THE WIDENING GYRE: FOREIGN AND DOMESTIC NATIONAL SECURITY CONCERNS OF THE RUSSIAN FEDERATION

by
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Abstract

This thesis focuses on key strategic focal points within Russia’s geopolitical, domestic, and economic realms to better understand Russia’s threat perception, strengths, and weaknesses at home and abroad. By doing so this thesis will contribute to the discourse over Russia’s force projection, long-term demographic trends and their potential ramifications, and Russia’s economic future and stability. As a geopolitical power player, understanding Russia’s national security concerns is critical to mitigating both economic and military conflict and regional strife.

First, this thesis will analyze Russia’s naval resurgence and its trade, naval, and geopolitical relationship with two geopolitically vital areas to Russia’s national interests. This thesis concludes that Russia’s naval posture is less aggressive in regions where its geopolitical relations are largely based on non-military commerce and more aggressive where the relationship is based more heavily on military commerce. Second, this thesis analyzes the insurgency in the Caucasus, which has largely been a localized threat and not one that has undermined broader Russian national stability. However, as demographics change, will Russia’s behavior towards this localized insurgency and its broader Muslim population incite a broader Islamic awakening? This thesis concludes that this is unlikely to happen in the short to medium-term but there exists a possibility in the long-term which is largely dependent on how Russian leadership would deal with a Muslim majority nation. Thirdly, this thesis analyzes Russia’s energy based economic model and whether or not Russia will need to shift its oil and gas extraction over the next thirty years. As traditional areas of oil and gas extraction diminish in output, Russia may be unable to properly develop its Arctic resources to make-up for declining extraction in
other regions of the country. The economic impact of dwindling government revenues could destabilize a ruling elite closely tied to the current economic model which is overly reliant on energy export revenues.

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It is important that I specifically acknowledge my grandmother, Vera Chernyakov, who passed away on November 29, 2014 as this thesis was being completed. She was born in Leningrad (now St. Petersburg) in August of 1927. In 1950, she fell in love with my grandfather - who served in the Soviet Navy for over 30 years. They were married for 64 years. She dreamed of becoming a doctor and despite living through the ravages and hardships of World War II (including the Siege of Leningrad), she became a physician and practiced medicine for 35 years. She will be remembered as a woman with a smile on her face and eternal optimism. Her perseverance and fighting spirit will forever be a shining light for me.

I would also like to acknowledge my fiancé and love of my life, Macey who has been by my side through both happy and hard times. I look forward to the adventures that lay before us.

dля моих родителей

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Introduction:

“The collapse of the Soviet Union was a major geopolitical disaster of the century. As for the Russian nation, it became a genuine drama. Tens of millions of our co-citizens and compatriots found themselves outside Russian territory.” – Vladimir Putin, April 25, 2005 (Putin, Addresses to the Federal Assembly 2005)

Russia during the 1990s, led by Boris Yeltsin, underwent complicated transitional pains internally as newly found socio-economic and political rights swept across the nation. This rapid transition gave way to a system that became increasingly volatile, much like its leader, in the late ‘90s. Some within this system needed a new face to lead Russia out of its immediate post-Soviet transition and capitalize on Russia’s new found direction that had begun to lag during the waning days of Yeltsin’s rule. That new face was Vladimir Putin, an unlikely choice, and as Putin autobiographer Masha Gessen wrote, “Possibly the most bizarre fact about Putin’s ascent to power is that the people who lifted him to the throne knew little more about him than you do… Everyone could invest this gray, ordinary man with what they wanted to see in him.” (Gessen 2012) While this thesis focuses on medium to long-term facets of Russian national and economic security, understanding the political system post-2000 is an important contributing factor that shades the issues researched herein.

Putin has overseen many pivotal points in Russia’s recent history - including a second war in the North Caucasus, invasions of Georgia and Ukraine, the rebuilding of the armed forces, the suffocation of many basic political and human rights, and quite importantly for Russia – striking growth in the economy in large part due to a booming
energy sector. From 2000-2008 Putin’s Russia saw a 70% increase in GDP, foreign exchanges reserve growth to nearly half a trillion dollars, the doubling of exports, and an economy that moved from the 20th biggest in the world to 7th. (Rutland n.d.) While the conflicts and tensions in Eastern Europe in 2014 may prove to be quite important to Russia’s future, particularly how those nations that Russia finds itself in conflict with respond economically and otherwise, the aim of this thesis is to analyze three long-term security situations for the Russian Federation. Under the current legal construct, Putin may very well be in power until 2024, giving him at least another decade to alter Russia’s long-term security considerations for better or worse. Furthermore, Putin’s successor may very well come from the current political elite who may double-down on Putin’s strategic vision.

This thesis will attempt to strike at three facets which in the author’s view may not only have major internal implications for Russia but as a result geopolitical ramifications for the broader international community. There are of course other issues that could be explored to better understand Russia’s future security concerns and potential actions but by better understanding critical domestic, economic, and geopolitical dynamics this thesis will attempt to present a more comprehensive view of Russia’s future internal and external threats. As a global power in many regards and certainly holding global aspirations, understanding Russia’s strengths and weaknesses in the coming decades is not only important for Russia itself but for the United States and the wider international community.

First, this thesis will analyze Russia’s naval resurgence and its relationship with two geopolitically vital areas to Russia’s interests. What do Russian naval deployments
and naval posture in different regions tell us about Russia’s threat perception? Second, the insurgency in the Caucasus has largely been a localized threat and not one that has undermined broader Russian national stability. However, as demographics change, will Russia’s behavior towards this localized insurgency and its Islamic population incite a broader insurgency? Thirdly, Russia’s energy based economic model will need to shift its oil and gas extraction over the next thirty years as traditional areas of oil and gas extraction diminish in output. If Russia is unable to properly develop its Arctic resources to make-up for declining extraction in other regions of the country, will the economic impact destabilize a ruling elite so closely tied to the current economic model?

In chapter one, an analysis of strategic, economic, and naval capabilities is presented to reveal how and why Russia makes her naval posture decisions in two distinct and particularly important geopolitical regions. Through this analysis it will be clear that a country with an economic relationship that is largely based on non-military commerce is more likely to show a naval posture which is much less aggressive than an economic relationship with a region which is based more heavily on military commerce, particularly if the region is of serious strategic consequence.

Using the method of difference, the dependent variable of Russian naval posture in both the Pacific and Mediterranean regions will be examined versus influencing independent variables. The method of difference is used to explore potential causation by comparing two cases in which two different effects occurred as a result of the presence or absence of one of the variables. Specifically, the comparison of a case in which the naval posture was aggressive and a case in which the naval posture was subdued reveal that the main influencing circumstances present in the first case are higher levels of military trade
and strategic importance. In this instance, it is the most appropriate way in which to determine how the nature of a country’s trade relationship with a region of interest affects its naval posture.

In the Mediterranean it would seem that there is clear correlation between the aggressive Russian naval posture and the type of relationship Russia has with the region, which is much more militaristic in nature. Correlation does not always mean causation, and thus spurious relationships should be considered in both cases. At the root of understanding whether the relationship between the type of trade and the resulting naval posture is the Russian way of playing geopolitics. Russia, like many other nations, has for a long time used its resources, both man-made and natural, as a source of geopolitical leverage.

In chapter two, the nature of the insurgency that Russia is battling in the North Caucasus is examined. Is it a primarily local insurgency with only local implications or do the problems there pose a larger long-term threat to the stability of the Russian Federation? Russia is heading into a situation where a growing Muslim population may find itself dissatisfied with its socioeconomic position. For a variety of reasons that will be outlined they are unlikely to turn to extremism as a way of channeling their anger even though the potential for the insurgency emanating from the North Caucasus to gain ground is present.

While the demographic trend showing an eventual Muslim majority in Russia are unlikely to change, the insurgency in the North Caucasus itself is unlikely to pose a threat to the stability of the Russian Federation unless a broader radical Islamic awakening occurs. Such an awakening or a “Russian Spring” will more likely be caused by
socioeconomic issues and a lack of political space and representation for the growing Muslim population than a localized insurgency fighting for issues that are largely related to the North Caucasus and not broader Russia.

Whether or not the local insurgency in the North Caucasus is a long-term threat to the stability of the Russian Federation would be dependent on a variety of factors including the presence of a wider Islamic awakening. For the radical ideology of those in the North Caucasus to become exportable to the general Muslim population of the country, an untenable domestic schism would have to erupt. While that is unlikely to happen in near future, the Russian Federation still needs to reassess not only how it approaches it Muslim population but how it approaches the Caucasus. While the likelihood that Vladimir Putin will drastically change his approach to either issue is small, there is at the very least a certain low level probability that Russia could see instability in this realm in the future. Existing scholarly literature has swayed too far in one director or another when contemplating whether or not the growing Muslim population has the potential to be a destabilizing force of the status quo. This chapter takes a more balance approach, taking into account a number of opposing views as well as more recent developments which could impact the long-term trajectory of this issue.

The third chapter of this thesis explores Russia’s energy security future. How will the long-term Russian development of the Arctic or lack thereof affect its rate of energy production and would the lack of energy development in the Arctic threaten the stability of the Russian economy? Answering this question is not only significant for Russia but for those countries depending on Russian oil and gas exports and the energy markets at large. By analyzing the importance of the Arctic to the future of Russian energy
production and exports, the rate at which Russia needs to produce and the price at which it needs to sell to maintain economic stability and growth, chapter three investigates the level to which Russia will be reliant on the Arctic as a key element of its energy based economy in the medium to long-term.

Russia needs the Arctic’s resources to make-up for declining extraction in other regions of the country; the economic impact of not doing so is likely to lead to lower levels in energy exports which are the majority of government revenues. This chapter analyzes trends in oil and gas extraction in traditional sources of energy development such as Siberia, future projections for the Arctic, and analysis of Russia’s ability to extract these resources without sufficient international assistance or due to external restraints such as international sanctions. While previous scholarly literature has analyzed the energy trends in Russia and its interplay with Russia’s economic stability, this chapter takes into account recent developments which impact previous scholarly assumptions and makes more direct links between energy revenues and the stability of the political status quo. The analysis of the third chapter concludes that by not diversifying the economy and using the resources it has attained from its natural resources to broaden its economy, the ruling elite may vulnerable to both internal and external pressure if it is not able to maintain a healthy economic pace.

In the second and third chapter the prospect Russian stability is at the core of the issues addressed. What does it mean for Russia if one or more of these occurrences destabilize the status quo? The first answer is regime change, which could very well result in both a more liberal or more authoritarian regime. The second answer is that demographically diverse or politically divergent regions of the country could seek greater
autonomy if not outright independence. And the most concerning but least likely scenario is a chaotic, broken state where central powers in Moscow are unable to exert influence over the national infrastructure or military command. The most inevitable of course is regime change, but the specific catalyst and resulting direction of Russia is largely unforeseen.

As such, this thesis’ focus on key strategic focal points within Russia’s geopolitical, domestic, and economic realms is an attempt to better understand Russia’s threat perception at home and abroad. By doing so this thesis will contribute to the discourse over Russia’s force projection, homeland security, and economic future. As a geopolitical power player, understanding Russia’s national security concerns is critical to mitigating conflict and regional strife.
Chapter I: A Naval Posture Case Study: The Russian Naval Resurgence

“The sea, washing the equator and the poles, offers its perilous aid, and the power and empire that follow it.... “Beware of me,” it says, “but if you can hold me, I am the key to all the lands.” Ralph Waldo Emerson, "Wealth," The Conduct of Life (1860)

Introduction:

For the last several hundred years, the great world powers also tended to have great navies strong enough to successfully project their nation’s interests abroad. In turn, the naval posture a country chooses to project in different areas of the world is telling in its approach to that region and to its own threat perception. First, an overly aggressive posture may show that the countries’ interests are threatened and it is willing to take decisive action to protect those interests. Secondly, a purely defensive posture may indicate a stable environment and a status quo which ensures a more robust level of non-military commerce and diplomatic relations. The distinction is made for non-military commerce due to the fact military conflict naturally breeds the need for more military commerce in a particular region. Thirdly, there exists a more prevalent hybrid model in which a country does not necessarily show clear intentions but has both strategic and economic interests and thus is forced into creating a more balanced naval posture.

Does the type of trade relationship a country has with a region in which their fleet is deployed correspond with the naval posture that the country takes? Naval posture first and foremost is a declaratory policy which mixes in current force capabilities, where these forces are located and how they are postured, military actions taken, infrastructure and R&D, military personnel, industrial base and economic endurance to bring these military capabilities to execution quickly (Bunn 2010). This chapter will show how and why Russia makes her naval posture decisions in two particular regions via an analysis of
economic interests, strategic concerns, and naval capabilities. The analysis will show that a country with a relationship that is largely based on non-military commerce is more likely to show a naval posture which is much less aggressive than a relationship with a region which is based more heavily on military commerce, particularly if the region is of serious strategic consequence.

Literature Review:

The need for naval power goes back centuries; to capture sea lanes, explore new lands, and to ultimately use the power of the sea to dominate opposing forces on land by providing military support and firepower that only the quick access of the sea can bring. Former U.S. Navy Chief of Naval Operations, Admiral Jay L. Johnson said, “The primary purpose of forward-deployed naval forces is to project American power from the sea to influence events ashore in the littoral regions of the world across the operational spectrum of peace, crisis, and war. This is what we do” (Johnson March 1997, 1). This operational concept, while written by a U.S. naval officer in the late 20th Century, is fairly universal to what major naval powers in history have tried to accomplish. This concept can be seen in a more historical and nuanced text in Admiral Alfred Thayer Mahan’s 1890 book on the history of sea power, “The necessity of a navy, in the restricted sense of the word, springs, therefore, from the existence of a peaceful shipping, and disappears with it, except in the case of a nation which has aggressive tendencies, and keeps up a navy merely as a branch of the military establishment” (Mahan 1890, 35). Mahan promotes the point that for peaceful shipping to occur, sea lanes must be secured by a navy. He of course also goes on to point out that some countries see fit to take on a more
aggressive naval posture. Famed U.S. Navy Admiral Elmo Zumwalt classified the navy’s duties into four distinct groups; sea control, power projection, deterrence, and presence (Rhodes Spring 1999, 27). Understanding how a navy intends to use its assets goes a long way in understanding the possible postures a navy will take in different scenarios in addition to assessing the capabilities it holds to do so.

Over the past hundred years the number of truly global naval powers has diminished. As the British Empire fell, for instance, her Majesty’s navy was also cut back to reflect the lack of territory and interests the British no longer needed to secure. With the end of World War II, the Japanese Imperial Navy was also decimated. In the post-World War II era, only two truly global navies sparred in the seas, those of the United States and the Soviet Union. With the fall of the Soviet Union the Russian Navy experienced significant cuts which it has only recently started to surge out of (Routledge 2012). Lee Willet in the *Royal United Services Institute Journal* writes about the naval resurgence occurring in Russia,

“It appears that the basing plans, along with the on-going series of high profile deployments, may be designed to fit a variety of purposes. These purposes might be to reclaim influence in certain regions; to secure political relationships as well as trade routes; to improve Russian political credibility by contributing to international operations such as counter piracy. Further, they may aim to counter any perceived expansion of spheres of interest by the U.S. or China; to mirror U.S. deployments; and to provide rapid access to waters of strategic significance” (Willett 2009).
He goes on further to write, “The navy’s current ‘world tour’ demonstrates the revival of the Russian’s ability to deploy large battle groups at distance from home ports…They also highlight the importance of forward naval presence in supporting foreign and defence policy” (Willett 2009). Willet clearly lays out the posture Russia has taken up once again. In particular, reclaiming influence in specific regions, securing political relationships, and trade routes are major influencers of the Russian’s naval posture decision making process. The recently reclaimed naval prowess of Russia is in line with Zumwalt’s four naval purpose classifications of sea control, power projection, deterrence, and presence (Rhodes Spring 1999).

Other powers are emerging, however, and are making their own naval posture known to the world. The Chinese for example spend significantly more on their military now, increasing the budget by 10% on an about yearly basis (Li, Wang and Zhou n.d.). China does not seek, as of yet, to be a global naval power in the same way the United States does. It has a much more specific naval posture. Bernard Cole of the U.S. Naval Institute lays out the Chinese naval strategy,

“The more relevant concern to the U.S. Navy is the regional plan of operations China is apparently developing, usually described as "anti-access" or "area denial" and abbreviated as A2/AD. The plan is intended to prevent an opponent -- the United States -- from intervening in an armed Taiwan scenario or other military operations in East Asian waters. Beijing probably defines this area as including the Yellow, East China, and South China seas -- comprising the waters within the
First Island Chain that Liu described. Presumably China would rely primarily on submarines and anti-ship ballistic missiles to execute its A2/AD strategy. This indicates that current Chinese naval strategic thinking remains based on defending limited areas at sea, with a defensive posture against potential U.S. naval intercession, and that the PLAN is intending to draw lines at sea. Such a paradigm resembles Soviet naval thinking during the Cold War but is antithetical to historic naval strategic thinking, whether formulated by Admiral Alfred Thayer Mahan, Sir Julian Stafford Corbett, or any other maritime strategist of note. The A2/AD concept demonstrates a lack of understanding of the core value of naval forces: mobility and flexibility” (Cole 2011).

As Cole points out, the Chinese have used their Navy in a much different way than the United States or Russia. The Chinese strategy is largely defensive beyond the disputes it finds itself in with its neighbors at this juncture; though there are signs the Chinese navy is willing to take on a more aggressive naval posture to protect their ever-increasing need for natural resources from the Middle East, South Asia, and Africa (Blanche April 2009).

The Russian posture is something of a hybrid between the United States and China as things currently stand. Russia has a desire to be a global power, and to be recognized as such. However it seeks to exert this power more regionally than the United States which truly operates globally due to its relatively large fleet of naval carrier groups. Yet the interests of Russia are more expansive than those of the Chinese, who which have shown little desire to intertwine their navy into conflicts not immediately in their vicinity.
There are a number of factors that determine and influence the nature of a relationship between a country with strong naval capabilities and that of a specific region. It is established that trade - both military and non-military – are key components in a relationship between two countries (Friedman 2001, 56). A country may want to establish trade ties because the region has a thriving market and also produces products that are beneficial for one’s own country. There are also strategic concerns, for example in the Mediterranean Sea keeping unfettered access to both the Atlantic Ocean and Arabian Sea are paramount concerns for not only regional powers, but for the whole global economy. Another such key area is the Pacific, namely in the South and East China Sea region which transfers an immense amount of the world’s goods due to countries such as China and Japan. These sort of global pressure points are also opportunities for naval powers to show their importance. When a U.S. naval carrier group traverses the Suez Canal it often times still makes international news. Modern navies have the capability to shift the balance of power in a littoral area like no other conventional weapon in history (Baer 1993, 6).

The other large factor which influences a country’s naval posture towards a region is the level of conflict occurring on land. For instance, Asia for the most part has been more stable in the post-World War II era (not including the Korean or Vietnam Wars) than the Middle East and North Africa which has seen numerous regional conflicts since the fall of the British Empire and the formation of new and often times volatile states. Countries must shape their postures in the water in conjunction with what is also occurring on nearby land. A region which is less stable and rifer with conflict is likely to have outside parties which have interests in the area and are willing to take on a more
aggressive posture to ensure that their national interest is met (i.e. conflict breeds conflict) (Friedman 2001, 6).

Another factor which influences the naval posture a country takes in a certain region is the sheer size of the waters that it must cover. A fleet in the Pacific has much more surface area to cover than a fleet in the Mediterranean. To compare, the Pacific Ocean is 60 million square miles (to break this down into a more manageable figure of key areas, the East and South China Seas as well as the Sea of Japan are a total of 1.5 million square miles), compared to the Mediterranean Sea which is only 1.1 million square miles (CIA World Factbook n.d.).

Even with more assets, a much larger area to attempt to control likely corresponds with a less aggressive posture. With more sea for everyone, it is less likely that confrontations may occur than say in a more tightly accessible area such as the Mediterranean. When forced into a relatively small area of strategic importance, and with adversaries nearby, it is not surprising that a country may need to take a more aggressive posture in such situations (Friedman 2001, 55).

One of the other issues to take into account is basing. While naval vessels are independent to a certain degree, they must still have a base to return to for repairs and replenishment of food and fuel. Thus, where a country is able to base its particular fleets also plays a large role into what sort of posture it may take (Friedman 2001, 62). If a country’s bases are only at home ports, like is the case with China, then a defensive posture is more likely than a country whose bases are in areas which are hostile or certainly have the potential to be so. For instance, the U.S. 5th Fleet is based out of
Bahrain in the Persian Gulf, not a particularly stable area and one that requires a more aggressive posture than the 3rd Fleet based out of San Diego, California.

All of these variables influence a country’s naval posture decision making process in which a country makes its naval posture choices. The way Russia makes its decisions is no different, but it is an interesting case as Russia is still the second most powerful navy in the world and is continuing to increase its naval capabilities in an attempt to regain its global importance (Fedyszyn 2012). However, it has not reached this point and while it may have ambitions to do so it may very well never get there. The relationship that Russia has with both the Mediterranean and Pacific regions is telling of its different approaches to its naval posture as it continues reinvigorate its naval power. It is neither a purely regional naval power such as China currently, nor is it a truly global power such as the United States. By extrapolating how Russia deals differently with both regions and why, it is possible to understand the reasoning behind the different approaches to both regions currently and how its posture may develop in the near term.

**Hypothesis:**

The type of trade relationship a country has with a region in which their fleet is deployed corresponds with the naval posture that the country takes. A relationship with a region that is largely based on non-military commerce is more likely to produce a naval posture which is much less aggressive than a relationship with a region which is based more heavily on military commerce, particularly if that area is of serious strategic consequence.
Research Design:

Using the method of difference, the dependent variable of Russian naval posture in both the Pacific and Mediterranean regions will be examined versus influencing independent variables. The method of difference shows correlation by comparing two cases in which two different effects occurred as a result of the presence or absence of one of the variables. Specifically, the comparison of a case in which the naval posture was aggressive and a case in which the naval posture was subdued reveal that the main influencing circumstances present in the first case are higher levels of military trade and strategic importance. In this instance, it is the most appropriate way in which to determine how the nature of a country’s trade relationship with a region of interest affects its naval posture. Due to it being a straightforward method, it does create an environment where it is possible to overlook the big picture, but does avoid a spurious relationship between the dependent and independent variables. Another weakness is that the less the cases match up, the harder the method of difference is to use. In this case, one country’s naval posture is being examined via two different regions of involvement, not a totally ideal situation. However, as has been mentioned the state of the Russian navy is at a very particular point on the spectrum of global naval powers and thus more telling than acquiring a second case country with lesser capabilities and motivations.

In the Pacific, the area examined will be limited to the Sea of Japan, South China Sea, and East China Sea. In the Mediterranean region the area examined will be limited to mainly the Eastern Mediterranean and as a result the Black Sea to a lesser extent. The independent variables of concern include military exports, commercial trade, naval
assets, and strategic issues such as critical sea lane access and global perception of Russian military importance. Using these independent variables it will be possible to assess how Russia formulates her naval posture in both of these critical regions and the resulting geopolitical implications.

First, it is important to have a broad overview of some of these variables and how they match up against each other. Below is a Russian naval comparison over the past between 1993 and 2012 to better understand the current state of the navy.

Table 1 – Russian Naval Comparison 1993 vs 2012

<table>
<thead>
<tr>
<th>Ship Types</th>
<th>1993</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ballistic Missile Submarines, Nuclear-Powered (SSBN)</td>
<td>54</td>
<td>12</td>
</tr>
<tr>
<td>Nuclear-Powered Attack Submarines (SSN/SSGN)</td>
<td>95</td>
<td>25</td>
</tr>
<tr>
<td>Diesel Submarines (SS/G/SSK)</td>
<td>66</td>
<td>20</td>
</tr>
<tr>
<td>Aircraft Carriers (CV/N)</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>V/STOL Carriers</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Cruisers</td>
<td>23</td>
<td>6</td>
</tr>
<tr>
<td>Destroyers</td>
<td>36</td>
<td>18</td>
</tr>
<tr>
<td>Frigates</td>
<td>141</td>
<td>8</td>
</tr>
<tr>
<td>Large Amphibious</td>
<td>43</td>
<td>39</td>
</tr>
<tr>
<td>Combat Logistics</td>
<td>28</td>
<td>53</td>
</tr>
<tr>
<td>Auxiliary</td>
<td>30</td>
<td>33</td>
</tr>
</tbody>
</table>

It is clear from this chart that there has been a serious degradation in naval power since the immediate post-Soviet era across the board with a few notable exceptions. Large amphibious ships have remained largely flat while combat logistics and auxiliary ships have increased between 1996 and 2003. The focus by the Russian Navy to increase or maintain these assets is an indicator of strategic planning which lends itself to a capability to conduct littoral operations. Maintaining such a capability allows for an aggressive naval posture to be executed. Overall, it is safe to assume that in both case
studies that the number of total naval assets over the past 19 years has been decreasing. However, the numbers currently seen should be a low point as Russia is on a serious naval recapitalization push through the next decade and beyond.

The national defense expenditure as a percent of GDP is projected to nearly double between 2000 and 2014 (Routledge 2012). This growth in defense spending correlates with the rise of Russian President Vladimir Putin. Since taking office in 2000 Putin has made military recapitalization one of his biggest issues. He was once again elected to the post of President in 2012 after spending a brief time as Prime Minister due to consecutive term limits. However it now seems that Putin will be able to continue his military recapitalization trend for years to come. The publicly available numbers show that both in real rubles as well as a % of the GDP, Russia is quickly increasing its national defense expenditures at the same time as countries such as the United States are lowering theirs (of course in real dollars the U.S. defense budget is much, much larger than that of Russia).

Another variable to explore is which countries are the primary recipients of Russian arms. In 2005, Russian arms exports reached $6 billion but have grown to $13.2 billion in 2011 and continue at the same pace in 2013 (Elder 2012) (RIA 2014). This makes Russia the second most prolific arms exporter in the world with nearly 25% of market share, second to the United States. (Elder 2012) Some of the main recipients of Russian arms include Venezuela, India, Syria, Algeria, Vietnam, and Malaysia (Elder 2012).

In the Mediterranean region, Russia sold Syria over $1 billion worth of arms in the past year, and in addition there is $4 billion worth of outstanding contracts (Grove
and Solomon, Reuters 2012). Due to unrest in Libya and the ouster of Qaddafi, Russia is in jeopardy of losing some $4 billion in contracts. (Kramer 2011). In Algeria, Russia has sold over $2 billion in arms over the last several years with some estimates closer to $8 billion due to a long term contract signed in 2006 (CAST Arms Export Journal 2012). Russia does not sell weapons to Israel but has sought to buy unmanned aerial vehicles from the Israelis. Russia has also sold nearly $1 billion in arms to the Egyptian military since 2006 (SIPRI Arms Transfers Database 2012) and has aggressively sought out to expand arms sales to the Sisi government (AFP 2014). In addition, Lebanon and terrorist groups such as Hezbollah have often times received Russian arms via the Syrians and Iranians (Haaretz 2009).

In the Pacific region, China used to be one of the main buyers of Russian arms. However as Chinese military industry has risen, reliance on Russia has dwindled. The Stockholm International Peace Research Institute explains that, “Between the collapse of the Soviet Union in 1991 and 2010, more than 90 per cent of China’s imported major conventional weapons were supplied by Russia. Since 2007 there has been a dramatic decline in the volume of Chinese arms imports from Russia” (SIPRI 2011). Robert Farley writes of the ramifications of this arms relationship collapse, “While the greatest immediate impact of this development will be felt by Russia and China, the deterioration of the two countries' arms relationship is anything but a local concern. U.S., Indian and Japanese grand strategies depend to a great extent on the health of the Sino-Russian relationship” (R. Farley 2011). Vietnam is now likely the Russian’s biggest consumer of weapons in the Pacific region having bought nearly $3 billion worth of goods over the
past several years (Defense Industry Daily 2012). Countries such as Japan, Thailand, and South Korea largely depend on either internal industries or NATO country arms sales.

One of the most important variables is the level of commercial trade Russia has with key nations in both regions. In the Pacific, China has surpassed Germany as the Russian’s top trade partner, reaching $80 billion in bilateral trade in 2011 (China Daily 2012). Not far behind China is Japan, with $30 billion in bilateral trade in 2011 (Russian Foreign Ministry 2012). In 2010, Russian trade with South Korea stood at $10 billion. The bilateral trade relationship between Russia and Vietnam is expected to reach $5 billion by 2015 and is currently around $3 billion (RIA Novosti 2012). Bilateral trade between Russia and the Philippines is around $1 billion for 2011 (Business Inquirer 2011). In all, Russia has well over $130 billion worth of interest in the region just in commercial trade. As a point of reference, the level of U.S.-Russian bilateral trade was at $42 billion in 2011 (U.S. Commerce Department 2011).

In the Mediterranean region, Egypt is Russia’s biggest trader partner in all of Africa, with a bilateral trade relationship worth over $2 billion (Russian International Affairs Council 2011). Second in Africa is Algeria, with a bilateral trade relationship of almost $1 billion (RIA Novasti 2012). The bilateral trade relationship with Syria also stands at $2 billion in 2011 (Daily Star Lebanon 2012). Turkey stands out as the biggest trade partner for Russia in the region, with $30 billion worth of bilateral trade in 2011 (Todays Zaman 2012). Israel also has a healthy bilateral trade relationship with Russia, totaling over $2 billion (Russian Government Release 2012). On the other hand, bilateral trade relations with Lebanon are just over $500 million (Investment Development Authority of Lebanon 2012). The bilateral trade relationship with Libya is an
insignificant amount. In all, the commercial interest Russia has in the region is under $40 billion, not including EU Mediterranean nations.

It is also important to consider the vastness of the Russian Federation and how it influences its naval deployments and as a result its naval posture. Even after the breakup of the Soviet Union, its sheer size is massive. As Boris Makeev highlights, “Russia was and remains a great maritime power. It has more maritime frontier (38,000 km) than land frontier. It has direct access to three oceans: the Atlantic, Pacific, and Arcti. Thirteen seas wash its shores” (Meconis and Makeev 1996). Lyle Goldstein and Yuri Zhukov reinforce this notion in their analysis of the history between the Russian and U.S. Navies in the Eastern Mediterranean, in particular the 1973 naval standoff. They write, “The principal constraints on Soviet Mediterranean operations, aside from the Montreux Treaty, included periodic restrictions on shore access, burdensome deployment distances, and air inferiority. Such factors made the exploits the Soviet Navy was able to achieve in the Mediterranean all the more remarkable (Goldstein and Zhukov 2004). This is important as it relates to the two case studies chosen. Both the Pacific and the Mediterranean are two of the main frontiers of the Russian “sphere of influence”, both historically and into the future.

Case Study: Russia in the Mediterranean Region

The Russian and American navies have a long and storied history of action around the world, often times intertwined together at both points of friction and of cooperation as was seen during World War II. The two navies coincidently also made their first major international ventures on the open seas in the same region. In 1771
Catherine the Great ordered the Russian’s first foray into the Eastern Mediterranean, under the command of Aleksey Grigoryevich Orlov, as part of the Russian Empire’s successful war against the Ottoman Empire. The naval engagement was highly successful, destroying most of the Ottoman fleet at both the Battles of Chios and Chesme. The war helped assert the expansion of the Russian Empire during the 18th and 19th centuries and helped the Russian Navy solidify its own importance. U.S. involvement in the Mediterranean did not follow too far behind. In 1801 the U.S. Navy, led by the USS Enterprise, had its own successful military operation on the shores of Tripoli during the First Barbary War. This battle, much like the Russian operation, had a significant impact on the perception of America’s own ability to successfully conduct military operations far from home. And as such a course was set, both navies where seen as major tools of force projection and the Mediterranean was established as strategically crucial place in the world.

Russia’s lone aircraft carrier, the Admiral Kuznetsov, is officially based at Russia’s Northern Fleet headquarters in Severomorsk. However, since 1995 it has routinely made deployments to the Mediterranean, in recent years to visit Russia’s Syrian port in Tartus as a show of force on behalf of the embattled Syrian regime (Itar-Tass 2011). The main Russian naval presence in the Mediterranean region comes from the Black Sea Fleet headquarters in Sevastopol. The fleet in Sevastopol consists of a tactical submarine, which is highly effective due to its almost silent diesel engines, five surface combat ships, 16 coastal patrol ships, 9 mine sweepers, and 8 amphibious ships (Routledge 2012, 199). After the annexation of Crimea in 2014, Russia announced plans
to expand its naval capabilities on the peninsula including new bases, reinforcement of current bases, and up to 80 new ships by the end of the decade. (Bodner 2014).

Russian naval forces have taken on a very aggressive posture in the last several years, not including the recent war with Ukraine. Both in 2008 to prevent the international community from rendering aid to Georgia during the Georgian-Russian war of that summer and since 2011 in its pursuit to back the Syrian regime. In Georgia, the stated Russian national interest was linked was the Russian citizens living on land that according to them has historically been a part of Russia (Abkhazia and South Ossetia, the two breakaway Republics which the Russian Federation still controls after the 2008 summer war). Moscow also had deep interest in undermining Georgia’s overall sovereignty and the western leaning leadership in Tbilisi at the time as well. In Syria, the national interest for Russia is clear as well. Not only is Tartus a key naval facility for Russia but Syria is a major arms buyer. Additionally, both of these conflicts provided an opportunity for Russia to be highly relevant in the international security dialogue, something that Russia continues to strive for. Putin has become an expert at creating a fire and then proposing that the international community view Russia as the firemen.

As has been stated, the Russian Navy today is not the Soviet Navy of the past, but it does not mean they are not capable of accomplishing their goals. Lt. Col. John A. Mowchan, USA writes in the U.S. Naval Institutes Proceedings about the injection of new funds and a more aggressive naval grand strategy by the Russian Federation, “Taken together, those steps will improve the Russian’s naval prowess in the Black Sea and help set the conditions by which Moscow moves a step closer to re-establishing its historical sphere of influence over former Soviet-controlled states. If unchecked by Western
powers, the Kremlin’s actions could increase the possibility of conflict between Russia and those Black Sea states still seeking greater integration with the West, such as Georgia. Additionally, Russia could be better positioned to threaten U.S. vital interests in the region, mainly democratization, regional stability, and access to energy supplies” (Lt. Col. John A. Mowchan 2011). What time has shown us since Mowchan’s analysis in 2011 is that indeed, Russia’s boldness in the Black Sea has led it to become more assertive in its historic spheres of influence. Both in the war with Ukraine, when Russia used its Navy to squash Ukrainian littoral capabilities and in the Eastern Mediterranean where Russia continues to present more aggressive posture in defense of its strategic interests. For example, in October of 2014 Russia held naval exercises off the eastern coast of Cyprus with ships from the Black Sea Fleet (Famagusta Gazette 2014).

The bilateral trade relationship Russia holds with Syria is comparable to its arms sales to the country. The sale of weapons to Syria nets $1 billion and an additional $4 billion exists in outstanding contracts, in comparison to $2 billion in bilateral trade between the two countries (Daily Star Lebanon 2012) (Grove and Solomon, Reuters 2012). As such, the arms sale component of the strategic relationship is quite important in relation to other countries in the world where the bilateral trade relationship far outpaces military arms sales. In all, Russia has some $20 billion worth of arms sales to countries in the Mediterranean region over the last several years, a serious financial interest. It should also be taken into account that the arms sales market is more lucrative when the customer is actively fighting a conflict or in a heightened state of alert. North Africa and the Middle East have seen their share of conflicts since the end of World War II and as such
has not only been a prominent arms market for Russia, but for the United States and NATO as well.

The Mediterranean is also one of the main choke points for the global economy. With access to the Atlantic and to the Suez Canal, having a navy in the area which can command international attention, especially in crisis situations, is crucial to maintaining a leading role in the world. The Suez Canal transports over 7.5% of all ocean trade (World Shipping 2007).

While the Russian fleet in the Mediterranean is not the most potent fleet in the Russian arsenal, due to the level of military exports and potential for recurring business as a result of unstable geopolitical situations, the posture Russia takes in this region is more aggressive than in others. First, Russia wants other nations, particularly those in the west to know that Russia has serious interests in the region that they do not want to be infringed on. Second, they have for centuries now been involved in the area and see it as a part of their sphere of influence and have shown little interest in pulling back under Vladimir Putin. It is also clear that due to increased military spending, this more aggressive naval posture will not subside in the near future, and is likely to increase as Russia once again builds up its capabilities.

Case Study: Russia in the Pacific:

The Russian naval presence in the Pacific is much more robust than in the Black Sea or Mediterranean. The Pacific fleet is based out of Vladivostok and includes 21 Submarines, of those 12 are nuclear powered subs and the other 9 are ultra-quiet diesel submarines. In addition the fleet includes 9 major surface war ships (destroyers) and 23
coastal combat ships along with 8 minesweepers and 4 amphibious ships (Routledge 2012, 200). In relation to the Black Sea fleet, the Pacific fleet certainly has more responsibility in sheer square miles of open sea, almost ½ million square miles more in areas of interest.

Vladivostok’s location on the Sea of Japan and just northeast of North Korea puts the Russian navy in the middle of a lot of potential conflicts. However, Russia has largely stayed clear of international disputes in the area. Russia has been active as far south as the South China Sea and at one time had a large base in Vietnam after the U.S. withdrawal until the fall of the Soviet Union. The Pacific fleet also engages in operations as far north and east as the Bearing Sea where the main adversary is the U.S. Navy. Unlike in the Black/Mediterranean Seas, Russia has been intertwined much less in any sort of armed conflicts in the region. The only thing that comes close to potential conflict is the relatively friendly relationship that Russia has with North Korea. As a result, the Russian Navy at times is forced to play the role of mediator along with China in the often times turbulent relationship among North Korea, South Korea, and the United States. At this juncture, the North Korean conflict has not escalated into a grimmer situation.

Historically, Russia held a naval presence in the South China Sea during the build-up to the Vietnam War; the Russian presence did not dissuade the United States from engaging in a War with an ally and fellow communist state. Vietnam is now one of Russia’s major trade partners in the region, but is nowhere near the level of China or Japan ($30b). Bilateral trade between China and Russia reached $80 billion in 2011 alone, more than all of the other countries in the area combined (China Daily 2012). It should be noted that trade to many Pacific countries, such as Japan remained flat at lower
levels in the years leading up to Russia’s economic resurgence in the early 2000’s (Ministry n.d.). All the while, Russia’s arms sales to China have collapsed as China has become reliant on its own defense industry to provide the weapons it needs. It has now become in the national interest of Russia to ensure stability and promote economic growth in the region, in no small part due to the $200 billion bilateral trade goal between China and Russia by 2020 and as a counter to the United States (Hille and Anderlin 2012). As such, while Russia certainly sells weapons to countries in the region the posture it has taken over the past decade has been one that has been relatively peaceful and calm. This is in part to the fact that it is harder for Russia, even with increased naval assets, to dominate an area such as the Pacific. Not only due to its large size but due to the growing military power of the Chinese and the strong U.S. naval presence in the region, primarily via Japan and Guam.

Results:

War is good for business, particularly if that business is based on the amount of weapons sold to a country in a precarious strategic position. On the other side, if a country is interested in continued commercial economic prosperity, conflict tends to slow business development and thus economic growth and trade. Companies are unlikely to invest, or invest as much if there is fear of conflict destroying their investments. However, if a country’s military sales are almost equal to a commercial trade relationship, then it might be in that country’s interest to take up a more aggressive naval posture which will embolden its allies in the region to act more aggressively. In the Mediterranean/Black Sea case study it is clear that Russia has both historically and more
recently taken an aggressive posture. With Syria, Russia has been willing to be one of the only international voices backing a brutal regime. Not only has it diplomatically backed the regime, but it has also continued to sell and deliver weapons to the Syrians while it continues to be engaged in a war with its own people (Rosenberg 2012). Reports continue well into 2014 or Russian direct support for the Assad regime. (Miller 2014) This sort of aggressive stance by Russia is backed up by the Russian navy to a degree, which not only may help deliver the arms but whose presence ensures a certain level of security for a regime. Since many of the navies in the Mediterranean, Israel and Turkey notwithstanding, have limited naval capabilities, having the Russian navy as an ally is a huge plus and in turn gives the Russian’s an opening and leverage to become a power player in the region. Coupling this opportunity with the vast amount of money to be made in arms sales to an unstable region, it is no wonder that the Russian’s fight tooth and nail to ensure that their interests are secured, even if that means the death of many thousands of innocent civilians, as has the case been in Syria.

However in the Pacific, a larger fleet has steered clear of engaging in active conflicts even though the stakes in that region for Russia are even higher in pure dollars. Russia has over $130 billion in bilateral trade ties in the Pacific area mentioned alone according to recent data. This number dwarfs the relationships in the Mediterranean but the relationships are vastly different, as are the opportunities. In the Pacific, the countries Russia deals with are much more stable, tend to be democracies or very well managed non-democratic regimes such as China, and have far fewer conflicts than the Middle East or North Africa. This is not to say that Russia does not have points of serious friction with its Pacific neighbors such as Japan for example. Russia and Japan have an ongoing
territorial dispute over the Kuril Islands as well as general friction due to Japan’s alliance with the United States on major geopolitical issues. However, Russian interest and posture in the region is much more subdued, allowing for trade and commerce to occur without the sort of aggressive naval presence that Russia has shown in other parts of the world.

On the other hand, Russian presence in the Sea of Japan has been a moderating influence of sorts since it is one of the few countries in the world which has decent relations with the North Koreans. But it has not been since the height of the cold war that Russia has been able to influence armed conflict in the region in the same manner that Russia has both in the Mediterranean and the Black Sea. Even prior to the conflicts mentioned in the case study for the Mediterranean and Black Sea the Russian’s played destabilizing roles in support of Egypt in the arms build-up to the 1973 War (commonly known as the “Yom Kippur War”). Russia military arms trade interests lead may lead to a more aggressive naval posture in part to support allies who are customers and to keep away those who could destabilize their buying market such as the United States.

Discussion:

In the Mediterranean it would seem that there is clear correlation between the aggressive Russian naval posture and the type of relationship Russia has with the region, which is much more militaristic in nature. Correlation does not always mean causation, and thus spurious relationships should be considered in both cases. At the root of understanding whether the relationship between the type of trade and the resulting naval posture is the Russian way of playing geopolitics. Russia has for a long time used its
resources, both man-made and natural, as a weapon. Whether it was the Cuban Missile Crisis or the frequent cut-off of Europe’s natural gas supply (Lea 2012), Russia deals with the outside world in an abrasive fashion, something which should be considered when looking at baseline modus operandi. As such it is less likely that the resulting naval posture in the Pacific for instance was merely an indicator of the trade relationship but a causal augmentation to the more aggressive way that Russia conducts its international business. This is not to say that some other variable doesn’t sway Russian posture, like the presence of U.S. naval forces and heavy U.S. interests. This variable would lend itself to prove a spurious relationship in the Cold War era more than today. As the United States is also an important trade partner and avenue for much of Russian elite to invest in, the argument of acting purely as a counter-balance to the United States is not as relevant as it once was before. There is in fact a causal relationship between a region’s trade and strategic profile and the naval posture Russia exhibits.

For Russia however this is can often be a dangerous game. The Russian Federation strategy in the Mediterranean region is high risk and high reward. As we saw throughout the so called “Arab Spring,” many of the Russian’s key allies came under serious duress or have been overthrown. As a result, one of the Russian’s main arm sales markets is under severe stress. While despotic regimes are more than happy to buy arms from Russia, and Russia is more than happy to help prop up these regimes in any way they can, the inherent danger to the Russian arms export business is clear in the short term. It is not clear that the Russian’s can transform their relationship in the region from one that is heavily military based to one that is more commercially robust as has been the case with China in short periods of time. Many of the same countries the Russian’s sell
weapons too are simply incapable at this point in time of serious economic growth due to civil unrest and a lack of proper economic fundamentals. As such, Russia is left with little choice but to continue on with their current strategy. This strategy may work in the short term for the bottom line, as we have seen the monetary value of Russian arms sale go up in recent years, but this may not always be the case going forward as the leadership in these countries change for better or worse.

As a result of this strategy, there are also severe geopolitical consequences for other nations such as the United States and Israel. The continued influx of weapons to an already unhinged region can only further destabilize the area. A fact the Russian’s would not mind seeing as it both drives oil and gas prices up and helps the arms market blossom, both staples of their economy.

The type of relationship a naval power has with a region can be very indicative of the posture they will take towards that area. When a country’s major interest in a region is arms sales, it is likely that the area is volatile and there is a market for weapons to fuel a conflict or prepare for a potential one, as is the reasoning for many U.S. military arms sales for example. When a country’s main interest however is not the arms market but rather the bilateral trade relationship, then the introduction of weapons and instability is usually much more limited or certainly much less of a focus of the relationship.
Chapter II: Russia’s Radical Islamists: Localized or National Threat?

Introduction:

Russia has a long and often dark and complicated history in the Northern Caucasus. From the time of the Kalmyk Nomads in the 17th century, to the Russian Empire’s campaign of conquest of the 1820’s and the resulting thirty years long Caucasus War, Russia has attempted to use force to influence the political and cultural direction of the region. (Khodarkovsky 2008) More recently, Russia has fought two protracted wars in the North Caucasus since the fall of the Soviet Union, and continues to battle radical Islamic insurgents in places such as Chechnya, Dagestan, and North Ossetia. (Evangelista 2003) Those same insurgents have often successfully attacked Russian targets far beyond the North Caucasus, successfully conducting operations with few geographical limits. (J. Li 2011)

Is Russia battling in the North Caucasus a primarily local insurgency with only local implications or does the problem there pose a larger long-term threat to the stability of the Russian Federation? This chapter will show that the insurgency in the North Caucasus itself is unlikely to pose a threat to the stability of the Russian Federation unless a broader Islamic awakening occurs within the country. Such an awakening or a “Russian Spring” will more likely be caused by wider socioeconomic issues and a lack of political space and representation for the growing Muslim population than a localized insurgency fighting for issues that are largely related to the North Caucasus.

Instability or the destabilization of the status quo may manifest itself via a wide spectrum of actions. It is possible that widespread demonstrations or other actions of civil disobedience would spark a greater volume of insurgent attacks and/or political
movements seeking to undermine the current political status quo and/or seek independence or autonomy for Muslim majority population centers. A tipping point could be reached as we have seen in other nations where the civil and economic situation is disrupted to a tipping point which destabilizes the status quo and at the very least produces political change at the highest levers of power or more damaging a state of broader civil war.

Russia’s actions in the region, historically and in current times have largely revolved around ensuring the geographical integrity of the North Caucasus as well maintaining a semblance of cultural influence to support its territorial claims. Russia has not been as successful in achieving either of these goals as it has often portrayed in its domestic propaganda. Internal debate about Russia’s role in the North Caucasus has been restricted, first during the Soviet era and more recently due to the restrictive policies of Vladimir Putin. Debate about Russia’s role in the North Caucasus was at times robust during the 1990’s, one of the few periods in recent Russian history where there was relative freedom in discussing and exposing the issues of the day. During this time, brave journalists spent time on the ground in Chechnya, reporting on both sides of the conflict and then infusing the public debate with their findings, often in graphic and confrontational ways.

No one captured the true nature of these conflicts in the way that Russian journalist Anna Politkovskaya did before her murder, an event that still raises many questions about the direction of the Russian Federation. (Smith, Independent journalism has been killed in Russia 2006) One of the factors in propagating this conflict for such an extended period of time is the brutality with which Russia and their foes in the North
Caucasus have carried out the conflict. Another journalist, Anne Nivat wrote about her trip into war torn Grozny in 2000, calling the trip Chechnya’s “Trail of Tears” where she witnessed the indiscriminate nature of Russia’s offensive on Grozny and the surrounding areas. (Nivat 2000)

The North Caucasus continues to slide toward a society of stricter Islamic rule, which could intensify the struggle internally and beyond. Diana Markosian, a photo journalist who worked on a project called, “Goodbye My Chechnya” has captured this drift towards a more fundamentalist Islamic society. She writes,

“For young women in Chechnya the most innocent acts could mean breaking the law. A Chechen girl caught smoking is cause for arrest; while rumors of a couple engaging in pre-martial relations can result in her killing. The few girls who dare to rebel become targets in the eyes of Chechen authorities. After nearly two decades of vicious war and 70 years of Soviet rule, during which religious participation was banned, modern-day Chechnya is going through Islamic revival. The Chechen government is building mosques in every village, prayer rooms in public schools, and enforcing a stricter Islamic dress code for both men and women.” (Markosian, Young Women in Chechnya 2012)

The local government in Chechnya now also openly approves honor killings. (Markosian, Chechen women in mortal fear as president backs Islamic honor killing 2012) Current President of the Chechen Republic, Ramzan Kadyrov has championed
*sharia* law and publicly stated that he believes it trumps the laws of Russia, although his spokesman deny it has been imposed. Rights groups say that Kadyrov’s personal militia, numbering over 5,000, enforces the stricter interpretation of Islam in Chechnya. (Ferris-Rotman 2010) In 2011, Human Rights Watch issued a report on the enforcement of an Islamic dress code for women in Chechnya and documented attacks on those who did not adhere to the stricter modesty rules. (Watch 2011)

With the variety of challenges that Russia is facing in the next century, its continued approach to the North Caucasus and the country’s Muslim community at large has the potential to be a critical issue impacting the course of the nation. With the recent election of Vladimir Putin, the architect of the second war with Chechnya and Russia’s approach to Islamic radicalism, for what will likely be two more terms as President, Russia is at a crossroads.

Russia has shown by its actions that it does not fear a world-wide radical Islamic insurgency in the same way that it fears internal Islamic insurgents who seek to A) break away pieces of the Russian Federation for their own uses (i.e. the formation of an Emirate) B) seek to create a radical Islamic uprising within its large Muslim population and C) get revenge for the way Russia has conducted counter-terrorism operations (i.e. no regard for collateral damage). (Hughes 2007) Russia has largely focused inward when dealing with the problem of radical Islamic insurgents rather than conducting a broader foreign policy to counter the growth of such non-state actors. In fact, Russia has for various strategic and economic reasons often aligned its foreign policy with international regimes that are using radical Islamist organizations to help achieve their geopolitical goals. (Dannreuther May 2012)
Whether Russia decides to take an aggressive or defensive posture when dealing with the insurgency in the North Caucasus, it will have important ramifications one way or another in the relationship between Slavic Russia and the growing Muslim population throughout the country. While debate of the implications of the road Russia should take has been limited domestically, international scholars have examined the actions undertaken in the North Caucasus by the Russian Federation, potential long term ramifications of their actions vis-à-vis the surging Muslim population, and the general ways in which it is possible to predict where instability may break out and the dynamics leading to such events.

Literature Review:

To begin answering whether or not Russia’s insurgency is a localized or potential national threat, the paper will first outline the broad theory on insurgencies, and the nature of what has transpired in the North Caucasus in the post-Soviet era. More specifically, what drives localized insurgencies and at what point does wider political and social instability break out among a population that has by and large been unaffected by the localized insurgency? Additionally what have been the driving factors of the localized insurgency in the North Caucasus and what are some of the key internal and external factors that can influence this localized insurgency?

Russia is just one of the numerous countries in the world that recently has fought or is currently fighting a protracted insurgency at home or abroad. Unlike the United States, which has fought two large insurgencies in both Iraq and Afghanistan over the past decade, Russia’s insurgency, like most, is being fought at home. While there are large contrasts among all three insurgencies, scholars have been able to understand these
insurgencies and their broader implication for counter-insurgency strategies in useful and broad strokes. Noted counter-insurgency scholar, David Kilcullen analyzed the motives of insurgents in his book, *The Accidental Guerilla*. He theorizes that most insurgents do not fight to for some broad geopolitical or religious goal but rather fight largely to be left alone and to expel those who have invaded their area. (Kilcullen 2009). The Russian insurgency in the North Caucasus has largely transitioned from a stricter nationalist movement to one of jihad, which espouses goals of autonomy in a much different way than the secular separatist’s movement of the 90’s. (Hughes 2007) Kilcullen also points out what other practitioners of counterinsurgency strategy have surmised: that those seeking to conduct counterinsurgency operations often only make matters worse for themselves by antagonizing the local populace. (Kilcullen 2009) The Russian experience in the North Caucasus and the dynamics between the Muslim population and the Slavic population, which make up the political and business class, complicate this interaction and the possible broader implications for the continuance of this insurgency.

What are the broader implications of such a prolonged insurgency? Other than the obvious continued bloodshed and localized instability, there are national and international ramifications according to Nauro Campos and Martin Gassebner. They write that,

“civil wars, riots, and guerrilla warfare are robustly associated with international terror, while demonstrations and strikes are not, and this association is stronger for fatalities than for the number of attacks (i.e., we find strong support for the escalation effect)...One conjecture is that domestic instability escalates into international terrorism because it provides and perfects the skills (military,
strategic, and organizational) required to carry out international terrorist acts.”

(Campos and Gassebner 2013)

Their argument would suggest that even localized insurgencies should not be looked at in a vacuum because they may have broader consequences. Taking Campos and Gassebner’s findings one step further and applying them to Russia’s particular case, the implications of the insurgency in the North Caucasus are that it serves as the breeding ground for a potentially broader insurgency movement both at home and abroad.

The insurgency in the North Caucasus for example has brought violence not only to that region but across other parts of Russia, and more recently fighters originating from the North Caucasus have made their way to Syria and Iraq to fight in the sectarian battles across the region. (Grove and Karouny, Militants from Russia's North Caucasus join "jihad" in Syria 2013) Furthermore the insurgency in the North Caucasus has resulted in the massive relocation of North Caucasians to Europe as a result of a highly unstable situation with violence and widespread human rights abuses, presumably from forces both loyal to the Kremlin and those loyal to the Islamic radicals leading the insurgency. (Vatchagaev 2013) Nauro and Campos would probably agree that what is happening in the North Caucasus has the potential to escalate with broader implications, but whether it would actually destabilize the status quo in the Russian Federation is still an open question.

Understanding what makes political instability possible is important to determining whether the insurgency in the North Caucasus can indeed result in wider instability across Russia. Is it possible to predict broader political instability? Eight
university scholars examined political instability worldwide from 1955 to 2003 to develop a model that according to them has an 80% accuracy rate in forecasting either violent civil wars or nonviolent democratic movements. (Goldstone 2010) They conclude that,

“most of the variables and specifications suggested by previous resource-based models of political instability offer substantially less predictive power in regard to instability onsets than the regime type variables developed in this research. While infant mortality, discrimination, and bad neighborhood effects are significant, our categorical measure of political institutions was by far the most powerful factor for distinguishing stable country-years from those that soon experienced instability onsets.”

(Goldstone 2010)

Under the Putin regime, government political institutions have been curtailed as power has been centralized (Ostrovsky 2013). As Goldstone et al. point out, political institutions or the lack thereof is an important factor in predicting instability. In Russia’s case, not only is the lack of political institutions important to consider, but the lack of inclusiveness of the political institutions that do exist. A broader insurgency could very well use the lack of representation of a significant sector of the population as one of their rallying cries for wider destabilization efforts.

Goldstone, et al. go on to explain that:
“Once regime characteristics are taken into account, most other economic, political, social, or cultural features of the countries in our sample had no significant impact on the relative incidence of near-term instability… From a policy perspective, we find this result hopeful. Many of the factors that others have found to be important prior correlates of civil war onset—income per capita, mountainous terrain, population size, age structure, and resource endowments—are beyond the reach of short-term policies to change. The most influential factor in our model, however—the institutional character of the national political regime—may sometimes be more amenable to policy reforms. At the same time, the model also warns us that the process of institutional reform can be and often is destabilizing…We have shown that a specific kind of intermediate regime—partial democracies with factionalism—has exceptionally high risks of instability.” (Goldstone 2010)

Goldstone, et al. makes an important finding in that they highlight that partial democracies with factionalism have a high risk of instability. Do democracies or partial democracies also have higher rates of terrorism, which in turn could lead to domestic instability? As the Islamic uprisings across the Middle East and North Africa continue to shake out, particularly in the Levant, the reported involvement of Chechen fighters could have domestic ramifications for Russia. (Solovieva 2013) Jihadists in the North Caucasus do not operate in a vacuum, and their transnational connections can help accelerate their operations domestically. (de Waal 2011). By gaining experience abroad as well as
connections which could help them achieve their domestic goals, the flow of fighters back to the Russian Federation may serve as an accelerant to the situation in the North Caucasus.

The theory that Goldstone, et al. outline can be applied to the Russian Federation as a case can be made one way or another that it is a partial democracy with factionalism and that policies and institutions to open up society and the political process are needed to avert potential instability. First and foremost, there is a lack of political and civic engagement for ethnic and religious minorities, particularly the large Muslim population, and rampant corruption at all levels of the political and economic structures.

The Conflict in the North Caucasus:

Russia’s experience with the Chechen insurgency offers insight into how the future might turn out for the relationship between Slavic Russia and Muslim Russia. In *Chechnya: From Nationalism to Jihad*, James Hughes proposes that the Russian-Chechen conflict turned from a nationalistic struggle for independence to a religiously-inspired Islamist campaign due to three factors. The first, being the misconduct by Russia’s political and military leadership, the second being the infiltration of Wahhabis/Salafist elements into the region, and finally the manner in which the conflict has been pursued (i.e. lack of proportionality, excessive use of force, etc). (Hughes 2007)

One of the influences on the insurgency in the North Caucasus is the influx of foreign fighters. Cerwyn Moore and Paul Tumelty write about the profound effect that the involvement of foreign fighters has had on the conflict both from the side of the
Russian government and the jihadi fighters themselves. This allows the Putin administration to make the case that Chechnya is just another jihadi front controlled by groups such as al-Qaeda and as a result of this connection allow for a certain level of acquiescence from the West as to how Russia conducts counter-terrorism operations. (Moore and Tumelty 2008) On the side of the jihadi fighters, they make the case that their motivations to support, travel, and volunteer for combat in the Chechen insurgency are driven by a number of complicated factors including kinship, religion or ideology, as well as the opportunity presented by the opening of borders at the end of the Cold War. Further they point out that while the foreign fighters have remained largely under Arab command, outside events force these fighters to operate as a reactive movement, ebbing and flowing between strength and weakness. (Moore and Tumelty 2008)

While the Putin administration claims that the threat in the North Caucasus has been neutralized thanks to the actions taken by the central government over the past 14 years, there are those within Russia who disagree and believe that the government’s actions have been counterproductive and in reality help grow the threat of a larger Islamic insurgency. (Evangelista 2003) Fiona Hill of the Brookings Institution writes that Putin and his fellow policymakers see religious conflict as a serious threat to the state. Their view is that the struggle comes from within the faith in Russia and is between traditional communities and well-financed foreign Islamic networks. (Hill 2002) While terror attacks emanating from the North Caucasus are not as prevalent as they were during the 2000’s (See terror attack annex), the Russian security apparatus is still acutely aware of the threat. In 2012, Aleksandr Bortnikov, director of the Federal Security Service, said at a joint session of the National Antiterrorist Committee and the Federal Operational Staff, "We do not have
grounds for complacency. The difficult situation with countering terrorism, particularly in some republics in the North Caucasus, should not be underestimated.” (BBC 2012) One of the reasons for Russia’s support of the Assad regime during the Syrian Civil War is the fear of radical Islam. (Mudallali 2012) Ilya Rogachyov, director of the Foreign Ministry Department for New Challenges and Threats has openly discussed his worry about radicalization trends in Arab countries, calling it, “a very serious problem.” (Newswire 2011) Such a statement from a senior government official is but one more example of Russia’s perceived threat of jihadist organizations as a potential domestic threat.

Akhmet Yarlykapov, a senior research fellow at the Institute of Ethnology and Anthropology of the Russian Academy of Sciences, warns about the dangers of ignoring the growing diversity in the Muslim community and adds that one-size-fits-all policies are counterproductive. He maintains that in areas like Dagestan, Chechnya, and Ingushetia there has not been a rebirth of Islam but rather the coming out of Islam from the underground, and in places like Kabardino-Balkaria and Karachayevo-Cherkesia there has been re-Islamization. (Litvenov 2013) Yarlykapov goes on to make the case that policy must be made around better understanding the nontraditional Islamic movements in Russia and the ramifications of these movements, not by assuming that one set of Muslims in one region are like another or vice versa. There are currently eight regions of the Russian Federation where Muslims make up 50% or more percent of the population (Adygeya, Karacheyevo-Cherkessia, Kabardino-Balkaria, Ingushetia, Chechnya, Dagestan, Tatarstan, Bashkortostan) and these regions also happen to account for the eight largest growing regions by population. (Heleniak 2006)
Methodology:

By analyzing the convergence of variables outlined in the literature review, and summarized at the end of the discussion, I will assess whether Russia only has local implications to worry about in the North Caucasus or if there is a broader long-term threat to its stability it must consider. By analyzing the convergence and timeliness of these factors, the nature of insurgencies in general and that of the one in the North Caucasus, and research on the predictability and factors leading to social unrest, I will assess whether or not the local insurgency in the North Caucasus is a long-term threat to the stability of the Russian Federation. Specifically, it would be important to see whether or not insurgents would be able to be a catalyst in a domestic Islamic awakening that could destabilize Russia.

Discussion:

Russia is a vast nation which through centuries of expansion and immigration has brought together numerous ethnic traditions, languages, and most importantly religions. For most of the last century, due to the Soviet system, religion has been officially non-existent. This is a key component to understanding the post-Soviet Russian experience with Islamic radicalism. An overwhelming number of Russian citizens consider themselves either atheists or completely non-practicing individuals who could be considered agnostic. That being said, 15-20% of Russians identify as Russian Orthodox, a slightly small number of 10-15% identify as Muslim, and a smaller amount of 2% simply identify as Christian (CIA Fact book: Russia n.d.). The remaining majority of the country is not religious. It important to understand that while there are more self-
identifying followers of the Christian faith, the number of Muslim faithful in Russia, is quickly rising.

While Russia’s overall population is dropping at a rate of about 700,000 people a year, Russia’s Muslim population has been steadily growing and has increased by 40 percent since 1989 (Washington Times 2006) By midcentury it is estimated that Russia’s Muslim community will account for more than half of the population (Washington Times 2006). In addition, Ilan Berman wrote in his 2013 book on Russia’s coming domestic woes that, "officials in Moscow predict that the Russia Federation might become majority Muslim." (Berman 2013)

The makeup of the Duma, Russia’s parliament, also provides an interesting insight into the integration, or lack thereof, of the Muslim community into the official Russian apparatus. While an official ethnic/religious breakdown of the Duma is not released by the Russian Government, a general observation of the members listed shows that Muslims are heavily underrepresented in the legislative body. It is also important to note that six former Soviet republics are majority Muslim (Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan). Many of these nations also have low level radical Muslim insurgencies which could have consequences for Russia’s security interests. Paul Goble, a specialist on Islam in Russia and former special advisor on Soviet nationality issues to Secretary of State James Baker writes, “Russia is going through a religious transformation that will be of even greater consequence for the international community than the collapse of the Soviet Union.” (Washington Times 2006) If Russia does not take a more inclusive approach to its growing Muslim population and integrate them into all facets of Russian life, the insurgents who seek to
grow their movement could find fertile ground to spread their message in the Muslim community. This may only be compounded by the general problems Russia has involving lack of political space, inclusiveness of minorities, overall corruption, and economic uncertainty.

The rate of influx of foreign fighters, money and radical clerics into the North Caucasus that help propagate a radicalized brand of Islam are some the key factors that would enable the local insurgency to spread to the greater population that could be inclined to join such a movement. The spread of “electronic muftis” is also a concern for Moscow as millions have access to materials which could help self-radicalize the largely moderate Islamic population across Russia. (Litvenov 2013) Russia’s foreign policy decisions should also be considered in this paradigm, namely decisions like supporting the Assad regime or other dictators in the region in the face of Islamic awakenings that we have seen sweep large parts of the Middle East and North Africa.

External and internal variables have an influence on whether the largely localized insurgency in the North Caucasus could have significant ramifications for the stability of the Russian Federation or if as David Kilcullen theorizes, insurgents such as these are likely fighting for local goals rather than broad geopolitical or religious goals. Some of these variables include:

- Trends such as unemployment among different sectors of the population.
- Political representation of Muslim throughout government political institutions
• Spread of stricter Islamic society beyond the North Caucasus and the variances in the Islamic regions of Russia (i.e. some are heavily sufi while others are adopting more salafist teachings).

• Islamophobia in Russian culture is as an underlying issue

• Corruption

• Manner in which Russian counter-terrorism tactics are employed in the face of insurgent attacks.

• Flow of foreign fighters back to the region.

The current most pressing threat to the Russian Federation comes from the Caucasus Emirate which has been designated a terrorist organization by the United States (The Moscow Times 2011) and Russia (Emirate View 2010). Additionally on July 29, 2011 the UN Security Council al-Qaeda and Taliban Sanctions Committee added the Caucasus Emirate to the list of entities associated with UBL and al-Qaeda as well as Riayd-us-Saliheen (which he has reportedly restarted) (QI.U.290.11. DOKU KHAMATOVICH UMAROV 2011). The UN Security Council estimates that Umarov had 750 militants under his command as well as emissaries in foreign countries. (QI.U.290.11. DOKU KHAMATOVICH UMAROV 2011) The Emirate was declared in 2007, in large part due to the fact that the Chechen Republic of Ichkeriya (ChRi) was being hit hard and needed a new movement (Hahn 2011).

Doku Umarov, who was reportedly killed in 2013, wrote in 2010 about the goals of the Caucasus Emirate,
“Allah willing, all of the brothers, who are carrying out Jihad in the entire world, are our brothers for the sake of Allah, and we all today are going on one road and this road leads to Paradise. In Paradise, Allah willing, our brothers, who went earlier than us, and Allah willing and we hope, we will be near the Prophet if we will be sincere on this path and if we will sincerely establish Allah’s law on this earth.”

(Hahn 2011)

In short the group seeks to create his Islamic state which they say is required by Islamic law.

Terrorist groups operating in the North Caucasus, such as the Caucasus Emirate, fight because they believe in a zero sum ideology and as James Hughes pointed out, as long as there continues to be an infiltration of salafists willing to wage jihad, they will be supported enough that Russia is helpless to stop the spread of radicalism within the population of the Caucasus. (Hughes 2007) They will continue to fight and gather support from sympathetic groups and strike Russia in key areas to gain attention. The insurgency in the Caucasus was able to carry out constant attacks on a wide array of targets across the country for more than fifteen years. Even with the regular killing and capturing of terrorists by Russian forces, the trend of a growing insurgency could pose stability risks for the regime in Moscow in the long term.

Through those fifteen years the death toll in Chechnya has been said to be close to 160,000. (The New York Times 2005 ) It has also been reported that up to 90,000 ethnic Russian non-combatants where killed alone in the conflict, mainly from Russia’s indiscriminate attacks on Grozny, a truly staggering number. The former head of
Chechnya’s interim Parliament estimated that between 30,000 and 40,000 ethnic Chechen non-combatants were killed as well (The New York Times 2005). While we may never know the exact figures, the numbers of casualties on both sides are rarely spoken of but help put in perspective the sort of deeply entrenched feelings that Russians and Chechens alike have on this topic.

Russia’s reluctance to also confront international Islamic radicalism prevents it from approaching the problems it has in a uniform fashion. While the government itself admits that organizations such as al-Qaeda, Lashkar-e-Taiba, and others help fund and support the Chechen movement, it has done very little to confront these groups beyond listing them (FSB Releases Terrorist List 2006). Russia’s geopolitical needs have often times overridden domestic ramifications when it comes to working with regimes who are state sponsors of terror groups who are working hand in hand with the very same insurgents that threaten Russia.

The variables which will affect Russian stability outlined in the literature review and discussion include the influx of foreign fighters, demographic changes, lack of political and civic engagement, spread of stricter Islamic society, Russian counter-terror tactics, the presence of so called “electronic muftis”, and the role that Russia’s foreign policy decisions impact their domestic situation. These are a few of the key variables to consider when attempting predicting whether or not the insurgency in the North Caucasus can destabilize the Russian nation.

Additionally, the vectors for spreading instability inside Russia would likely be through existing institutions and via social networks. As we have seen in other parts of the world, instability can be organized and spread much more rapidly than in the past. It is
difficult how much easier and faster this might be in the near future. It will however, not likely get more difficult. Russian regions with Muslim majority areas would certainly be most receptive, such as Tatarstan, Bashkortostan, Ingushetia, and many others. (The Economist 2007) It is also important to note that even Moscow has an estimated Muslim population of 20%, a figure which is likely low to due to the number of undocumented migrant workers from neighboring Muslim majority countries.

Russia has so far been largely successful at containing the insurgency but there exists a prospective for terrorism outside the N. Caucasus which could actually be destabilizing. For instance, while insurgents have largely aimed their attacks on targets that would create the most amount of terror across Russia, they could alter their strategy to target Russia’s key energy and defense sector infrastructure or expand attacks in the heart of Moscow. Attacks on train stations or schools have had limited economic impact in comparison to potentially more sophisticated targets. Whether or not the Islamic insurgency in Russia will gain this experience and operational footing is yet to be seen, but those foreign fighters coming back from conflicts abroad will certainly have an elevated knowledge of military operations to create a larger threat for Moscow.

**Counterarguments against the Spread of Radical Islam Destabilizing Russia:**

It could be argued that the local insurgency in the North Caucasus is unlikely to have broader appeal due to the spread out nature of the Muslim population, the variances in the denominations, and relative secularism that is found within the broader Muslim community outside of Chechnya and Dagestan. While you could have continued terrorism, this argument would counter that a broad Islamic insurgency could create political
Elise Giuliano challenges the claim that Muslims in Russia are ready to support radical Islamists. She argues that due to the various forms of Islam practiced and that religious belief and practice is not always correlated with anti-Moscow political mobilization. Giuliano makes the case that Muslims in Russia have largely opposed radical Islamic movements during the past 15 years and will most likely do so. (Giuliano 2005) Mikhail Alexseev makes a broader argument that strikes at the core of the demographic issue. Alexseev makes the case that Russia’s Muslim population has been greatly overcounted and that while popular estimates tend to be around 25 million; Alexseev believes that the real number of Muslim believers is unlikely to be more than 11 million. He writes that:

“Even at the height of the Chechen wars, Russia did not experience broad-based national-level mobilization and public action by its Muslims similar to that which rocked Europe in response to the Danish newspaper cartoons depicting the prophet Muhammad. This is not for lack of potential touchstones of conflict. Instead, the absence of mobilization reveals the weakness of Islam’s demographic base in Russia and the predominance of nonreligious values and motivations in shaping collective action among Russia’s Muslims.” (Alexseev 2008)

These arguments should be considered when concluding whether or not the localized insurgency in the North Caucasus has the potential to destabilize Russia. For an awakening of the Russian Muslim community to really occur which insurgent elements could grab hold of, they would have to overcome the issues laid out above – lack of uniformity among the Muslim population and less demographic growth then some estimate. The fact that
Russia’s Muslim population is diverse is hard to refute. Whether or not the demographic changes in Russia are going to be as drastic as some predict however is left largely up to the quality of the census taking by Russian scholars and authorities.

The insurgency in the North Caucasus itself is unlikely to pose a threat to the stability of the Russian Federation unless a broader Islamic awakening occurs.

Implications for U.S. Policy:

On September 11th, 2001 President Vladimir Putin called President George W. Bush on Air Force One sometime after 11:15am. He was the first foreign leader to call and express his condolences to the United States, along with the message that Russian forces would be standing down as to not cause any confusion with the U.S. military which was by then on high alert (President Bush Press Conference 2001). It was on that day and for a relatively short period there after that the U.S.-Russian relationship was at its strongest point since the fall of the Soviet Union, and in fact it has never reached that level of cooperation and understanding since those initial post 9/11 days.

The Russian Federation had itself been dealing with Islamist militants for the better part of the 1990’s. In a telegram sent from President Vladimir Putin to President George W. Bush on September 11th, 2001 Putin expressed the need for the international community to rally in the fight against terrorism (Embassy of the Russian Federation Press Release 2001). Of course, the worst attacks for the Russian Federation were still to come. In the decade following, Russia faced attacks in the air, on its ground transportation infrastructure, and some of the most shocking attacks in locations such as movie theaters and schools.
While Russia has encountered its share of terrorism, the way in which it deals with international terrorism is not as black and white as how it deals with its domestic threats. Russia, domestically, has looked to unflinchingly kill those who seek to use terror as a means to reach their goals. However in the international realm, its strategic interests have led it to take a more reserved approach. For instance it does not consider Hamas or Hezbollah to be terror organizations (FSB Releases Terrorist List 2006). In fact it has gone so far as to host leaders of such terror groups in Moscow for meetings (Hamas leader to visit Moscow 2010). It is no coincidence that these groups are closely tied with Syria and Iran, both key strategic partners for the Russia in the Middle East.

The United States will have to continue to face a Russia that fully appreciates the dangers of terrorism at home but has international motives that do not reflect those views abroad and counter U.S. national security interests. While the United States has not been engaged with Russia on its domestic situation in the North Caucasus to a great extent, the way in which Russia’s long term relationship develops with its Muslim community could have great impact on the U.S.-Russian relationship as Paul Goble states.

**Conclusion:**

Russia is heading into a situation where a growing Muslim population may find itself dissatisfied with its socioeconomic position and while for a variety of reasons already laid out they are unlikely to turn to radical extremism as a way of channeling their anger, the potential for the insurgency emanating from the North Caucasus to gain ground is present. The demographic trend is unlikely to change, even if it is exaggerated according to Mikhail Alexseev, and with the recent election of Vladimir Putin for what will likely be
two more terms, the architect of the second war with Chechnya and Russia’s approach to Islamic radicalism, Russia is unlikely to change its ways either. The insurgency in the North Caucasus itself is unlikely to pose a threat to the stability of the Russian Federation unless a broader Islamic awakening occurs. Such an awakening or a “Russian Spring” will more likely be caused by socioeconomic issues and a lack of political space and representation for the growing Muslim population than a localized insurgency fighting for issues that are largely related to the North Caucasus and not broader Russia. This is because at this point the broader Muslim population has not shown itself as a serious mobilized force or one that has been susceptible to radicalization beyond the North Caucasus. If those two factors change, Russia may find itself facing a much different threat than it currently does. The Russian Federation should reassess how it deals with its Muslim population and how it approaches the Caucasus, and while the likelihood that this will actually happen under Vladimir Putin is slim, the blowback for Russia could have long term consequences to its stability. With no end in sight, groups like the Caucasus Emirate and Riyadh-us-Saliheen will only continue to thrive, but their ability to gain a following large enough to be an actual destabilizing force to the regime in the short-term is unlikely.
Chapter III: Russia’s Arctic Energy Development: Economic Stability or Political Destabilization?

Introduction:

In May of 2014, months after the annexation of the Crimean Peninsula and during the escalation in Eastern Ukraine, Russian President Vladimir Putin spoke at the St. Petersburg International Forum on the oil and gas sector:

“I would like to reiterate that reliable and stable energy supply today determines to a great extent the stable progress of national economies and the global economy as a whole. It is in our common interest to make energy cooperation more efficient and mutually beneficial and to relieve it of the unnecessary excessive political influence that deforms the economic basis and principles of this strategic industry.” (Putin, Oil and Gas Companies as an Engine Driving Change in the World Economy 2014)

In the post-Soviet world Russia has leaned heavily on an oil and gas export based economic model. The gambit of linking the stability and strength of their country overwhelmingly with their ability to produce, and sell at a particular price, certain highly demanded natural resources gives the Russian political elite short-term stability. How will the long-term Russian development of the Arctic or lack thereof affect its rate of energy production and would the lack of energy development in the Arctic threaten the stability of the Russian economy? Answering this question is not only significant for Russia but for those countries depending on Russian oil and gas exports and the energy
markets at large. According to a Eurasia Group report for the Wilson Center on Arctic oil and gas development Russia needs new fields in the Arctic to “offset declines in production at its conventional, legacy fields and to maintain production at a level of at least 10 million bpd beyond 2020.” (Eurasia Group 2013) Furthermore, the Arctic zone accounts for 91% of natural gas and 80% of proven Russian reserves of industrial gas (Pilyavsky 2011). It is estimated that 100 billion tons of recoverable oil and gas (13% and 87% respectively), are contained on the Russian continental shelf (Parks 2014). Russian energy experts predict that in the coming few years, Arctic gas could account for nearly half of Russian production and Arctic oil nearly a quarter with both percentages trending up in the long term. (Glukhareva 2011)

By analyzing the importance of the Arctic to the future of Russian energy production and exports, the rate at which Russia needs to produce and the price at which it needs to sell to maintain economic stability and growth, it will be possible to ascertain the true importance of the Arctic to Russia. Furthermore, exploration of how international sanctions aimed at Russia’s oil and gas sector may affect long-term energy production in the Arctic specifically will be an important contributing factor to this study along with other potential impediments such as access to reserves, uncertain energy policies, cost containment, worsening fiscal terms, environmental risks, human capital deficit, operational challenges, climate change, new operational challenges, price volatility, and competition from new technologies. (Top 10 Risks n.d.) Will the decline in energy production, particularly if there is an inability to fully develop Arctic resources for a variety of the aforementioned reasons, be a destabilizing force in the Russian energy based economy and thus disrupt the political status quo, constituting a potential threat to
the stability of the current the ruling elite? If such an energy scenario unfolds, it is quite plausible that a system overly dependent on energy revenues experiences significant complications.

**Literature Review:**

Scholars have long theorized about the relationship between wealth derived from natural resources and political instability. While some research focuses on the links between resource extraction and armed conflict others focus on the variances in political stability enjoyed by energy exporters. Russia is neither a sub-Saharan nation, nor Saudi Arabia – prime examples of the focus of literature exploring the links between natural resources, armed conflict, and political stability. To state the obvious, Russia is larger – both in geographic size, economy, military strength and demographic diversity, than the typical examples researched in this scholarly area. But it is using these larger discussions that it will be possible to explore the relationship between Russia’s ability to extract and export adequate amounts of natural resources, its long term stability, and the potential for conflict.

One of the first questions to analyze is the linkage between an influx of oil revenue and national stability. Rabah Arezki and Markus Bruckner researched the linkage between oil rents, corruption and state stability by analyzing 30 oil-exporting countries from 1992-2005. (Arezki October 2011 ) Arzezki and Bruckner concluded that increases in oil rents significantly increase corruption and deterioration in political rights, but
improves civil liberties. (Arezki October 2011) They believe that the political elite have an incentive to extend civil liberties but reduce political rights to try and alleviate potential conflict. (Arezki October 2011) Further, Arzezki and Bruckner find that the level of corruption increases in those countries which the state has a high share of participation in the oil production. (Arezki October 2011) While Arzezki and Bruckner analyzed thirty countries, including Russia, the conclusions they came to with the exception of an extension of civil liberties, closely resembles the current environment in Putin’s Russia. Civil liberties such as freedom of assembly and press in Russia if anything have been curbed along with political rights. While corruption may not ultimately be the pivotal factor in Russia’s ability to extract the energy resources it needs, the research provided by Arzezki and Bruckner indicates Russia to be one of the most corrupt nation’s in their study. (Arezki October 2011) Arzezki and Bruckner indicate that countries where the government has a high share of participation in oil production, as is the case in Russia, have a significant rate of corruption. The link between the Russian elite who control partially or wholly owned government oil companies and their ability to develop the countries natural resources may prove to be an extremely delicate balance if falling revenues create friction in this corrupt system between state and benefactors.

The motivations behind the political elites decision making process vis-à-vis their natural resources are also critical in attempting to identify the possible course a country such as Russia may end up choosing. Thad Dunning writes that in resource-dependent states, three variables influence those elites: first the world market structure for the resource, second the degree of societal opposition to elites, and thirdly the prior
development of the resource in the private sector. (Dunning 2005) While Dunning focuses on Botswana, Zaire, and Indonesia, his state and revenue centered approach to exploring the political causes and consequences of resource dependence is relevant. (Dunning 2005) Dunning makes a particularly important argument:

“That political elites in control of many resource-dependent states face an important trade-off: while they might like to promote the diversification of the economy, thereby reducing fiscal volatility and potentially improving aggregate economic performance, diversification may create societal bases of power outside of the control of political elites. These independent bases of power may then facilitate future challenges to the political power of state incumbents, especially during the economic downturns and fiscal crises that typically characterize resource-reliant countries. Thus, while diversification may be economically rewarding, it can also be politically costly.” (Dunning 2005)

However, Dunning errs in his conclusion that, “fiscal crisis and economic contraction do not cause regime change or political instability in resource-dependent states,” (Dunning 2005) if his analysis is imposed on the Russian scenario. While he correctly writes that, “promoting resource dependence is itself a way that elites can block the viability of challenges to incumbent power” (Dunning 2005) an economy and country of Russia’s scale may have a higher chance of political instability if its economy plummeted due to serious contractions in its energy based approach. This is because a single leader – Vladimir Putin, and his inner circle of siloviki have been positioned as
those responsible for Russia’s dramatic increase in GDP and other economic factors since 2000. (Goldman 2008) It is not unimaginable that an equal or greater downturn in the economy would have a dramatically negative effect on this very same group.

Vladimir Putin himself has for a long time made the linkage between Russia’s stability and its energy production as central factor in the future prosperity of the Russian Federation. In 1996, Vladimir Putin submitted his dissertation on the mineral resource strategy for the Russian economy at the St. Petersburg Mining Institute. (Goldman 2008) Putin’s dissertation made the case for the Russian government to take control of the large swaths of natural resources that Russia possesses. At the same time he also made the case that Russia must seek foreign capital investment under the understanding that Russia would retain operating control, a theory which in practice has been troubled with companies pulling out of deals that have been marred by corruption and other complications. (Goldman 2008) Further compounding the business environment in Russia are newly enacted sanctions by the United States and the European Union which are having a negative impact on cooperation with Western energy companies. (Gardner 2014) What we have seen Putin do since gaining power in 2000 is following through on many of his ideas, including consolidating the private sector under government owned entities and creating the largest producer of oil on publicly traded markets in Rosneft. (Unger 2012)

Marshal Goldman in his book on the Russian Petrostate writes of Putin’s vision in his thesis, “By redeclaring control if not ownership, particularly of these resource-based
companies, Russia, he [Putin] argued, has the potential to emerge “from its deep crisis” and restore “its former might.” (Goldman 2008) Goldman writes of the idea of creating “national champions” as something Putin adopted, by creating such national entities that would be under the tight control of his inner circle, Putin has created both a mechanism for his success and also for his potential failure. By not diversifying Russia’s economic portfolio, Putin’s future and the future political stability of Russia rests to a large degree on the ability of entities such as Rosneft and Gazprom to meet regional and world demand. Additionally, those oligarchs or “national champions” must be of one mind that Vladimir Putin is the man to ensure the continuity of their prosperity. By centralizing the Russian economy around several key companies and leadership figures within Putin’s inner circle of “national champions,” Putin has also created opportunities for leverage to those who wish to hinder the success of these champions – and by extension Russia. The targeting via sanctions of such entities as Rosneft, Gazprom and their leadership has been the case in the aftermath of Russia’s annexation of Crimea and actions in Eastern Ukraine in 2014. (Department n.d.)

Michael L. Ross has written extensively about politics, democracy, and their relationship to a country’s natural resource dependency. In one of his earlier attempts to tackle this relationship, Ross concluded that while the economics of the resource curse has been widely analyzed, there was a lack of understating of the relationship between a country’s dependency on the export of natural resources and the state of its politics, particularly “why resource-exporting governments respond perversely or ineffectively” to international economic factors. (M. L. Ross 1999) In later years, Ross analyzed data from
113 countries over 26 years, and came to the conclusion that oil exports have strong linkage with authoritarian regimes around the world. (M. L. Ross 2001) Ross’s explanation for this are three fold, a “rentier effect” where countries rich in revenue from their exports use that to diminish opposition, a “repression effect” which is a more oppressive version of the “rentier effect;” and a “modernization effect” in which growth fails to change society and institutions in such a way that makes a democratic government more likely. (M. L. Ross 2001) This is relevant because as Russia has become more reliant on its energy exports for revenues, its leadership as well has moved into the authoritarian direction. Authoritarian regimes by nature are not inclusive and have enemies who would gladly take advantage and perhaps propagate instability if an opportunity presented itself. An authoritarian regime is able to keep power in part to the economic stability provided by these energy resources. If energy revenues are disrupted in a significant way, the paradigm for the authoritarian regime is changed and opposition forces may take advantage to undermine the ruling elite.

To ensure that energy revenues are not disrupted Russia will need to develop the Arctic. In his book, The Future History of the Arctic, Charles Emmerson was clear about the importance of the Arctic, citing it as a major crossroad of “energy security, climate change, globalization, the balance between economic development and environmental protection.” (Emmerson 2010) Russia has taken this to heart, albeit with more focus on economic development and strategic security then a focus on environmental protection. Emmerson highlighted the Soviet attitude towards the Arctic to be more than just fanciful aspirations, but state ideology. (Emmerson 2010) Much has changed since Soviet times,
but the link between this ideology, Russian energy security, and the Arctic remains stronger than ever. Emmerson poignantly writes, “Production from the Arctic—particularly of natural gas - is the Kremlin’s last best chance of avoiding a devastating production crunch. In the eyes of the Kremlin, producing Russia’s Arctic resources is not a choice — it is a strategic necessity.” (Emmerson 2010)

In 2008, the Russian Federation laid out its basic national interests in the Arctic. These interests are: the use of the Arctic zone of Russia as a strategic resource base of Russia to tackle the socioeconomic development of the country, preservation of the Arctic as a zone of peace and cooperation, conservation of unique ecosystems of the Arctic, and use of the Northern Sea Route as a national integrated transport communications line in Arctic Russia. (Antrim 2010 ) While these are somewhat simplistic statements they do shed a light into Russian strategy. The Russian policy statement highlights creating a zone of peace and cooperation, which would be consistent with the Ilulissat Declaration, which occurred in Greenland in 2008 with the five Arctic coastal countries. (Antrim 2010 ) Russia has in the past been more confrontational when there is a clear and present threat to their interests, something which the other Arctic nations are no doubt aware of as was seen when Russia planted their flag on the Arctic Sea floor. (Antrim 2010 )

Russia’s ability to develop the Arctic will also depend, albeit to a much smaller degree, on minimizing accidents and maintaining the ecosystems that surround the areas being developed, as Russia itself has stated in its vision for the region. However, Russia
has never been known to be on the forefront of environmentalism. For instance there are around 35,000 accidents per year on oil pipelines in the Arctic part of Western Siberia, a staggering number with only about 300 of them officially recorded. (Pavlenko 2010) Rivers in the watershed have often taken the brunt of excessive pollution from energy production. Beyond the direct impact that Russia’s sometimes haphazard energy development has on the surrounding environment, global climate change will also have large ramifications for Russia. Russia has a large amount of permafrost, which as the earth’s temperature rises may melt, causing a whole slew of issues for large parts of Russia.

As Russia is forced to increase energy development in the seas of the Arctic, how seriously the role environmental security of the watershed will play in the future of Russian is yet to be seen. The watershed is rich in oil, coal, iron, gold, diamonds, bauxite (the raw materials for steel and aluminum production) and the central Siberian plateau holds the world’s largest producer of nickel and palladium. (Antrim 2010) The largest forest in the world also happens to be located in this watershed. It is clear Russia has an amazing abundance of natural resources, but questions of whether it will be able to take advantage of them in a lasting and fruitful way while developing off shore Arctic resources is yet to be seen.

It is also not a coincidence that the most powerful element of the Russian Navy is its Northern Fleet, located on the Barents Sea and containing a large number of submarines, Russia’s sole aircraft carrier, and other key naval assets. (Atland 2009)
new era of Russian energy development in the Arctic is colliding with the past era of military dominance in the region. How this military-civil relationship will play out will impact how well Russia is able to develop the resources in the Arctic. Kristian Atland summarizes the balance that must be struck,

“Eighteen years after the end of the cold war, the Northern Fleet still utilizes the Barents Sea as an operation area for missile-carrying submarines, controls the major port facilities on the Kola Peninsula, and provides work to the military–industrial complex. For the northern “oil and gas bonanza” to materialize, the petroleum industry needs to find ways to meet the needs of the Northern Fleet. Similarly, the fleet is required by the central authorities to support the needs of the industry, for example, by protecting the new energy infrastructure as well as tanker shipping.” (Atland 2009)

The military also has four issues that it must deal with as a result of a developing open Arctic. First, the protection of the ballistic-missile submarine fleet, second the protection of trade routes, thirdly the defense of coasts and ports, and finally the movement of warships between the Atlantic and Pacific. (Antrim 2010) At the end of the day, the military along with the Russian nuclear icebreaker fleet will be the central assets which will be supporting and ensuring that the development of the Arctic is a reality. It is also worth noting that many of the best port facilities on the northern coast are still operated by the military. (Atland 2009) Oil and gas companies will have to work in
coordination with the military to coordinate the actual delivery of relevant goods if they are to have success. Kristian Atland writes about this relationship:

“It is worth noting that the attitude of the military toward the petroleum industry seems to have undergone significant changes in recent years, from noncooperation and inflexibility in the 1990s to increasing cooperation and flexibility in the 2000s. This development indicates that the issue of commercial use of former naval ports and bases on the Kola Peninsula is currently in the process of becoming “desecuritized.” (Atland 2009)

Furthermore, in 2005 Gazprom’s Chairman and the Russian Navy’s Commander-in-Chief signed a cooperation agreement that focused on seven areas of agreement, which has largely opened the way for oil and military interests to co-exist in the north. (Atland 2009)

The Arctic will not be developed without massive investment and technological advances by Russian companies such as Rosneft and Gazprom. Gazprom for instance has planned to invest $500 billion in the development of oil and gas fields in the Arctic shelf over the next twelve to fifteen years. (Atland 2009) Rosneft has indicated that to develop the Arctic it will take their company an investment of $400 billion. (Arctic oil exploration will cost up to $400 billion – Rosneft chief 2012) While foreign companies have largely been pushed out of Russian energy markets under Putin, Exxon and Rosneft are spending over $3 billion currently to develop areas in the Arctic’s Kara Sea. (Krauss 2012) In 2014, Russia finds itself in a complicated position as domestic companies are targeted by
western sanctions and western companies that Russia needs for the development of their natural resources are being hampered by those very same sanctions. Western companies such as Exxon continue to be on the technological forefront and Russia still needs their technological advancements to develop their natural assets in a more efficient and more economically beneficial manner.

Whether Russia is able to make the choices that will enable them to properly and responsibly develop the Arctic largely rests upon the insular leadership of Putin’s inner circle, lead largely by the “siloviki”. The siloviki are current and former intelligence or military officials, often from Vladimir Putin’s hometown of St. Petersburg who have taken up important positions within Russia. (Bremmer Winter 2006-2007) This group controls many of the important power levers in the country, and with the exception of some technocrats in the government, largely control the decision making process in the country in matters both large and small. According to Ian Bremmer and Samuel Charap the siloviki have three central beliefs and policy principals: first, promote the continued consolidation of economic and political power within a highly centralized state; second, strategic sectors should not be in private hands and domestic producers should be protected from the forces of globalization; thirdly, the siloviki are economic nationalists and thus its natural resources and their exploitation are to be controlled by the state in every which way. (Bremmer Winter 2006-2007)

What we have seen in 2014 is not only the targeting via sanctions of the siloviki but the system of “champions” (those loyal to the status quo) that Putin has installed
across Russia’s key levers of government and economic power. Scholars of coercive diplomacy are mixed on the effectiveness of economic sanctions. Navin Bapat et al, present two schools of thought on the effectiveness of economic sanctions: First, there are those that argue that the costs to the target must be sufficiently high (a more blunt approach) while the second school of thought believes that only “smart sanctions” targeting the right individuals and entities will be effective. (Bapat, et al. 2013) However as Bruce Jentleson writes, “Economic sanctions can be an affective part of coercive diplomacy strategy when imposed multilaterally and sustained over time. The undifferentiated debate over whether sanctions do or do not work needs to be more focused on establishing the conditions under which they are most likely to be effective.” (Jentleson 2006) In late 2014, sanctions on Russia have been enacted multilaterally, and as will be explained later on with a certain level of success already seen in the short-term. Whether they will be sustained over the long-term is yet to be seen but Jentleson’s advice seems to have been heeded by the U.S. and E.U.

European economist Rudiger Ahrend wrote about Russia and the “resource curse” and noted too that the Russian economy and its “post-2000 growth have been heavily dependent on natural resources, especially hydrocarbons.” (Ahrend 2013) In his study he asks whether or not “Russian economic development is doomed.” (Ahrend 2013) Ahrend argues that, “while the challenges posed by resource dependence are serious, they can be overcome, or at least substantially mitigated, if accompanied by the right economic policies as the examples of Australia, Canada, and the Scandinavian countries demonstrate.” (Ahrend 2013) While Ahrend sets an important baseline of information to
show that Russia is and has been dependent on the oil and gas sector to be the engine of its impressive post-2000 growth, his prescription for long-term stability is unrealistic. It is unlikely that the current Russian leadership will make the type of economic changes seen in more Western nations who have been heavily dependent on natural resources. Ahrend makes the case for diversification, but according to Dunning, political systems such as the one in Russia has only disincentive to diversify the economic system which they have a stranglehold over. (Ahrend 2013) (Dunning 2005) Thus, the development of the Arctic is, as Emmerson concludes, “a strategic necessity” which Russia needs to capitalize on to maintain its economic and political path. (Emmerson 2010)

Theory and Hypothesis:
By analyzing the future reliance that Russia will have on the Arctic region as a part of their overall oil and gas exports and their ability to extract these deep-water and unconventional deposits, this chapter will show that the Russian government is prone to destabilization if it does not diversify its revenue stream and reliance on the Arctic as the future economic engine of its economy.

Results and Discussion:

According to the U.S. Energy Information Administration, “Russia's economy is highly dependent on its hydrocarbons, and oil and gas revenues account for more than 50% of the federal budget revenues in 2012.” (EIA n.d.) In 2013, oil and natural gas sales accounted for 68% of Russia’s total export revenues (EIA, Oil and natural gas sales accounted for 68% of Russia’s total export revenues in 2013 n.d.):
A survey of 19 economists indicated that Russia’s main export crude blend would need to trade at or above $100 per barrel to avoid a recession. (Tartar and Andrianova 2014) Further, Maxim Oreshkin, the head of strategic planning at the Russian Finance ministry indicated that a $1 drop in the price of oil deprives the Russian budget of $2.1 billion in revenue. Oreshkin did not dispute that Russia’s budget is based is reliant on oil trading at or above $100 a barrel. (Tartar and Andrianova 2014) In the fall of 2014, Brent crude traded well below that mark, falling below $80 a barrel. (DeFotis 2014) Russia produces heavy oil from the Urals and the Volga region and light oil from Western Siberia. The two are also blended to make a medium gravity sour crude known as Russian Export Blend Crude Oil (REBCO). Russia’s oil balance in 2000 was 83% light oil and 15% heavy oil but by 2020 is projected to be more balanced with heavy oil doubling to 30%. (Gordan and Sautin 2013)
Just how deeply is the energy market tied with the Russian economy if it is crippled by a production crunch or a steep decline in global prices? In 2008 for instance, the price of petroleum dropped from $147 a barrel to as low as $33, causing Russia’s foreign currency reserves to fall from nearly $600 billion to $384 billion towards the end of the year. (Goldman 2008) GDP as well took a serious hit as a result with a decline of 10.5 percent by the following spring. (Goldman 2008) While Russia can work towards controlling its energy production, it is much more difficult to control world energy prices and as a result, opens up the Russian economy to instability if it is based largely on the success of energy markets. This is also one reason why Russia, outside of other strategic considerations, continues to play a destabilizing role in places such as the Middle East (i.e. Syria, Iran, etc.). By helping foment instability in oil rich regions of the world, Russia is attempting to also keep oil prices high. It may not be their prime motivation, but high prices due to regional instability are a welcome side-effect.

Russia’s share of the arctic is massive, with the majority of resources in the Arctic on Russian claimed territory. According to a 2008 U.S. Geological Survey which attempted to estimate yet undiscovered resources of oil and gas in the Arctic, over 60 percent of the total resources of the Arctic are in Russian territory and is equivalent to about 412 billion barrels of oil. (Antrim 2010) The Survey identified the Kara Sea Basin, and the Laptev and East Siberian Seas as the most promising prospects. It should not be a surprise that the Arctic is not an easy place to conduct regular maritime operations, much less do the sort of technical maneuvers it takes to successfully develop the natural
resources present. Russia does have a major advantage among the other nations accessing the Arctic. It is the only country on the planet with a fleet of nuclear icebreakers, having built eleven since 1959, with eight currently in operation. (Nuclear Icebreakers n.d.) This allows for Russian to explore and maintain a presence far and wide in the Arctic, for prolonged periods of time, all the while using a minimal amount of resources. By having this ability and a motivation for Arctic expansion, Russia is well positioned to at the very least stake out the Arctic’s vast resources.

Elana Glukhareva of the Oil and Gas Research Institute, Russian Academy of Sciences found that deposits in western Siberia are being quickly depleted resulting in a quicker need to develop the resources of the Arctic to maintain output. (Glukhareva 2011) However, she believes that “the export volumes of oil and oil products export in absolute terms will remain stable until 2030. The annual export levels of liquid hydrocarbons will fluctuate within the range of 315–330 mln t.” Glukhareva believes that fields located in the Arctic shelf will be able to compensate for about 90% of exports of Russian natural gas. (Glukhareva 2011)

As Glukhareva outlines in the map below, the Kara and Barents Sea Basins are two of the key areas of the Arctic that will affect Russia’s future energy exports. For instance, the Shtokman gas field’s known reserves of natural gas are some of the largest in the world, and the largest gas condensate deposit in the world. (Glukhareva 2011) The field, which was discovered in the late 1980s, is estimated to hold 3.8 trillion cu.m of natural gas and 37 million tons of gas condensate. It also happens to be one of the most
difficult geographic area’s to conduct energy extraction operations in the world, with wave heights up to 88 feet, temperatures as low as – 72 degrees Fahrenheit, and the presence of icebergs weighing up to 4 million tons. (Shtokman 2014) It is no surprise than that drilling season in the Arctic region lasts only three months. As Rosneft CEO Igor Sechin said in October 2014, “If you are talking about drilling in the Kara Sea and the shelf in general, then the project is significantly more complicated than atomic projects or the exploration of space.” (Amos, Will Western Sanctions Stop Russia's Arctic Oil Expansion? 2014) Now while that may be an exaggeration, Sechin also indicated work would continue on some 40 exploration wells with or without international partners. Yet analysts dispute Sechin’s ability to deliver. James Henderson of the Oxford Institute for Energy Studies says, “Without the help of Western contractors Rosneft does not have the required competence. It would be extraordinarily risky…this is not the sort of project you can do alone.” (Amos, Will Western Sanctions Stop Russia's Arctic Oil Expansion? 2014)
Glukhareva lays out the following vision for resource stability in her conclusion:

“According to the Energy Strategy of Russia until 2030, the development of the hydrocarbon potential of the continental shelf of the Arctic seas and Russia’s northern territories is intended to stabilize the dynamics of oil and gas production and compensate for the possible recession in traditional oil and gas producing regions of western Siberia in 2015–2030. Taking into account that the planned oil production in Russia will amount to 500 mln t per year, we can take the share of the Arctic shelf in the national volume equal to 20%. Gas production is planned in Russia at a level of 700 bln m3. The share of the Arctic shelf is estimated at 40–45% and can be gradually increased in the future.” (Glukhareva 2011)
Russia of course has a long way to go to get production in the Arctic to those levels for oil and gas. Most recently overall oil and gas production continues to decline, by around 5% in the spring of 2012.¹ (Adomanis 2012) Yet development in the Arctic is not yet fast enough to make up for the overall loss of production, with recent delays only being compounded by newly announced sanctions. ² (Reuters September 21, 2012)

The best technology and know-how in the world is needed to develop the energy resources Russia needs for its exports. To get the most out of these deposits, the Russians need Western technology for hydraulic fracturing and solutions for deep-water and unconventional deposits. Enhanced Oil Recovery (EOR), which takes full advantage of the thermal, gas, and physicochemical methods for extraction are vital for Russia to maintain its production and export outputs. These methods raise recovery potential from 35 percent to 75 percent according to an Ernst and Young study. (Young 2013) As the Ernst and Young report accurately points out, daily oil production in the traditional oil heartland of West Siberia dropped by 7% from 2006 to 2012. (Young 2013)

¹Adomanis, Mark “Is Russian Oil Production Plummeting”, Forbes, March 20, 2012
http://www.forbes.com/sites/markadomanis/2012/05/20/is-russian-oil-production-plummeting
² Reuters, “Gazprom’s Arctic Drilling Delayed Again”, September 21, 2012,
As a result the report questions whether “achieving sustainable production levels projected in the General Plan for Oil Industry Development 2020 will be a challenge.” (Young 2013) Data from the International Energy Agency shows that much like the drop in production levels from traditional geographic sources (ie West Siberia), the need for the recovery of oil and gas from unexplored and under developed fields is a nearer term issue than some think. As the chart below shows, this issue may become more acute in the next fifteen years:

**Figure 3 (Young 2013, 8)**

![Chart showing daily production of West Siberia's oil and gas](chart.png)
Perhaps the most damning part of the Ernst and Young report is its conclusion that “implementation of EOR projects in Russia is not economically justified under the existing tax regime” and that the “fiscal function is the dominant element of the Russian tax system, which serves to provide the government with a stable revenue stream and has no effective instruments to stimulate innovation in the oil sector.” As such they warn, “with the age of easy oil coming to an end [in Russia], such an approach could be detrimental to the long-term future of the domestic oil sector.” What Ernst and Young is highlighting is that Russia is so dependent on the revenues it collects from its energy sector it must maximize this revenue to the point innovation is stymied. If an oil company, particularly a western oil company, has a limited profit margin due to costs associated with dealing with the Russian state, it is unlikely that they will expend the amount of capital needed to develop a difficult area such as the Arctic. It is also important to note that this report was written well before friction between Russia and the West in 2014. Investments in a difficult economic environment, both due to sanctions and to the Russian tax system and overall corruption, may be even harder to come by.
In at least the short-term, the post-Ukraine conflict sanctions enacted by the United States and the European Union may have further adverse effects on Russia’s ability to fully develop their energy resources in a timely and profitable way. General economic indicators coupled with specific sanctions on oil and gas companies and their officials and export bans on key oil and gas technologies are reasons for concern for the Kremlin. (Department n.d.) (Bureau of Industry and Security n.d.) In the first half of 2014 Russia saw $74.6 billion in capital outflow, more than all of 2013 according to the Central Bank of Russia. (Ostroukh 2014) The World Bank cut its projection for Russian economic growth to .3% in 2015 and .4% in 2016. (Kolyandr, World Bank Slashes Russian Growth Forecasts 2014) By fall of 2014, Russia’s currency lost over 20% of its value against the dollar for the year, and passed the 40-to-1 exchange mark not seen since the turbulent economic times of the late 90’s in Russia. (Amos, Slumping Oil Prices Send Russia's Ruble Back Past 40 to Dollar 2014)

Russia’s largest oil and gas companies such as Rosneft and Gazprom have been sanctioned along with their leadership and Western companies such as Exxon (Gardner 2014) and Shell (Kolyandr, Shell Suspends Siberian Oil Project, Says Russian Partern 2014) have been forced to pull out of projects, particularly long-term projects in the Arctic that Russia will need to sustain its economic growth. In fact, Exxon has abandoned nine of ten join projects with Rosneft, including an oil field at the Arctic’s Universitekaya-1 well in the Kara Sea, a promising well that had just hit oil. (Times 2014) How long these sanctions last and how American and European companies stay
away from crucial energy projects in the Arctic will be an important factor in whether or not Russia can adequately take advantage of the resources found there. If sanctions continue, and potentially increase over the next decade or more, than Russia could very well have economic problems as the “easy oil” in Western Siberia declines and exotic locations in the Barents and Kara Seas are under-developed.

Additionally, the biggest oilfield services provider in Russia, Schlumberger Ltd. has pulled expat managers from Russia. (Rudnitsky 2014) As one oil and gas analyst reacting to the news said, “Technology transfer could become a problem. If Schlumberger and others scale down involvement in the Russian oil sector, the impact on output could start to be felt within months, maybe cutting output by 1 percent next year.” (Rudnitsky 2014) The situation in Russia is now serious enough that the stress on the economy due to sanctions coupled with falling oil prices has forced Russia to discuss capital controls and the Central Bank of Russia to develop a “stress scenario” that envisions a drop in the oil price down to $60 per barrel. (Kelly 2014)

To offset pressure on Russia’s oil and gas sector, Moscow is looking to the East like many Middle Eastern countries as a growing export market. In the fall of 2014, Russia signed a $400 billion deal with China to supply natural gas from yet developed fields in Eastern Siberia via yet constructed pipelines on the Chinese-Russian border (Paton 2014). Some experts believe this deal is more hype than reality, and as energy prices continue to fall construction and extraction is surely farther off than proponents of the deal initially envisioned (O'Sullivan 2014). Nevertheless, two charts below show
Russia’s oil and gas export markets. It is clear that as of now Russia is still dependent on Western markets and that a fundamental shift to Eastern markets would be a huge capital investment Russia may not be in a position to make in the near future.
In Russia, the state is quickly absorbing private sector energy development into its state owned energy machine. (Bershidsky 2014) The current consolidation that is occurring will give the Russian elite, led by President Putin more ability to exert their influence on the world stage, but also in turn open them up to more vulnerability if they cannot keep up with demand, improve their technology, and successfully develop their potentially most valuable resource – the Arctic. There is serious opposition to the elites, and fighting amongst the elites who fall out of favor with the Putin regime as well, but as long as Putin’s inner circle remains strong and there is no charismatic alternative that is literally willing to stick his neck out, then it is unlikely that the opposition in Russia will be able to gain much real and tangible traction.
The stability of this inner circle and Putin’s continued ability to lead them will have great ramifications for the long term planning and investment it will take the Russian energy sector to take advantage of Arctic resources. They must also do this in time to counter the increasing drop in production from more traditional sources of Russian energy like Western Siberia. For better or worse, Putin has tied his future to the growth of the energy sector and that of many in his inner circle. Last year, Putin said Russia was “the biggest Arctic power” and that he would deliver an “era of industrial breakthrough” in the region. (Amos, Will Western Sanctions Stop Russia's Arctic Oil Expansion? 2014) Whether Putin will be able to deliver on his promise is yet to be seen, but with predictions of a 10% decline in oil output through 2021, the need to develop the Arctic is more pressing than ever. (Amos, Will Western Sanctions Stop Russia's Arctic Oil Expansion? 2014) According to the Russian government, the total value of natural resources in the Arctic are beyond $30 trillion, which government experts believe will be a driving force for why oil and gas production in Russia will shift to the Arctic. (RIA 2014) The Arctic will either give Putin and his inner circle a bridge to a prosperous future where Russia is a leading force in the world, or the Putin regime may become destabilized under its own stress and inability to fulfill their own grand energy strategy in the next fifteen years. Putin has built his legacy and vision on the back of an economy that grew exponentially in his first two terms on the back of the energy sector. Without an energy sector which increases or at least sustains economic growth – something not possible without development of the Arctic as easy oil and gas diminish in other areas of the country, those that were hailed for the successes of the 2000’s will be eventually blamed by the populous for a recession of a once promising economy. After all, in the
1980’s it was economic stagnation which played a critical role in the destabilization of the Soviet regime.

If Russia is unable to take advantage of this vast resource, the resulting political instability has the potential be an international crisis for both Europe and the United States. Beyond international complications, domestically in Russia it will create economic upheaval which coupled with it’s troubling demographic and socioeconomic trends could lead to a truly destabilizing situation. As Charles Emmerson pointed out, Russia has very little choice but to develop the arctic as a strategic imperative. If they are not successful, one the alternative scenarios that Russia’s economy is rolled back to a previous era, much like many other facets of Russia’s reality under the rule of Vladimir Putin.

Conclusion:

If energy development sharply falls due to an inability to work with international oil companies, lack of technological innovation or simple mismanagement due to the corrupt nature of Russia’s political institutions, the balance that has propelled Russia forward in the last fourteen years may become compromised. To be able to drill deeper and extract more natural resources from ever more exotic locations, the Russian economy needs the advanced technology of western oil and gas companies and a domestic industry and political system to use the proceeds from these economic gains to solidify Russian long-term stability. Russia has yet to prove that it can economically develop the Arctic independent of international partners. Russia has also been unable to show a willingness to reform its economy to make it less susceptible to destabilization from its central
economic sector. As Russia depletes it’s traditional oil and gas resources (ie easy oil), Russia will be forced to rely on unconventional sources such as the Arctic to drive their economy. With limited domestic capabilities, the decline in energy production over time can be a destabilizing force in the Russian energy based economy and thus disrupt the political status quo which is reliant on the current economic paradigm for stability in its hierarchy.
Conclusion:

This thesis lays out three critical national security concerns for Russia in the international, domestic, and energy security spheres. There are of course other issues that will play a large role in all three spheres beyond the ones explored in the previous chapters, and those issues would be well worth further research so that Western scholars can better understand Russia’s strengths and weaknesses’ in the 21st Century. Russia has surged back into the consciousness of many scholars and policy makers in 2014. Russia was ignored in the 1990s and misunderstood in the 2000s, but in the coming years understanding Russia’s threat perception vis-à-vis critical national security issues will be important to help navigate the East-West divide.

Domestically, the government of Vladimir Putin has carried out a campaign to silence dissent and any serious potential challenge to established order under Vladimir Putin. Any attempt by the political opposition or ethnic minorities who may become majorities over time to upset this established order will no doubt be met with swift action by the government. The area in which the Russian government is perhaps most vulnerable is in its economy. Russia is overly dependent on its energy exports to drive its economy. Whether through coercive diplomacy or general oil and gas price stagnation, Putin and his inner circle are exposed to general economic upheaval.

While Russian opinion polls for much of 2014 hold the Putin government in high esteem, the iron curtain of information that the Soviet Union was once able to manifest is much harder to replicate in the 21st century. However, modern Russian propaganda has been even more troubling if not perhaps successful. As such, an economy in recession over the long-term may do more harm to the status quo then losses on the international
stage or even violent insurgencies within its own borders. Mass discontent and economic stagnation is the biggest threat to Russia’s political elite.

In the long-term, Russia has limited options to change the demographic trend it is on. With the impending collapse of the Slavic majority in the next century, the rise of the Muslim community can either be a benefit or a detriment to the stability of the Russian Federation. Russia can choose to truly integrate its diverse communities and use this diversity to leverage Russia’s interests abroad or it can do what it has historically done to non-Slavs and oppress. An oppressive, economically one-dimensional state is not only a potentially negative force for its own people but an unbalanced state which threatens the stability of the international community.

Russia is aspiring to solidify itself once again as a global power. Doing so will mean establishing strong military and economic ties to key strategic areas abroad. The countries in the Mediterranean and Pacific regions are critical, for both the economic and military reasons. It is important to note that countries in both regions are also actively seeking to be counter-weights to U.S. hegemony and Russia is happy to assist in that endeavor.

The writing of this thesis began in 2012. Much has changed in this time. Doku Umarov was killed, Russia invaded Ukraine, international sanctions and low oil prices have hammered Russia’s economy, and the Russian military has held large-scale military exercises not seen since the Soviet days. Neighbors fear Russia’s intentions after the first forceful change in Europe’s map since World War II. Russia’s involvement in Syria and presence in the Eastern Mediterranean has only raised more questions. The annexation of Crimea and follow-on plans to expand its naval facilities on the peninsula are just one
example that Russia in 2014 is a throwback to darker days in East-West relations. Rhetoric from Russia continues to trouble leaders in capitals around the world. As such, situations have continued to develop on many of the issues this thesis touches upon. While extensive efforts have been made to include every developing angle in Russia’s complex and dynamic international situation, there are no doubt shortcomings. Particularly as it relates to Russia’s involvement in Syria and the potential for returning foreign fighters and the impact that it could have on Russia’s domestic situation. It is at this point unclear how long international sanctions on Russia’s energy sector will last or if they perhaps will expand if Russia takes further provocative actions. Nonetheless, this thesis analyzes three critical areas in which Russia has opportunity to project its power and secure its long-term stability or face potentially destabilizing scenarios.

Vladimir Putin’s policies or view of the world can be seen woven through the issues addressed in this thesis. As the world has come to see, Putin is not afraid to flex Russian power of all facets, and we should not be under illusions that there are other lines he won’t cross. Russia may very well, due to demographic changes and long term economic outlooks, be at the height of their power in the near term. As such, Vladimir Putin may see the years leading up to 2020 as a critical window to position Russia, by any means necessary, in a geopolitical position of strength.

It is with the strategic areas of concern outlined in this thesis as well as many others that the West can outline a strategy to not only counter-balance the Russian resurgence but look for areas of common interests where increased cooperation may help mitigate destabilizing escalatory actions. It is obvious that Russia needs technology only the West can provide to maximize its economic output. Understanding weaknesses such
as this as well as Russia’s interest in being economically and socially integrated with the world by and large are openings for tough diplomacy. By cultivating points of leverage, those who seek to extract geopolitical goals from Russia may be able to do so with greater success. Vladimir Putin has proven to be a master at playing both the arsonist and the fire chief on the international stage. Whether Putin can ensure that the post-2000 Russia he has built does not succumb to a fire of his own doing is yet to be seen. As Putin looks to carry out a grand vision for a resurgent Russia, his brazen overreach and insular leadership may be what unravels the gains of the last fourteen years and the stability of the political elite he has carefully cultivated.
Annex: Terror Attacks in the Russian Federation 1995-

— June 14, 1995: Nearly 200 Chechen fighters seize a hospital in Budyonnovsk near the Chechen border. The attackers held more than 1,000 people and killed 129 with over 400 people sustaining injuries during the siege.\(^3\) The fighters where lead by Shamil Basayev (deceased 2006), a prominent Islamic radical leader in the Chechen movement. Most of his family was killed by a Russian air strike in the days leading up to the siege.\(^4\) Not only would this not be his last attack, but he would go on to create Riyad-us Saliheen, a martyr brigade, in the late 90’s/early 2000’s.\(^5\)

— Jan. 9, 1996: Several hundred Chechen rebels seize a hospital in the town of Kizlyar near Chechnya, taking some 3,000 people hostage. At least 40 people were killed. The attackers retreated after battling Russian troops for several days. The attack was led by Salman Raduyev (deceased 2002)\(^6\). Raduyev was a member of the Chechen Republic of Ichkeria army.

— Sept 4-16, 1999: Four apartment building bombings kill nearly 300 people in Moscow, Buynaksk, and Volgodonsk with over 1,000 injured. According to the FSB, Achimez Gochiyayev was responsible for organizing the attacks after being paid $500,000 by Ibn Al-Khattab (deceased 2002), a Saudi born mujahedeen fighting in

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\(^3\) “History of Chechen rebel’s Hostage Taking”, Gazeta.ru
http://www.gazeta.ru/2002/10/24/HistoryofChe.shtml
\(^4\) Paul J. Murphy, *The Wolves of Islam: Russia and the Faces of Chechen Terror*, (Brassey's Inc. 2004), 20
\(^5\) “Riyad us-Saliheyn Martyrs’ Brigade”, START UMD,
http://www.start.umd.edu/start/data_collections/tops/terrorist_organization_profile.asp?id=3673
\(^6\) “Chechen Warlord Captured”, BBC News March 16, 2000,
http://news.bbc.co.uk/2/hi/europe/675631.stm
Chechnya.\textsuperscript{7} There has been much controversy about the attacks, with a wide held “false flag” conspiracy theory within the main stream public (this is beyond anything like the 9/11 truther movement in the United States). David Satter of the Hudson Institute testified before the House Committee on Foreign Affairs in 2007, summing up his belief in this theory he wrote, ““With Yeltsin and his family facing possible criminal prosecution, however, a plan was put into motion to put in place a successor who would guarantee that Yeltsin and his family would be safe from prosecution and the criminal division of property in the country would not be subject to reexamination. For “Operation Successor” to succeed, however, it was necessary to have a massive provocation. In my view, this provocation was the bombing in September, 1999 of the apartment building bombings in Moscow, Buinaksk, and Volgodonsk. In the aftermath of these attacks, which claimed 300 lives, a new war was launched against Chechnya. Putin, the newly appointed prime minister who was put in charge of that war, achieved overnight popularity. Yeltsin resigned early. Putin was elected president and his first act was to guarantee Yeltsin immunity from prosecution.”\textsuperscript{8}

— Oct. 23, 2002: Chechen militants take 800 people hostage at a Moscow theater. Two days later, Russian Special Forces stormed the building and 129 hostages and 41 Chechen fighters are killed, mostly from effects of narcotic gas Russian forces use to subdue the attackers. Three groups where responsible for the attack: Riyad us-Saliheyn, Special

\textsuperscript{7} “Russia Hits Back Over Blast Claims”, BBC News July 26, 2002 http://news.bbc.co.uk/2/hi/europe/2154100.stm
Purpose Islamic Regiment, and the Islamic International Brigade, all reportedly organized by Shamil Basayev.\(^9\)

— Dec. 27, 2002: Suicide truck-bomb attack destroys headquarters of Chechnya's Moscow-backed government in the provincial capital, Grozny, killing 81 people. Riyad us-Saliheyn claimed responsibility.\(^10\)

— From the spring of 2003 to the winter of 2004 Russia saw an increased amount of Suicide bombers and for the first time female suicide bombers (“Black Widows”). While no group largely took responsibility many believe that Riyad-us Saliheyn’s founder Shamil Basayev played a hand in their recruitment. The death toll over that time was nearly 200 people and attacks took place in locations such as rock concerts, hospitals, and commuter trains. In large part these suicide bombers where not driven to do this out of a radical Islamic belief but in large part as revenge, especially in the female cases, of the killing of family members (particularly husbands) during indiscriminate and often times brutal Russian counter-terrorism operations.\(^11\)

— May 9, 2004: A bomb [video of attack] rips through a stadium in Chechnya's capital, Grozny, during a Victory Day ceremony, killing 24 people including Akhmad Kadyrov, the Kremlin-backed regional president who was not only once a Chechen separatist

himself but the chief mufti.\textsuperscript{12} It is likely that his former separatist group/unrecognized
secessionist government, the Chechen Republic of Ichkeria was responsible along with
Shamil Basayev.

— Aug. 24, 2004: Two female suicide bombers bring down two Russian airliners that
took off from Moscow's Domodedovo airport, killing 90 people. Shamil Basayev claimed
responsibility for this attack.\textsuperscript{13}

— Aug. 31, 2004: A suicide bomber blows herself up outside a Moscow subway station,
killing 10 people. An Islamic group supporting Chechen rebels claims responsibility. A
little known group, called the al-Islambouli Brigade (after the Sadat assassination
mastermind) claimed responsibility but was never confirmed. They had claimed
responsibility for the previous airplane bombing as well but Basayev’s claimed was more
credible as the case might be with this attack as well.\textsuperscript{14}

— Sept. 1, 2004: About 30 Chechen militants seize a school in the southern town of
Beslan and take hundreds of hostages — a siege that ended in a bloodbath two days later.
More than 330 people, about half of them children, are killed. Shamil Basayev claims
responsibility.\textsuperscript{15}

\begin{footnotesize}
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\item \textsuperscript{12} "Profile: Akhmad Kadyrov", \textit{China Daily} May 2004, \texttt{http://www.chinadaily.com.cn/english/doc/2004-05/10/content_329330.htm}
\item \textsuperscript{13} "Shamil Basayev: Death of a Terrorist", \textit{Foreign Policy Research Institute} July 2006,
\texttt{http://www.fpri.org/enotes/20060714.russia.radu.shamilbasayevdeath.html}
\item \textsuperscript{14} "The Islambouli Enigma", \textit{The Jamestown Foundation} May 2005,
\item \textsuperscript{15} "Basayev says he was behind Beslan", \textit{The Moscow Times} September 2004,
\texttt{http://www.themoscowtimes.com/news/article/basayev-says-he-was-behind-beslan/228288.html}
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— Oct. 13, 2005: Islamic militants launch a series of attacks on police in Nalchik, capital of the tense Kabardino-Balkariya republic near Chechnya. Shamil Basayev claimed credit for the attack, in which 139 people were killed, including 94 militants.16

*Key Date: July 10, 2006 Shamil Basayev is killed by Russian Security Forces*17

— Nov. 6, 2008: A female suicide bomber hits a bus in Vladikavkaz in the province of North Ossetia killing 12. There was no claim of responsibility.

— Aug. 17, 2009: A suicide attacker rams a truck loaded with explosives into a police station in the city of Nazran in the province of Ingushetia, killing 25 and wounding more than 160 people. A small group called Ingush Jamaat was held responsible and its leader at the time, Ali Taziev, was captured in the year following.18

— November 27, 2009: A bombing of a high-speed Moscow-to-St.Petersburg train kills 28 and wounds nearly 100. A group called the Caucasian Mujahadeen claimed responsibility on orders from its leader, Doku Umarov.19 Doku Umarov was called “Russia’s Bin Laden” and took over the reigns as terror enemy number one after many of

17 “Basayev killed by Russian security forces”, Intelligence and Terrorism Information Center at CSS July 19, 2006, http://www.terrorism-info.org.il/malam_multimedia/English/eng_n/html/hamas_ch_e.htm
his predecessors where either captured or killed. He was also responsible for re-establishing Riayd-us-Saliheen after the killing of Shamil Basayev.

— March 29, 2010: Double suicide bombings on the Moscow subway kill 40, wound more than 100. Doku Umarov claims responsibility for the attack in a video posted on the Islamic separatist website kavkazcenter.com.

— October 19, 2010: Three suicide bombers attack the building of Chechnya's regional parliament, leaving six people dead and 17 wounded in a raid that defied Kremlin claims of stability in the region. This attack was the work of Doku Umarov and his Riayd-us-Saliheen/Caucus Emirate group.

— January 24, 2011: An explosion at the international arrivals hall at Moscow's Domodedovo airport kills at least 31 people, wounds over 140. Doku Umarov claims responsibility.

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— October 21, 2013: A female suicide bomber carried out an attack in the southern Russian city of Volgograd on Monday, killing 6 and injuring 33 civilians on a commuter bus.²⁵

— December 2013: Two bombings rocked the southern Russian city of Volgograd in as many days, just weeks ahead of the Winter Olympics in Sochi. An attack on the central train station and a trolley bus claimed the lives of over 30 people and injured dozens more.²⁶

While the number of large scale terror attacks has diminished, there have been continued attempts and small scale successes. Russian security forces have also been successful on a number of occasions of breaking up plots before they could be carried out. For example, in March of 2012 a large cache of bombs were uncovered by Russian anti-terrorism forces before they could be used in Nalchik City.²⁷

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