RESURGENT RUSSIA:
CHALLENGES & PROSPECTS FOR SOUTH ASIA

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Introduction

Since the end of the Cold War, there have been repeated efforts by the states to develop a new standard to understand the international arrangement.1 ‘Resurgent Russia’ is yet another phenomenon in this way and today Russia is trying to reinforce its influence around the globe. It is struggling to reinstate its traditional primacy, which had eclipsed earlier with the demise of Soviet Union. Thus, Russian urge to regain its traditional influence around the globe is central to its political, security and economic policies.

The collapse of the Soviet Union left Russia struggling to pull itself back together politically and economically. Russia set on the track of political, economic and military resurgence under the vibrant leadership of President Putin. This was largely facilitated by rising Russian oil revenues. Today, as Russia recovers its economic might, it is not surprising to see Moscow reaching once again for the reins of power in the Caucasus, because the Kremlin sees this area as its natural sphere of influence.2 Russia is seeking to increase its international profile with its strategic ties with almost all major nations in East and Central Asia, and is playing a more assertive role in dealing with regional issues. This Russian endeavor to regain its influence is one challenge that the West, particularly the U.S, can surely not afford to ignore.
After the demise of Soviet Union up till now, it has been largely believed that unilateralism is an exclusive feature to US policy making behavior. Conversely, Russia is promoting the concept of multilateralism and refuse to accept the US unilateral hegemonic attitude anymore. At this instant, with the recent notions like; resurgent Russia, rising China and India, a new international paradigm is about to begin. The United States decade-old strategic global predominance is now under challenged by Russia and China.

Russia’s resurgence on the international stage has its roots in its domestic politics and economics. Its resurgence is made possible by a number of economic and strategic factors that worked in favor of Russia. Strong economic policies, military and political alliances, pipeline politics, have all played a significant role in bringing about the Russian renaissance. Furthermore, Russia, with its flourishing economy and successful strategic policies, is all set to regain its former international supremacy and challenge the unipolar dominance of the United States in world affairs.

The paper mainly examines three-fold objectives; firstly, the foremost factors which contributed in the resurgence of former Soviet Union, secondly, its gas pipeline projects to counter US influence in Europe and lastly, the implications of Russian re-emergence for South Asian region particularly in the light of its relations with India, Pakistan and its interest in Afghanistan.
**Post Cold War Scenario**

The Soviet Union breakdown changed the structure of international system from bi-polarity to unipolarity. The United States became the sole superpower with ability to intervene in any part of the globe. Initially, the United States endeavored to establish its influence as hegemony with emphasis on constitutionalism, legitimacy and efficacy.  

In the years following the break-up of the Soviet Union, Russian Federation remained compulsively focused on the domestic situation. In the first decade after the Soviet breakup, despite turbulence, turmoil and grave challenges, Russia avoided becoming internationally isolated and created a favorable international disposition by drastically reducing military spending; became a member of the major global economic institutions like International Monetary Fund (IMF) and the World Bank; Russia also inculcated special politico-economic relationship with China in this decade.  

The political chaos, loss of identity and prestige, and confusion caused by the sudden break up has been shocking for the Russian masses. Russia faced extreme political and economic problems which consumed a lot of efforts. Thus, Russian position in the international community was largely determined by its domestic compulsions. Consequently, Russia preferred to limit its global role in this chaotic period. The foreign policy goals set by the first Russian Federation Foreign Minister Andrey Kozyrev in 1992 amply indicated that “all Russian foreign policy was indeed domestic.”
In the last years of Yeltsin era, Russian domestic plight was at its highest level, when Yeltsin brought in Vladimir Putin as the Prime Minister in June 1999. He became the acting president after Yeltsin’s resignation in Dec 1999. In the subsequent elections held in March 2000, he was elected as the President of the Russian Federation by a majority vote. Since then, Putin has aimed at reestablishing Russia as a major international power.

**Re-Emergence of Russia**

Russia’s resurgence can be analyzed through three main endeavors: firstly, it becomes an energy superpower, secondly, balance against the West and lastly, reclaim its influence over the near abroad. On all these above fractions Russia has enjoyed some success. Following are the major factors which mainly contributed in the resurgence of Russia.

**Putin’s Policies**

Vladimir Putin played a very important part as a President; he focused largely on reestablishing and maintaining Russian influence in the world while ensuring stability and security. Putin immediately launched an attack on government corruption before his election, when he was appointed by the ailing Yeltsin as an acting President in January of 2000. In his campaign, he showed a wise political tact, avoiding association with the unpopular Yeltsin and positioned himself as a strong leader. ⁸

Putin took a much more realistic attitude to the ex-Soviet neighbors than Yeltsin, who till his very last days, felt his guilt
for bringing down the Soviet Union. Putin was not trying to recreate the Soviet empire. Rather, he quoted a Ukrainian politician who had cleverly remarked that those who do not regret the passing of the Soviet Union have no heart; but those who want to bring it back, he added, have no brains. Following are the salient features of Putin’s policies which provided the base to the Russian re-emergence:

- **A Rapid Economic Growth:** The core reason for Putin’s success and popularity was revival in Russian economy. The progress made by the Russian economy in the past eight years is truly impressive. GDP has gone up about 70%, industrial growth has been 75% and investments have increased by 125%, regaining Russia its place among the world's top 10 economies. Russia's GDP in 2007 reached the 1990 level, which means that the country has overcome the consequences of the economic crisis that devastated it in the 1990s. Most importantly under his leadership, the Russian economy took an upward turn, largely driven by increasing oil revenues. In 2003, the profits of Lukoil (a major oil exporting firm) rose by an amazing 38%. Within the space of the first four months of that year, the Central Bank’s currency levels rose by $4.8 billion (10%). This economic turnaround made Putin’s dreams of a new Russia a possibility.

- **Russia – An Energy Superpower:** Putin adopted such a policy under which the government controls a
substantial part of the oil and gas sector and its revenues. State control of the sector in Russia has made the fuel and energy companies completely open and transparent to investors. After the government has taken over a controlling stake in Gazprom, the energy giant became a truly public company, and liberalized its share market. Rosneft, the largest state-controlled oil company in Russia, went public in 2006, attracting thousands of Russian and foreign investors, including many individuals.12

➢ Well-organized Management of Oil Revenues: By the end of the Putin’s second term, it has become clear that the state has adopted a wise policy of managing oil export revenues, considering the growing increase in the oil prices. In 2004, there was a fund established to accumulate oil revenues for a rainy day. Soon after a year it exceeded to $18 billion and within two years it accumulated enough revenues to repay all of the Soviet Union’s debts. Deductions to the fund helped reduce the inflation pressure on the economy. In 2007, the fund accumulated enough for investment; some of it was channeled into Russian development institutions. In late January 2008, during the global financial crisis it was split into the Reserve Fund which has been designed to protect Russia from possible global financial shocks and the National
Welfare Fund, whose revenues will be used for the pension reform.\textsuperscript{13}

- **Increase in Industrial Production:** The 1998 financial crisis in Russia boosted industrial development. According to the Federal State Statistics Service, industrial growth made 11.9\% in 2000 but slowed down to 3.7\% in the next two years as the effects of the crisis wore off. \textsuperscript{14}A new rise began in 2003 and industrial growth reached 6.3\% in 2007. The situation in manufacturing was especially good and its growth exceeded that of GDP. Last year, production in manufacturing grew by 9.3\%, while growth in mining was only 1.9\% and electricity production dropped by 0.2\%.\textsuperscript{15}

- **Growth of Incomes:** There was an evident increase in the incomes of masses that has been seen in the term of Vladimir Putin which consequently decreased the poverty ratio in Russia. The proportion of population living below the poverty line decreased from 30\% in 2000 to 14\% in 2008. The average wage increased from 2,200 rubles ($90) to 12,500 rubles ($500) within eight years.\textsuperscript{16}

- **Pension Reforms:** In 2002, the Putin government instituted pension reform to increase the level of retirement funds and reduce poverty among retirees. In addition, the reform was to move the responsibility for pensions from the government to employers.
Accommodation of Traditional Policies: Putin's radical reforms in the areas of domestic and foreign policy have made a major impact on Russian politics and society and world has witnessed a new orientation in Russia's external relations with the West. Putin undertook measures to restore the primacy of the Russian traditional policies. And as a first step, Putin announced the appointment of seven presidential representatives who were explicitly charged with coordinating federal activity in newly-defined super-regions. He began to centralize the power of the national government and weakened the autonomy of regional governments and restricted the power of political parties within the Duma. Putin also instituted a major reform of Russia's upper house of parliament, the Federation Council. Putin and his team also entered into head-on confrontations with several uncooperative governors accused of corruption, though with only mixed success.

Vision of a Multipolar World: For Putin and his successor, Dmitry Medvedev, a unipolar international system dominated by a hegemonic US have become unacceptable, and much of the Russian population appears to have embraced the Russian vision of a Multipolar world. This vision, however, did not imply opposing the nature of Western economic and political systems, as the Kremlin had done during the Cold War.
Furthermore, recently Putin has announced his candidacy for the presidential post in the 2012 election. The return of Vladimir Putin to the post of President is totally logical, because he is considered as a father of “Resurgent Russia” and in addition he has remained extremely popular throughout his tenure. Thus it is widely assumed that with the return of Putin once again Russia will be back on its rapid resurgent track.

**Pipeline Politics: Southern Stream and Nord Stream**

It is estimated that the bulk of EU gas reserves will be almost completely exhausted by 2015. General EU gas consumption is already high. In addition, environmental policies are incentivizing countries and industry to shift their energy product mix in favor of natural gas. Older regulations with respect to sulphur emissions already favored natural gas over coal or fuel oil. Moreover, natural gas is less CO2 intensive per unit of energy than coal. Therefore, in the absence of any strategic or national security imperative, current policies naturally encourage governments and industry to demand more natural gas rather than other energy means.\(^2\)

The Russian Federation holds the largest proven gas reserves in the world, with roughly one quarter of the global total. However, keeping in view the high consumption of Europe and as Western Europeans pondered their strategic choices; Russia seemed an obviously attractive partner. Thus, it is strongly evident that Russia uses its energy resources to
promote broader geopolitical and foreign policy objectives as well.

Russia started to seek partnerships with every other major gas producer that supplies the European Union. Russia has approached Algeria, Libya, Nigeria, Iran, Qatar, and more importantly the Central Asian states in this regard. Moreover, Russia’s energy strategy towards European states can be analyzed through its new planned pipeline infrastructure, Nord Stream and South Stream. These aspects of Russian strategy are ominous for European Union (EU), International Energy Agency (IEA) and North Atlantic Treaty Organization (NATO) unity, not only in questions of energy policy and energy security, but also across the entire spectrum of Europe-Russia relations.

The Nord Stream project fits precisely within Russia’s strategy in order to consolidate its position in the EU. In 2005, Gazprom signed an agreement to develop the Nord Stream pipeline. The other signatories were the two German companies, Winter shall and EON Ruhrgas, later joined by the Dutch gas company, Gasunie. The two 1,224-kilometre offshore pipelines are the most direct connection between the vast gas reserves in Russia and energy markets in the European Union. When fully operational in the last quarter of 2012, the twin pipelines will have the capacity to transport a combined total of 55 billion cubic meters (bcm) of gas a year to businesses and households in the EU for at least 50 years.
The South Stream pipeline is another result of Russia’s gas strategy towards the EU. In 2008, Gazprom signed an agreement with Italian energy company ENI for the development of second new pipeline to EU, coined South Stream. This pipeline would transport gas from Russia through the seabed of the Black Sea to Bulgaria. From there, the gas would continue in two directions: to Austria, crossing Serbia and Hungary, and to Italy, crossing Greece and the seabed of the Adriatic Sea. In May 2009, Russia signed an agreement to conduct South Stream feasibility studies with the governments of four involved countries, Italy, Bulgaria, Greece and Serbia. The pipeline is expected to cost USD 25bn and to be completed by 2015.  

**Russian Pipelines vis-a-vis US backed Nabucco Project**  

Russia likely has political and strategic reasons for building the new pipelines. The projects have raised fears in Central and Eastern European (EU) countries that Russia would become more inclined to cut off gas flows to this region for political reasons. In this respect, the Nabucco project is part of EU efforts to find opportunities to import gas without Russian interference.  

The South Stream pipeline is promoted by the Russian authorities as a rival to the Nabucco project. South Stream promises to deliver twice as much gas to Europe as Nabucco, so that South Stream gas pipeline is considered as a potential competitor to the Nabucco project.  

In other words, South
Stream becomes a strategic weapon by which Russia can get the upper hand in Europe. It can re-establish the former Soviet influence, attempt to reach the Mediterranean after three centuries of failures, and take on a dominant position in Europe.

Nabucco will carry gas and oil from Central Asia and directly from the Caucasus to Europe via Turkey bypassing Russia. The project can be seen as a further effort to contain Russia because it provides a direct escape route to new markets for the former Soviet republics, freeing them from Moscow. Nabucco provides Europe with a major new source of supplies. This will give them three lines of energy supplies: From African Middle Eastern and Organization of Petroleum Exporting Countries (OPEC); from Russia and thirdly from Central Asia and the Caucasus. With these supplies, European countries can expect to negotiate better prices for their fuel.²⁵

All these moves can be seen as legitimate, friendly and neighborly moves or as legitimate opposition to a dubious American Middle Eastern policy. In any case, they form the backdrop to the Russian-sponsored South Stream pipeline project, which was conceived after and in competition with the US-sponsored Nabucco pipeline project.

South Stream is supported by the Russian state and therefore has no funding problems, in contrast to Nabucco, which is a commercial project and needs to find funding in the market. A simple political and media push for South Stream
could disrupt Nabucco, which by itself has many political and technical problems before it can be implemented. For example, there is the big question of how to cross the Caspian Sea without clear agreements from bordering countries such as Russia and Iran. Once Nabucco is shipwrecked, South Stream may gain steam and look even more viable. Consequently, if Russia corners the European gas market, it gains a strong hand in determining overall prices for oil to America and Asia, which is really threatening for US.

**Implications for South Asia**

Soviet policy towards South Asia has consistently recognized the centrality and geo-political weight and importance of India. At the same time, Moscow never lost sight of the geo-political importance of Pakistan, the second major South Asian state. India and Russia have shared a long history of close ties. Although India's growing partnership with the U.S. has somewhat complicated the picture, the Russian link maintains its considerable importance as far as India is concerned. Russia continues to be a primary supplier of arms and ammunition for the Indian military; and bilateral agreements in trade, business and economic co-operation are being signed. The first India-Russia-China trilateral business conference, which was held recently in New Delhi, aimed strengthening political, economic and business cooperation between the three economic power houses of the region. Russia has also been openly supportive of India's candidature for the permanent
membership of the United Nations Security Council. Both countries are cooperating significantly in the field of infrastructure, trade space, energy, science and technology.27

In the aftermath of the September 11 terrorist tragedy, the United States and its NATO allies established military bases in Central Asia and quickly drove the Taliban from power in Kabul. These developments were disturbing for Russian planners, who worried that Washington was gaining influence in the region at Moscow’s expense.

In the case of US drawdown from Afghanistan, Russia and neighboring countries are not interested in a quick US withdrawal, as it could lead to the Taliban’s return to power, or probably even worse. On the other hand, they do not want US bases permanently stationed in Afghanistan either. Russia, China, India and Iran have all supported a regional solution, and promoted the middle-term reliance on authorities in Kabul rather than on Western troops.

Russia has also sought better ties with Pakistan, a Soviet-era enemy seen as a key to stability in Afghanistan.28 There have been great changes in Russian-Pakistani relations in recent years. Pakistan had long been a country that Moscow had antagonistic relations with. During the Cold War, on one hand, Pakistan was close relations with both the United States and China and on the other hand the Soviet Union was having close relations with Pakistan’s main rival India. In addition, Pakistan’s support for the Afghan Mujahedeen fighting against
Soviet forces in Afghanistan was also the main source of tension between the two countries.

But over the past few years, Russian-Pakistani relations have improved, in part as a reaction to warming Indian-American relations. Despite all differences of the past, rooted mainly in the experience from the Soviet occupation of Afghanistan in the 1980s, current Russian interest in Pakistan is tied to attempts to clarify the Afghan situation, which determines the atmosphere in Central Asia. Another important factor is the fact that Russia has discovered Pakistan to be a lucrative market for arms exports.29

Pakistan President Asif Ali Zardari's official visit to Russia is interesting especially as it held within a fortnight of the US raid in Abbottabad, although it was not predetermined but it has also put the US-Pakistan relationship under further strain.30 In addition, Moscow’s concerns regarding the situation were an attempt towards an initiation in the betterment of the relations. Both leaders discussed about a range of economic issues, including cooperation in the energy sector (electricity and gas) as well as industrial projects. But the main declaration from the Moscow meeting was political and not economic. Medvedev publicly endorsed Pakistan’s claim to join the Shanghai Cooperation Organization (SCO). This is a remarkable move indicating a new stage in the organization’s development.

The intent of both countries to improve relations is gradually becoming more evident. Pakistan seems to be more
enthusiastic in improving relations with Russia in comparative terms. There are solid reasons for this relationship to grow in the future. Pakistan stands to gain by improving its relations with Russia in terms of having alternative options such as, for its security needs, technology transfer in the scientific and research fields, access to the Russian market for its exports, and strengthening relations with its Central Asian neighbors which are difficult to develop beyond a certain level without having improved relations with Russia first.\textsuperscript{31}

Furthermore, Dmitry Medvedev recently met Presidents of Afghanistan, Pakistan and Tajikistan and discussed regional issues and ways of developing economic cooperation, including in sectors such as energy, transport infrastructure, and the mining industry. The joint statement of the four presidents welcomed Russia's interest in participating in the TAPI project which aims to build a natural gas pipeline from ex-Soviet Central Asian nation of Turkmenistan to Afghanistan and on to Pakistan and India. Apart from political dividends, Russia is also hoping to gain economic benefits from a number of future regional projects.

The aforementioned details are analyzed subsequently, in the form of implications of the Russian engagement as a resurgent one in South Asia;

- Sino-Russian increased interests in South Asia will jeopardize the US endeavors, and its exercise influence over the relevant elites in its regional neighborhood.
India and Pakistan as traditional hostile states, their interests in the region are unlikely to coincide, but a multilateral format like SCO could ease their bilateral tensions by introducing external factors.

One of Moscow’s ideas for a regional solution involves an enhanced role for the SCO, the most representative organization in the region. The member states are expected to lift the unofficial halt on the admission of new members that was imposed in 2006. India and Pakistan are the most likely candidates in this regard. The possible admission of those two countries is a delicate issue because of their very tense bilateral relations. Russia would have liked to see India become a full member, while China preferred Pakistan. But recently, Medvedev’s statement shows that Moscow’s position is actually changing in favor of Islamabad, while New Delhi’s endorsement remains the same.

The traditional issue of Kashmir between both the India and Pakistan which is still a bone of contention between both parties, by provide a multilateral forum in which Russia and China are playing a positive role in reaching a tangible solution of issues, it might be a way out for this particular issue at the SCO forum.

South Asian region which has been strategically important for major States particularly for US, but with the emergence of Sino-Russian increased influence within this region and their additional reliance on the
economic sphere, the South Asian strategic objective is being replaced by economic interests.

- US has always extended its agreements unilaterally within sugar coated bi-lateral relations, contrarily Russia has been and still is supporting multi-lateral world order, this is appealing for countries who are extra dependent on the West including Pakistan and Afghanistan.

- Furthermore, uncertain commitment of US to fight against terrorists and its conditional alliance attitude towards South Asian states, it could provide an excuse to diversify their relations.

- The Pakistani leadership’s efforts to reduce external pressure by diversifying its international contacts have provoked anger in Washington, but it can be useful for Pakistan to at least have alternatives in order to restore a certain ability to govern in a very tricky region.

- Increasing ties between Russia and Pakistan adds another interesting dimension to the Eurasian geopolitics. It will be interesting to see the future trajectory of this new-found friendship.

- The countries like Pakistan and Afghanistan needs to understand and analyze the current Russian standing in the world and its foreign policy priorities, so that they could reorient their options and take advantage of the immense potential that exists in the Russian resurgence.
There is a divergence and convergence in the interests of Russia and China, where the two governments have adopted convergent and divergent positions on critical issues. Despite the recent improvement in Sino-Russia relations, both are divergent in their policies of national interests and relations with other states. For instance, Russia’s ties with New Delhi still remain much stronger than those between China and India. Persistent border disputes, differences over India’s growing security ties with the United States, competition over energy supplies are still hurdles in the good relations. The convergence of interests between both can be analyzed through their interest in US withdrawal from Afghanistan and US less influence within South Asia.

**Conclusion**

With its strategic assets intact, the economy was the only major constraint in Russia’s exercising its traditional countervailing role to balance the United States. Now, the Russian economy is witnessing a revival in its economy especially with the flow of growing financial revenues from gas and oil. Due to its resurgence, the US sees its hegemony at stake. It is believed that with the rising China and resurgent Russia world will once again become multilateral. In a nutshell, Former Soviet Union urge for superpowerdom and the pursuit of reclaiming its traditional role will damage the US hegemonic attitude around the globe.
End Notes

4 Clifford G. Gaddy, Russia Resurgent: The Once and Future Superpower, Brookings institution, 2011.
9 Dmitri Trenin, Russia’s Spheres of Interest, not Influence, The Washington Quarterly, 2009, pp. 3, 22
11 Ibid, 35.


Ibid.


See figure 4

Jyotsna Bakshi, Russia and India from Ideology to Geopolitics, Delhi: Dev Publications, 1999, p. 135.


