own dynamic domestic environment and evolving political and security needs. Russian–Belarussian relations reflect one extreme of potentially intrusive intergovernmental arrangements between Russia and a former Soviet republic. Relatively compatible security concerns and interrelated economic needs, set against a background of shared historical and cultural interests, made this bilateral relationship a promising candidate for a more profound integration process. The April 1996 Russian–Belarussian Union and December 1999 Russian–Belarussian Treaty specified the institutional arrangements and common policy positions that would undergird the mounting cooperation – and anticipated future integration – of the two countries. These union agreements were said to entail the development of common political and economic organisational arrangements and policies to facilitate long-term integration.²⁰ Institution and policy-building efforts within this framework would help in developing arrangements that could be applied to a broader regional or CIS community (e.g., creation of a customs union, setting of common duties, tax standardisation, and the creation of common civil and economic laws). Irrespective of the political implications of Belarussian deference to Russian regional leadership, the Russian Federation would assume considerable resource costs for a bilateral economic union.²¹ As an intermediary step, the Russian–Belarussian 'union' would be suggestive for the FSU 'group of four', which had committed itself to the lowering of economic barriers and the enhancement of multilateral security arrangements.

Russian observers complain that Belarus has made few real policy concessions while securing political and economic gains.²² In reality, the peculiarities of the Lukashenko regime and its unpredictability, combined with the anticipated massive costs inherent in integration, contributed to uncertain-

ties in the bilateral relationship. Such uncertainties continued to be evident in the post-1999 Putin–Lukashenko period, as both presidents publicly promoted an acceleration of the integrative process without committing serious resources to it.²³ Overall, Belarus has been as active a CIS member as any, and it has loyally supported Russian regional security preferences, but the domestic base upon which this posturing is constructed has not been fully reliable.²⁴

As a suggestive contrast, Russian–Ukrainian relations have proceeded cautiously as both countries contend with the past legacy of bilateral cleavage and Russian imperial control. The reduction of economic barriers and the regularisation of bilateral political and security consultations became policy priorities of both the Kuchma and Yeltsin governments. A series of lengthy and tortuous high-level negotiations permitted the two regimes to realise piecemeal economic agreements, while domestic opposition in both countries undercut tentative security arrangements arrived at by the two countries' executive branches. Resolution of fundamental disagreements was not helped by Russian efforts to link Ukraine's energy dependence with concessions on political-security issues. Such issue linkage was highly risky – and could be counterproductive to longer-term cooperation – but negotiations between the Kuchma government and Yeltsin's second-term government did eventually result in concessions on both sides regarding the Black Sea Fleet and trade issues.²⁵ Indeed, the 1997 Russian–Ukrainian Treaty of Friendship, Cooperation and Partnership, in effect for ten years and with an automatic extension, yielded a trade-off between Russia's payments to use Black Sea facilities and Ukraine's state debt to Russia (each worth between \$2.5 and \$3 billion). Subsequent negotiations led to an agreement to end value-added taxes on one another's exports, thus ending a costly trade battle which complicated efforts to consolidate CIS trade structures.

Russian attempts to maintain Ukraine's more extensive bilateral relationships with both the CIS members and with Russia bore some fruit at least in terms of ongoing economic interactions. The two countries' chief executives publicly acknowledged Ukraine's continuing intention to 'make sparing use' of the CIS even while bilateral economic relations were consolidated.²⁶ Indeed, after eight years of debate, Ukraine finally joined the CIS Inter-Parliamentary Assembly and pushed to make the CIS area a free trade zone.²⁷ Ukraine's limited engagement with the CIS and the modest improvements in Russian–Ukrainian relations were realised fundamentally through direct bilateral arrangements – hammered out by high-level executive branch officials – rather than through multilateral negotiations under CIS auspices. The underlying mistrust and suspicions each country has of the other's intentions have made all negotiated political arrangements tenuous and vulnerable to domestic pressures.²⁸

Belarus, caught by compelling security needs, and Ukraine, vulnerable to pressing economic and energy needs, confront continuing dependencies on

Russia a decade after the Soviet collapse. Each has developed a unique bilateral relationship with the Russian Federation which entails vulnerabilities that are simultaneously dynamic and unpredictable, and subject to exploitation by Moscow. Such a characterisation could be offered for nearly every FSU state, whether considering Armenia and its security and economic needs, Georgia and the Russian Federation's involvement in its secessionist problems, Moldova and the Russian Federation's role in the Transdniestria conflict, or Uzbekistan and continuing sales of Uzbek cotton to Russian consumers. Russian authorities have attempted to utilise such vulnerabilities and dependencies to recreate a common FSU space, with the Putin regime exhibiting an energy seemingly absent throughout most of the Yeltsin period.²⁹ Indeed, in the wake of the September 2001 terrorist attacks in the United States and the new Russian–American strategic relationship, Russian regional power consolidation efforts only grew – and along not only political and security but economic dimensions.

The CIS and an unrealised common security space

The CIS was to be the central intergovernmental institutional focus for the expression of FSU regional security maintenance, with Russian support critical to its long-term viability. A decade after its formation, the CIS has accomplished little, its mandate is minimal, and its resources are extremely limited. Its primary achievements have had less to do with foreign states and external threats and more to do with arranging capabilities and interests within the CIS/FSU region.³⁰

Reviewing the wide array of issues addressed by CIS fora during the past decade, this international organisation proved most effective in helping structure the smooth dismantling of the USSR. Its early years yielded a semblance of intergovernmental cooperation, but with the emergence of internal decision-making norms such as the 'dissent norm' – whereby members are free to ignore any collective CIS decision – it has not proven possible to construct a consensus agenda of issues, let alone adopt binding policy responses. There is a predictable irony in the long-term negative impact of decision-making rules such as the 'dissent norm': these rules were essential to draw reluctant states into the CIS, but they then served to reinforce states' unilateral resolve to diverge from common CIS positions. Thus, wary states could countenance CIS participation, but they were provided with an effective institutional means to void CIS action.

In the security realm, the fundamental goals of CIS operation revolved around three basic concerns: the acknowledgement and creation of a 'common FSU security space'; the creation of formal integrated security structures; and the development of a coordinated system of member states' security forces. Russia's security calculations were intimately tied to all three of these broad concerns, with top Russian officials communicating this from the CIS's earliest days.³¹

The overriding goal of creating a common FSU security space emerged with the first CIS summit in Minsk in late December 1991. Nine FSU countries (excluding Turkmenistan and Ukraine) ultimately signed the May 1992 Tashkent Collective Security Treaty, with subsequent documents suggesting interconnected security interests and regional collective response. All states had concerns regarding Russian power and its potentially hegemonic role in the CIS and the region, making it difficult to construct a meaningful regional security regime with confidence-building arrangements. Russia's continuing disproportionate military assets meant there would be a central role for Russian forces: a reality that encouraged member-states to focus on external threats rather than security dilemmas within the FSU. Russia's efforts in promoting an extended border defence did yield some fruit, for instance, as Central Asian states confronted mounting terrorist threats. However, the CIS's inability to cope collectively with threats within the region was evident from the start, as Azerbaijan learned in 1994 when it sought CIS help over the Karabakh conflict. Security dilemmas within the CIS/FSU area were addressed through bilateral – or more regionally focused multilateral – means. All states, starting with Russia, resorted to bilateral arrangements, but a decade of such arrangements did not cumulate into a broader regional collective security network.

Regarding the goal of creating a formal integrated security structure, a fair amount was accomplished on paper, suggesting multilateral progress in basic CIS institutional preparation. The key issues of border cooperation, constructing an air defence system and peacekeeping operations necessitated immediate institutional construction, with many key bodies created during the CIS's first year. Especially notable were the Councils of Heads of State and Heads of Government, along with subordinate Councils of Defence Ministers and other top government officials, and dozens of other coordinating multilateral bodies. Beneath these broader guiding entities were specialised bodies such as the General Headquarters of the CIS Joint Armed Forces and the Council of Commanders of Border Guards. The utility of creating these bodies was immediately apparent, as numerous multilateral consultations addressed wide-ranging issue agendas. Difficulties in crafting common policy responses, however, quickly overwhelmed such formal institutions. The over three dozen high-profile meetings of the Heads of State and Heads of Government Councils proved more useful in at least permitting the articulation of members' concerns and grievances, with modest policy results. Lower-level bodies, useful for consultative purposes, were more effective when less formalised, leading to the replacement of 'standing' organisations (e.g., the General Headquarters of the CIS Joint Armed Forces) with looser coordinating staffs.

Looking beyond broad CIS goals and institutional preparation, were there identifiable policy results? As regards establishing a formal coordinated system of CIS members' forces, piecemeal agreements were hammered out

that reflected individual states' unilateral security capabilities and needs rather than a genuinely collective multinational entity with a supranational identity and mission. In a fiscally constrained environment, regional security concerns were a low budget priority as states' scarce resources were devoted to unilateral security capabilities. Under the CIS aegis, both command and support capabilities were brought together for joint defence planning, military training and conducting of military exercises. Commencing as early as December 1991, integrated border guard units emerged with a continuing interest and commitment made by roughly half of the CIS members.³² Arrangements varied by state, ranging from Russia providing technical assistance and training (e.g., Belarus and Kazakhstan) to Russia participating in joint forces with a host CIS member (e.g., Armenia, Georgia and Tajikistan).³³ Likewise, after a number of years of difficult negotiating and a severe push by Moscow, several CIS states committed to the 1995 CIS Unified Air Defence Agreement, though not all actively participated in joint operations.

More important in these cases were bilateral arrangements between Russia and individual CIS members which, like the border guard arrangements, varied by state. The CIS's putative air defence system included the active involvement of six members' forces,³⁴ though the regional gaps left in the FSU area raised questions about the system's overall strategic value.³⁵

Under the rubric of CIS-sponsored 'peacekeeping missions', Russia used the cloak of supposed joint action to legitimate and bolster its military presence in a variety of settings throughout the FSU. Active CIS/Russian peacekeeping operations arose in Georgia (Abkhazia and South Ossetia), Moldova (Transdnistria) and Tajikistan. CIS meetings and agreements have been used to justify what is essentially Russian involvement (e.g., the October 1994 CIS conference addressing Abkhazia). The CIS took credit for contributing to the ceasefires reached in all four of these conflicts. These brokered ceasefires only legitimated Russian meddling and underscored the continued inability of local actors to resolve their fundamental differences.

Overall, the CIS facilitated consultations and piecemeal security arrangements that are member- or region-specific, but with no emergent common security space. Where the CIS has been relatively forceful, we find strong Russian interests and the commitment of Russian resources, including military forces. What have proven central in the security arena are the unilateral responses of member states, whether in Belarus seeking security *vis-à-vis* perceived western threats, Armenia addressing the Karabakh issue and Azerbaijan, or Kyrgyzstan coping with destabilisation from the Tajik civil war and threat of terrorism. In addressing these security concerns, CIS states have primarily relied on their bilateral relationships with Russia, whether in gaining access to Russian equipment and intelligence information or seeking a more intrusive Russian military presence.

By the end of the 1990s, the various forces driving individual states' secu-

rity calculations had led to discernible regional alignments among selected CIS members. Surveying the constellation of FSU states, with their varying degrees of commitment and involvement in the CIS, we find that essentially two groupings of states emerged. The first, a seemingly 'pro-Moscow' grouping, and including Armenia, Belarus, Kazakhstan, Kyrgyzstan and Tajikistan, encompassed states which had remained in collective security arrangements, had sought more intense bilateral political, economic and military ties with the Russian Federation, and were members of – or considering inclusion in – a newly formed and Russian-sponsored EEU. Meanwhile, the second group was more active in developing ties with western countries and more circumspect in their political and economic proximity to Moscow. This grouping included Azerbaijan, Georgia, Moldova, Ukraine and Uzbekistan, and together they composed a new political-security-economic pact, GUUAM. Beginning in 1999, several of the GUUAM states had begun to explore a wide array of initiatives (e.g., lessened trade barriers, creation of common transportation projects, peacekeeping activities) outside of CIS and Russian Federation auspices. Their September 2000 decision to form their own free trade zone had serious implications for developments in the Caspian area and Central Asia, and it was no accident that the other CIS members, at a meeting in Moscow a month later, were spurred on to form the EEU. These divisions within the CIS ranks only further accentuated the importance – for Moscow – of creatively using more focused bilateral means to advance its interests *vis-à-vis* individual FSU partners. Russian regional leadership became a top priority of Vladimir Putin, as he tried to revive the notion of a common FSU space and give new life to moribund CIS arrangements.

A common FSU economic space?

We have seen piecemeal FSU military-security arrangements, but also a profound inability to create firm, institutionalised regional arrangements that tie CIS members together in politically meaningful ways. Yet after ten years of tedious negotiation and frequent public disagreements among member-states, the CIS survives. Surveying the entirety of the CIS's history, we wonder if other factors – besides security concerns – continue to bind together even reluctant member-states. Geographical realities interconnect the security needs of the FSU states, but underlying infrastructural and resource linkages constantly complicate any CIS member's unilateral calculations and behaviour. Such ongoing interconnections – or to use a more loaded term, interdependencies – compel some level of regional cooperation, and it would be naive to judge security arrangements without reference to underlying infrastructural and economic linkages. In the wake of a decade of powerful centrifugal forces, are such underlying linkages still present and strong? We think that they may be, and as a fundamental precondition for any common FSU space – economic or security – they merit our attention.

To suggest the existence of a common FSU economic zone, we must at least demonstrate systematic evidence of commercial interconnection among CIS members. We wonder if, holding economic and geographical factors constant, CIS states will exhibit relatively high levels of trade between themselves. This is not to deny the reality that the Soviet collapse loosened all the states of the FSU's ties with one another and permitted them to develop new or more extensive relationships with other states. Indeed, by definition, the removal of Moscow-based Russian central planners signified that the newly independent states would have a more diverse group of trading partners.³⁶ The proportional share of FSU states' trade with one another would automatically decline as a result of the collapse of the Soviet empire.³⁷ A cursory examination of available FSU trade patterns reveals that trade levels among FSU states dropped significantly, by one estimate from \$139 billion in 1991 to \$59 billion in 2000.³⁸ However, FSU historical, infrastructural and other logistical realities would severely constrain any state from fully escaping significant economic intercourse with other FSU states.

In the past decade there has been an explosion of political science literature concerning trade flows and their political and security consequences. The initial interest was concern about the impact of interstate conflict and/or diplomatic cooperation upon trade flows. Several studies found that conflict generally has a negative impact on trade, while cooperation generally has a positive, if smaller and less robust, impact.³⁹ Progressively more complex research has sought either to establish the direction of causality between conflict and trade or to investigate the impact of other types of political conflict or cooperation upon trade.⁴⁰ Most relevant here is work that deals with institutionalised or quasi-institutionalised political arrangements and their impact upon bilateral trade.⁴¹

It is undeniably in Russia's best security and economic interests to attempt to foster trade to develop the degree of dependence necessary to create a *de facto* if not *de jure* alliance structure.⁴² Furthermore, we might expect to see FSU states, beyond Russia, trade among themselves, if for no other reason than to strengthen themselves *vis-à-vis* the regional hegemon.⁴³ And those FSU states which calculate that their security is dependent upon Russia (e.g., Belarus) may choose to trade with it to create positive trade externalities which would mollify any future Russian aggression.⁴⁴

A favourite political factor employed by both economists and political scientists in their models of trade flows is some measure of preferential trading arrangements (PTAs).⁴⁵ These range from the virtually inconsequential Commonwealth Preferences to such extensive common markets as the EU and even the old Council of Mutual Economic Assistance. It stands to reason that trade flows between nations that have negotiated some sort of preferential arrangement should be greater than those between nations that

have neither bilateral nor multilateral arrangements between them.

The CIS is neither a strong PTA nor a true alliance. However, the CIS leaders' own stated commitment to the 'economisation' of the CIS and the creation of a free trade system reveals their ongoing commitment to regionally defined preferential arrangements.⁴⁶ We borrow from the estimation strategies of those investigating alliances or PTAs and model the impact of CIS membership upon bilateral trade flows of member-states. We wonder if there exists a common economic space inhabited by these states and whether, as a result, even though they attempt to trade with other nations, they must still engage in considerable trade with each other.

We model the bilateral trade flows of FSU states using the IMF's data set for the most recent period for which complete data are available, 1992–97. Our examination includes all dyads involving a CIS member-state. Our strategy is dependent on being able to estimate a model of trade flows that controls for economic and geographic factors. Fortunately, such a model exists, commonly referred to as the 'gravity model' of bilateral trade flows; it is well known and often used in the econometrics literature.⁴⁷ The gravity model is based upon the premise that trade flows are a function of the size of participating economies. The theory is a simple one: bilateral trade between small economies will be exponentially smaller than trade between two large economies. Economic size is operationalised as both income and population. Thus, we hypothesise that both of these factors have positive effects on trade. Factors other than the size of the economies involved are taken into account as so-called resistance terms. Economists commonly include the physical distance, or proximity, between the two trading partners as the primary resistance term. By using the gravity model we are able to control for economic determinants of trade flows and turn our attention to the political ties between CIS states that we will factor into the resistance term in the simplest possible manner.⁴⁸

What we find when we systematically examine the trade of CIS countries for the period 1992–97 is that the bilateral trade between pairs of member states is *consistently and significantly higher* than economic factors alone would suggest (see Table 1). The results reveal that the dummy variable for the CIS has a robust, consistent, statistically significant and positive impact upon trade flows for all years considered. Pairs of CIS members trade more between themselves than standard economic theory would suggest. This result points to a common FSU economic space which continued at least throughout most of the Yeltsin period. This is unmistakable evidence of the *continued* interdependence of the CIS area, though these economic data and findings do not permit us to assess the impact of CIS negotiations and fledgling arrangements. Moreover, when we look at trade flows involving three leading FSU states, Russia, Ukraine and Belarus (Table 2), we also find the dummy for CIS member state dyads to be consistently positive and consistently statistically significant for the 1992–97 period.⁴⁹ The estimated coef-

Table I Ordinary least squares (OLS) estimates of the determinants of trade for all CIS states, 1992–97

Parameters	1992–97		1992		1993		1994		1995		1996		1997	
ln GDP	0.43***	(0.032)	0.60***	(0.136)	0.36 ***	(0.086)	0.51***	(0.078)	0.47***	(0.069)	0.47***	(0.066)	0.42***	(0.067)
ln population	0.26***	(0.043)	0.44***	(0.149)	0.32 ***	(0.126)	0.263***	(0.103)	0.128	(0.094)	0.231***	(0.091)	0.239***	(0.094)
ln distance	–1.12***	(0.047)	–1.45***	(0.194)	–0.82 ***	(0.126)	–1.08 ***	(0.114)	–1.20***	(0.104)	–1.24***	(0.096)	–1.22***	(0.099)
Dummy for CIS	1.24***	(0.100)	2.09***	(0.439)	1.35 ***	(0.253)	1.41***	(0.232)	1.44***	(0.219)	0.929***	(0.211)	1.04***	(0.225)
Dummy for Ukraine	1.15***	(0.118)	0.78	(0.469)	1.15 ***	(0.314)	0.445	(0.280)	1.68***	(0.259)	1.20***	(0.249)	1.38***	(0.254)
Dummy for Belarus	0.64***	(0.115)	0.44	(0.454)	0.59 *	(0.313)	0.32	(0.286)	1.00***	(0.249)	0.55**	(0.238)	0.73***	(0.246)
Dummy for Russia	1.30***	(0.109)	0.66*	(0.341)	0.75 ***	(0.270)	1.45***	(0.263)	2.04***	(0.254)	1.39***	(0.242)	1.61***	(0.245)
Constant	–12.52***	(0.663)	–20.88***	(2.94)	–11.82 ***	(1.76)	–14.78***	(1.61)	–11.32***	(1.47)	–12.65***	(1.38)	–11.58***	(1.40)
N	3125		190		478		556		610		673		613	
Adjusted R ²	0.36		0.41		0.36		0.42		0.42		0.40		0.41	

Notes: Numbers in parentheses are standard errors. ***indicates statistical significance at the >0.01 level. **indicates statistical significance at the >0.05 level. *indicates statistical significance at the >0.10 level.

Table 2 Ordinary least squares (OLS) estimates of the determinants of trade for selected CIS states, 1992–97

Parameters	Russian trade 1992–97		Ukrainian trade 1992–97		Belarussian trade 1992–97	
Ln GDP	1.07***	(0.184)	0.85***	(0.107)	0.42***	(0.089)
Ln Population	1.19***	(0.305)	0.42**	(0.180)	0.19	(0.126)
Ln Distance	–1.08***	(0.118)	–1.56***	(0.107)	–1.30***	(0.123)
Dummy for CIS	1.44***	(0.333)	0.61**	(0.281)	0.71**	(0.284)
Dummy for Ukraine	1.84*	(1.05)	N/A		1.42*	(0.810)
Dummy for Belarus	0.23	(0.900)	1.00	(0.760)	N/A	
Dummy for Russia		N/A	2.17**	(0.859)	1.23	(0.810)
Constant	–45.92	(5.56)	–25.62	(3.11)	–10.44***	(2.09)
N	515		322		308	
Adjusted R ²	0.31		0.51		0.43	

Numbers in parentheses are standard errors. ***indicates statistical significance at the >0.01 level. **indicates statistical significance at the >0.05 level, *indicates statistical significance at the >0.10 level.

ficients on the dummy variables for trade with each of the three countries, while consistently positive, are variable. Russian–Ukrainian relations look more consequential, especially for Ukraine, though the trade coefficients involving Belarus – while positive – are not always statistically significant.

These results reveal that CIS members trade more between themselves than they trade with other states, once economic and geographical factors have been controlled for. The results are especially impressive given the time period considered: all CIS states had experienced economic collapse and significant domestic political cleavages, with these problems only complicating the conduct of interstate commercial activity. The years since this 1992–97 period have been dynamic ones for the economies of Russia and all FSU states. The 1998 Russian financial collapse, for instance, momentarily undermined the Russian Federation’s foreign economic relations, but by the end of 2000, nearly all FSU economies were growing, with FSU area trade levels rising accordingly.⁵⁰ The strengthening of the Russian economy was central not only to the economic recovery of the region, but to the prospects for more substantial regional commercial linkages. Even the sceptical Uzbek president Islam Karimov publicly linked the improved state of the Russian economy to the prospects for Eurasian economic integration, while Russian politicians and commentators more openly discussed the use of economic pressures to advance regional security and business linkages.⁵¹ We surmise that were more recent, Putin-period, systematic trade data available for an updated analysis, the trends evinced in Tables 1 and 2 would be even stronger.

Conclusion

There is ongoing uncertainty in the reorganising of the post-Soviet space

and understandable pressures upon FSU states to structure their relations with the former regional hegemon carefully. The political pluralism which has characterised the FSU complicates Moscow's efforts to reconstruct some semblance of Russia's past leadership position. We have seen contradictory factors at work in the region. On the one hand, there is a mixed – but underwhelming – set of multilateral security-related institutional and policy arrangements which has not proven immediately responsive to Russian security interests. But on the other hand, even in the midst of powerful centrifugal economic and political forces, there are continuing, underlying infrastructural and commercial FSU interconnections, their long-term viability unclear. An important missing element during most of the Yeltsin period was a firm Russian commitment to the creation of a common FSU security and economic space. The ascent of Vladimir Putin, set against the backdrop of an improved domestic economy, may have altered this.

From the onset of his presidency, the FSU area and CIS have been a top foreign policy priority of Putin.⁵² This has been signalled in speeches,⁵³ in numerous trips abroad,⁵⁴ in the appointment of key figures to address multilateral and bilateral issues in the region,⁵⁵ and in the commitment of resources.⁵⁶ While granting that Putin went on a foreign policy offensive during his first two years in office, visiting dozens of countries and offering policy initiatives in various areas, immediate high-level attention was given to CIS meetings and arrangements and to bilateral relationships involving such FSU states as Belarus, Ukraine, Kazakhstan and Azerbaijan.⁵⁷ Only a month into his presidency, Putin asserted his commitment to a more active CIS, and since then Russia's FSU initiatives could be characterised as multifaceted and pragmatic.⁵⁸ This momentum was not detoured by the September 11 2001 terrorist attacks. Indeed, Putin's regime exhibited considerable creativity and resolve in both its bilateral and multilateral Eurasian relationships, whether in a new engagement of Azerbaijan or in promoting the notion of an FSU 'alliance of gas and oil producers'.⁵⁹

The desire to reverse the seeming Russian irrelevancy to many international issues, including those in Russia's own Eurasian backyard, has driven the Putin-period Russian actions. A combination of positive and negative incentives has been used, with a more targeted approach that reflects the policy of 'selective engagement' articulated by Russian foreign policy specialists.⁶⁰ Thus, the Putin regime has engaged Belarus with loans to support the Belarussian rouble, to restructure its gas debts, and to finance joint industrial programmes; resolved energy debts with Ukraine and Kazakhstan, forgiving sizeable debts for shares in state companies or other concessions; and manipulated Russian troop presence and the promise of future economic deals to pull Eduard Shevardnadze's Georgian government away from outside countries and back towards Russia.

Russia's unilateral FSU efforts have been facilitated by the country's economic upturn, but anxieties over costs reinforce the targeted nature of its

initiatives: it has been estimated that direct and indirect subsidies to FSU states still represent 3–4% of Russia's GDP.⁶¹ Thus, not all developments conducive to enhanced integration are championed: while promoting the EEU, the Russian Federation has been cautious in not creating a free trade zone that would be likely to cost the country tens of millions of dollars in transporting energy and other resources.⁶² However, as in many policy areas, there are trade-offs here, and not only has the EEU been a useful public platform for countering GUUAM, but it could eventually facilitate the coordination of member states' economic policies and foreign relations.⁶³

Tying together the various Putin initiatives, evidence is mounting that Russia will selectively manipulate and augment those linkages and interdependencies that were still in place from the Yeltsin period. It is now building on the CIS organisational shell and consolidating the set of multilateral agreements that had emerged during the CIS's first decade.⁶⁴ It has intensively engaged those FSU states that have been traditionally receptive to CIS integration (e.g., Armenia, Belarus, Kazakhstan and Tajikistan), while focusing on perceived common regional threats (e.g., terrorism) to garner support from more reluctant FSU partners (e.g., Azerbaijan, Ukraine and Uzbekistan).⁶⁵ It is not surprising that Putin's emphasis on developing rapid-deployment forces and sponsorship of a multistate anti-terrorism centre have found resonance with many CIS members. The heightened American military presence in the FSU, reluctantly agreed to by Moscow, raises new questions about the Eurasian power balance, but it has infused new energy in the Putin government's efforts to consolidate Russia's regional position.⁶⁶

Two years into the Putin presidency, the long-term prospects for revived FSU regional cooperation – and integration – are unclear. Will Putin's government remain committed to the integrating initiatives so far sponsored? Will Russia's economic growth continue and permit the expenditure of the resources needed to consolidate the CIS and at least the half-dozen FSU bilateral relationships targeted? The preferences of other CIS states will no doubt continue to be mixed, but an underlying wariness about a new regional hegemon will confront any Russian action. More than a decade after the Soviet collapse, the long-term regional security implications of Russian power contraction have yet to be determined fully. Uncertainty also surrounds Russia's role in twenty-first-century Eurasia. Developments of the post-Cold War period reveal a constancy in the Russian leadership's commitment to a Eurasian leadership position. The dynamic 1990s and early 2000s may have altered Russian calculations, but its goals remain the same. Only time will tell whether Russia's power resources will be up to its ambitious regional agenda.

Notes

- 1 Martha Brill Olcott, Anders Aslund and Sherman W. Garnett, *Getting It Wrong:*

- Regional Cooperation and the Commonwealth of Independent States* (Washington, DC: Carnegie Endowment for International Peace, 1999); and Allen C. Lynch, 'The Realism of Russia's Foreign Policy', *Europe-Asia Studies*, 53:1 (2001), pp. 7–31.
- 2 Bear F. Braumoeller, 'Deadly Doves: Liberal Nationalism and the Democratic Peace in the Soviet Successor States', *International Studies Quarterly*, 41:3 (1997), pp. 375–402.
 - 3 Ian Bremmer and Alexander Zaslavsky, 'Bush and Putin's Tentative Embrace', *World Policy Journal*, 18:4 (2001–02), pp. 11–17; and Edward Helmore, 'U.S. in Replay of the "Great Game"', *Observer* (20 January 2002), as reprinted in Johnson's Russia List, No. 6032 (21 January 2002), www.cdi.org.
 - 4 Ian Bremmer, 'Russia's Total Security', *World Policy Journal*, 16:2 (1999), pp. 31–9; and Robert Legvold, 'Russia's Unformed Foreign Policy', *Foreign Affairs*, 80:5 (2001), pp. 62–75.
 - 5 Chalmers Johnson, *Blowback: The Costs and Consequences of American Empire* (Empire, NY: Metropolitan Books, 2000).
 - 6 For a discussion of the 'logic' of intergovernmental cooperation and integration in both the European Union and CIS settings, see Helga A. Welsh and John P. Willerton, 'Regional Cooperation and the CIS: West European Lessons and Post-Soviet Experience', *International Politics*, 34:1 (1997), pp. 33–61.
 - 7 For a comprehensive overview, see Richard Sakwa and Mark Webber, 'The Commonwealth of Independent States, 1991–1998: Stagnation and Survival', *Europe-Asia Studies*, 51:3 (1999), pp. 379–415.
 - 8 G. Wesley Johnson (ed.), *Double Impact: France and Africa in the Age of Imperialism*, (Westport, CT: Greenwood Press, 1985).
 - 9 For an overview of Russian calculations during the period June 1990 to August 1991, see Anwara Begum, *Inter-Republican Cooperation of the Russian Republic* (Aldershot: Ashgate, 1997).
 - 10 S. Tsikora, 'Russia and Ukraine: Unity, Force and Resources', *Izvestiya* (20 November 1990).
 - 11 Note Yeltsin's address to the UN, *Rossiiskaya gazeta* (3 February 1992).
 - 12 Igor Sinyakevich, 'The CIS: The Probability of Monetary Reform in Russia', *Nezavisimaya gazeta* (5 January 1993).
 - 13 Emil Pain, 'Can Russia Be a Peacemaker?', *Izvestiya* (29 September 1993).
 - 14 Yeltsin himself stirred up a good deal of controversy with the public comment that Russia should be granted 'special powers' in the FSU; quoted in Vladimir Nadein, 'Predictable Polemics after a Chance Remark', *Izvestiya* (4 March 1993).
 - 15 See Yeltsin's comments as quoted in Sergei Ivanov, "'I Don't Remember Anything Like that Ever Happening Before'", *Kommersant-Daily* (29 March 1997).
 - 16 See comments by Yeltsin and the foreign minister, Kozyrev, in *Izvestiya* (8 October 1993), *New Times*, 4 (1994), and *Rossiiskaya gazeta* (12 January and 12 July 1994).
 - 17 S. Lavrov, 'The CIS Countries at the United Nations', *International Affairs* (Moscow), 43:2 (1997), pp. 7–11.
 - 18 *Izvestiya* (23 November 1993) and *Sovetskaya Rossiya* (12 November 1996). Note that such strong-arm tactics were not unique to Russia. Other FSU states were also willing to leverage their interests by applying economic pressure: both

- Turkmenistan and Uzbekistan, for instance, threatened or actually cut off energy deliveries to influence the debt payments of Kazakhstan, Kyrgyzstan and Ukraine.
- 19 Alex Pravda, 'Foreign Policy', in Stephen White, Alex Pravda and Zvi Gitelman (eds), *Developments in Russian Politics* 5, (Basingstoke: Palgrave, 2001), p. 216.
 - 20 For the text of the Belarussian–Russian unifying charter, see *Rossiiskaya gazeta* (24 May 1997).
 - 21 The costs of this union immediately became clear as external car and vodka producers avoided significant Russian customs charges by entering the Russian market through Belarus; Igor Sinyakevich, 'Ford Enters Russian Market through the "Door" – via Belarus', *Izvestiya* (1 August 1997).
 - 22 Konstantin Zatulin and Andranik Migranyan, 'The CIS after Chisinau', *Sodrushestvo NG*, 1 (1997), pp. 1–2.
 - 23 Konstantin Smirnov, 'Belarusian Ruble Days in Moscow', *Kommersant* (17 January 2001).
 - 24 Taras Kuzio, 'Virtual Foreign Policy in Belarus and Russia', in Jamestown Foundation *Prism*, 7:11, pt 3 (2001), www.jamestown.org.
 - 25 Aleksandr Koretsky and Viktor Yadukha, 'The Prime Minister Takes the President All the Way to Kiev', *Segodnya* (30 May 1997).
 - 26 Igor Sinyakevich, 'Kuchma and Yeltsin Find a Common Language', *Noviye Izvestiya* (28 February 1998).
 - 27 Igor Sinyakevich, 'A Summit that Satisfied Everyone', *Noviye Izvestiya* (3 April 1999).
 - 28 Vyacheslav Shirayev, 'A Civilized Discussion about Stealing Gas', *Noviye Izvestiya* (19 April 2000).
 - 29 Taras Galyuk, 'USA Ready for Return of Russian Influence in Ukraine', *Nezavisimaya gazeta* (29 December 2001).
 - 30 Welsh and Willerton, 'Regional Cooperation and the CIS', pp. 54–6.
 - 31 Sherman W. Garnett, 'Russia's Illusory Ambitions', *Foreign Affairs*, 76:2 (1997), pp. 61–76.
 - 32 Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan and Russia.
 - 33 Olcott *et al.*, *Getting It Wrong*, pp. 87–94.
 - 34 Bilateral agreements with Moscow by Armenia, Belarus, Georgia, Kazakhstan and Kyrgyzstan.
 - 35 Ilya Bulavinov, 'Marshal Sergeyev is Defense-Capable', *Kommersant* (10 February 2000).
 - 36 James H. Noren and Robin Watson, 'Interrepublican Economic Relations after the Disintegration of the USSR', *Soviet Economy*, 8:2 (1992), pp. 89–109.
 - 37 Lee Kendall Metcalf, 'Regional Economic Integration in the Former Soviet Union', *Political Research Quarterly*, 50:3 (1997), pp. 529–49.
 - 38 Pavel Podlesny, 'Attention Turns to the CIS', *Moscow Times* (27 August 2001).
 - 39 See Solomon W. Polachek, 'Conflict and Trade', *Journal of Conflict Resolution*, 24:1 (1980), pp. 55–78; Brian M. Pollins, 'Conflict, Cooperation, and Commerce: The Effects of International Political Interactions on Bilateral Trade Flows', *American Journal of Political Science*, 33:3 (1989), pp. 737–61; and Brian M. Pollins, 'Does Trade Still Follow the Flag?', *American Political Science Review*, 83:2 (1989), pp. 465–80.
 - 40 The question of causality has not been settled. Mark Gasiorowski and Solomon

- W. Polachek, 'Conflict and Interdependence', *Journal of Conflict Resolution*, 26:4 (1982), pp. 709–29, find that 'causality runs largely from trade to conflict' (p. 728). On the other hand, Rafael Reuveny and Heejoon Kang, 'International Trade, Political Conflict/Cooperation, and Granger Causality', *American Journal of Political Science*, 40:3 (1996), pp. 943–70, find that, 'causality between bilateral conflict/cooperation and international trade ... tends to be reciprocal' (p. 943). Theory provides no clear guide in the voluminous literature on the effect of interdependence on conflict.
- 41 Joanne Gowa, *Allies, Adversaries, and International Trade* (Princeton, NJ: Princeton University Press, 1994); and Joanne Gowa and Edward Mansfield, 'Power, Politics, and International Trade', *American Political Science Review*, 87:2 (1993), pp. 408–20.
 - 42 Semyon Novoprudsky, 'Spatial Imagination', *Izvestiya* (27 February 1999).
 - 43 The 1998 Ukrainian–Turkmen \$720-million natural gas contract illustrated a bilateral effort to improve troubled domestic economies while simultaneously loosening dependence on Russia; Vladimir Mikhailov and Georgy Smolnikov, 'Has the Gordian Knot Been Cut?', *Nezavisimaya gazeta* (26 December 1998).
 - 44 On budgetary considerations of the Belarussian–Russian case, see Nikolai Galko, 'Old Budget Is Overturned', *Nezavisimaya gazeta* (23 January 1999).
 - 45 Victor Iwuagwu Oguledo and Craig R. MacPhee, 'Gravity Models: A Reformulation and an Application to Discriminatory Trade Arrangements', *Applied Economics*, 26:2 (1994), pp. 107–20.
 - 46 Sinyakevich, 'Summit that Satisfied Everyone'.
 - 47 Jeffrey H. Bergstrand, 'The Gravity Equation in International Trade: Some Microeconomic Foundations and Empirical Evidence', *Review of Economics and Statistics*, 67:3 (1985), pp. 474–81.
 - 48 The simple form of the gravity model we use is: $M_{ji} = a Y_j^{\beta_1} Y_i^{\beta_2} N_j^{\beta_3} N_i^{\beta_4} d_{ji}^{\beta_5} e_{ji}$. M_{ji} is the flow of trade from country i to country j , Y is each country's income, N is each country's population, d is a vector of all resistance terms, and e_{ji} is a log-normally distributed error term (i.e. $E[\ln e_{ji}] = 0$). Note that this equation can be estimated as a linear model by simply taking the natural log of all terms. The model thus controls for economic size and for proximity. The impact of other potentially determining factors can be estimated by inserting them as part of the resistance term. It should be noted that while the nomenclature of 'resistance' was adopted initially to refer to impediments to trade such as transportation costs as captured by the relative proximity between the two states, the impact of these variables is not precluded from being positive. To estimate the bilateral trade flows between CIS states, we use the simple gravity model equation: $\ln(\text{Total Trade}_{ji}) = a + \beta_1 \{\ln(Y_j + Y_i)\} + \beta_2 \{\ln(N_j + N_i)\} + \beta_3 (\ln d_{ji}) + \beta_4 \text{CIS} + \beta_5 \text{UKRAINE} + \beta_6 \text{BELARUS} + \beta_7 \text{RUSSIA} + e_{ji}$. Total Trade_{ji} is the total trade in current US\$ from state i to state j . $Y_j + Y_i$ is the total GNP, in current US\$, of the two states. $N_j + N_i$ is the total population of the two states in millions. d_{ji} is the distance in kilometres between the capital cities of the two states. CIS is a dummy variable that equals one when both states are members of the CIS. Note that since this equation is derived from the multiplicative gravity model, the actual values used in the estimation are the natural logs ($\ln$) of the terms. This presents special difficulties with dealing with dummy variables. We employ the simplest possible method and estimate our dummies as taking on the values of 1 and 0. Thus, if returned to the

- original units, our dummy variables have the values of 1 and e (the anti-log of 0).
- Data and sources for this analysis include: (1) total trade = Exports from state I to state j + Imports from state j to state I (nominal US\$), taken from International Monetary Fund, *Direction of Trade Statistics* (Washington, DC: IMF, 1998); (2) GNP is nominal in US\$ from World Bank, *World Development Indicators on CD-ROM* (1997); (3) mid-year population estimates from International Monetary Fund, *International Financial Statistics*, 51:2 (1998); (4) distance between capital cities is calculated by converting the distance in radians into kilometres. Distance in radians is calculated from the longitude and latitude coordinates of each capital city.
- 49 These estimates are produced using standard ordinary least squares (OLS) regression. Note that for the year-by-year estimations there is no evidence of any heteroscedastic distribution of the error terms. Nor is there any evidence of autocorrelated disturbances.
- 50 *Interfax* (29 December 2000), as noted in Johnson's Russia List No. 4717 (31 December, 2000), www.cdi.org.
- 51 See Igor Torbakov, 'Economic Clout Gives Russia Growing Power in the CIS', www.eurasia.org (4 December 2001), as reported in Johnson's Russia List No. 5582 (5 December 2001), www.cdi.org.
- 52 Natalya Airapetova, 'CIS Countries Can Expect Some Surprises from Putin', *Nezavisimaya gazeta* (25 January 2000).
- 53 Beginning with the Moscow CIS Summit, as noted by *Interfax* (25 January 2000).
- 54 For example, to Azerbaijan, Belarus, Turkmenistan, Ukraine and Uzbekistan.
- 55 The most notable example being the May 2001 appointment of Viktor Chernomyrdin as ambassador to Ukraine.
- 56 Elena Chinyaeva, 'Russia in the CIS: The High Costs of Expansion', in Jamestown Foundation, *Prism*, 7:3 (2001), www.jamestown.org.
- 57 For example, for the renewed commitment to Belarus, see Sergei Vaganov, 'Are We Going to Live in a New Way Now?', *Trud* (18 April 2000); on improved Russian-Kazakh relations, see Armen Khanbabayan, 'Putin and Nazarbayev Reaffirm Warm Relations Between Russia and Kazakhstan', *Nezavisimaya gazeta* (20 June 2000).
- 58 See the foreign minister, Igor Ivanov's, comments, 'Predictability and Pragmatism', *Izvestiya* (11 April 2000).
- 59 Robert Cottrell, 'Putin Seeks Eurasian Alliance of Gas Producers', *Financial Times* (22 January 2002), as reported in Johnson's Russia List No. 6034 (22 January 2002), www.cdi.org.
- 60 Sergei Karaganov, 'The New Foreign Policy', *Moskovskiy novosti* (29 February -6 March, 2000).
- 61 Podlesny, 'Attention Turns'. For costs involving energy transfers, see Yury Chubchenko, 'Single Natural-Gas Space', *Kommersant* (17 February 2001).
- 62 Yury Chubchenko, 'Union Disagreement', *Kommersant* (24 May 2000).
- 63 Meanwhile, less than four years after its creation, GUUAM was weakened by political instability in Ukraine, Georgia's enhanced need for Russian assistance in coping with its secessionist challenges, and the election of Moldovan Communists to control that country's Parliament and presidency.
- 64 Sergei Blagov, 'CISters are Doing It for Themselves', *Asia Times* (3 January 2002).

- 65 See Russian Security Council secretary Sergei Ivanov's comments in Konstantin Churganov, 'Russia is Being Pressed, But it Won't be Forced Out', *Rossiiskaya gazeta* (16 March 2000).
- 66 Boris Volkhonsky, 'The U.S. Tries Walking in the Shoes of the USSR', *Kommersant* (23 January 2002).