Peeling Away the Layers of Russian Foreign Policy

By William Pomeranz

Russia’s most recent invasion of Ukraine is fast approaching its two-year anniversary, with no end in sight. Russia continues to put on a brave face on this military and economic quagmire,¹ with Prime Minister Mishustin recently claiming that many countries still want to pursue business, trade, and investment in Russia.²

Such bravado does not do justice to President Putin’s ambitious foreign policy. He is contemplating no less than a new global security architecture, downgrading the U.S. and Europe while pursuing what he obliquely terms the new “multipolar world.” In the process, Putin has lost sight of Russia’s traditional allies and partnerships in the post-Soviet space, revealing major fault lines in current Russian foreign policy.

More BRICS

Mishustin’s sunny presentation of Russia’s international portfolio primarily relies upon Russia’s leading role in the BRICS (Brazil, Russia, India, China, South Africa). Not only does BRICS represent a major share of the world’s economy and population, but Mishustin also emphasized the recent expansion of the BRICS (Egypt, Iran, the United Arab Emirates (UAE), Saudi Arabia, Ethiopia, Argentina) as emblematic of Russia’s
rising global stature. With the additional members, Russian diplomats claim that the world is a step closer to ending Western dominance of international trade rules and the U.S. dollar as the primary currency of exchange.

The BRICS started out as a singular BRIC in 2001, designed as a marketing ploy by a Goldman Sachs banker. It expanded to include South Africa and then morphed into a genuine organization, complete with yearly summits and its own infrastructure bank. Russia views the BRICS as a potential rival to the West and uniter of the global south. It even has proposed creating its own internet.\(^3\) Such grand plans, however, require the resolution of several structural obstacles, including the question of what currency will unite the organization and how to create an internal payment system.\(^4\)

What the new members bring to the table, aside from oil wealth from a few countries, is unclear. Iran was the most sanctioned country in the world until Russia surpassed it. Both countries unilaterally renounced the use of the dollar,\(^5\) which Russia views as a weapon of the U.S.\(^6\) The new president of Argentina, however, immediately deviated from the BRICS playbook by pledging to abandon the peso in favor of the dollar.

Russia has bet its global reputation and economic future on the BRICS. It recently assumed the leadership of the organization, although the Russian Ministry of Foreign Affairs announced that a formal strategy will not be introduced until 2025.\(^7\) Perhaps the most notable sign of potential weakness in Russia’s bet on BRICS concerns restrictions on Putin’s international travel. Putin was unable to attend the summit in South Africa because of an outstanding warrant from the International Criminal Court. President Lulu of Brazil issued a similar warning if Putin decided to travel to Brazil for the upcoming G20 meeting.\(^8\)

**Russia’s Cacophony of Partnerships**

While the BRICS aspires to be a global player, most of Russia’s long-standing pacts and associations are more regional in focus. The oldest of these groups is the Commonwealth of Independent States (CIS), an improvised attempt to somehow keep the post-Soviet states aligned after the collapse of the Soviet Union. Not much has been heard from the CIS since the early days of its founding. Although its most recent gathering occurred on October 13, 2023, it seems that membership remains in a state of confusion, with three countries (Ukraine, Moldova, Georgia) disavowing membership.\(^9\) Putin still has great hopes for the CIS. He wants the security services of each member state to act collectively to ensure the social stability and cultural values of the region.\(^10\)

One of the most promising post-Soviet initiatives (on paper) was the Eurasian Economic Union (EEU). This coupling of former Soviet states began its existence as a customs union and emerged in 2014 as a coalition to encourage free trade among its members (Russia, Belarus, Kazakhstan, Kyrgyzstan, Armenia). Yet the EEU has never lived up to expectations, and the most recent meeting in August 2023 showed an organization adrift.\(^11\) The original incentive for joining the Union centered on providing its members with favorable access to the Russian market. But at this recent gathering, several members highlighted the need to become an economic bloc that deals with transfers of technology, pharmaceuticals, machine construction, and so forth. Other countries wanted to discuss the new economic reality of the region, most notably how the imposition of sanctions against Russia had
affected the Union. Finally, members called for new institutions to be built, like a single system of credit ratings and regional financial regulations. But no concrete reforms emerged from this meeting; instead, members agreed to kick the can down the road and create a new strategy to be implemented between 2030 and 2045.

One other problem hangs over these regional affiliations. The lingua franca of the EEU and CIS has always been Russian, the language of the former imperial power. Mishustin wants this to continue to remain the case. A new law in Kyrgyzstan, however, recognized two state languages: Russian and Kyrgyz, which Mishustin considered problematic for the region’s overall economic integration. Putin subsequently weighed in to reinforce the use of the Russian language in the post-Soviet space.

The Shanghai Cooperation Agreement (SCA), a Eurasian security, economic, and defense organization, similarly has fallen short of expectations. Its membership includes Russia, China, Pakistan, Iran, and the nations of Central Asia (excluding Turkmenistan). The cohesion of this organization, however, remains in doubt. India has long considered Pakistan a sponsor of terrorism, while there is a growing rift between China and India because of the latter’s increased ties with the U.S. The group has not weighed in on Russia’s continuing aggression in Ukraine. Indeed, Russia’s most recent contribution to the SCA was a visit by Russian procurator Igor Krasnov to organize increased cooperation between prosecutors in Russia, China, Iran, and Mongolia (a candidate member of the SCA), with a distinct whiff of revived Soviet legal practice.

In many ways, Kazakhstan stands as the bellwether for all of Russia’s regional configurations. Over the long months of Russia’s invasion of Ukraine, Kazakhstan has emerged as one of the weakest links in the Western sanctions regime, primarily through soaring parallel imports entering Russia via Kazakhstan. Putin values Kazakhstan as a firmly and assisted its government during recent unrest. But Kazakhstan has publicly agreed to observe Western sanctions. Other Central Asian countries have promised to follow suit. The most recent public meeting between Putin and President Kassym-Jomart Tokayev did not end well. Putin flubbed Tokayev’s name four times, prompting the Kazakh president to finish his speech in Kazakh, a clear diplomatic slight against President Putin.

Armenia Opted Out

If the EEU and the SCA are struggling, the Collective Security Treaty Organization (CSTO) is on life support. The CSTO’s members include Russia, Armenia, and several Central Asian states, and it serves as a counter to NATO, without the mutual Article 5-style security guarantees.

The main internal dispute within the CSTO concerns Armenia in the aftermath of Azerbaijan’s assault on and capture of Nagorno Karabakh. Armenia’s Prime Minister, Nikol Pashinian, accused Russian peacekeepers of not fulfilling their responsibility (in his eyes) to prevent Azeri aggression. Armenia’s reaction was swift and decisive. It has offered humanitarian assistance to Ukraine, skipped the November 23 meeting of the CSTO in Minsk, and boycotted a meeting of the CIS. Even more egregiously, Armenia recently ratified the Rome statutes, thereby placing itself under the jurisdiction of the International Criminal Court. Thus, like Russia’s BRICS partners South Africa and Brazil, Armenia is required to detain Putin if he enters
Armenian territory. Russia’s Ministry of Internal Affairs announced that Armenia’s decision would have negative consequences for bilateral relations.

The conflict between Armenia and Azerbaijan did not end with the defeat of Nagorno Karabakh. The Azeris are demanding the return of several international border crossings to an Azeri enclave that Armenia is currently blocking. Azerbaijan declares that this obstruction is damaging prospects for peace. So the possibility of Russia being further dragged into this dispute is real. And Pashinian has only increased his rhetoric against Russia, accusing Russian television of destabilizing his country.

Even positive developments, like Russian Defense Minister Sergei Shoigu’s recent announcement that the joint CSTO air defense system has been all but completed, does not change the perception of an organization in free fall.

**With Friends Like This??**

Russia’s most important diplomatic relationship remains its partnership with China. Plenty of ink has been spilled analyzing both the threats and potential consequences their relationship represents. Both Russia and China consistently and confidently proclaim that a future multipolar world awaits global governance. They further have declared that there will be “no limits” to the Russia-China relationship, and Beijing has surreptitiously aided the Kremlin’s war effort.

Nevertheless, Putin’s recent trip to China to mark the 10-year anniversary of China’s Belt and Road initiative did not go well for the Russian president. He procured no new trade deals on energy or agriculture. Oil and gas exports from Russia are up, although China is allegedly receiving these products at a sharp discount. Russia has grand designs for the relationship, including increasing trade in yuan while pursuing a global policy of de-dollarization.

President Xi remained circumspect when talking about future bilateral relations with Russia. He mentioned that the two leaders have formed good relations and a personal friendship. But one Russian analyst admitted that China “always acts in its own interest,” confirmed by a recent meeting between the EU and China. Putin’s trip to China also reinforced the impression of Russia’s junior partner status in this relationship, a fact brought home by the recent China-U.S. summit in San Francisco. Xi proclaimed that the world was big enough for two powers. He made no mention of a third.

Finally, from Russia’s standpoint, the most stable international pact remains the Union State of Russia and Belarus. This pact dates back to the 1990s and was signed by Russia’s Boris Yeltsin and Belarus’s Alexander Lukashenko. The nature of this agreement (a commonwealth, confederation, a supranational state) has always been rather murky. After 24 years of existence, Prime Minister Mishustin just announced that a joint tax committee is almost in place. Nevertheless, Belarus has been Russia’s staunchest supporter during the war in Ukraine, while Russia has long been Belarus’s main trade and energy partner.

These longstanding ties, however, have not stopped Lukashenko from demanding compensation from Rosatom for the delay in the construction of a nuclear power plant, although the plant was only built thanks to a $10 billion loan from the Russian Federation. Belarus also appears to be pursuing its own China policy, so even Russia’s most loyal partner seems willing to play international powers against Russia itself.
Conclusion

Russian foreign policy and its parade of confusing acronyms continues to churn. Moldova officially announced that it would no longer be a part of the CIS. In a surprise move, Prime Minister Pashinian agreed to be head of the EEU, with the proviso that it remains a purely economic and not a political organization. The UAE, the newly appointed member of BRICS that was theoretically to help lead the BRICS’ (and Russia’s) overture to the global south, refused to open a bank account in the country for Rosneft to facilitate energy payments to India. Finally, Argentina announced it would not in fact be joining the BRICS.

Putin’s revolving door of coalition partners, however, cannot distract from his disastrous invasion of Ukraine. Putin finds itself in a war of attrition while trying to mobilize new troops just to keep this stalemate going. Putin may have scratched the imperial itch and annexed Ukrainian territory, but he must now defend a 600-mile front that is grinding down his military forces. His annexations in Ukraine have only added to Russia’s demographic crisis, since it has not added a younger population but merely a new crop of pensioners. In addition, his actions have alarmed his neighbors and, with Finland’s accession to NATO, more than doubled Russia’s border with the NATO alliance.

Putin still possesses substantial sources of revenue from gas and oil, but without the top prices that European customers previously paid. Instead, Russia has been forced to limit its exports of benzine and diesel, to stabilize the domestic market. Even more disturbing, Russia has been forced to accept energy payments from India in rupees, a non-convertible currency that does not improve Russia’s balance sheet.

Finally, the Russian economy has begun to feel the effect of global sanctions, with a host of problems (inflation, high interest rates, low investment, labor shortages, lack of access to Western technology and spare parts) that will eat at the Russian economy for years to come. The impact of sanctions can also be swift and severe. On November 28, the U.S. imposed sanctions on the St. Petersburg stock exchange. The exchange immediately spiraled downwards and declared bankruptcy. Criminal indictments are most likely to follow. International law may catch up to Putin as well, on such charges as war crimes and reparations.

Russia still has resources to prop up its economy and keep the war effort going. How wisely Putin uses them remains an open question. Since the war (and before), Putin’s economic program can be summarized in the idea of “economic sovereignty.” Moreover, in terms of domestic spending, Putin appears to be focused on several grand projects and potential boondoggles, such a new railroad from Murmansk to the Amur district and from Lugansk to Donetsk. Putin professes the need to support small and medium-sized business, but only through a centralized national project. Putin also likes to promote Russian technology, although the IT sector is facing a steep decline in wages and significant brain drain.

To counter these economic and geopolitical challenges, Russia must rely on a disparate group of partners cobbled together through past historical links, empty slogans, and long-standing resentments. Moreover, all of the problems confronting Russia—economic, military, social—are linked and have the potential of cascading into each other during any crisis.
Alas, the West has no time to gloat, since the test of all these global alliances—both in Russia and the U.S.—lies just around the corner. If the U.S Congress decides not renew aid for Ukraine in early 2024, it will invariably weaken the Euro-Atlantic alliance while giving Putin a golden opportunity to increase the pressure on Ukraine. Moreover, there will be no second chances if Ukraine becomes a casualty of Western division and Putin's aggression. We may not be sleepwalking into a major crisis; the facts are there for anyone who wants to see them. But if we don’t want to find out what Putin’s vision of a multipolar world actually looks like, we must support Ukraine now.

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