



# REPORT

## **RUSSIA'S FOREIGN POLICY: LOOKING TOWARDS 2018**

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This report reflects the results of the work conducted by the Working Group for Forecasting. A systemic approach has been taken to identify the most important areas of Russia's foreign policy for 2018, as well as the key threats and opportunities for the country on the global arena. The geographic scope of the forecasts covers the West, the Asia Pacific, the Middle East and the post-Soviet states.

The authors hope that the ideas and conclusions provided in this report will be of use to the Russian authorities when making foreign policy decisions, and will come in handy for experts in international affairs, researchers and journalists.

The full text is published on RIAC's website. You can download the Report or leave a comment at [russiancouncil.ru/en/report36](http://russiancouncil.ru/en/report36)

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## Summary

The 2018 presidential elections will mark the beginning of a new foreign policy cycle for the Russian Federation. In the context of the elections, the main areas of foreign policy expected to be revised (with a certain amount of continuity), and these changes will be reflected in the respective conceptual foreign policy documents. The Russian presidential elections just so happen to coincide with the political cycles in a number of countries, including China, the United States, and several EU and Middle Eastern states. The “naked wire” or “dead wood” effect will only increase in international relations. Crisis scenarios may appear as a result of the intentional or unintentional actions of individual countries, or because of poor coordination in resolving issues that affect the entire world. Russia’s key interest lies in creating favourable conditions for the country’s internal development. Economic backwardness is a growing threat to Russia’s sovereignty, narrowing the window of opportunity in foreign policy.

The **western dimension** of Russia’s foreign policy seems the most problematic. The main *results* in this area in 2017 can be summed up as follows:

- Increased sanctions pressure on Russia; extended sanctions list and reasons for imposing sanctions;
- Russia’s “interference” in the U.S. elections; the transformation of the digital environment into an area of increased risk in U.S.–Russia relations; growing toxic; digital issues in relations with the European Union;
- Information war; media discrimination; the polarization of information discourse;
- Stagnation in the implementation of the Minsk Protocol;
- Demonstrations of strength and capacity building by Russia and NATO in areas where their interests intersect;
- A lack of breakthroughs with regard to common challenges and threats; increased negative impact of problem areas (Ukraine, digital issues, etc.) on areas of common interest.

The following *challenges and threats* will be high on the agenda in terms of relations with the West in 2018:

- An anti-Russia information campaign in the run-up to the presidential elections; a smear campaign to undermine the legitimacy of the Russian political system;
- Proliferation of the sanctions regime; extra-territorial use of the sanctions by the United States and its foreign partners against Russia; increasing cost of risk of Russian investment projects;
- Tapering of U.S.–Russia cooperation in areas where cooperation still exists (aviation, space, etc.);
- Erosion of arms control regimes;
- Degradation of relations with the European Union; the restructuring of EU policy to follow that of the United States;

- Growing differences on information security; increasing vulnerability to digital provocations and cybercrimes;
- Increased measures of mutual deterrence on the part of Russia and NATO.

Despite all this, there are a *number of opportunities* to minimize the damage and create the prerequisites for reversing the negative trends in Russia's relations with the West, including:

- Formation of a “multi-speed” sanctions regime against Russia. The opportunity to swiftly enter into a constructive dialogue with the European Union in the event that progress is made on the Ukrainian issue.
- Moving the Minsk process forward, honouring the conditions of the ceasefire and disengagement of the warring sides as part of the United Nations' peace-keeping mission along the demarcation line.
- Developing a dialogue on cybersecurity; steps to increase mutual predictability in cyberspace; segmentation of cyber issues into various “baskets”; substantive discussion of specific issues; “de-scandalizing” the problem.
- Developing a dialogue with the European Union as part of “selective cooperation.” Imbuing the notion of “selective cooperation” with a concrete meaning and draft proposals; gradually expanding the issue of “selective cooperation.”
- Advancing cooperation between the European Union and the Eurasian Economic Union (EAEU) on the development of Eurasian economic integration.

The *priority tasks* of the western dimension of Russia's foreign policy in 2018 will most likely be:

- Stabilizing relations with the United States (“managing the confrontation”) and developing relations with the European Union;
- Restoring a dialogue at various levels and in various formats, gradually “unfreeze” cooperation and searching for alternative forms of interaction;
- Preventing tensions from escalating; to work together to reduce the hostile rhetoric;
- Continuing dialogue on common threats and challenges and preventing the curtailment of cooperation in mutually beneficial areas;
- Maintaining and developing deterrence potential, which is necessary in the event of a security threat coming from the West.

Being a hotbed of radical Islamist ideology the **Middle East** remains a source of threat for Russia and its allies. At the same time, Russia is consolidating its role as a responsible global power that assists in resolving common security issues. The main *results for 2017* in this area are as follows:

- The liberation of a significant part of Syria from the hands of Islamic State with the direct participation of Russia. The creation of conditions for moving the peace process forward and rebuilding Syria.

- Agreements on de-escalation zones, prevention of clashes between Russia and the United States in Syria, progress in the Astana Peace Process.
- Normalization of relations with Turkey.
- Development of relations with Saudi Arabia, co-ordinating interaction on the oil markets.
- Maintaining the status quo with regard to Iran's nuclear program.

At the same time, a number of *challenges and threats* remain on the agenda and urgently need to be addressed in 2018:

- Disruption or stagnation of the peace process as a result of contradictions both within Syria and among external players (disagreements between Russia and the United States, Turkey's stance on the Kurdish issue, the question of Iran's influence in the region).
- The persisting terrorist threat.
- The return of Islamic State fighters to Russia and the post-Soviet states. Increased activity of the terrorist underground in the North Caucasus and Central Asia.
- Aggravation of the situation in Afghanistan due to the strengthening of Islamic State.
- Deterioration of the situation in Yemen.
- Military attempts to resolve the crisis in Libya.
- The threat of the United States pulling out of the Iran nuclear deal.

The following can be considered *opportunities* in this area:

- The definitive defeat of Islamic State.
- Russia's leading role in the Syrian settlement; organization of the Congress of the Syrian People; advancement of the Geneva process.
- Rebuilding Syria in conjunction with leading international organizations and associations.
- Developing military-technical and trade and economic cooperation with Egypt, Iraq, Saudi Arabia and other countries.
- Developing dialogue with Iran and maintaining the status quo with regard to its nuclear program.

The *priority tasks* of Russia's foreign policy in the Middle East in 2018 could be:

- Strengthening Syria's positions, taking into account the transition from military operation to the post-conflict rebuilding of the country.
- Preventing military clashes in the region, promoting the concept of a regional security system, and preserving and strengthening friendly relations with the countries in the region.
- Preventing the proliferation of weapons of mass destruction in the region.
- Preventing the region from transforming into a base for international terrorism and counteract the export of terrorism and radical Islamism into the North Caucasus and Central Asia.

The **Asia Pacific Region** remains highly dynamic. Here, the balance between threats and opportunities is the most favourable for Russia. The most important results of 2017 in this area include the following:

- The aggravation of the nuclear missile crisis on the Korean Peninsula; Russia's growing demand as an intermediary and partner in resolving issues.
- The accession of India and Pakistan to the Shanghai Cooperation Organisation (SCO).
- The new foreign policy adopted by the People's Republic of China following the 19<sup>th</sup> National Congress of the Communist Party of China and deepening relations with Russia.
- Developing contacts between Russia and Japan and the progress made in the dialogue on trade and economic issues.
- The revision of Russia–India relations in the context of events held in honour of the 70<sup>th</sup> anniversary of the establishment of diplomatic relations between the two countries.
- The dialogue with the Association of Southeast Asian Nations (ASEAN) and key countries in the region within the framework of the EAEU's activity.

*Key threats and challenges* in 2018:

- The threat of military force being used to resolve the North Korean problem, which carries the risk of both North and South Korea and their neighbours suffering great losses.
- The threat of Russia's role in the settlement of the North Korean problem could be marginalized.
- The risks that disputes surrounding the South China Sea could intensify; the threat that Russia could be dragged deeper into these disputes.
- Growing asymmetry in Russia–China political and economic relations.
- A potential slowdown in the Russia–Japan dialogue; ongoing differences with regard to the territorial dispute.
- Stagnation in Russia–India relations; growth of competition in the field of military-technical cooperation.
- The threat that dialogue with ASEAN and other associations could remain purely declarative in nature; the lack of specific projects.

The *main opportunities* in 2018 include:

- Being an intermediary in the diplomatic settlement of the North Korean nuclear issue;
- Reducing the immediacy of the missile defence (THAAD) issue in South Korea on the back of agreements achieved between the People's Republic of China and South Korea.
- Carrying out joint bilateral projects with the People's Republic of China in energy, infrastructure, space exploration and the Arctic.
- Carrying out Russia–China initiatives in international finance and cybersecurity.



- Holding reciprocal years of culture in Russia and Japan; carrying out joint projects on the Kuril Islands.
- Developing new areas for cooperation with India (food security, cybersecurity, expanding energy cooperation and work on major infrastructure development projects such as the North–South Corridor Project, etc.).

The *priority tasks* in 2018 could be:

- Improving the quality of Russia–China cooperation (above all in economics, science and technology, and the humanities).
- Diversifying economic and political ties with the Asia-Pacific.
- Overcoming the emerging stagnation in relations with India.
- Preventing confrontation between India and China in Asia and the Indian Ocean.
- Preventing military conflict on the Korean Peninsula while preserving the long-term goal of turning the peninsula into a nuclear-free zone.
- Stepping up Russia's participation in multilateral security mechanisms and regimes in the Asia-Pacific.

Together, the **former Soviet states** make up the most important region for Russia in terms of security and implementing economic integration projects. The main results of 2017 in this area:

- Successful development of the EAEU: signing of the Customs Code of the Eurasian Economic Union; growth of the Union's domestic and foreign trade.
- Achievements of the EAEU in its international activities: signing of a trade and economic agreement with the People's Republic of China; negotiations with Iran, Singapore, Serbia, India, Israel and Egypt; cooperation with the ASEAN.
- Security cooperation within the framework of the Collective Security Treaty Organization (CSTO): West 2017 and other exercises.
- Initiative to send a peacekeeping mission to Donbass to prevent the situation in the conflict zone from further escalation.
- The work carried out to prevent an exacerbation in Russia–Armenia and Russia–Kazakhstan relations against the backdrop of their signing cooperation agreements with the European Union.
- Preserving stability in the Nagorno-Karabakh conflict; balanced development of relations between Armenia and Azerbaijan.

The *main threats* in 2018 in this area include:

- The failure or stagnation of negotiations on the peacekeepers in Donbass; the aggravation of the situation on the demarcation line between the Armed Forces of Ukraine and the armed forces of the Luhansk and Donetsk people's republics; the loss of internal stability in the Luhansk and Donetsk people's republics.
- The aggravation of disputes within the EAEU (between Kazakhstan and the Kyrgyz Republic).
- The threat of destabilization in one or more Central Asian countries; growing terrorist threat in Central Asia against the backdrop of Islamic State fighters

returning to their home countries; export of instability from Afghanistan as a result of Islamic State strengthening its hold in the country.

- The aggravation of the situation in Nagorno-Karabakh; intensification of the public disagreements between Armenia and Azerbaijan, including disputes regarding the centenaries of the democratic republics.

The *main opportunities* in 2018 include:

- Strengthening the EAEU: completing the draft electricity trading rules; forming a unified air transport market; implementing the plan for a coordinated transport policy, etc.; continuing negotiations on the creation of free-trade areas with foreign partners and associations; building up experience in conflict and dispute resolution within the EAEU; increasing internal trade as a result of economic growth and improving the work of integration institutions.
- Developing models of non-confrontational interaction between the European Union and the Eurasian Economic Union (Kazakhstan, Armenia).
- Implementing peacekeeping initiatives in Donbass; monitoring the implementation of the Minsk accords.
- Developing Russia–Georgia dialogue; easing or abolishing the visa regime on the part of Russia.

The *main tasks* for Russia's policy in the post-Soviet countries in 2018 could be:

- Developing models of security and economic cooperation in that are attractive to other post-Soviet countries.
- Counteracting the socioeconomic and political destabilization processes taking place in post-Soviet countries.
- Searching for the best possible models of interaction with external players (the People's Republic of China, the European Union, the United States, Iran, Turkey, etc.) in order to resolve regional issues.
- Providing assistance in the resolution of conflicts in the post-Soviet space.

# Introduction

## **A New Cycle of Russian Foreign Policy**

Russia enters 2018 against the backdrop of an increasingly complex system of international relations. The world is undergoing serious transformations, entangling a whole range of factors: international conflicts, internal contradictions, new technological realities, economic problems and social imbalances. Profound structural changes to the world order are taking place. A distinctive feature of this particular moment in time is the vulnerability of the system of international relations as a whole, even to the slightest crisis developments. Localized events take on far greater significance than they actually merit. Today, international relations can be likened to a naked wire or a piece dry wood. Any careless or unintentional action could result in a short circuit or massive fire. And the risk of crisis situations arising as a result of intentional or unintentional actions in 2018 will only increase. The growing uncertainty of international relations opens up a window of opportunities for Russia, however, increasing the risks at the same time.

Russian foreign policy needs to be pragmatic, cautious and balanced. A number of potential pitfalls will have to be successfully navigated, and we will have to make the best possible use of the opportunities that are currently available and make sure that these opportunities are present the future. Given the growing imbalance in international relations, the time is right for Russian foreign policy to be directed towards acting as a constructive force that is capable of settling conflicts and playing a role in the resolution of global and international problems. In terms of foreign policy, it is in Russia's best interests to create the most favourable conditions for the country's internal development, minimize the costs of disagreements with other players, and ensure a high level of security within the country at a cost level that is the most beneficial and effective.

In 2018, Russia will see a new foreign policy cycle begin. Presidential elections will take place, inevitably leading to discussions about Russia's role and place in the world, its foreign policy interests, and the means and tools it uses to realize its foreign policy priorities. At this new stage in Russia's political development, the country's partners and opponents both expect new ideas, concepts and opinions with regard to foreign policy, as well as a revision of its accumulated experience. A broad public and expert discussion on foreign policy issues in 2018 will prove useful and even necessary given the rapidly changing situation in all areas of international life.

Russia's new foreign policy cycle will in one way or another be linked to the renewed foreign policies of a number of its partners. The 19th National Congress of the Communist Party of China set new markers for China's global positioning and its domestic development. Xi Jinping will begin his second term as President of the People's Republic of China in 2018. In addition, 2018 will clearly be a decisive year for President of the United States Donald Trump, who will need to demonstrate his ability to take control of contradictions within the country, as well as the capacity to deal with a most difficult domestic political struggle. The

midterm elections to the United States Congress will play a role here. The recent elections in France will provide an opportunity for the country to test out its new foreign policy approaches in 2018. As for Germany, there is a great deal of uncertainty surrounding the domestic situation in the country. And there will be growing discussion in the European Union as a whole as to the role the Union should play in global affairs, including the one against the backdrop of preparations for the 2019 European Parliament election.

The global media and research centres are likely to step up their coverage of Russia in the run-up to the 2018 presidential elections. For Russia, the elections serve as an excellent opportunity to demonstrate the country's approaches to the future world order, outline its strategic views and priorities for the next six years, and expound them clearly and unambiguously to its international partners.

### **Foreign Political Threats and Risks**

The hierarchy of international challenges and threats to Russia's security will change in 2018. We should also note here that the processes and trends of international life that have emerged in recent years are demonstrating a considerable degree of inertia at the present stage. The goal of reversing negative trends and setting a new development course cannot be achieved in full within a single calendar year. Relations with the United States and its allies will worsen in 2018, and this will likely remain the main obstacle to the creation of a favourable external environment in which Russia would be able to focus on resolving its domestic development issues.

In 2018, the United States will be the most active and influential player exerting pressure on Russia. This will come in the form of recourse to the "Russian factor" in domestic politics, the speeding up of military and political deterrence of Russia and the implementation of sanctions legislation. It is unlikely that relations with the West will turn into an open conflict. However, the West will continue to exert diplomatic pressure on Russia, and the sanctions will remain in place. In fact, both are likely to increase. Washington will seek to develop a consolidated policy among its allies towards Russia on military, political, economic, informational and other issues. Consolidated international pressure on Russia is a serious challenge for the country's development and security. With the upcoming presidential elections, it is entirely possible that ideological pressure on Russia will grow, as will attempts to erode the legitimacy of its political system in the eyes of the international community. Even if leaders in the West demonstrate the political will to mend fences with Russia, it will be difficult to impede the degradation of relations in 2018.

An indirect consequence of the further degradation of relations with the United States will be the limited opportunities to work together in the fight against radical Islamism and international terrorism. Countering the threat of radicalism will remain a priority for Russia. The risk of a terrorist attack on Russian soil is only heightened by the fact that the country is hosting several major international sporting events in 2018. A decisive victory over the international terrorists in Syria could result in Russian fighters from so-called Islamic State returning to

their home country. Nationals of Central Asian countries who also fought on the side of Islamic State could also seek to enter Russia. It is likely that radical movements will step up their informational and propaganda activities, the terrorist underground will become more active in the North Caucasus, and radical elements from Central Asian countries will penetrate Russia. Instability in the Middle East will fuel radical Islamism.

Challenges in the cyberspace will accumulate in 2018. Attacks on critical infrastructure facilities, database hacking and other cybercrimes are all possible. FIFA World Cup and Winter Olympic Games facilities are at particular risk. If the United States and Russia are unable to open a meaningful dialogue on digital issues, then the chance of provocations by third parties will increase. Moscow and Washington could be pushed to crisis point should such third parties cook up another cyber scandal. The principle of “an eye for an eye, a tooth for a tooth” could also lead to an escalation in the latent competition between Russia and the United States in cyberspace. In the absence of established rules of the game in the digital domain, such competition could have disastrous consequences. The European Union could stand side by side with Russia on cybersecurity issues.

The possible aggravation of the crisis surrounding the North Korean nuclear missile programme will pose a serious threat for Russia in 2018. It is unlikely that the United States and its allies will launch a military operation against North Korea, but it is a possibility. The North Korean threat will likely be used as a pretext for militarizing the region. The unilateral withdrawal of the United States from the Iran nuclear deal could also damage Russia's security and international stability as a whole. Global leaders will pay increasing attention to the nuclear issue as a whole in 2018.

Security risks will remain in the post-Soviet space. The main threat in this regard will be the defrosting of the situation in Donbass, including on the part of those forces which are not fully controlled by either Moscow or Kiev. The “pendulum-like” logic of the Nagorno-Karabakh conflict carries within the risk of the confrontation between Yerevan and Baku intensifying. And the possibility of a political crisis breaking out in one of the Central Asian states cannot be ruled out.

As the largest country in the world, Russia experiences the consequences of global climate change – droughts, floods and other natural disasters. Insufficient cooperation on climate issues increases the long-term climate risks for Russia.

These challenges are exacerbated by the constant negative of Russia's economic and technological backwardness, its one-dimensional economy, investment climate woes, unremitting high levels of corruption and relatively low economic growth and development. The fact that Russia lags behind other developed countries prevents its activity in the foreign policy arena, makes it vulnerable to economic and financial pressure and limits the number of potential allies and partners.

### **Key Foreign Policy Opportunities**

That being said, there will still be a number of opportunities open to Russia in the coming year, key among which is having a hand in the resolution of international

conflicts. Moscow will play a crucial role in the settlement of the North Korean nuclear issue. Russia may also contribute to maintaining the status quo with regard to the Iranian nuclear programme and could become a more prominent player in stabilizing the situation in Libya. Finally, Russia is one of the key actors in the political settlement of the Syrian conflict. Russia's armed forces have made a decisive contribution to the defeat of Islamic State and other terrorist organizations operating in Syria. The country's stance on all these issues is buffered by the fact that it is a permanent member of the UN Security Council.

Russia is vulnerable to cyber threats and thus understands the need to develop rules of the game in cyberspace. The United States, China and other interested parties must work closely together in order to draw up these rules. Joint work to regulate interaction in the digital sphere could help reduce tensions in U.S.–Russia relations on cyber issues, opening up the possibility of removing one of the “toxic” facets of the bilateral relations.

Despite the risk of the conflict in Donbass flaring up in 2018, progress can still be made in the settlement of the crisis. Even with an extremely limited mandate, the UN Peacekeeping Mission will remain significant. The very fact that peacekeeping forces have been deployed means that we can raise the issue of pressing the “reset” button on cooperation between Russia and the European Union.

Opportunities include deepening comprehensive economic, military and political ties with China. The issue of the imbalance in the levels of political and economic cooperation does need to be addressed. Nevertheless, the importance of the Russia–China partnership will grow. The countries can develop initiatives on creation of elements of the new financial system that would insure China, Russia and other interested countries against others using the interdependence of global finance for political means. For Russia, close cooperation with China does not rule out the possibility of developing a strategically privileged partnership with India or cooperating with Japan and other countries in Southeast and Northeast Asia.

Opportunities will open up to develop relations with the European Union as part of a “selective cooperation” framework. This concept remains ambiguous and amorphous. The two sides can thus work to develop initiatives that will give concrete meaning to this concept.

There are opportunities to develop the Eurasian Economic Union, further Eurasian integration, create free trade areas with EAEU partners and implement projects within the framework of the initiative to align the EAEU and the Silk Road Economic Belt.

Complex economic conditions will push Russia to search for new opportunities to diversify its exports: expanding exports, diversifying the energy markets, developing the export of educational services, searching for new opportunities on the global markets.

## Russia and the West



Russia's relations with the United States and the European Union are gradually deteriorating, and there is no reason to expect this trend to reverse in 2018. The worst-case scenario for Russia would be coordinated and consolidated pressure from the West and the full coordination of the U.S. and EU policy on Moscow. Even now, however, there are certain differences in the approaches of the United States and the European Union towards Russia in August 2017, the United States Congress passed a bill to introduce harsh measures against Russia – measures which its allies are in no rush to replicate. Moreover, many of the sanctions imposed by the United State directly discriminate against European business interests. A “multi-speed” sanctions regime could thus take shape with regard to Russia in 2018, especially if differences in the stances of United States and its allies (Germany in particular) towards Moscow complicate matters.

A set of precedents will be created in the upcoming year for the use of sanctions legislation. The main intrigue of 2018 will be the degree to which the sanctions against Russia are used on an extraterritorial basis. At risk are financial institutions and industrial corporations that cooperate with Russia in energy, defence and infrastructure projects. Sanctions will most likely be imposed against Russia's foreign partners on a case-by-case basis. However, this kind of selectivity will send an extremely negative signal to Russia's partners, increase the cost of risk and complicate the decision-making process with regard to future projects. If such signals exacerbate the situation on the commodities markets, the negative impact of the anti-Russia sanctions will grow.

In 2018, the strength of the Intermediate-Range Nuclear Forces Treaty (INF Treaty) between the United States and Russia will be tested. However, either side could effectively withdraw from the deal by developing the respective weapons systems and ignoring any complaints from the other side. The areas of U.S.–Russia cooperation that have not yet been affected by the mutual sanctions will be under threat: space cooperation, aviation and the media. And the blow to these areas may be dealt either by the United States, or by Russia in response to U.S. sanctions. The midterm elections to the United States Congress will most likely serve as a convenient excuse for using the “Russian threat” to score political points in the election campaigns of both parties. The same thing can be said about the United States with regard to the presidential elections in Russia. Russia will have an important place in domestic politics in the United States, particularly in light of developments in the investigation into the alleged Russian interference in the U.S. elections (the investigation should be completed in 2018).

Possible initiatives put forward by Russia or the United States on joint steps to regulate the Internet and increase predictability in cyberspace could play an important role in minimizing damage and opening a constructive dialogue on the issue. However, the probability of a breakthrough in this area is low. A new cybersecurity doctrine could very well appear in the United States in 2018. The inertia of its anti-Russian leanings is unlikely to change in the short term.

We may see NATO adjusting its strategic attitudes towards Russia in 2018, further building up measures of deterrence. Russia will be a priority topic on the agenda of the NATO Summit scheduled for July 11–12, 2018. The Summit will push forward the implementation of the provision on increasing the defence spending of NATO member countries. A decision could also be made on increasing the military presence in the Baltic region, although this will probably be limited mainly to infrastructure building and is unlikely to involve a significant increase in the number of soldiers deployed in the region. Cooperation on common threats will not be resumed. Russia itself is unlikely to come up with any initiatives regarding the development of relations. The possibility of incidents taking place in the contact zone is extremely low. Positives could appear here as well, especially if the Agreement on Border and Border Incident Regulation between the Russian Federation and Finland is successfully put into practice. However, any incident in the air or at sea has far-reaching repercussions. The Summit will also touch upon the subject of EU–NATO cooperation on measures to counter Russia. And such interaction will only deepen. The European Union will play a secondary role in this format. The NATO Summit will demonstrate the limits of the opportunities to implement the European Union’s new global policy. Of particular interest at the Summit will be the how the EU countries position their defence cooperation and how they will be formed in terms of interaction with NATO.

Russia will have limited room for manoeuvre in its relations with the European Union. However, the potential for cooperation here is much greater than with the United States. The sides may see an opportunity to transition to a new paradigm of bilateral relations, one that will replace the old system of strategic partnership. The concept of “selective cooperation” proposed by the European Union remains



devoid of any real content. However, its very existence opens the door to qualitatively different relations to those with the United States. Both sides can develop the concept in the medium and long term. Even limited progress on the Ukrainian issue would provide substantial support for the formation of a new system of interaction. Relations with Russia will be indirectly influenced by the internal dynamics of the European Union. The terms of the United Kingdom's exit from the European Union may be finalized in 2018, as may the policy on the secession of individual member states.

A bolder exchange of opinions on EU–EAEU cooperation could take place in 2018. Certain elements of this cooperation have already been worked out by both sides at the expert level. Should the Ukrainian issue lose its immediacy, then progress could be made at the official contact level of the two integration associations.

Cybersecurity is a “toxic issue” that could topple relations between Russia and the European Union. Any intimation of Moscow's activity in the information space (including from outside the country) will attract a great deal of attention. The new EU regulations on the processing of personal data will enter into force on May 25, 2018, and may be in conflict with the Yarovaya law that comes in force in July. 2018 may also see the creation of a European Centre for Cybersecurity Research and Skills at the behest of Jean-Claude Juncker. It is highly likely that this centre would focus on containing Russia, although it could act as a channel for cooperation with Moscow on cyber affairs if EU–Russia relations start looking up. In this context, Russia will benefit from its initiative to hold a conference on increasing the effectiveness of the Organization for Security and Co-operation in Europe (OSCE) in ensuring information security across the globe.

In terms of the western dimension of Russia's foreign policy, its central task in 2018 will still be stabilising relations (“managing the confrontation”). This involves restoring dialogue at various levels and in various formats, preventing tensions from spilling over, cutting back on the hostile rhetoric (on both sides), staving off a frantic arms race and making the foreign and defence policies of both sides more predictable. At the same time, it would be wise to step up the search of common ground between Russia and the West, including in the assessment of common threats and challenges. Russian policy should not aim to expose and deepen the existing contradictions between the United States and its European allies. Rather, a policy needs to be built that takes these contradictions into account and focuses on restoring dialogue with the country's European partners.

## Russia and the Middle East



In 2018, the Armed Forces of the Russian Federation are, alongside Syrian governmental troops and other allies, likely to achieve a decisive victory over Islamic State in Syria (the organization and its infrastructure could re-emerge in other regions). Russia will maintain military presence in Syria.

Bashar al-Assad will hold on to his post throughout 2018. The Geneva process is likely to continue to stall, although it will remain in place as a negotiating mechanism. We may see the gap between Geneva and Astana processes grow wider still. Much will depend on who takes part in the Congress, that is, on the positions that the members of the delegations hold in their respective governments and delegations' capacities. The Kurdish issue will continue to be one of the most pressing unresolved issues.

Russia will take part in the rebuilding process in Syria. It will also be involved in the development of deposits and the extraction of minerals in the country (in particular, Stroytransgaz will resume the development of phosphate). 2018 will be an important year in terms of the search for the most advantageous forms of interaction between Russia, the United States, the European Union and other players in rebuilding Syria. Strategic cooperation between Russia and the United States on the issue of Syria is unlikely in 2018, blocked in part as a result of the United States imposing sanctions against Russia in connection with Syria. While the militaries of the two countries will maintain communication, hidden proxy-clashes could take place during the implementation of special operations.

The confrontation between the United States and Iran is heating up, and this will have a growing influence on stability in the region. Against this background, Mos-

cow is intensifying trade and economic cooperation with Tehran (Rosneft's projects with the National Iranian Oil Company, Gazprom's development of the Farzad B gas field, Lukoil's development of the Mansouri and Ab-Teymur fields and Rosatom's participation in the construction of a reactor unit at Bushehr Nuclear Power Plant, among others).

Parliamentary elections are set to take place in Iraq in 2018. Prime Minister Haider al-Abadi will retain his office. Contracts will be signed with Moscow on military-technical cooperation. And while it is unlikely that we will see a revival of Islamic State in the country, terrorist attacks will continue.

Elections will take place in Afghanistan. The situation in the country could very well deteriorate and the U.S.–NATO military presence could be intensified. The restoration of cooperation between Russia and NATO with regard to Afghanistan is all but out of the question.

The 2018 presidential elections in Egypt are likely to result in Abdel Fattah el-Sisi consolidating his power. Russia should be able to develop military-technical cooperation and energy projects with the country (in particular, developing of the Zohr gas field and the signing of the El Dabaa Nuclear Power Plant contract).

The political situation in Saudi Arabia will have a significant impact on regional stability in 2018. The consolidation of power in the hands of Crown Prince Mohammed Bin Salman Al Saud and the schism that is forming in the political elite both represent growing risks for the country and the region. Saudi Arabia will more than likely continue to coordinate oil prices with Russia, but this will do nothing to change Riyadh's criticisms of Russia with regard to the latter's policy in Syria and its relations with Iran.

The situation will deteriorate, although the Yemen crisis will barely affect Russia at all.

The Libyan Political Agreement will expire in December 2017. Attempts to resolve the crisis militarily are a distinct possibility. Should the situation in Libya improve, this will open up extensive opportunities for Russia to cooperate with Libya's National Oil Corporation.

Turkey's president of Recep Tayyip Erdoğan is scheduled to visit Moscow in 2018, which provides an opportunity for the Russian and Turkish leaders to discuss bilateral relations and the situation in Syria. The rapprochement between the two countries is likely to continue, although the dialogue on Syria will be very difficult indeed.

The priority tasks of Russia's policy in the Middle East can be summed up as follows: preventing a major military conflict between Iran and its regional (Saudi Arabia, Israel) and extra-regional (the United States) enemies; promoting the idea of collective security in the Persian Gulf; preserving and strengthening friendly relations with the leading countries in the region (both Arabic and non-Arabic); preventing the proliferation of weapon of mass destruction in the region; and preventing the transformation of the region into a base for training terrorists and exporting terrorism abroad. With regard to the Syrian conflict, Russia's main goal

will be to maintain its political positions in conditions of the transition from a military operation to the post-conflict rebuilding of the country. In order to achieve this goal, special attention must be paid to the search for areas and mechanisms of effective cooperation between Russia and European Union.

## **Russia and the Asia-Pacific**



The North Korean nuclear problem will be the central issue in terms of security in the Asia-Pacific. It is unlikely that the United States and its allies will launch a military operation against North Korea. However, the chances that sanctions imposed by the UN Security Council will force the country to make significant concessions are also exceedingly slim. There are no major military or political barriers preventing Pyongyang from continuing with its nuclear missile program. We can thus expect North Korea to continue to make progress in this area. It is entirely possible, however, that the country will refrain from demonstrating its nuclear advancements until “the time is right,” avoiding renewed pressure from the global community. Pyongyang will try and pass off the temporary halt in test launches over foreign countries as a concession on its part, but the nuclear program will continue as before. It is unlikely that North Korea will be the first to open fire against South Korea, the United States or Japan, as it realizes that by doing so it will lose China’s support, without which it is in no state to conduct a prolonged military campaign.

It is possible that China and Russia will be able to persuade North Korea to temporarily suspend its nuclear tests in exchange for the United States, South Korea and Japan cutting back on their own military activities. At the same time, Washington and its allies will not make any significant compromises with regard to their planned military exercises and defense activities. Any concessions that are made on either side (which is highly unlikely) will be purely symbolic. U.S. plans to deploy its long-range missile defense systems in South Korea will be postponed at best, but they will not be cancelled. And Japan will continue to develop its own missile and air defense systems. There is constant risk that the sides will

once again resort to throwing insults at one another or flexing their muscles. Russia's role in the resolution of the Korean nuclear problem may become marginalized, although Moscow can become an "honest broker" in negotiations.

Russia–China relations will go from strength to strength in 2018. The political agenda will become more important than trade and economic relations between the two countries. Russia and China will adopt a common position on the future world order and take a unified stance on key global and regional issues. We should not expect any major breakthroughs, however. Political relations between the two countries have reached the point of equilibrium. Further movement towards the creation of a military and political union will proceed slowly in 2018.

As for trade and economy, attention should be paid to the development of cooperation between China and the EAEU. This could include further (yet cautious) movement towards the creation of free trade areas. Russia's moderate economic growth should ensure that the dynamics of bilateral trade and economic relations will be positive, although we should not expect any significant breakthroughs in this area. Cooperation between Russia and China will become increasingly asymmetrical, with China launching a series of projects in Russia and investing more and more money into the country. Nevertheless, even this model of economic relations is important for Russia in light of the sanctions regime. Russia–China trade could be adversely affected by the U.S. sanctions.

There is a small chance that the United States could impose sanctions against China. Beijing will take steps to avoid this; however, the very fact that sanctions are a possibility opens the door for Russia and China to start talking about creating an alternative financial system. The issue could be raised in a broader format, for example, at the 10<sup>th</sup> BRICS Summit in Johannesburg, South Africa.

The completion of the Amur Bridge Project – a rail bridge running across the Amur River from Nizhneleninskoye to Tongjiang – could be significant for Russia–China relations in 2018. The two countries could also work together in the fields of space exploration and Arctic development in 2018.

China is very close to creating an "absolute firewall" in the digital environment. From February 1, 2018, individuals will no longer be allowed VPN access. China is paving the way for other states that are pursuing a policy of selectively restricting access to information. If successful, the process of "Balkanizing" the Internet can be accelerated. Local segments that are not part of the global network may start to appear in 2018.

2018 will be the year of Russian culture in Japan and Japanese culture in Russia. More than 300 events are planned. Tourism is likely to grow in both directions as a result of bilateral agreements signed in 2017. A regular ferry service between the Kuril Islands and Hokkaido is likely to be launched. There are plans to set up an advanced development zone in the South Kuril Islands.

Despite all this, little progress will be made with regard to the territorial dispute, especially if Russia goes ahead with its plans to develop its military infrastructure in the region (setting up a naval base and other facilities). We should also not

expect any breakthroughs in terms of trade and the economy. If the agreements signed in 2017 are even partially implemented in the coming year, then this will be considered a success.

We can expect Russia–India relations to continue to develop dynamically. 2018 will be the Year of Indian Tourism in Russia and the Year of Russian Tourism in India. Several military contracts are expected to be signed (including contracts on the supply of military transport helicopters). Work will continue on the Kudankulam Nuclear Power Plant. The dialog on energy, food security, space exploration and the North–South infrastructure projects has entered a more active phase. At the same time, Russia will have to work hard to resolve existing problems with India – just like it will have to do with its other partners in Asia. In particular, Russia needs to respond to the growing competition and increasing demand for military and technical cooperation. In addition, Russia needs to work out various scenarios for dealing with the possibility of the extra-territorial sanctions of the United States affecting its economic relations with India, and discuss India's concerns regarding the situation in Afghanistan, Russia's infrastructure projects in Pakistan and other issues. The main thrust of this work should be directed towards preserving and developing relations with India as a key partner and a major power – one Russia does not have any serious disagreements, with.

On the whole, pressure from the West (which may very well reach new heights in 2018) will force Russia to overcome the stereotypical perception of Asia as a secondary area of the country's foreign policy. Russia will have to do its homework in order to make the most of the existing opportunities.

Russia's foreign policy priorities in the Asia Pacific in 2018 can be summarized as follows:

- 1) improving the quality of Russia–China cooperation, primarily in economy, science and technology, and the humanities);
- 2) diversifying economic and political ties with the Asia-Pacific, including the sub-regions of Northeast and Southeast Asia, as much as possible;
- 3) overcoming the emerging difficulties in relations with India and preventing a confrontation between India and China in Asia and the Indian Ocean;
- 4) preventing a military conflict on the Korean Peninsula while preserving the long-term goal of turning the peninsula into a nuclear-free zone;
- 5) stepping up Russia's participation in multilateral security mechanisms and regimes in the Asia-Pacific.





We can expect the negative public opinion of the EAEU in the member states to fade, although the media hype surrounding the disagreements between the Kyrgyz Republic and Kazakhstan may play a role here. The immediate results of the integration process have been exhausted. Any new achievement will require great effort and coordination.

Opportunities for international cooperation will remain for the EAEU. 2018 will be an important year for assessing the effectiveness of the free trade area with Vietnam and its prospects for the future. The process of forming a free trade area with the Republic of China will continue, and the possibility of developing free trade areas with Singapore, India, Egypt, Serbia and Israel will be on the agenda. However, the ambitious initiative to align the EAEU and the Silk Road Economic Belt will move along slowly, as will the EAEU–ASEAN partnership project. This goes for infrastructure projects in particular, as they require significant financial investments and long-term coordination. We are unlikely to see any breakthroughs in this area.

EAEU initiatives on educational cooperation are set to be announced in 2018. They are unlikely to receive support at the intergovernmental level at present, however, because of Kazakhstan's stance on the issue. Despite this, grassroots initiatives to create joint network integration program at the university level are possible. Kazakhstan may be more flexible here. In addition, Astana's commitment to the English-speaking sector of global education opens the door for projects and initiatives to jointly promote EAEU universities on foreign education markets.

The CIS Summit will be held in Dushanbe in 2018. It is unlikely that we will see any breakthroughs during the Summit, but it is important as a platform for communication among the former Soviet countries.

The CSTO working groups on Afghanistan and information security will step up their activities in 2018 as a result of the growing importance of these issues, and the degree to which the organization's Collective Security Strategy until 2025 is being implemented will be tested. The large-scale NATO training exercise Trident Juncture will take place on the CSTO's western borders in 2018. Russia and Belarus will need to coordinate their positions closely on the matter. The CSTO has a number of training exercises of its own scheduled for 2018 (including Search in Kazakhstan and Interaction in Kyrgyzstan), although they are unlikely to receive much attention in the West. September 18, 2018 will mark 15 years since Charter of the Collective Security Treaty Organization and the Agreement on legal status of the CSTO entered into force. It would be a good opportunity to raise the issue of the CSTO's mission as an organization that guarantees stability and security in Eurasia.

The Ukrainian issue will continue to dominate political discourse. Two factors will be systemically important here. The first factor is the situation in the contact zone between the Armed Forces of Ukraine and the armed forces of the Luhansk and Donetsk people's republics. Isolated clashes and skirmishes are possible, but Kiev is unlikely to launch a large-scale military operation. The second factor is the possible deployment of a peacekeeping mission in Donbass. Whether or not this

actually happens will be down to the fierce bargaining of diplomats. However, even a mission with limited powers could hold great symbolic significance. It would also test the desire of Russia's partners in the West (primarily in Europe) to use the opportunity to try to mend relations with Russia. On the whole, there is a high likelihood that negotiations will break down. The United States Congress will continue to push for harsher sanctions against Russia, which will create a negative atmosphere overall. The domestic situation in Ukraine will become strained in the run-up to the presidential elections in 2019, although it will in all likelihood remain under control throughout 2018. We are unlikely to see the complete collapse and disintegration of Ukraine in the coming year.

Presidential elections will take place in Armenia in March 2018. For the first time in the country's history, the president will be elected by the National Assembly, rather than by popular vote. Serzh Sargsyan will not be able to run for a third term in office. 2018 will be an important year for Armenia in terms of the EU–Armenia Comprehensive and Enhanced Partnership Agreement (which will come into effect in 2018) and the country's membership in the EAEU. It is highly likely that Yerevan will be able to work out the most effective method of interaction with both blocs. This will be facilitated by its active cooperation with Moscow on security issues, both on a bilateral basis and within the framework of the CSTO. Against the background of the elections, Armenia may receive harsh criticism for its cooperation with Moscow. Energy cooperation is one of the more problematic issues, although friction may be mitigated here by the agreement to extend work on the Armenian Nuclear Power Plant (the Russian government has provided a grant and a line of credit for this work).

Azerbaijan will hold its presidential elections in autumn 2018. Relations with Russia are unlikely to take centre stage in the run-up to the elections, and the paradigm of interaction with Moscow will remain largely the same following the vote. The summit of the leaders of Iran, Russia and Azerbaijan in Moscow will be one of the most important foreign policy events for Azerbaijan in 2018. There is no reason to believe that Ilham Aliyev will not retain his post as president.

The election campaigns in Armenia and Azerbaijan will put the dispute over Nagorno-Karabakh centre stage once again. Flare-ups are entirely possible. Defense spending will increase on both sides. Disputes over historical interpretations of the two nations declaring themselves republics will heat up.

Presidential elections will also take place in Georgia in 2018. In line with the constitutional reform, this will be the country's last direct presidential election; from 2024, the president will be voted in by an electoral college. The election campaign will no doubt feature discussions of disagreements with Russia regarding Georgia's refusal to recognize Abkhazia and South Ossetia. There is no chance that Georgia will launch any kind of military activity on the borders with these regions in 2018. However, no headway will be made along the main "red lines" either. There could be some progress on the visa issue. Given the right conditions, Russia could remove the requirement for Georgian nationals to obtain a visa in order to enter the country (Georgia does not have such a requirement with regard to Russian citizens). Cooperation between Georgia and NATO will deepen. The 2018

NATO Summit will take stock of the progress made in this area.

The situation in Central Asia will largely remain the same in 2018 in terms of the risks it presents. None of the countries in the region have elections scheduled for the upcoming year. An interesting situation will develop in the Kyrgyz Republic, which elected a new president in autumn 2017. The incumbent president did not take any steps to remain in office for a second term. This is an important stage in the country's political development and the formation of a system of institutional change of power. However, the new president faces the difficult task of consolidating his power in the existing political climate. The issue of the airbase in Kant will play a central role in the Kyrgyz Republic's relations with Russia.

The ratification process of the Enhanced Partnership and Cooperation Agreement between the European Union and the Republic of Kazakhstan by the EU member states will be complete in 2018. It will be a crucial year in terms of harmonizing cooperation between the European Union and the Eurasian Economic Union.

Kazakhstan will take over the presidency of the UN Security Council for January 2018. This is an important event in terms of the country's foreign policy. During its presidency, we can expect Kazakhstan to raise issues relating to security in Central Asia, water resources and the situation in Afghanistan. As a permanent member of the UN Security Council, an ally of Kazakhstan and a major player in regional processes, Russia could contribute to the discussion of these issues and support the agenda put forward by Kazakhstan.

Central to Russia's unresolved problem in its relations with the post-Soviet states is the fact that it needs to establish a model of socioeconomic and political development that is attractive to its neighbours and would thus reduce the desire on their part to join other geo-economic or geopolitical integration associations. This task clearly will not be resolved in 2018, but we should keep it in mind when determining the possible parameters of Russia's socioeconomic development for the next six-year political cycle. It is equally important to actively resist the socioeconomic processes and political destabilization that are taking place in the post-Soviet space and directly threaten Russia's security interests. It is obvious that this will require Russia to cooperate not only with the post-Soviet countries, but also with the more visible "external" players, including China, Iran and Turkey and, in certain instances, with the European Union and perhaps even the United States.

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