Checkmating Russia’s Assertiveness in Eastern Europe

May 5, 2017

Quentin Buckholz, Djivo Djurovic, Patrick Kelley
Michelle Kretsch, Thomas Lind, Sajid Shapoo

Final Report
# Table of Contents

Chapter 1: Executive Summary ......................................................... 4

Chapter 2: Introduction ................................................................. 9

Chapter 3: Context ................................................................. 12

  3.1 Introduction ........................................................................... 13
  3.2 Previous Instances of Russian Aggression – Georgia ................. 14
  3.3 Previous Instances of Russian Aggression – Ukraine ................. 17
  3.4 Previous Instances of Russian Aggression – Montenegro .......... 21
  3.5 Conclusions ........................................................................... 24

Chapter 4: Threat Analysis .............................................................. 27

  4.1 Goals and Strategies .............................................................. 28
  4.2 Hybrid Warfare ...................................................................... 30
  4.3 Cyber Threats ......................................................................... 33
  4.4 Intelligence Activities ............................................................. 35
  4.5 Manipulation of Diaspora Populations .................................... 41
  4.6 Conventional Invasion ............................................................ 45
  4.7 Energy as a Tool of Political Coercion .................................... 47
  4.8 Use of UN Security Council Veto Power ............................... 50

Chapter 5: Countermeasures ............................................................ 52

  5.1 Goals and Strategies .............................................................. 53
  5.2 Military Posture ...................................................................... 54
  5.3 Cyber Tools ............................................................................ 57
  5.4 Counterintelligence ............................................................... 61
  5.5 Energy Policies ...................................................................... 64
  5.6 Economic Sanctions .............................................................. 69
  5.7 Countering Russian Influence ............................................... 81
  5.8 Reinforcing The Article V Guarantee ..................................... 87
  5.9 Diplomatic Pressure at UN .................................................... 91
Chapter 6: Conclusion..............................................................................101

Appendix.................................................................................................103
   A1. Effects of Energy Prices.................................................................104
   A2. Case Study: Kazakhstan...............................................................108
   A3. Interviews.......................................................................................113

Acknowledgements

This report was produced for RAND Corporation in conjunction with Columbia University’s School of International and Public Affairs (SIPA) as a Capstone Consultancy project. The authors, Quentin Buckholz, Djivo Djurovic, Patrick Kelley, Michelle Kretsch, Thomas Lind, and Sajid Shapoo, are graduate students concentrating in the International Security Policy. Colin Jackson, an Associate Professor of Strategy and Policy at the U.S. Naval War College, oversaw the research. Any views expressed herein are the authors’ own and do not necessarily represent those of SIPA.
Executive Summary


1. Executive Summary

**Context**

Russia seeks to regain the great-power status it lost with the collapse of the USSR. In order to attain this status, Moscow is actively working to expand its sphere of influence. Its actions to that end are visible and well documented: from cyber attacks on Baltic governments to outright territorial incursions in Georgia and Ukraine. To their detriment, Western governments and the US have largely failed to develop a coherent Russian strategy in recent years. This failure is due in part to competing geopolitical priorities and in part to the view Russian aggression must abate eventually in the face of mounting economic and structural instability.

Russian interference is nothing new. Revolutionary warfare doctrine, embraced by the Bolsheviks and their successors, encourages creative use of information and political warfare. Russian hacking is tradecraft updated for the high-tech age; online Russian troll factories are merely a new form of Soviet propaganda. Nonetheless, the threat faced by the Baltics today is existential: Putin is explicit in his desire to reclaim Soviet influence in the region, which would require the removal or collapse of liberal, Western-oriented democracies on Russian borders. The results of Russian “hybrid warfare” may vary – the Baltics may face impairments to critical infrastructure, erosion of government authority, or even invasion – but in all cases the aims are the same: undermining NATO and the EU. Moscow’s goals go far beyond territorial gains for the Russian Federation; rather, Russia seeks to revise the post-Cold War security and political architecture of Europe to create a strategic balance more favorable to Russia.

US policy toward the Baltics is presently inadequate to meet this threat. Today, NATO states face attacks on critical infrastructure and on their implementation of free and fair elections. Russia’s revanchist aims are clear. However, the US lacks a consistent framework to mount robust countermeasures.

In this paper, we outline Russian strategies and methods for undermining NATO and the broader Western liberal alliance through the Baltic states. We will also offer a number of countermeasures the US can adopt that are low-risk and non-conventional. These countermeasures are asymmetrical – we do not advise countering DDoS with DDoS, for example – but they address the various spheres in which Russia exerts its influence: espionage, propaganda, cyber, energy. There is no silver bullet for Russian subversion, which is flexible, opportunistic, and adapted to local realities. But it should be possible to create a broad policy framework that is not reactive, that is non-kinetic but aggressive, and that substantially raises the costs to Russia for undermining sovereign states in the Baltic region.

**Threat**

For the purposes of this report, we define hybrid warfare as covert or deniable activities meant to influence the politics of target countries. We use this framework to understand the full range of pressures and attacks Russia uses. This covers Russian activities across Eastern Europe to expand its own sphere of influence and to disrupt Western-leaning governments.

Hybrid warfare is not a new phenomenon, and has its roots in early Soviet strategy and terminology. It has, however, gained a good deal of attention recently thanks to Russia’s incursions in Georgia and Ukraine and repeated Russian interference in Eastern European elections and attacks on critical infrastructure.
The advent of cyber technology has allowed Russia to increase the scale of their propaganda, espionage and covert tactics, while still maintaining plausible deniability. These tactics allow Moscow to take advantage of the EU’s internal tensions and problems – political instability due to widespread recession, the rapid influx on immigrants and the rise in popularity of far-right political parties – in order to sow dissension.

While Russia has demonstrated the willingness to invade neighboring states, the ultimate threat from hybrid warfare is not further invasions, but destabilization. As hybrid tactics undermine the state’s ability to administer free and fair elections, protect their critical infrastructure, and maintain the privacy and integrity of their citizens and politicians, pro-Western governments may fail, including in their responsibilities as EU or NATO members.

The core tactical components of Russian hybrid warfare are:

• Cyber
• Espionage
• Manipulation of diaspora populations
• Conventional invasion
• Energy

Countermeasures

Western countermeasures to date do not fit neatly within a coordinated framework despite the experience of the West and the US, in particular, in confronting similar threats from the USSR. There are a number of reasons for this. The introduction of new technologies, especially where related to cyber security, has opened up new frontiers and new legal and technical complexities to combating espionage, propaganda, and outright cyber attacks. International cooperation between nation states, even amongst NATO members, to create a unified defensive and offensive plan has been lacking. As a result, key vulnerabilities remain, particularly in areas like counterintelligence, energy security, and cyber security.

This report analyses and presents a broad range of countermeasures aimed at preventing and, crucially, deterring Russia from further aggression. Russian tactics are varied and opportunistic, and so Western countermeasures will have to reflect that in some measure. These countermeasures are often asymmetrical: for example, a well-implemented program of sanctions is more likely to deter Russian cyber crime than efforts to shut down Russian servers.

This report also proposes a Western framework to help centralize and coordinate the response to the growing hybrid threat: a Political Warfare Center. Modelled on the Counterterrorism Center, and inspired in part by Reagan-era active measures working groups, a multi-disciplinary center would provide the necessary focus on Russia’s covert aggressions. It would also embed the challenge of countering such activities within the security framework, giving the issue legitimacy and avoiding political vacillation between US administrations. Within that framework, we proposed a variety of core countermeasures, summarized below.

Military Posture

• Establish robust, permanent NATO military presence in the Baltics and Poland
• Introduce a transparent public relations campaign to reassure the local population and counter Russian narratives
Cyber Tools
- Improve online norms between the US and Europe, specifically in information sharing and mutual defense
- Improve formal frameworks for public/private cooperation
- Lower thresholds for attribution as a policy response
- Increase the cost of hacking for Russian-backed or Russian-executed cyber crime and cyber attacks

Counterintelligence
- Integrate counterintelligence perspectives into national security planning and apply counterintelligence collection and operations as tools to advance national security objectives
- Improve or create a single national level agencies along with a regional level CI grid to enable a strategic and coordinated response
- Create a NATO CI Center on the lines of NATO Intel Fusion Center to provide rapid access to accurate and timely counterintelligence inputs
- Develop national counterintelligence strategic operations centers to integrate divergent operational activities across counterintelligence communities

Energy Policies
- Construct additional LNG regasification terminals in the Baltic Sea and the Mediterranean ports of European Union countries
- Enhance the flow capacity and interconnection of the existing gas transit network, especially the Baltic-Adriatic gas corridor
- The European Commission should not approve the construction of the “Nord Stream 2” pipeline extension to prevent a further dependence on the Russian gas

Economic Sanctions
- Maintain separation of sanctions regimes and do not consolidate separated regimes into one integrated regime
- Continue the course with sanctions against action in Ukraine and Crimea
- Work with partners to develop cases for further designations for cyber/information manipulation sanctions through intelligence and information sharing
- Implement policies to decrease gas and oil dependency to enable the imposition of energy sanctions, completing this before Russian finds alternative energy buyers
- Cutting Russia off from SWIFT or creating red line policies is not recommended

Countering Russian Influence
- Pressure Baltic states to adopt more inclusive citizenship policy
- Provide financial and technical support to independent and state-run titular language media
- Provide financial support to entities that support language education

Reinforcing the Article V Guarantee
- Develop a clearer definition of “armed attack” to include new technologies, such as cyber, and new tactics, such as those utilized in hybrid warfare
- Increase education on NATO and develop public campaign building resolve in alliance
- Build a sixth committee in Parliamentary Assembly to address and prioritize security interests of all NATO members
• Invoke Article V due to terror attacks in European capitals to further build precedent

**Diplomatic Pressure at the United Nations**

• Support the French proposal for Code of Conduct veto reform in the UN Security Council
• Draft General Assembly resolutions defining cyber attacks and hybrid warfare
• Continue calling for Security Council meetings on Ukraine and hybrid warfare and host Arria-formula meetings when resistance occurs

**Opposition Support**

• Provide covert assistance and support to opposition groups in Ukraine and Georgia
• Empower critics of the Russian regime and provide platforms for Russian pro-democracy dissidents to speak against the Putin regime
• Provide funding for groups engaged in advocacy and public dissent in the Russian domestic sphere
• Commit further attention and resources to assessing the potential of fomenting tensions in the Russian southern oblasts

**Conclusion**

This report provides an overview of the Russian threat in Eastern Europe. The use of covert aggression in Eastern Europe – hybrid warfare – is not new, but is increasingly dangerous. Russia’s goal is to destabilize Western-leaning governments in the hope of reconstituting an exclusive sphere of influence. The means Moscow employs to achieve its aims are varied and opportunistic, and increasingly emphasize cyber and other covert capabilities.

To date, Western governments have struggled to compose a robust, coordinated response. This report advises the creation of a centralized unit, a Political Warfare Center, to centralize and coordinate organize a coherent response to hybrid warfare activities. We set out a number of specific countermeasures, across military, cyber security, counterintelligence, energy, sanctions, and diplomacy, that provide long-term and short-term means of securing NATO partners and deterring Russia. Coordinating the response to hybrid warfare and prioritizing strategic deterrence will all go a long way to reducing Russia’s capability and willingness to continue its quest to undermine Western institutions and governments.
Introduction
2. Introduction

Russia seeks to regain the great-power status it lost with the collapse of the USSR. In order to attain this status, Moscow is actively working to expand its sphere of influence. Its actions to that end are visible and well documented: from cyber attacks on Baltic governments to outright territorial incursions in Georgia and Ukraine. Since the escalation of Russian actions in 2008, the US and Europe have spent nearly a decade without a comprehensive response strategy. This is in large part due to competing priorities: for example, the previous administration prioritized greater cooperation with Russia in confronting Iran and sought Russian cooperation in Syria, whereas European governments have been eager to expand trade relations with Russia. It also reflects a belief that Russian aggression must abate eventually in the face of mounting economic and structural instability; either Moscow will eventually seek re-integration into the world community or the costs of its misbehaviour would exceed the economy’s carrying capacity.

Nevertheless, Russia’s actions are not new. During the Cold War, Soviet Revolutionary Warfare Doctrine encouraged creative use of information and political warfare. Russian hacking and other political warfare activities are merely a high tech version of this tradecraft. The results of Russian hybrid warfare may vary—the Baltics face impairments to critical infrastructure, erosion of government authority, or even invasion—but in all cases the aims are the same: undermining and destabilizing Western institutions including NATO and the EU. By undermining the security architecture of Europe and revising the terms of the post-Cold War settlement, Russia hopes to achieve its grand goal of a return to great power status. Therefore, subversion of Western governments and institutions is more important than simple territorial gains for the Russian Federation.

While Russian aims are clear, current Western policy is currently insufficient to counter Russian advances and prevent Moscow from achieving its strategic goals. Western governments lack a consistent and coherent policy to mount robust countermeasures, particularly as Russian attacks are conducted through the media, by intelligence services, or online. In this report, we aim to offer such a robust and coherent set of strategies and countermeasure recommendations. Many are low-risk; some are long term, others short; and a few are non-conventional. However, they address the various spheres in which Russia exerts its influence: espionage, propaganda, cyber, energy, and military. There is no silver bullet for Russian subversion, which is flexible, opportunistic, and adapted to local realities. But the West is fully capable of creating a policy strategy that is proactive rather than reactive, non-provocative but assertive, and that substantially raises the costs to Russia for undermining sovereign members of the Euro-Atlantic community.
Our report identifies Russian and Western goals and means. Each side utilizes a set of strategies to achieve their respective goals. These strategies embrace the advantages each has over their adversary and employ a variety of instruments. Each side uses instruments both symmetrically and asymmetrically to counter the other and to maximize comparative advantage: for example, the West weaponizes Russian reliance on the US financial system, while Russia seeks to gain advantage from European dependence on Russian hydrocarbons.

Our report begins with a context section. We conducted a historical review to draw conclusions on how Russia has employed means to achieve their ends in the past. We then review Russia’s goals, ways, and means. Beginning with a description of Russia’s goals and strategies, we then offer a description of the framework and coordination used by the Russians in utilizing their instruments, and finally analyze the instruments utilized by Russia and the threat they pose to the West. This is followed by a review of the West’s ends, ways, and means. Similarly, we discuss the West’s goals and strategies. The report then investigates possible counter measures and proposes a set of recommendations for policy implementation. This is followed by a proposal of a coordination system to be used by the West in deploying their countermeasures. The conclusion offers a reflection on the West’s task of “checkmating” Russian assertiveness.
Context
3.1 Introduction to Context

Since the collapse of the Soviet Union in 1991, the Russian Federation has used a variety of economic, political, diplomatic, and military pressure tactics to shape the behavior of states in Moscow’s perceived sphere of influence, the countries of the former Soviet Union and the former Warsaw Pact. On several occasions since 2008, Moscow has resorted, either openly or covertly, to the use of force in an effort to achieve discrete political outcomes. To illuminate patterns and provide a guide to predicting the future utilization of force by Moscow, this report will examine the most salient recent instances of violent intervention by Russia in neighboring states. The cases examined are as follows:

- The 2008 war between Georgia and Russia
- Russia’s annexation of Crimea and forcible intervention in eastern Ukraine, beginning in 2015 and continuing in various forms through the present day
- The apparent involvement of Russian intelligence operatives and proxies in a coup attempt in Montenegro in 2016

While these instances run the gamut from full-scale conventional invasion to covert intelligence activities, a collective analysis does illuminate several patterns that offer useful insight into coercive Russian behavior in its near abroad. These patterns are useful in assessing the current threat posed by Russia.
3.2 Previous Instances of Russian Aggression – Georgia

Background
Although the Russo-Georgian War began on August 7, 2008, the confrontation between Moscow and Tbilisi is rooted in so-called Rose Revolution of 2003, in which President Eduard Shevardnadze was overthrown by popular demonstrations against fraudulent parliamentary elections. While the Russian government had no particular affection for Shevardnadze, Moscow viewed the exertion of popular will as a threatening precedent. Indeed, Russian officials believe, with apparent sincerity, that “color revolutions are a new form of warfare invented by Western governments seeking to remove independently-minded national governments in favor of ones controlled by the West.” Consequently, the overthrow of an entrenched leader by grassroots activism created significant tension in the Russo-Georgian relationship.

The election of pro-Western, pro-NATO president Mikhail Saakashvili in 2004 exacerbated these tensions. In addition to his desire to orient Georgia toward the West and crack down on corruption, both of which would threaten Russian influence in the country, Saakashvili pledged to reincorporate the breakaway provinces of South Ossetia and Abkhazia, which had maintained de facto independence with significant Russian assistance since 1992 and 1993, respectively. In response, Russia boosted its military presence in the South Caucasus, increasing force deployments in Armenia and augmenting its “peacekeeping” forces in South Ossetia and Abkhazia. Russia also enhanced its political and diplomatic pressure on Tbilisi throughout 2008, most importantly by establishing direct government-to-government contacts with Abkhazia and South Ossetia in April. Finally, Moscow used military measures to intimidate and deter Tbilisi by enhancing its military presence in the breakaway provinces, shooting down a Georgian unmanned aerial vehicle in April, and using “peacekeeping” forces to upgrade and repair military infrastructure in Abkhazia, an overtly threatening move.

However, Russia’s political and military maneuvers failed to dissuade Saakashvili from his stated goal of reincorporating the breakaway provinces. While the exact sequence of events remains disputed, it is clear that Saakashvili ordered the shelling of South Ossetian militia positions on August 7, 2008, against the advice of the US government and the EU, following several months of intensifying provocations by pro-Russian militia in the region and threatening moves by Russia. There are indications that Tbilisi carried out the shelling attack on the night of August 7 to preempt additional Russian military infiltration of South Ossetia. Contemporaneous reporting indicates that Saakashvili may have ordered the shelling in response to some combination of the following developments: units of the Russian 135th and 693rd Motorized Rifle

---

1 Maria Spirova, “Corruption and Democracy: The Color Revolutions in Georgia and Ukraine,” Taiwan Journal of Democracy, Vol. 4, No. 2: 76
3 Paul Goble, “A Mini-Brezhnev Doctrine? FSB Promises to Block Color Revolutions in CIS Countries,” The Interpreter (June 8, 2014)
8 Cohen and Hamilton, “The Russian Military and the Georgian War,” 17
Regiments entered South Ossetia prior to August 7; the president of Abkhazia announced that a Russian battalion from North Ossetia had crossed the border into the disputed region; armed irregular forces, including Chechen “volunteers,” reportedly crossed into South Ossetia or were en route on August 7th, and finally, several villages in South Ossetia reportedly came under rocket fire from within Russia.

Whatever Saakashvili’s motives in ordering the shelling of Tskhinvali, Moscow moved tanks and artillery in South Ossetia and launched significant airstrikes on targets throughout Georgia. In part because Russian proxies and irregular forces had seized the Roki tunnel, the only route into South Ossetia from Russia, Moscow was quickly able to deploy overwhelming force in South Ossetia, driving Georgian forces out of the territory. Moscow subsequently invaded Abkhazia and then western Georgia. In all, between 25,000 and 40,000 Russian troops were deployed against approximately 15,000 Georgian troops. Moscow also utilized close to 300 aircraft and a significant naval contingent in the war; this numerical and qualitative superiority allowed Russian forces to advance quickly through Georgian territory. Despite a ceasefire announced by Prime Minister Dmitry Medvedev on August 12, Russian forces attacked the city of Gori on August 13 and continued to push into Georgia until August 16. Moscow finally agreed to withdraw its forces from Georgia proper on August 17, but maintained a presence in South Ossetia and Abkhazia.

Moscow’s decision to use full-scale conventional force followed years of pressure tactics and apparent efforts to provoke a crisis in the months before August 2008. Many analysts, including Russian ones, have concluded that Moscow decided to use military force after a variety of pressure tactics and proxy engagements had failed to alter Georgia’s determination to consolidate territorial control and move toward full Western integration. This has implications for Western forecasts; the pattern established in the run-up to the Georgia war and in other recent conflicts suggests that the West should become more vigilant when it appears that Russian active measures are failing to achieve Moscow’s political goals.

Members of the Russian government and high command had referred frequently to the possibility of a military intervention in Georgia beginning as early as 2006. Additionally, Russia had significantly upgraded its military presence and carried out increasingly threatening maneuvers and exercises in the North Caucasus region of Russia. Russia had also employed proxies and irregular forces to pressure Georgia in the run-up to war. There is clear evidence, for example, that militia units in South Ossetia increased their shelling of Georgian positions. As

10 Ausmus, _A Little War That Shook the World_, 20
11 Svante Cornell and Frederick Starr, eds., _The Guns of August 2008: Russia’s War in Georgia_, London: M.E. Sharpe (2009), 150-151
15 Cornell and Starr, 170-171
18 Mikhail Barabanov, Lavrov Anton, Vyacheslav Tsyelyuko, _Tanki Avgusti_ (The Tanks of August), Center for Analysis of Strategies and Technologies, 2009: 59
20 Gressel
noted above, cross-border rocket fire from Russia occurred before the Georgian shelling of South Ossetian positions began.21

Moscow appears to have turned its attention to South Ossetia after a series of pressure tactics and provocations in Abkhazia failed to produce a change in Georgian behavior or a larger conflict. All of the intimidation tactics and provocations noted above, including the shoot-down of a Georgian drone, the delivery of military supplies to separatist forces, and the deployment of troops to repair military infrastructure, occurred in Abkhazia in the run-up to the conflict.22 Additionally, there were a series of unexplained explosions on Georgia’s side of the Abkhaz border in July 2008, which Tbilisi blamed on Moscow.23 In other words, the war between Russian and Georgia appears to have occurred following a protracted series of provocations and attempts at intimidation by Moscow, all of which failed to deter Saakashvili.

Outcome

Russia had several goals in the Georgian conflict. While there is naturally some uncertainty over Moscow’s specific objectives, there is general consensus that the Kremlin was seeking to prevent Georgia’s entry into NATO; undermine and possibly overthrow the Saakashvili government; discredit NATO and the West; and prevent the consolidation of Georgia’s market democracy as a model for other post-Soviet states.24

In this instance, Russia achieved its most immediate tactical goals but failed to achieve longer-term strategic goals or to improve its geopolitical position. The immediate goal of preventing Georgia’s membership in NATO, which had previously seemed like a genuine possibility, was achieved through the creation of an ongoing territorial dispute, a sufficient condition to preclude NATO membership.

However, Russia failed to achieve regime change in Tbilisi, which some analysts have suggested was a goal of the invasion.25 Additionally, Russia failed to prevent, and may have even encouraged, Georgia’s integration with the West and the consolidation of successful market democracy within the country. Georgia’s Deep and Comprehensive Free Trade Agreement with the European Union entered into force in July 2016.26 Additionally, Georgian citizens were recently granted the right of visa-free travel within the Schengen zone, a key step in the European integration process.27

Analysts have speculated that Russia may have had other goals, including allowing for the annexation of the disputed territories; asserting control over key pipeline routes through Georgia, including the Baku-Tbilisi-Ceyhan and Baku-Erzurum pipelines;28 and discrediting NATO and the EU in the eyes of prospective members in the post-Soviet space.29 While Moscow has clearly succeeded in paving the way to possible annexation, it has declined to pursue this course of action, possibly due to the potential cost of administering the impoverished territories (discussed further below). The energy routes noted above remain under Georgian control.

21 Ellison, “Russian Grand Strategy,” 353
22 Ellison, 352
24 Bugajski, “Georgian Lessons,” 2
26 “EU-Georgia Trade Agreement Fully Enters Into Force,” European Commission (July 1, 2016)
3.3 Previous Instances of Russian Aggression – Ukraine

**Background**

Throughout 2013 and 2014, Ukrainian President Viktor Yanukovych vacillated between pursuing an association agreement with the European Union and membership in the Eurasian Customs Union. In November 2013, Yanukovych announced the suspension of association talks with the EU, sparking protests by university students in Maidan Square in Kyiv. Ukrainian riot police responded violently, catalyzing additional protests, which grew in intensity following the deaths of several protestors. In February 2014, Yanukovych fled Ukraine and was replaced by a pro-Western interim government.

Moscow determined that these political developments represented a clear threat to Russian interests. On a fundamental level, the general re-orientation of Ukraine toward the West and the specific possibility of Ukrainian NATO membership would deprive Russia of a friendly buffer state and extend the perceived Euro-Atlantic sphere of influence right up to Russia’s borders. This represented, from Moscow’s perspective and that of its Western apologists, yet another violation of the alleged post-Cold War settlement to not expand NATO eastward.

The Russian view of NATO expansion specifically and Western post-Cold War policy more broadly is suspect, not least because the very existence of any such promise is debated and seems highly dubious at best. Additionally, there is no reason that Moscow’s desire to reconstitute a sphere of exclusive political influence should dissuade the West from supporting states that are seeking to building open societies and integrate with the Atlantic community. Whatever the morality or truth of Moscows’s position, however, this perception of post-Cold War events is key to understanding Russian actions in Crimea and Donbass.

In addition to the broader strategic implications, the overthrow of Yanukovych and his succession by a Western-oriented government threatened Russia’s Black Sea naval base in Sevastopol. Accordingly, Russia moved to directly preempt the second threat while also seeking to undermine the post-Maidan government as a means of warding off the first threat.

**Annexation of Crimea**

Following Yanukovych’s abdication, during the period in which the post-Maidan government in Kyiv was still consolidating itself and taking over day-to-day management of the country, Russia deployed armed forces with no identifying insignia to take over key government and military facilities. These so-called “little green men” (a phrase referring to the green,


31 “Five Killed, At Least 300 Hundred Injured in Police Assaults on Euromaidan Protestors,” *Kyiv Post* (January 22, 2014)


33 e.g. John Mearsheimer, “Why the Ukraine Crisis is the West’s Fault,” *Foreign Affairs* (September/October 2014)


unmarked uniforms of the gunmen involved) quickly took control throughout Crimea, including in the capital of Simferopol, beginning on February 27. On February 28, these gunmen extended their control to the airport and state television, and began to surround military facilities. The Crimean Parliament, which had earlier scheduled a referendum on independence for the end of March, moved it up to March 16. After an overwhelming “vote” in favor of independence, supervised by masked gunmen, the Russian government moved to formally annex Crimea, a process that was completed on March 21.

The Crimea intervention is often heralded as the paradigmatic case of “hybrid warfare.” While definitions of this ostensibly new form of armed coercion vary widely, several key elements of the Crimea annexation are worth exploring further.

First, Russia sought to maintain plausible (or perhaps slightly implausible) deniability, using the pro-Russian sympathies of the target area’s population, unmarked armed forces, official denials, and disinformation to shield the Russian role in the takeover until after it had been completed. While the denial itself was always somewhat implausible, Moscow also sought to obfuscate its role in Crimea by offering pseudo-legal justifications, including the notion that the local community of Russian-speakers had sought protection. The inconsistency between these two suggestions, that Russia was not intervening and that it was intervening only to protect its compatriots, was irrelevant. Overall, the tactic proved effective in thwarting effective resistance, by offering the international community an excuse not to act.

While Crimea, as a strongly pro-Russian territory with an extant Russian military force, was likely a sui generis situation, many analysts have expressed concern that such deniability could be employed to great effect in other contexts. In particular, maintaining some level of deniability during an incursion into the Baltics or other NATO states could confound an Article V response by the organization, the decision-making structure of which is based on unanimity.

Russia also used diversionary tactics and benefited from the distraction of international audiences as it prepared the ground for its covert intervention in Crimea. In particular, Russia used major military exercises to divert attention from its initial moves in Crimea. Snap drills were

---

36 Vitaly Shevchenko, “Little Green Men or Russian Invaders?” BBC March 11, 2014
38 “Heavily Armed Men Seize Simferopol Airport,” Interfax-Ukraine (February 28, 2014)
39 “Crimean Parliament Moves Referendum Date to March 16,” Interfax (March 3, 2014)
42 Michael Kofman, “Russian Hybrid Warfare and Other Dark Arts,” War on the Rocks (March 11, 2016); Maciej Bartkowski, “Nonviolent Civilian Defense to Counter Russian Hybrid Warfare,” Johns Hopkins University Center for Advanced Governmental Studies (March 2015)
43 Nico Krisch, “Crimea and the Limits of International Law,” European Journal of International Law (blog), March 2014
carried out in the region adjoining Crimea, along with other major exercises in the days leading up to the intervention, in an apparent effort to intimidate the government in Kyiv and divert attention from Crimea.

**Intervention in Donbass**

Having completed the annexation of Crimea, Moscow subsequently turned its attention to the Donbass region of eastern Ukraine, intervening directly to support separatist elements seeking to create independent mini-states in Donetsk and Luhansk Oblasts. Despite the effort to preserve the fiction that these separatists constituted an indigenous, independent political movement, Moscow was directly involved in the separatist uprising and picked several key separatist leaders. In contrast to the swift victory in Crimea, the conflict in eastern Ukraine has proven difficult and indecisive. The irregular measures employed in Crimea have been insufficient to achieve Moscow’s goals, forcing direct Russian military intervention on multiple occasions to prevent the defeat of separatists by the Ukrainian military.

Russia directly intervened in eastern Ukraine at least twice. First, Russian forces entered the conflict directly in the summer of 2014 in order to halt a drive by the Ukrainian military. Russian forces inflicted a significant defeat on Ukrainian troops at Ilovaisk in August, halting the Ukrainian offensive and temporarily freezing the conflict. Russia interceded directly again in the early winter of 2015, enabling separatist forces to seize the rail junction of Debaltseve. Ukrainian forces had held this town since the summer offensive of 2014, which had been halted at Ilovaisk. In order to create a tenable, self-sustaining government entity in Donetsk, separatist forces needed to control the vital rail hub in Debaltseve, but were unable to dislodge Ukrainian troops. Following these Russian attacks, separatist forces were able to drive the Ukrainian contingent out of the town and consolidate their position.

Both instances of intervention had direct political goals: both coincided with the Minsk Protocol negotiations between Russia, Ukraine, Germany, and France. Both escalations were designed to force Ukrainian President Petro Poroshenko to concede that the conflict had no military solution and to accept the unfavorable terms of in the Minsk agreement. As Samuel Charap notes, the Russian regular forces involved in the Battle of Ilovaisk appeared to leave Ukraine immediately following Poroshenko’s signature of the First Minsk Protocol.

The conflict is presently “frozen” at the equilibrium achieved after the Battle of Debaltseve. Ukrainian and separatist forces routinely exchange fire but have not materially

---

46 Vladimir Mukhin, “‘Armii dali chrezvyshchiniu vvodnuu” (Army Given Emergency Scenario),” Nezavisimaya gazeta (February 28, 2014)
50 Tom Parfitt, “Separatist Fighter Admits Russian Tanks, Troops Decisive in Eastern Ukraine Battles,” The Telegraph (March 31, 2015)
52 John Herbst, “The Double Challenge to Ukraine: Kremlin Aggression and Reform,” Testimony to Senate Foreign Relations Committee (March 15, 2016)
53 Charap, 3
altered the conflict’s strategic balance. Kyiv remains disinclined to fully implement the Minsk agreement, which calls for significant constitutional changes in Ukraine prior to reintegration of the separatist territories. The Poroshenko government appears to have accepted, however, that it is presently impossible to forcibly retake Donbass. Most analysts agree that this concession was the goal of Russia’s conventional interventions at Ilovaisk and Debaltseve.\(^{54}\)

While Russia’s intervention in Donbass was more overt than in Crimea, Moscow did seek to maintain deniability throughout the initial stages of the conflict. Additionally, as in Georgia and Crimea, Russia used local proxies to initiate fighting and provide a pretext for intervention.\(^{55}\) While the South Ossetian model proved replicable in Crimea and Donbass, Russia’s reliance on such proxy groups is a positive variable in any threat assessment of the Baltics, where it would be more difficult to generate or even fabricate such “indigenous” armed units.

**Outcome**

Russia had several goals in its intervention in Ukraine: to prevent Ukraine’s political re-orientation generally and NATO membership specifically; to undermine the post-Maidan government; and to secure extant basing rights in Sevastopol.

Just as in the Georgian case, Russia achieved its immediate tactical goals in Ukraine: NATO cannot offer Ukraine membership so long as the country is embroiled in a frozen war with Russia. As with Georgia, the annexation of Crimea and occupation of Donbass presents Kyiv with an unpalatable choice: to join NATO, they would have to surrender any claim to these territories. Additionally, Russia has maintained control over its naval facility in Sevastopol.\(^{56}\)

Just as in the Georgian case, it is not clear that Russia has achieved or can achieve its broader political goals in Ukraine. Putin’s Ukrainian intervention led to the removal of the staunchly pro-Russian residents of Crimea from the Ukrainian population and the hardening of attitudes in central and western Ukraine toward Russia. This has altered the country’s electoral makeup and political orientation, perhaps irrevocably. While the possibility of Ukrainian NATO accession, which was never guaranteed due to the attitudes of major Western European countries including Germany, appears off the table for the moment, the country continues to determinedly pursue Western integration and has left the Russian sphere of influence for the foreseeable future. For other reasons, the intervention was hardly a strategic masterstroke; as Henry Kissinger pointed out, “It is not conceivable that Putin spends 60 billion euros on turning a summer resort into a Winter Olympic village in order to start a military crisis the week after a concluding ceremony that depicted Russia as part of Western civilization.”\(^{57}\)

The Ukrainian intervention offers several other lessons. First, Moscow was apparently disinclined to use conventional force and used only the minimal level of force required to achieve its political goals, a tendency most notably on display in eastern Ukraine. Russia displayed a clear willingness to escalate to full-scale conventional force, but only once lower-level means of coercion had failed, just as in Georgia. In Crimea and Ukraine, as in Georgia, Russia clearly saw its political goals as worth considerable exertion. This offers insight into the weight Moscow assigns to apparent shifts in the geopolitical orientation of its neighboring states and into Russia’s strategic self-conception and goals. Finally, in Georgia, Crimea, and Donbass, Russia relied on existing local groups both as a pretext and force multiplier.

---

\(^{54}\) Charap; Kofman, “A Comparative Guide”

\(^{55}\) Michael Cecire, “Russia and Crimean Possibilities,” EurasiaNet (February 26, 2014)

\(^{56}\) Andrew Osborn, “Russian Fleet at Heart of Ukraine Crisis is Central to Putin,” Reuters (March 7, 2014)

\(^{57}\) “A Conversation with Henry Kissinger,” The National Interest, September-October 2015
3.4 Previous Instances of Russian Aggression - Montenegro

Since Montenegro declared independence from Serbia in 2006, Russia has had two strategic goals in this Balkan country: maintaining close relations and building a naval base in Montenegro, thus creating a strategic foothold in the Adriatic. However, since independence, the Montenegrin government has pursued pro-Western policies and sought membership in NATO and the EU. Moscow has tried to prevent Montenegro from joining NATO, initially by financing anti-Western groups and massive protests. However, as Montenegrin NATO membership became imminent, Russia turned to more active measures, including a coup attempt. Both the protests and the coup failed, primarily because the incentives offered by Western institutions outmatched any potential incentives Russia might have provided.

In its pursuit of a naval base at Bar, Russia has used diplomatic, political, and economic influence to sway Montenegro in its direction. For years, Russia has been Montenegro’s biggest investor, with Russian direct investment constituting a significant portion of Montenegro’s GDP. In 2013 alone, Russia provided 32% of the total $1.1 billion of direct investment in Montenegro, well ahead of Serbia (16%) and China (4%). The country’s biggest asset, an aluminium plant that accounted for 15% of Montenegro’s GDP, was bought in 2005 by the Russian oligarch Oleg Deripaska.

However, the government of Milo Đukanović continued to pursue a pro-Western course and seek membership in NATO. Russia adopted more serious measures, taking advantage of the specificities of the Montenegrin societal, ethnic, and historical legacies to meddle in its politics.

Montenegro is not just an unconsolidated democracy, but also an unconsolidated state. It has a large Serb minority, which constituted 29% of the total population as of 2011. Many Montenegrin Serbs prefer alignment with Serbia, repudiating the government’s pro-Western path. Out of consideration for the political interests of this group, the international community imposed a 55% threshold in the 2006 independence referendum. Eventually, independence was achieved with 55.5% of the vote.

In October 2015, a well-organized and unusually well-funded group, consisting of several oppositional and Serbian minority parties and non-governmental organizations, set off a series of protests, demanding snap elections and opposing NATO membership. This movement was unusual in the Montenegrin political context. The country, ruled by Đukanović’s party ever since the late 1980s, had seen few public protests and none of this scale and duration. Protesters stressed Montenegro’s traditional ties with Serbia and other Christian-Orthodox countries, above all Russia. The protestors were unusually media- and tech-savvy, leading the government to accuse Russia of involvement. Moscow has publicly supported the protesters’ demands, but denied any role in their financing. Protesters called for abandoning the NATO accession process, although according to polls a majority of Montenegrins supported it, due primarily to Russian aggression against Ukraine.

---

59 Russia's Deripaska Sues Montenegro for Lost Aluminium Investment. Reuters, 7 Dec 2016. Web. 17 Apr 2017
The protests of 2015 did not trigger a snap election, but Montenegro underwent a regular term election in October 2016. The protesters’ coalesced into the Democratic Front coalition, made up mostly of Serb minority parties. They presented the election as a choice between Russia and NATO membership, which all other parties supported. The election was disrupted, however, by a coup attempt.

A comprehensive British intelligence report on the coup, leaked to the Sunday Telegraph\(^\text{64}\) in 2017, directly implicates Russia as the force behind the conspiracy. Two GRU officers with access to large sums of money and sophisticated, encrypted mobile phones were sent to Serbia in the summer of 2016 to organize the coup. They set up a team, led by a prominent Serbian anti-Western activist who had fought with separatists in Donbass. The group included the former head of Serbia’s elite Gendarmerie police unit, who gathered a crew of 20 nationalist activists, and a former Montenegrin police officer in charge of buying rifles, ammunition, and fake police uniforms. The plotters planned to infiltrate a Democratic Front rally in front of Parliament on election day and incite protesters to storm the building. At the same time, other conspirators, dressed in Montenegrin police uniforms, would open fire at the crowd. In the ensuing chaos, the plotters would try to assassinate Prime Minister Đukanović.\(^\text{65}\)

The plot was thwarted only hours before its planned start, in part due to intelligence provided to Montenegro by the Serbian security services and because one of the plotters, the former police officer, turned himself into police.\(^\text{66}\) The conspirators, all citizens of Serbia, were arrested, while authorities in Belgrade made other arrests connected to this conspiracy. 500 men were allegedly supposed to enter Montenegro after the coup and stir up violence.

The Montenegrin government accused the conspirators of acting in concert with Russian “patriotic groups,” but stopped short of directly accusing Russia. However, Serbian Prime Minister Aleksandar Vučić said publicly that “elements of different intelligence agencies, from both the East and the West” had been apprehended in Serbia. There were no arrests of anyone affiliated with Western intelligence. However, the Secretary of Russia’s Security Council, Nikolai Patrushev, flew to Belgrade shortly thereafter. The two GRU officers who allegedly organized the coup from their base in Serbia flew back to Moscow with him.\(^\text{67}\)

In October 2016, Montenegro’s accession process was in its most sensitive phase. Each of the 28 NATO members had to ratify the accession agreement, and news of instability in Montenegro could have affected these decisions. Montenegro’s accession is significant for NATO and its relations with Russia. The invitation to Montenegro to join, sent from the Warsaw summit in 2016, is not only the first enlargement of NATO since the Russian occupation of Crimea and intervention in Donbass, but also the first NATO accession since Russia’s 2008 intervention in Georgia. While Montenegro is militarily insignificant, its accession represents strong symbolic affirmation of the principle that no country has a veto over the political alliances of another.

Moscow has called Montenegro’s NATO membership a “further increase in tensions in

---

\(^{64}\) Farmer, Ben. Russia Plotted to Overthrow Montenegro's Government by Assassinating Prime Minister Milo Djukanovic Last Year, According to Senior Whitehall Sources. The Telegraph. 18 Feb 2017. Web. 17 Apr 2017

\(^{65}\) Ibid.


\(^{67}\) Farmer, Ben. Russia Plotted to Overthrow Montenegro's Government by Assassinating Prime Minister Milo Djukanovic Last Year, According to Senior Whitehall Sources. The Telegraph. 18 Feb 2017. Web. 17 Apr 2017.
Europe,” and warned “it will lead to a response from Russia.” Since Montenegro is relatively far from Russia’s borders, including even the borders of the former Soviet Union, it is difficult to paint this NATO enlargement as an “encroachment of Russia.” However, it has significant strategic implications for Russia. With Montenegro, NATO will encompass the entire northern coast of the Mediterranean, from Gibraltar to Antioch. This changes Russia’s outlook for military presence in that part of the world and precludes the creation of a “Kaliningrad on the Mediterranean.” Without that option, the pressure increases for Russia to look for other allies, including Cyprus and Egypt, or clients, such as Syria or Libya, in the Mediterranean.

The Russian attempt to derail Montenegrin NATO accession failed but shows clearly how far Moscow will go to achieve its objectives, including coups, murder of civilians, and assassination of elected officials. It also demonstrates again that the existence of a pro-Russian ethnic or political group is a necessary precondition for Russian meddling in a country’s internal affairs. In the case of Montenegro, this group was insufficiently large and individuals had to be drawn from Serbia.

Since Montenegro does not share a border with Russia, a reliable Russian ally in the region was necessary for the intervention to succeed. Serbia’s assistance to Montenegro suggested that Moscow does not have a sufficiently reliable proxy in the Balkans. After the conspirators were arrested, Đukanović declared that the “relations between Serbia and Montenegro had never been better.” Both Montenegro and Serbia prioritize accession to Western institutions like the EU and NATO over alignment with Russia.

Russia’s dramatic covert actions in Montenegro show Moscow’s awareness of the milestone that NATO membership represents for a country. NATO membership was a “red line” for Russia and the final trigger for violent action. This is because the ability to affect a country’s political direction and actions through coercion and pressure is greatly reduced by the Article V guarantee. Moscow tried everything possible to prevent Montenegro from joining NATO, reflecting an awareness that once it joins, attempt similar meddling could be too costly.

---

70 Đukanović: Odnosi Srbije i Crne Gore NIKAD BOLJI. Blic, Serbia. 9 Oct 2016. Web. 17 Apr 2017
3.5 Conclusions

While the instances outlined above involve varying levels of force employment by Russia, there are clear commonalities in these cases. First, all the instances of military or kinetic action detailed above have represented a response to perceived Western encroachment that would, unchecked, alter the strategic status quo. In both Georgia and Ukraine, Russia intervened to prevent the countries in question from moving toward Western integration generally and NATO membership specifically. The issue of NATO membership was also a precipitating factor in Russia’s intervention in Montenegro.

Second, these cases generally involve what Michael Kofman has termed “an aversion to owning real estate.” While Crimea has, of course, been formally annexed, the overall pattern suggests that it is the exception that proves the rule, not a new template. Leaving aside the complex historical and social factors that made Crimean annexation a natural move for Russia, the experience of adding this territory to the Russian Federation will likely serve to reinforce the aversion to “owning territory.” The Crimean annexation has proven enormously expensive for Russia; the independent business newspaper Kommersant has estimated that the territory will cost approximately $30 billion over the next decade, largely due to the construction of infrastructure required to link the peninsula to the Russian mainland. Western sanctions imposed in the aftermath of the annexation have also negatively affected the Russian economy, although the extent of the damage is subject to debate.

The opportunity to formally annex South Ossetia, Abkhazia, Donetsk, and Luhansk exists and has existed for some time. The fact that Moscow has, thus far, declined to formalize its de facto control over these territories is perhaps the clearest indication that it has no intention of doing so. The cost of administering these territories is likely a primary reason for this reluctance, particularly given Russia’s increasingly parlous fiscal state. In the cases listed above, Russia has been forced to provide significant financial assistance with limited effect. For example, a 2016 investigation by independent Russian newspaper Novaya Gazeta detailed the Russian failure to build a self-sufficient economy in South Ossetia, despite spending billions of rubles in aid since the conclusion of the war. These experiences, coupled with the extraordinary cost of the Crimea annexation, have contributed to Moscow’s reluctance to take on new territory. This has clear implications for the Baltics, suggesting as it does that territorial aggrandizement is not, in itself, a motivating factor, although the calculus could change based on the perceived value of the territory in question.

Third, Moscow’s clear preference is for utilizing the minimal force necessary to achieve its political goals. Kofman suggests Russia prefers to employ the minimal requisite force to attain its goals and to rely where possible on proxies and irregular tactics, rather than committing its

---

71 Michael Kofman, “Russian Hybrid Warfare and Other Dark Arts,” War on the Rocks (March 11, 2016)
72 Ewa Fischer and Jadwiga Rogoza, “A Bottomless Pit: The Cost of Crimea’s Annexation by Russia,” Center for Eastern Studies Commentary No. 142 (July 2014)
73 Dmitry Butrin, Stanislav Kuvaldin, Tatiana Grishina, Petr Netreba “Raskhodnoy Poluostrov,” Kommersant (March 7, 2014)
74 e.g. Andrei Kolesnikov, “Why Sanctions on Russia Don't Work,” Project Syndicate (March 20, 2015); Oleg Buklemishev, “Myths and Realities of Sanctions in Russia,” Carnegie Moscow Center (August 13, 2015); Maria Domanska, “The Consequences of the Western Financial Sanctions on the Russian Economy,” Center for Eastern Studies Commentary No. 203 (March 23, 2016)
75 Irina Gordienko, “Gibridnaya svoboda. Kak Yuzhnaya Ossetiya uzhe 8 lyet zhivot pod krylom Rossii,” Novaya Gazeta (June 7, 2016)
own forces. Numerous analysts have echoed Kofman’s observation. This may be a reasonable tendency shared by many other states, but it has clear implications for the defense of the Baltics and other frontline states. While Russia will escalate to full-scale conventional force, as was the case in Georgia and in Donbass, Moscow’s clear preference is for avoiding such escalation and achieving its goals through lower-level, irregular means of coercion. In other words, Russia prefers to start small but is willing to escalate if blocked.

Finally, the cases described above involved the use of conventional military force after other means had failed. In Crimea, Russia was able to achieve its goals through the deployment of irregular forces and encountered little resistance. In Georgia and Donbass, Russia was forced to resort to full-scale conventional warfare after other means, including the use of proxies and other coercive tactics, had failed. Moscow failed to dissuade Saakashvili from his efforts to reincorporate the breakaway territories through a series of attempts to intimidate or coerce Georgia using proxy forces, military exercises, military deployments, and other means. Similarly, Russia’s Ukrainian proxies proved unable to consolidate their control over the Donbass, forcing two Russian interventions: first to prevent the separatists’ imminent defeat and subsequently to shore up their strategic position in advance of negotiations.

**Anticipating Future Interventions**

Overall, understanding Russia’s perception of opportunity and threat is key to identifying patterns in Moscow’s use of force over the last decade. Crucially, the Russian regime views itself as acting defensively, to avert impending unfavorable changes in the strategic status quo. There is, consequently, a clear strategic logic to Russian actions in Georgia, Ukraine, Montenegro, and elsewhere. The pattern of these actions shows that the resort to violence and extreme measures occurs when the Russian regime believes that the strategic status quo is imminently subject to unfavorable revision.

These actions have been rightly characterized as dangerous aggression. However, understanding these actions from Moscow’s perspective (i.e. seeing the ostensibly defensive strategic rationale underlying such actions) offers useful guidance as to where aggression might be reprimed. Events that represent, from Moscow’s perspective, a revision of the strategic status quo could represent dangerous trigger points. Such revisions obviously include any new NATO accessions. Additionally, a marked Westward turn by a country previously deemed friendly or subservient to Russia could appear to Moscow as an unfavorable shift of the strategic status quo (as in Ukraine following the Maidan Revolution). Accordingly, Russia reacted forcefully and violently to the overthrow of Yanukovych and the imminent accession of Montenegro to NATO. In Georgia, there was no single event that occasioned intervention, but Russia clearly saw Saakashvili’s efforts to consolidate Georgian territory as a prelude to NATO membership and, consequently, as a threat.

This observation is not an argument against Western efforts to encourage political development and integration by countries on the European periphery or a suggestion that the Maidan Revolution or Georgia’s successful Western integration should have been discouraged to avoid such trigger points. It merely highlights the circumstances under which heightened vigilance vis-à-vis Russia is warranted.

However, the past is an imperfect guide to the future since the Russian actions detailed above have largely failed to achieve their broader political objectives. While the immediate

---

76 Kofman, “A Comparative Guide to Russia’s Use of Force”
77 E.g. Gorenburg, “Crimea Taught Us A Lesson;” Charap, “Russia’s Use Of Military Force”
tactical goal of preventing formal NATO membership in Georgia and Ukraine has been achieved, both countries remain fully committed to Western integration and Georgia in particular is a useful model of post-Soviet development. There is, consequently, the danger that Russia could alter its approach to the former Soviet space or decide that more forceful measures are required to prevent the steady development of Euro-Atlantic democracy throughout the territory of the former Russian empire.

Notwithstanding this caveat, the above analysis does offer several conclusions. First, support for democratic governance and political independence for countries in Moscow’s self-perceived sphere of influence should continue, but the Atlantic community should be on guard against Moscow’s reaction, particularly around clear inflection points like NATO accession for new members or other key markers of Western integration, such as trade agreements with the EU or the granting of visa-free Schengen access. Such moments are particular dangerous when they involve countries where Russia intends to preserve a privileged political position.

However, the West should be cautious about applying standard cost-benefit analysis or assuming that Moscow is always following a grand strategic plan. Numerous analysts have described Putin as a master tactician but poor strategist. As noted in the cases described above, Putin’s siege mentality often leads to decision-making that is defensive and reactive. Euro-Atlantic countries should understand that Russian policy toward its former sphere of influence is not wholly rational and is subject to impulsive or emotional factors. This factor is heightened by the extent of Russian emotional connection to or investment in the country in question. This explains, in part, why the Maidan in Ukraine sparked such a violent reaction from Moscow.

These two points may seem contradictory but are, in fact, complementary. Taken together, they point to the conclusion that the Euro-Atlantic community would benefit from understanding Russia’s worldview and preemptively recognizing what sort of events and developments might precipitate a reaction like those in Georgia, Ukraine, and Montenegro. Again, advocacy of understanding the Russian worldview is not an argument for internalizing or legitimizing it, and it is not an argument that the West should modify its policies toward the post-Soviet states. If anything, the Atlantic community should redouble its commitment to the principle that no country can veto or prevent the political development and voluntary associations of another. However, an understanding of the reasoning that has motivated Moscow’s most recent violent interventions along Europe’s frontier can help the United States and its allies anticipate and prepare defenses for similar Russian actions in the future.

In conclusion, Russia’s resort to full-scale conventional violence to avert imminent strategic setbacks generally occurs when other means have failed. Russia seldom seeks to acquire territory for its own sake. Such actions have consistently failed to achieve Russia’s broader strategic objectives.

Threat Analysis
4.1 Goals and Strategies

In this chapter, we outline the threat Russia poses to Eastern Europe, its goals in the short- to mid-term, and the strategies and tactics it utilizes to achieve those goals.

Goals

Despite Russia’s annexation of Crimea and de facto occupation of Donbass, the evidence detailed in the historical review above suggests that Moscow’s aim is to extend its sphere of influence, rather than seize territory. The Kremlin’s grand goal is to restore Russian dominance in its periphery. This necessarily entails revising the post-Cold War security and political architecture of Europe to create a strategic balance more favorable to Russia.

To achieve this, Russian has multiple sub-goals in the region. It is motivated to weaken Western desirability, credibility, and moral authority. By doing so, Russia hopes to dissuade countries in its sphere of influence from joining and integrating into Western structures and institutions - instead opting for Russian ones. Russia seeks to extend its influence in neighboring countries by undermining democratic processes and institutions; corroding government authority and the rule of law; dividing the NATO alliance and the EU; and weakening economies.

Strategies

To achieve its goals, Russia employs a set of strategies. These include: engendering a climate of fear; destabilizing target states and de-legitimizing target governments; creating, maintaining, and exploiting European dependency on Russian gas; and establishing a pattern of legitimacy for cross-border invasions.

First, Russia aims to engender a climate of fear, destabilize target states, and de-legitimize target governments. In doing so, Russia aims to create internal dissent, in order to undermine governments that are unsympathetic toward Russia and its policies. This strategy involves attacking the effectiveness of Eastern European governments and infrastructure. Russia also aims to weaken their internal cohesiveness and resolve through subversion and instigation of internal strife. Russia relies heavily upon covert means to do this. Russian intelligence serves carried out these types of activities prior to the annexation of Crimea and the crisis in Ukraine. Russia’s military posture, including increases in stationed troops, frequent exercises, and incursions into air space, also creates fear, confusion, and dissension with NATO states and raises the level of threat perception in Eastern Europe, which must consider the possibility opportunistic invasion. On the global scale, Russia seeks to de-legitimize international organizations, include the United Nations, by preventing the Security Council from acting in conflicts such as Ukraine and Syria.

Second, Moscow seeks to maintain and exploit European dependency on Russian gas. Russian-owned energy companies aggressively seek to buy and manage hydrocarbon transport and infrastructure facilities across Eastern and Central Europe. In several cases, Russian companies have cut off energy supplies to Eastern states for purely political motives. Eastern Europe’s dependency on Russian gas greatly enhances Russian leverage in these disputes.

Finally, Russia seeks to legitimize its cross-border incursions. Russia has already demonstrated its willingness to invade neighbor countries in order to maintain Russian influence in the region, under the guise of protecting Russian speakers and interests. This aggression has a knock-on effect in other Baltic states, creating a climate of insecurity and fear. As demonstrated in Ukraine and Crimea, Russia’s willingness to use force provides an advantage over the Western
alliance, which has up until now demonstrated an unwillingness to meet force with force in confronting Russia, or to deploy substantial deterrent forces along NATO’s frontline.

Russia has a significant advantage over Western democracies in its capacity to coordinate the levers of national power (military, economic, diplomatic, propaganda and psychological). This is particularly useful in the context of hybrid warfare. Russia’s full-spectrum employment of irregular and asymmetric means has effectively caught the West flat-footed. Further, in a society in which accountability to the public is severely limited, the state is able to use private entities as deniable levers for pursuing the regime’s interests. Overall, the Putin government’s tight grip on the “power vertical” within Russia allows it to easily implement its vision and work towards achieving its goals without variables like election cycles, an adversarial media, competing political power centers, and changing political actors – all of which are features of functioning democracies. Overall, the centralization and consolidation of power within the Kremlin, which resembles governance during the Soviet period, provides Moscow with an advantage in planning and implementing policy over many of its Western adversaries.
Hybrid warfare is a useful term for categorizing and explaining Russian methods to destabilize Eastern Europe. In academic usage, the term has come to encompass everything ranging from espionage activities, propaganda and misinformation to paramilitary activities and cyber-attacks. Consequently, it is easy to get bogged down in nomenclature and semantics.

What really separates hybrid warfare from political warfare, from active measures, from non-linear warfare, or from new generation warfare? These are all terms that refer to the same broad set of activities. Although hybrid warfare is a hot-button topic now, the practices embodied in the term have a long history, particularly in the case of Russia. Soviet governments utilized similar practices since the initial assumption of power by the Bolsheviks. Today, “hybrid warfare” is the bundle of strategies used by Russia to destabilize, intimidate, and coerce its neighbors in order to extend geopolitical influence.

**Definition and Context**

A recent RAND report defines hybrid warfare as “covert or deniable activities, supported by conventional or nuclear forces, to influence the domestic politics of target countries.”

Arguments over the usefulness and meaning of the term are widespread, but almost all definitions include the same elements: deniable activities; a range of tactics, backed by conventional force; a political aim of subversion or destabilization.

Today, the term principally refers to Russian activities across Eastern Europe to expand its own sphere of influence and to disrupt Western-leaning governments. These activities include: propaganda, spread of misinformation, covert military support for Russian partisans and/or paramilitary operations, and cyber-attacks on servers and critical infrastructure. There are specific examples of each: cyber-attacks shutting down Estonian government servers in 2007; Russians fighting with Chechen mercenaries and Ossetian militias in Georgia in 2008; the Kremlin’s deployment of irregular and regular Russian troops in Ukraine in 2014; Russian misinformation campaigns against historically ‘non-Lithuanian’ Vilnius in Lithuania in 2017, and so on.

The sustained and aggressive activities by the Russian Federation under Putin’s leadership, along with the instruction of cyber measures, have lent an air of novelty and rekindled debates about hybrid warfare. But there is little about it that is truly new. George Kennan described political warfare in May 1948 as “the employment of all the means at a nation’s command, short of war, to achieve its national objectives.” Kennan’s definition could easily be applied to what we now call Russian hybrid warfare.

In Russia, the use of hybrid warfare to undermine U.S. strategic interests follows a clear through-line from original Soviet ‘Revolutionary Warfare Doctrine’ (RWD) to the so-called Gerasimov doctrine and “new generation warfare.” Historically, Soviet policy supported interventions in Third World countries as a means of expanding Moscow’s sphere of influence, destabilizing pro-Western governments and raising the cost of U.S. responses.

Additionally, the propaganda and misinformation campaigns of today are simply an extension of Soviet tactics. In the 1970s, propaganda and misinformation campaigns were

---

executed throughout Europe under the auspices of the World Peace Council. Often, these campaigns took the form of anti-nuclear protests, designed to obstruct NATO ballistic capabilities in Europe. Further, whereas during the Cold War, Soviet interventions tended to focus on countries in the Third World - with an aim towards keeping US policy diffuse and reactionary – Russia has focused recently on the Eastern European periphery, disrupting NATO and the EU.

Whether the nomenclature is “hybrid warfare,” Kennan’s “political warfare,” or Gerasimov’s modified “new generation warfare,” the approach is the same: employment of covert or deniable methods to influence or destabilize the domestic politics of a target state.

**What is the Threat?**

Hybrid warfare combines plausible deniability with misinformation and misdirection, and is consequently alarming to target states and their allies. These characteristics make defining the severity of the threat especially difficult. Does continued Russian disruption and interference in the Baltics amount to preparation of further territorial incursions? At what point do destabilization tactics cross the border into outright attack? Does a “wait and see” policy from Western powers towards non-kinetic actions from Moscow, such as propaganda and misinformation activities, represent a patient long-term strategy or confusion as to how to address highly complex Russian aggressions?

It would be unwise to unnecessarily escalate tensions in the Baltics, as an armed incursion in the region is widely considered unlikely. The occupations in South Ossetia, the annexation of Crimea, and continued military activities in Donbass are viewed as costly exceptions to the rule; in general, Russia seeks to expand influence, not gain territory. However, notwithstanding the relative likelihood of such a contingency, armed incursion remains the “major vulnerability” in the Baltics, and deterrence policies should be focused accordingly. There is no logical inconsistency in acknowledging the significant tail risk embodied in an invasion while assessing such an event to be relatively unlikely.

Generally, the primary threat from Russian aggression in Eastern Europe is the destabilization and de-legitimization of the state. This activity is, again, a continuation of Soviet efforts to make states susceptible to coercion, compulsion, intimidation, fomented rebellion, or electoral manipulation – all in the interest of bringing them into the Communist fold. Destabilization is so fundamental to the concepts of hybrid warfare, political warfare, and active measures, that collectively, these operations could simply be collectivized as “destabilization operations.” The tradition, again, extends back to Soviet-era active measures aimed at undermining the legitimacy of pro-Western governments.

Political destabilization is the major vulnerability today for Eastern Europe. With far-right and Russia-friendly political parties gaining prominence across the EU, Russia need not invade to establish greater regional influence. Information warfare and cyber attacks can be used

---

6 Rubinstein, pg. 32.
7 Interview with Estonian officials by phone, NY, NY, March 2017.
9 Ibid. pg. 31.
to subvert public faith in local governments, manipulate election campaigns, and incite Russian compatriot populations. Baltic state security services are aware of the threat and referred to it explicitly in their Annual Reports last year. The Estonian Internal Security Service stated: “As a more general goal, Moscow is attempting to weaken the unity of the European Union and NATO, question relationships between allies, jeopardize individual societies and make attitudes more positive toward the Kremlin’s activities.” The Lithuanian State Security Department and Latvian Security Police offered similar assessments.

Recent examples of Russian interference in foreign federal government and media include: taking down Lithuania’s parliamentary website in 2016; the launch of the Russian-language propaganda channel Sputnik in Latvia in 2015; and social media troll factories spreading stories of Estonian Nazi sympathies online in 2016. This range of tactics demonstrates Baltics’ susceptibility to interference and coercion short of conventional force.

What is Different?

The goals and tactics of today’s new generation warfare largely mirror Soviet-era hybrid measures. There are key differences. Traditional tactics have been updated for the digital age: espionage and misinformation activities are often carried out online, making them more scalable, harder to attribute, and more difficult to counteract. Western governments lack the will or the capacity to adequately respond to online incursions. Additionally, the evolution of cyber technologies has increasingly changed the nature of conflict. Cyber-attacks on critical infrastructure open a new field of war, offering an aggressor a denial means of supplementing traditional paramilitary activities. Attacks on critical infrastructure (in Estonia in 2007, Ukraine 2012, and Germany in 2015) allow a smokescreen of plausible deniability on par with “little green men.” Cyber attacks on critical infrastructure are likely to increase in frequency and severity.

The skilful application of non-military instruments in Crimea enabled Russia to achieve an almost bloodless victory, in stark contrast to previous military interventions that largely unsuccessfully relied on the use of brute force. The ‘new-generation warfare’ Russia tested in Crimea was based on the idea that “supreme excellence” consists of breaking the enemy’s resistance without fighting. This new approach would be particularly hard for Western powers to respond, as it allows Russia to negate the significant advantage held by the US and its NATO allies in terms of conventional military force and technological capabilities.

Given the vulnerabilities Eastern Europe faces today, destabilizing threats from information warfare, covert activities, and cyber disruptions are more serious than ever. In order to reduce the threat to Eastern European governments, and to support Western liberal order in Europe, a mixed, proactive, and opportunistic deterrence strategy is crucial.

4.3 Cyber Threats

Russia employs a wide range of cyber tools in its efforts to coerce states along the European periphery. Russian methods vary widely and often feature different hacking tactics to achieve the same end, or the same hacking method to achieve different ends. As such, it is simpler to distinguish Russian hacking methods according to their goals, instead of the technical means employed.

Russian hackers often seek to slow or shut down foreign servers and websites with massive, coordinated DDoS attacks. The most famous such case is Estonia in 2007, where the entire country’s Internet service was unavailable following a dispute with Russia over the removal of a large Soviet statue. Other instances include the takedown of Kyrgyzstan’s two main ISP providers in 2009 and the temporary closure of the Lithuanian parliament’s website in 2016.

Separately, Russia employs ‘hack and leak’ campaigns to influence elections abroad. Typically, this is carried out with the intention of helping elect a right-wing and pro-Russian candidate. The hack of the Democratic National Committee in 2016 is the most famous example of this tactic, but other examples abound: hacks into Emmanuel Macron’s party servers in France in 2017, hacks into German parliamentary leaders in 2016, and hacks into Ukrainian elections servers in 2014. These attacks generally seek to gain sensitive or embarrassing information prior to a major election and then leaking through a third party.\(^{16}\)

Online misinformation campaigns have achieved a new level of effectiveness, thanks to the widespread use of social media. A recent RAND study captured the phenomenon in its title “Firehose of Falsehood.”\(^{17}\) The aim of such campaigns is generally to mislead or persuade citizens in vulnerable states, especially voters in upcoming elections. The methods employed are varied, persistent, and overwhelming. Russia subsidizes or employs online hacktivists who create false social media accounts and participate in comment boards, spreading misinformation – whether about Estonia’s “pro-Nazi” sympathies, Lithuania’s illegitimate ownership of Vilnius, or the absence of Russian troops in Donbass.

Attacks on critical infrastructure have increased steadily since the public disclosure of StuxNet and are widely expected to continue expanding.\(^{18}\) Russia employs highly sophisticated hacking units alongside traditional espionage to create and deliver potentially highly dangerous attacks on critical infrastructure on vulnerable targets in Europe. The most famous confirmed attack to date is the shutdown of an electrical grid in Ukraine in 2016.

Lastly, Russia employs cyber criminals. A 2014 McAfee report estimated the global cost of cyber crime as between $400 to 575 billion annually.\(^{19}\) Out of that total, Americans and Europeans, along with American and Western European companies, are preponderantly victimized by cyber crime activity.\(^{20}\) Overall, Russian cyber criminals account for more than half

---


\(^{20}\) Cybersecurity experts interviewed for this essay, NYC Feb-Mar 2017.
of global cyber crime. Cyber security experts have debated the ties between Russian organized cyber criminals and the Russian security services for years. However, recent discoveries indicate clear connections between Russian cyber crime and Russian strategic security interests.

Because Russia uses a combination of independent nationalistic hackers, subsidized or formally employed hacktivists, and highly sophisticated Advanced Persistent Threat groups, Russia is able to spread its activities across a wide range of actors. Russia consequently maintains high plausible deniability. Nonetheless, Western governments and security firms have accumulated significant evidence of direct Russian culpability for numerous cyber attacks. There is also clear evidence of complicity by the Russian state in financial crimes, both as a strategic tool and as an opportunity to exploit vulnerabilities for reasons of cyber-espionage.

4.4 Intelligence Activities

**Russian Intelligence Services Threat**

Reporting from across Europe suggests that trends observed in the Baltics – an increase in espionage efforts, along with concerted disinformation, deception, and propaganda operations (together, “influence operations”) – have become more pronounced across the continent. The Baltics are targets themselves, but also present an aperture for Russian intelligence to glean NATO and EU secrets. The case of Estonian traitor Hermann Simm demonstrates the potential for Baltic NATO member states to be used as “gateway(s) to confidential material generated by other” NATO and EU member states. Simm allegedly provided his Russian handlers with more than 3,000 documents with details of classified Atlantic Alliance matters. Although Simms was arrested in 2009, the case highlights the threat that Russian espionage poses to the Baltics and the broader Euro-Atlantic community.

**Common Themes**

Russian intelligence activities against the Baltics fall within two primary categories: traditional espionage efforts and influence operations. Traditional espionage operations are fairly simple and involve a single fundamental aim: to steal secrets from a foreign nation, and to keep the target nation from finding out that its secrets have been compromised. The means by which these secrets are procured take on varying degrees of complexity. Examples of this type of activity were discussed at the outset of this section, and will be discussed in some specificity in relation to the counterintelligence (CI) efforts of the Baltic security services.

Secondly, the Russian intelligence services carry out a range of activities in the Baltics and elsewhere that can be categorized as “influence operations.” Russia promotes a narrative concerning the alleged mistreatment of ethnic Russians in Europe and Moscow’s responsibility to protect them as a means of masking and justifying these operations. While the rationale may be different, the USSR employed similar activities during the Cold War to promote communism and undermine the West. The goal of undermining the West is unchanged, and Moscow continues to insist that it has the “right to shape the political situation in former USSR countries.”

Consequently, while some experts in the West view Russia’s current activities as novel and alarming, scholars familiar with Soviet tactics are less surprised by their reapplication in the contemporary Russian toolset. Paul Lashmar, a specialist in the nexus between intelligence and media, was quoted in late-2014 on this topic:

> In the ’50s, the Soviets put huge resources into newspapers, news agencies and contacts with academics in the West, and the Brits and Americans responded with similar efforts. It didn’t peter out until the ‘70s. From the 2000s onwards the Russian intelligence agencies have been back in the game, using the same techniques as their Soviet predecessors.

---

29 Kaas, Kaarel.
30 Reuters.
31 Ibid.
More specifically, the use of non-government organizations to promote Russian culture, language, and tradition through the provision of grants and organizations of conference, rallies, and events, is a primary means of bolstering counter-cultural narratives in target countries. Such efforts aim to alter a target state’s society and politics from within. The national agency within the Russian Federation responsible for coordinating and funding this effort is Russotrudnichestvo, founded in 2008. Founded to advance “Russian interests, especially in the former Soviet Union,” and to “engage with and organize compatriots living abroad,” the body resembles the International Department of the Communist Party of the Soviet Union (ID). The ID was responsible for setting the Soviet propaganda line, and “planning, coordinating, and implementing active measures (read: influence operations) through more than a dozen major international fronts.” The chief difference between Russotrudnichestvo and the ID is ideological, not instrumental. Although the goal of promoting communism is obviously dead, the two bodies execute nearly the same function in the context of extending Russian influence.

**Baltic Security Services’ Annual Reporting Presents Unique Opportunity**

Counterintelligence (CI) is necessarily an activity veiled in secrecy and is, consequently, often distorted by misunderstanding. The Baltic security services’ CI efforts against Russian intelligence operations present a unique opportunity to develop a better understanding of CI efforts against an extremely capable and resourceful adversary.

Most Western counterintelligence agencies and operations provide little public information about their activities. In the U.S., entities such as the Office of the National Counterintelligence Executive and its National Counterintelligence and Security Center, the Federal Bureau of Investigation, and Department of Defense sub-organizations such as the Defense Security Service, occasionally publish reports regarding ongoing counterintelligence concerns. Overall, however, the publication of such information, even in generally open and free democratic states, is infrequent. Britain’s Security Service (MI5) specifically states on its website’s “Frequently Asked Questions” page that its annual reporting is provided only to the Prime Minister and Home Secretary: “the report is not published for security reasons, as it contains sensitive information on the work of MI5. No version is made available to the public”. Britain’s Special Intelligence Service (MI6) maintains a similar attitude toward public disclosure, as do many other European security services.

Consequently, the annual reports from the Lithuanian State Security Department – (Valstybės Saugumo Departamentas - VSD)35, the Estonian Internal Security Service – (Kaitsepolitseiamet - KAPO)36, and the Latvian Security Police (Drošības Policija - DP)37, are a departure from the practices of their NATO partners. These reports – published in the titular languages of each, as well as in English – clearly indicate that the Baltic states want the West to be aware of Russian intelligence operations in their respective countries.

The 2015 annual reports from the KAPO, DP, and VSD detail an array of Russian intelligence activities in their respective countries. All three services report a sustained level of operations by Russia’s Foreign Intelligence Service (Sluzhba vneshney razvedki - SVR) and the

---

32 Calabresi, Massimo.
Main Intelligence Agency (Glavnoye razvedyvatel'noye upravleniye - GRU), with a significant uptick in the activities of the Federal Security Service of the Russian Federation (Federal'naya sluzhba bezopasnosti Rossiyskoy Federatsii - FSB) along both sides of the border between Russia and the Baltic states.

**Lithuanian VSD**  
**Russian Intelligence Collection in Lithuania**

Aside from standard wariness in regards to the traditional targets of recruitment for espionage (such as government officials, businessmen, etc.), the VSD reports that there is a high level of concern over Russian agents infiltrating the Lithuanian Armed Forces as conscripts. Although the recruitment of low ranked military personnel may seem insignificant, there is the risk that such agents in place could provide key information regarding Lithuanian defenses, or even carry out sabotage in the event of a conflict.\(^\text{38}\)

VSD reports that newly invigorated efforts by the FSB have included unmanned aerial vehicle (UAV) surveillance and reconnaissance and shallow incursions by FSB personnel incursions into sovereign Lithuanian territory. The Lithuanians surmise these incursions are designed to test military and Border Patrol response times.\(^\text{39}\) Overall, the FSB has become newly emboldened within the borders of Lithuania. VSD reports that men in vehicles with Russian license plates have been “constantly detected,” conducting surveillance and signals intelligence (SIGINT) collection.\(^\text{40}\)

VSD also reports that Lithuanian citizens returning from Russia are often questioned upon arrival in Russia. FSB personnel and Russian Border Guards seek information that might inform Russian targeting efforts, including: the locations of Lithuanian military installations, equipment and systems, personnel estimates, and information regarding the Lithuanian Border Patrol.\(^\text{41}\) The FSB has also been recruiting criminal types familiar with surreptitious cross-border routes (such as smugglers), which have been tasked with collecting on the aforementioned information within Lithuania. These observations are consistent with those of KAPO and DP (discussed below).

VSD’s report provides insight into the relationship between Russian and Belarussian intelligence. The VSD reports that they have detected joint intelligence operations by the two countries against Lithuanian diplomatic targets in third countries. Additionally, recent SIGINT collection against Lithuanian targets using has intercept aircraft and vessels from the Baltic has “increasingly involved Belarus,” including the employment of Belarussian aircraft and personnel in Russian operations and usage of Belarussian airspace by Russian intercept aircraft.\(^\text{42}\)

**Russian Influence and Information Operations in Lithuania**

The VSD report notes that pro-Russian foundations, institutions, and other non-governmental organizations operating within Lithuania with funding from Russia have carried out persistent information and propaganda operations.\(^\text{43}\) These operations leverage the power of Lithuania’s pro-Russian media, which reportedly reaches some 30% of the entire population and 2/3 of all Russian speakers.\(^\text{44}\) VSD has detected online “propaganda hubs” used to spread pro-

---

\(^\text{39}\) Lithuania. p.29.  
\(^\text{40}\) Ibid. p.30.  
\(^\text{41}\) Ibid. p.29.  
\(^\text{42}\) Ibid. p.30.  
\(^\text{43}\) Lithuania. p.38.  
\(^\text{44}\) Ibid. p.38.
Russian messaging. These “propaganda hubs” include digital media aggregators with links to the Russian state, which gather and perpetuate pro-Russian, anti-West content in social media in Lithuania. Further, the VSD have uncovered tampering in popular opinion polls, designed to artificially increase support for pro-Russian policies amongst Lithuanian viewers.  

**Estonian KAPO**

**Russian Intelligence Collection in Estonia**

The Estonian KAPO reports similar Russian intelligence activities within Estonia. According to the report, the GRU and SVR have sustained their level of operations in Estonia, with a spike in FSB activity. The KAPO reports at length on the modernization and growth of the FSB’s role in Russia in the recent past. This modernization, according to KAPO, has included increased technological support to FSB forces, increased training, pay raises at a time when other Russian government employees were seeing pay freezes and budgetary cutbacks, as well as the alarming expansion of authorities and areas of operations which seem to have coincided with the spike in FSB operations along its border. Consequently, the FSB has been the “most aggressive” intelligence service targeting Estonia, referencing the 2014 abduction of KAPO officer Eston Kohver, who was working a smuggling case along the Russia-Estonia border. The Russians charged Kohver with espionage and sentenced him to 15 years in prison, leading Estonia to exchange two convicted Russian agents for his release.

**Russian Influence and Information Operations in Estonia**

The KAPO report expresses concern over the influence of pro-Russian media on its populace and “Russian information operations to promote the appearance of pro-Nazi entities in Estonia,” a propaganda tactic also used by Russia to discredit pro-Ukrainian forces in Ukraine. Clearly, accusations of Nazism are an increasingly common Russian tactic to vilify and discredit independent political forces in its near abroad. It is also a means of furthering the narrative of persecution of ethnic Russians and Russian-speakers. KAPO recognizes the use of the “Nazi” label as a Russian narrative-building tactic, which serves Russia’s political goals “by instigating segregation and undermining integration.” Notably, the very tactic was used by the Soviet International Department during the Cold War. In his examination of Soviet surrogate forces in 1978, Brian Crozier noted Soviet use of the “fear of Nazism” in Europe, particularly in its use as a means to discredit West Germany.

Like the VSD report, the KAPO report focuses on activities by institutions and foundations linked to the Russian state, which are working to exploit the diaspora of ethnic Russians in Estonia. KAPO identifies some of these entities, such as the Fund for the Legal Protection and Support of Russian Federation Compatriots Living Abroad that have been used in the past to benefit active supporters of the Crimea annexation, as well as to defend Russian special services linked individuals when prosecuted outside of Russia.

---

46 Estonia. p.15-16.
47 Estonia. p.15.
50 Ibid. p.7.
51 Ibid. p.7.
KAPO CI Efforts Against Russian Agents in Estonia

In 2015, KAPO investigated and prosecuted three Russian agents for espionage. In all three cases, these Russian agents were smugglers from Estonia working along the Russia-Estonia border, a pattern that mirrors the observations of the Lithuanian VSD. These smugglers were instructed by their FSB handlers to report on Estonian Defense Forces, including the movement of personnel and the locations of military installations and outposts. All three Russian agents were also instructed to report the locations of Estonian Border Guard stations, along with information related to the schedules and movement of senior Border Guard leadership. 54

In these three cases, there was clear evidence of treason and espionage, including an eleven-year relationship between one agent and his Russian handlers. None of the three Russian agents, however, was sentenced to more than five years imprisonment. In 2016, two more Russian agents, also smugglers turned by the FSB, were arrested and tried. Again, both received penalties of less than three years. 55 It appears that Estonia does not currently have a sufficient legal framework to effectively prosecute and imprison traitors in matters of state security.

In early April 2017, KAPO detected and arrested a GRU agent operating within Estonia. Few details have emerged, but KAPO Director Arnold Sinisalu suggested that the individual could face up to 10 years in prison. It remains to be seen whether this individual will receive a more severe prison sentence for espionage in the service of the Russian Federation. If he or she does receive a more severe sentence, it may prove illuminating to compare whatever details are made public by the Estonians to those details already known about the cases in previous years whence those charged with espionage received relatively less severe punishments. 56

Latvian DP

Russian Intelligence Collection in Latvia

The DP annual report also notes increased FSB activity, with GRU and SVR activities continuing at historical levels. Consistent with KAPO’s reporting, DP attributes this to the FSB’s expanded authorities, resources, and areas of responsibility. DP further echoes VSD observations in its reporting on the systematic questioning of Latvian citizens visiting the Russian Federation. The DP suggests that this questioning has produced “some of the main sources of information” used by Russian intelligence services targeting Latvia. 57

DP reports particular concern over an emerging Russian propensity to target mid-level bureaucrats at the state and municipal levels, instead of focusing on high-level recruitments in the Latvian government. DP attributes this to the greater difficulty of detecting and investigating activities at the local level. This is similar to the Russian recruitment of local criminals, like the smugglers observed by the VSD and KAPO. Infiltrating local governments, especially close to the border, provides Russia with insight into the local social and political situation, along with information regarding the dispositions of military and border police. It also establishes a network of agents for carrying out influence and information operations among target constituencies. In the case of a conventional Russian invasion, such recruitment also provides personnel familiar to the local populace for the quick re-establishment of order and government. 58

54 Ibid. p.19.
55 Ibid. p.15.
57 Latvia. p.7.
58 Latvia. p.7.
Russian Influence and Information Operations in Latvia

Like the VSD and KAPO, the Latvian DP dedicates a significant portion of its annual report to the issue of Russian influence and information operations targeting the Latvian populace. DP reports that these activities seek to “change public opinion and to discredit Latvian officials and institutions.”59 The VSD report identifies the ways in which Russia takes advantage of its western adversaries’ values and freedoms:

Taking advantage of free speech and other attributes of democracy, political activists financed by Russia continue their efforts to systematically undermine the ties between Latvia’s inhabitants and their country, and to support Russia’s geopolitical goals both in Latvia and on the international scale. Given the experience of the conflict in Ukraine, such activities demand closer scrutiny and cannot be ignored as just marginal phenomena.60

The primary goal of these activists seems to be “popularizing the myth of ‘human rights problems’ in Latvia” and “legitimizing Russia’s aggressive foreign policy,” while promoting interpretations of history favored by Russia.61 DP notes that there seemed to be a downturn in available funding for political activism targeting Russian compatriots. However, activists engaged in this work “continued their usual activities, mainly spreading information and organizing protests in line with Russia’s foreign policy interests.”62 DP identified the Russian Embassy as the primary node of support for these activities.63

Pro-Russian media platforms are the primary means of Russian information operations identified by DP. Of particular concern was the launch of a Latvian Sputnik channel, which the DP predicts “will become the main channel for distributing messages favored by Russia in the Latvian language.”64 However, DP qualified its concerns over Russian information operations via mass media in Latvia, stating “information platforms supported by Russia based in Latvia have small audiences, but they are most likely established as long-term projects and Russia expects results in the long-term from them.”65 Overall, DP projects that the Kremlin will continue its support for pro-Russian political activists, but will “focus its support for compatriot activities on those activists who show the best results.”66

CI Efforts Against Russian Agents in Latvia

Recognizing potential shortfalls in its own legal frameworks for prosecuting treason and espionage cases, DP includes a section in its annual report on updating applicable espionage laws to make investigation procedures less convoluted and prosecution less difficult.67 DP is the only Baltic service that includes language in its report about measures it is implementing to strengthen its CI posture. In an effort to screen for and prevent people who may be particularly susceptible to Russian recruitment, the Latvian government has significantly increased its standards of vetting for security clearances.68

59 Ibid. p.7.
60 Ibid. p.5.
61 Ibid. p.18.
62 Ibid. p.12.
63 Ibid. p.13.
64 Latvia. p.20.
65 Ibid. p.20.
66 Ibid. p.18.
67 Ibid. p.8.
68 Ibid. p.10.
The presence of large ethnic Russian and/or Russian-speaking populations is one of the primary Soviet legacies in Russia’s near abroad and one that has attracted significant attention in recent years, particularly following the annexation of Crimea. Since 1991, the Russian state has clearly signaled a belief that Moscow is responsible for the well-being of ethnic Russians, Russian-speakers, and others who share basic commonalities with Russia, all of whom are combined in official rhetoric and documents into the broad category of “compatriots” (соотечественники; sootchestvenniki). Compatriots are scattered throughout the former Soviet space, with particularly large concentrations in Estonia, Latvia, Kazakhstan, and Ukraine.

The ostensible need to “protect” these populations has been a feature of Russian government rhetoric since the fall of the Soviet Union, though the issue has gained prominence in recent years as Russo-Western relations have deteriorated. In a representative example in 2013, Putin characterized the demise of the USSR and the resultant scattering of its population as a humanitarian tragedy: “First and foremost, the humanitarian consequences of that process… people lived within the borders of one country, where there was no difference between Ukraine, Belarus, Russia and Kazakhstan… One day people woke up and the country was gone. Suddenly they realized they were situated abroad” (Putin elected not to mention the fact that much of the compatriot population resides outside Russia due to forced migrations and Russification efforts undertaken by Soviet authorities).

Moscow’s professed responsibility toward the sootchestvenniki was first articulated in a presidential order by Boris Yeltsin in 1994 and subsequently codified into Russian law in 2010. It continues to feature prominently in official rhetoric.

Despite the humanitarian emphasis in official Russian communications, there is clearly a political and strategic dynamic to Moscow’s engagement with compatriot populations. The invocation of the plight of compatriot populations is a potent tool for domestic political constituencies, but compatriots also feature significantly in Russian external policies. Such populations can be instrumentalized and used for strategic ends in a variety of ways, over the broad spectrum of coercive means. At one end of the spectrum, compatriot populations can be used as camouflage or to provide deniability for semi-covert military operations, as in Crimea and eastern Ukraine. Such populations can serve as a useful intelligence resource. For example, the Ukrainian Security Service was thoroughly penetrated by Russian intelligence leading up to the Crimea annexation. Finally, they can be used to amplify or extend Russian political and economic influence, through both corrupt and legal means.

---

70 ibid
71 Vladimir Putin, interviewed on Rossiya 24, December 2013
The notion that Russian words and actions regarding the sootchestvenniki abroad exclusively represent good faith concern, rather than political calculation, strains credibility, not least because Moscow’s attitudes toward the plight of its compatriots seems to be primarily determined by the foreign policy alignment of the country in which they reside. For example, Kazakhstan has implemented policies that are, in some cases, less accommodating towards Russians and Russian-speakers than other post-Soviet states, particularly with regard to language. However, because Astana has (with some exceptions) adopted an accommodating attitude toward Russian foreign policy preferences, Moscow has generally refrained from criticizing Kazakh policies or issuing the veiled threats that have characterized Russian communications with the Baltic states and Ukraine.

In contrast, the Baltic states have pursued language policies that are less exclusionary, in part due to European Union pressure and conditionality, but Moscow has consistently criticized the treatment of Russian-speakers in Estonia and Latvia. In Ukraine, protections for Russian language have long been embedded in law, yet Russian government officials have frequently criticized the Ukrainian government and invoked their responsibility toward the sootchestvenniki during periods of tension in the Russo-Ukrainian relationship.

Although Russia’s attitude towards its compatriot populations and the potential for political utilization of such populations have been clear for two decades, the issue has attracted increased attention in the wake of the Crimea annexation and the war in Ukraine. As noted above, there are several potential uses of “compatriots” in frontline states.

First and most dangerously, they can provide the camouflage that enables semi-covert military operations, offering plausible deniability, as in Crimea and Donbass. Receptive and cooperative populations are generally considered to be a key variable in hybrid or irregular warfare. As noted in Chapter 3, there is reason to believe that such an operation would be quite difficult to replicate in the Baltics or elsewhere, and that the Crimean annexation in particular represented a situation tailor-made for the employment of semi-covert force. Second and more broadly, compatriot populations can plausibly be used to amplify Russian political influence in target states, whether by legitimate electoral means or through more covert channels. While the potential for Russian instrumentalization of “compatriot” populations varies throughout the former Soviet space, developing a strategy for pushing back against such efforts is a key element of any policy for countering Moscow’s assertiveness.

**Manipulation of Russian Diasporas in the Baltics**

Russia has sought to project influence among Russian-speakers and ethnic Russians in the Baltic states since 1991, primarily through propaganda, information operations, and various

---

*Moscow Times* (March 27, 2015)


channels of economic influence.\textsuperscript{80} In recent years, however, the potential instrumentalization of these populations by Moscow has attracted renewed attention, due to Russian actions in Ukraine and generally assertive posture on the European periphery. The potential that Russian-speakers in the Baltics could be employed in a Crimea-style incursion or simply used to amplify Russian political influence is limited, but warrants further analysis.

**Hybrid Warfare**
Russian-speakers and ethnic Russians within Estonia and Latvia are concentrated in the two countries’ capital cities and border regions. Outside of Tallinn and Riga, Russian-speakers are primarily concentrated in the Estonian region of Ida-Viru (which contains the city of Narva) and the Latvian region of Latgale.\textsuperscript{81} The presence of such populations in the border regions have raised concerns that Russia could seek to foment discontent as a pretext for a limited incursion, or otherwise use them to camouflage semi-covert military operations, as in Crimea.

The primary danger stems from the relatively low level of local sympathy or political support required to support a Crimea-style operation. In order to succeed, a Russian semi-covert invasion or attack would simply need to create sufficient ambiguity or plausible deniability to impede a response by NATO and the EU, both of which operate on a consensus-driven basis.\textsuperscript{82} There is little doubt among Russian government officials that a full-scale conventional invasion would trigger a NATO Article V response, meaning that the only means of forcibly coercing the Baltic states would require sufficient ambiguity to preclude such a response.\textsuperscript{83}

However, systematic and more anecdotal journalistic investigations suggest that even this low level of political affinity for Russia may not exist in the Baltic border regions.\textsuperscript{84} Reporting and survey data generally indicate that even among those who are broadly sympathetic with Russian foreign policy, there is no desire to see a Crimea-style scenario replicated in the Baltics and the kind of protests and demonstrations that provided cover for Russian moves in Ukraine would be difficult or impossible to replicate in Estonia and Latvia.\textsuperscript{85}

Despite fears that Russia could seek to engineer protests or even a separatist referendum in Narva or Latgale, as in Crimea, there is no reason to believe that even the minimal level of political support required to camouflage such an intervention exists. There is, of course, no reason to assume that the Crimea “referendum” or similar “votes” organized in Donbass represented a true measure of public opinion; in both instances, these “referenda” were armed coups masked as plebiscites. However, they were afforded some minimal plausibility and camouflage by widespread attitudes among residents of these regions. Reporting from the region and public opinion data suggests that even the minimal deniability used to cover Russian armed intervention in Crimea and Donbass might be unavailable to Russian forces in a Baltic scenario.

---

\textsuperscript{80} Agnia Grigas, “Legacies, Coercion, and Soft Power: Russian Influence in the Baltics States,” Royal Institute of International Affairs (August 2012)


\textsuperscript{82} Yoel Sano, “Will Russia Make a Play For Estonia, Latvia, and Lithuania,” The Financial Times (March 23, 2015); Wesley Clark, Juri Luik, Richard Shirreff, and Egon Ramms, “Closing NATO’s Baltic Gap,” International Center for Defense and Security (Estonia) (March 2016); Radin, 1

\textsuperscript{83} Conversations with Russian Foreign Ministry officials, Prague/Washington (2016-7)


\textsuperscript{85} Radin, 1; Leonid Bershidsky, “Estonia Did Its Post-Soviet Homework,” BloombergView (March 3, 2015)
Political Influence

While there may not be sufficient political identification with Russia to support a Crimea-style operation in Narva or Latgale, there is certainly political disaffection among Russian-speaking populations in Estonia and Latvia. Many Russian-speakers believe that they are subject to discrimination and unfair treatment, particularly with regard to language rights and education.\(^{86}\)

However, this disaffection does not necessarily translate into political sympathy toward or identification with Russia. Many Russian-speakers view themselves not as “Russians” but as members of a separate category, “Russians-speakers in Estonia/Latvia.”\(^{87}\) The notion of a separate identity is widespread not just among older Russian-speakers but also among the generation born in Latvia and Estonia, who feel no affinity with Russia but also feel significant alienation from their home countries.\(^{88}\) Self-identification on the basis of ethnicity and linguistic preference remains widespread, but has been largely depoliticized, particularly in Estonia.\(^{89} 90\)

Additionally, there is considerable skepticism among Russian-speakers in the Baltics that Moscow is seeking, in good faith, to advance their interests or advocate on their behalf. According to the Schulze study, Russian-speakers in Estonia are generally quite aware that Russia is using their situation as a means of provocation and is not truly interested in securing better living conditions or enhanced rights for them. According to one respondent, “It seems that Russia is more interested in gaining its political goals than in better living conditions for the Russians living here.”\(^{91}\) Consequently, the disaffection or estrangement that many Russian-speakers may feel from the governments of Estonia and Latvia does not necessarily translate into political support for Russia.\(^{92}\)

Nevertheless, the minority populations of the Baltics states represent a latent threat, as a potential means of expanding Russian political influence and masking semi-covert violence. A change in the political situation, including a halt or even backsliding in the slow process of political integration, could plausibly alter compatriot attitudes to the point where such a latent threat could become more pressing. Consequently, cutting off avenues for Russian influence and encouraging the political and social integration of the Baltics’ minority population should be an objective of any comprehensive policy designed to counter Russian assertiveness.


\(^{91}\) Schulze, 384

\(^{92}\) Zakem et al, “Mobilizing Compatriots”
4.6 Conventional Invasion

The Russian threat is enhanced by Moscow’s past willingness to use military force, as in Ukraine and Crimea. While the Crimean annexation and Ukrainian crisis have convinced many Western political observers that Russia is committed to changing the map of Eurasia, the Kremlin apparently views these interventions as defensive, countering the eastward expansion of NATO. As noted above, the Russian insistence a post-Cold War “promise” not to expand NATO is questionable at best. However, it is equally clear that Russia views itself as defending its interests and attempting to return to the agreed-upon settlement. There may be auxiliary motives behind Russian aggression as well, including a desire to secure key assets, such as warm water ports.

Regardless of motive, incursion by Russia into neighboring states violates their sovereign rights and norms held as inviolable under the contemporary liberal world order. The North Atlantic Treaty’s collective security guarantees call for invocation of Treaty Article V in the event of an invasion of a member state, obliging the alliance to act in that state’s defense. Failing to respond decisively would prove the organization impotent. This would fatally compromise NATO’s credibility and could even cause its dissolution, irrevocably weakening the Western liberal order.

Russia would certainly benefit from this hypothetical situation unfolding. Nevertheless, an invasion would be costly for Russia, assuming invocation of Article V. Therefore, unless there are significant changes in the cost benefit analysis for Russia, the probability of such an invasion is presently low. As discussed in Chapter 3, Russia has demonstrated that it will only use force as a last resort, when other means have failed and specific geopolitical opportunities are presented.

The Case of the Baltics

The Baltics are often considered a possible target for Russian invasion due to their Russian-speaking populations and their Soviet past. In the event Russia chooses to invade the Baltics, RAND Corporation war games have estimated that Russian forces could reach either Tallinn or Riga in 60 hours at the most. Such a rapid occupation would leave NATO in a dire situation with very limited options.

At present, NATO lacks the forces to defeat a Russian invasion of the Baltics. War games indicate that Russian forces would be able to eliminate or bypass any resistance. The NATO forces in the area are minimal compared to the 22 battalions of Russia’s Western Military District. In addition, Russian forces maintain a higher readiness posture and equipment level than NATO forces, and are able to deploy motorized, mechanized and tank units. Over half the NATO battalions are Baltic forces, which are light, lack tactical mobility, and are not equipped to oppose armored opponents.

NATO reinforcements would need to pass through the Suwalki Gap between Kaliningrad and Belarus, during which time they would be exposed to Russian anti-access/area denial capabilities. The Baltics are much more vulnerable than the rest of NATO to Russian aggression.

---

95 Ibid.
96 Ibid.
due to their geographic isolation, particularly since Finland and Sweden are not NATO members. NATO forces also would have inadequate air power, land-based fire, and heavily armored brigades. The increased time taken to receive armored re-enforcements capable of ejecting Russian forces, estimated as long as several weeks, would offer Russia ample time to consolidate gains, particularly if its goal is the seizure of a single, specific geographical location.\textsuperscript{97}

If the Russians are able to push into the Baltics relatively unimpeded and rapid defeat occurs, NATO is left with limited options. A counter offensive is projected to cost many lives, particularly if the conflict were to escalate vertically. The alternative, conceding the Baltics, even if only temporarily, risks a compromise in NATO’s credibility so severe that it could cause it to collapse. This in turn could have dire consequences for the sovereignty and people of the Baltics. Liberating the Baltics would also pose significant costs in both manpower and resources. Additionally, a NATO counter offensive could lead to either side threatening to use nuclear weapons.\textsuperscript{98} Even if the Russians do not escalate to nuclear threats, the Baltics would be vulnerable to short range ballistic and cruise missiles.

It is clear that NATO countries further west could be a step too far strategically for a Russian invasion. Countries such as Poland and Slovakia do not border Russia, with the exception of Kaliningrad. NATO reinforcements from Germany and other member states would be in much closer proximity and in a better posture to defend the alliance in the event of an invasion.

\textsuperscript{98} Larrabee, F. Stephen, Stephanie Pezard, Andrew Radin, Nathan Chandler, Keith Crane and Thomas S. Szayna, Russia and the West After the Ukrainian Crisis: European Vulnerabilities to Russian Pressures. Santa Monica, CA: RAND Corporation, 2017.
4.7 Energy as a Tool of Political Coercion

All European countries, except for net energy exporters Norway and Russia, are dependent on energy imports. Since 2004, energy imports from Russia to the European Union have never fallen below 30% of the overall EU consumption of both oil and gas, and in certain years they have surpassed 40%. This is particularly problematic for Central and Eastern European countries, which are highly dependent on Russian gas. In 2014, Finland, Estonia, Latvia, and Bulgaria imported their entire gas consumption from Russia. Lithuania imported 98%, Romania 90%, Slovakia 76%, Czech Republic 64%, and Greece and Hungary 58% each. While the Baltic states remain largely reliant on Russian gas, their dependency has slightly decreased since Lithuania built its LNG terminal in 2014.

Russia consequently has significant market power over European oil and gas imports. In geopolitical terms, gas is more significant than oil. Oil imports are flexible because of the nature of oil transport – tankers transport a larger share of oil exports than pipelines. Until less than two decades ago, gas was almost exclusively transported through pipelines. Unlike tankers, pipelines are defined by geography and thus easily transformed into geopolitical leverage tools. In the case of its gas pipelines to Europe, Russia has often used this leverage for political coercion.

Ukraine has been at the center stage of gas disputes with Russia, both because it lies on the main transit route of the Russian gas to the West and because Russia has used gas to tilt Ukrainian politics in its favor. The first disputes began in the 1990s with Russian accusations that Ukrainians were stealing Russian gas from pipelines that transit Ukraine. However, these disputes have intensified since the Orange Revolution. Between 2005 and 2009, three major crises, in which Russia cut off gas supplies to Europe through Ukraine, have left Ukraine and more than a dozen other European countries without gas in the middle of winter. These disputes were political, not economic – Putin sought to punish Ukraine for electing a pro-Western government and to undermine popular support for that government by cutting off gas to households.

The pricing of Russian gas has also offered opportunities for political coercion. Ahead of the Ukrainian election of 2007, Russian Ambassador to Ukraine Viktor Chernomyrdin explicitly tied the results of the election to the gas price that Ukraine would be offered in 2008. Chernomyrdin suggested that if Viktor Yanukovych won, Ukraine would see a price increase to around $145 per 1,000 cm, but that if Yulia Tymoshenko won, prices could go as high as $230.

Discounted gas prices were part of the deal Russia tried to impose on Ukraine in return for scrapping of the Ukraine–EU Association Agreement in 2014. The proposal, at the time when gas prices globally were much higher than in the mid-2000s, offered to cut the price of Russian gas by one third, from $400 to $268.50. After the ousting of Yanukovych and occupation of Crimea, Russia canceled this discount, forcing Ukraine to seek International Monetary Fund assistance.

---

100 Yanofsky, David. The EU Countries that Depend the Most on Gazprom’s Russian Gas. Quartz. 22 Apr 2015. Web. 19 Apr 2017
101 Norway to Surpass Russia as Lithuania's Top Gas Supplier in 2016. Reuters. 8 Feb 2016. Web. 19 Apr 2017
103 Timeline: Gas Crises Between Russia and Ukraine. Reuters. 11 Jan 2009. Web. 19 Apr 2017
105 Ukrainian Election Results Point to New Gas Price Clash with Russia. HIS Markit. 1 Oct 2007. Web. 19 Apr 2017
106 Russia Offers Ukraine Major Economic Assistance. BBC. 17 Dec 2013. Web. 19 Apr 2017
assistance to pay for its energy imports.\textsuperscript{107}

In addition to these disputes, Russia has sought to diminish Ukraine’s geopolitical role in energy transit and undermine its ability to benefit from gas transit fees by building new pipelines that bypass Ukraine. The Nord Stream pipeline, built in 2011, transports gas directly from Russia to Germany under the Baltic Sea. Thanks to heavy lobbying by influential German industrial and political interests, the pipeline was built despite the fact that it contravened EU regulations designed to prevent one firm from serving as both the operator and the sole user of an infrastructure asset.\textsuperscript{108} Much of German policy toward Russia before the downing of the Malaysian Air Flight 17 was driven by business, especially in the energy sector and with the Committee on Eastern European Economic Relations, a powerful lobby that exercised significant influence over Germany’s policy toward Russia.\textsuperscript{109} Consequently, Germany became the main distributor of Russian gas in Europe, German industry received the cheapest gas price in Europe,\textsuperscript{110} and the former Chancellor Gerhard Schröder received a lucrative appointment to the board of Nord Stream AG only two months after leaving office.\textsuperscript{111}

This energy cooperation and Russia’s status as the third-most important market for the German exports outside of the EU (after the U.S. and China) have created significant economic interdependency between Moscow and Berlin.\textsuperscript{112} In the years since the Russian annexation of Crimea and military intervention in Donbass, Germany’s lobbying groups, both in business and in politics, have been skeptical of economic sanctions against Russia and have sought ways to justify aggressive Russian actions and policies. Prominent Social-Democratic politicians, including Foreign Minister Frank-Walter Steinmeier, have repeatedly called for easing or phasing out of the sanctions against Russia despite Moscow’s non-adherence to the terms of the Minsk II Agreement.\textsuperscript{113} This attitude is not confined to the left. Chancellor Merkel’s junior coalition partner, the Bavarian Christian-Democrat Horst Seehofer has even visited Moscow to talk to Putin and signal a more conciliatory tone towards Russia.\textsuperscript{114} These developments reflect a new way in which Russia exerts its influence, leveraging the Russian presence in international business. The commingling of Russian political and commercial interests has facilitated these efforts to shape policy in other countries. Given German’s prominent role in shaping European policies, Russian involvement in German politics and business has to be taken into account.

This context helps explain Germany’s support for Russia’s planned extension of the Nord Stream pipeline, dubbed Nord Stream 2. This project is ongoing, despite sanctions, objections from Southern Europe about unequal treatment, and the determination of EU Council President Donald Tusk that Nord Stream 2 was “not in the interest of the EU.”\textsuperscript{115} This project undermines the declared EU ambition to diversify sources of energy imports, as it would increase Europe’s dependence on one supplier (Gazprom) and concentrate 80% of Russian gas imports onto one

\textsuperscript{107} Ukraine Agrees to 50% Gas Price Hike amid IMF Talks. BBC. 26 Mar 2014. Web. 19 Apr 2017
\textsuperscript{112} Statistisches Bundesamt. Ranking of Germany’s Trading Partners in Foreign Trade, 2016. 12 Apr 2017. Web. 19 Apr 2017
\textsuperscript{113} Germany’s Steinmeier Favour Gradual Phasing-Out of Russia Sanctions. Reuters. 19 Jun 2016. Web. 19 Apr 2017
\textsuperscript{114} Wagstyl, Stefan. Horst Seehofer’s trip to Russia a challenge to Angela Merkel. Financial Times. 15 Mar 2017. Web 19 Apr 2017
route. It would also increase Gazprom’s share of the German market to over 50%.\textsuperscript{116}

Russian attempts to bypass Ukraine in the south, however, have not been successful. The South Stream pipeline, designed to go under the Black Sea to Bulgaria and then across Serbia and Hungary to Austria and Italy, was stopped by EU regulators for the same reasons that the Nord Stream might have been – a breach of the EU competition regulations.\textsuperscript{117}

Of the three projects hoping to make Europe more dependent to the Russian gas (Nord Stream, Nord Stream 2, and South Stream), one has been constructed, one is about to be constructed, and one, which did not involve Germany, was cancelled. From the point of view of rule of law, this is problematic, because the arguments applied against one pipeline were ignored in the case of others. The European Commission has not made its final decision about the Nord Stream 2 pipeline, so efforts should be made to exert pressure on the Commission to faithfully apply the European regulation that bans the same company from running and being the sole supplier of a pipeline and to follow the declared European goal to achieve diversification of energy sources.

\textsuperscript{116} Ibid.
4.8 Use of Veto Power at the United Nations

The United Nations Security Council veto system was developed at the end of the Second World War to guarantee unanimity among the Allies in their action on the Security Council. Smaller countries at the San Francisco conference understood that a United Nations would not be created if the veto were not included. The veto was to serve two purposes. The first purpose was to guarantee a concert of the great powers on all issues pertaining to the maintenance of peace and security. Secondly, the great powers sought to ensure the protection of their national interests. However, the veto was originally conceived when the Council was expected to handle interstate conflict. Today, the majority of Council’s work involves managing internal conflicts. This contextual change influences the use of the veto and its consequences. A Council member elaborated on the importance of the veto’s presence in 2013, stating “the existence of the veto power, even when not invoked, influenced how decisions were made in profound ways.”

Since the beginning of 2007, Russia has vetoed 14 resolutions. Amongst the P3 countries (the US, the UK, and France) only US has used the veto, on one resolution on the Palestinian questions. The Russian vetoes include eight resolutions pertaining to Syria, two resolutions pertaining to Ukraine, and one pertaining to Georgia. This is a departure from the post-Cold War Security Council boom of the 1990s and early 2000s, when the Security Council was finally able to pass resolutions after the end of Cold War gridlock. Russia has reaffirmed its right to the veto and uses the norms of international law and the statutes of the UN Charter to defend its views.

Russian vetoes have led to a complete halt in adopting resolutions in relation to both Ukraine and Syria in the Security Council. The few resolutions adopted by the Council are watered down, do not condemn action in strong terms, and do not implement long-term solutions. Russia can continue its interference and action in these two regions without fear of multilateral condemnation. Without consensus of the Council, Russia has cornered Western countries into acting unilaterally, as the US did on 7 April 2017, when American ships carried out missile strikes in Syria. In the words of US Permanent Representative Nikki Haley, “when the United Nations consistently fails in its duty to act collectively, there are times in the life of States in which we are compelled to take our own action.”

Russia has defended its position on Ukraine in the Security Council by stating that the issue in Ukraine is not one of territorial integrity, but self-determination. In response to the referendum vote in Crimea, the P3 in conjunction with 39 other sponsors submitted draft resolution S/2014/189 to a vote on 15 March 2014. In paragraph 5, the resolution “Declares that this referendum can have no validity, and cannot form the basis for any alteration of the status of Crimea.” In his speech confirming to the Council that the Russian Federation would veto the draft resolution, Permanent Representative Vitaly Churkin stated:

The philosophy of the sponsors of the draft resolution runs counter to one of basic principles of international law, the principle of equal rights and self-determination of

---

121 UN Document S/2014/213
123 UN Document S/PV.7917, 5 April 2017
peoples, enshrined in Article 1 of the Charter of the United Nations. That principle is confirmed in the 1970 Declaration on Principles of International Law concerning Friendly Relations and Co-operation among States in accordance with the Charter of the United Nations, and in a number of other decisions of the General Assembly, as well as the Helsinki Final Act of 1975.\textsuperscript{125}

Here, Churkin grounds Russia’s national policy in the Purposes and Principles of the UN Charter and under international law. Though Security Council members can disagree about their perception of the events in Crimea, Russia is within its right as a veto-wielding member to prevent the passage of UN Security Council resolutions.

In the case of Syria, Russia has a veto ally in China, though China did not choose to veto the latest resolution of 12 April 2017. The first vetoed resolution came in October of 2011. Draft resolution S/2011/612 was vetoed by both Russia and China.\textsuperscript{126} The resolution does not invoke Chapter VII nor imposes sanctions of any kind, but does single out the atrocities committed by the Syrian regime and does not condemn actions by the opposition.\textsuperscript{127}

In this case, Churkin recognized that the result of the vote was due to “a conflict of political approaches.” Russia and China offered a separate draft resolution to oppose draft resolution 612. Their draft focused on “the logic of respect for the national sovereignty and territorial integrity of Syria as well as the principle of non-intervention.” Russia felt draft resolution 612 focused on confrontation and could not “agree with this unilateral, accusatory bent against Damascus.” The Chinese Permanent Representative, Li Baodong, echoed Russia’s points on respecting “Syria’s sovereignty, independence and territorial integrity.” Li Baodong further supports his rational by referring to the Charter’s “principle of non-interference in the internal affairs of States,” referring to Article 2(7).

This policy of non-intervention, territorial integrity, and sovereignty has continued for six years. However, Chinese vetoes are based in their own strategic interests and do not represent a partnership between Russia and China. The Chinese have not vetoed all resolutions and mainly veto resolutions that appear interventionist, in accordance with their non-interventionist policies. Recent Russian vetoes are isolating Russia, as they are not double vetoes.

Despite this, Russia’s use of the veto or threat to use the veto places large constraints on the Council’s action. The Council is quickly losing legitimacy, as it is unable to maintain peace and security in both Syria and Ukraine. Further, Russia’s complete disregard for Article 27 paragraph 3 of the Charter, namely that “a party to a dispute shall abstain from voting,” undermines the Council. Russia’s wanton use of the veto power has eliminated the Security Council as a forum to address Russian aggression, forcing the United States and the West to turn to other mechanisms or rely on unilateral action.

\textsuperscript{125} UN Security Council Document S/PV.7138 15 March 2014
\textsuperscript{126} UN Security Council Draft Resolution S/2011/612, 4 October 2011
Chapter 5

Countermeasures
5.1 Goals and Strategies

In this chapter, we outline NATO’s short- and medium-term goals; the strategies that it utilizes in order to achieve those goals; and the methods and tactics used to advance these strategies. The chapter offers countermeasures to obstruct, deter, and punish Russian aggression.

Goals

The goal of the West is to uphold an open political order and stable security framework in Europe, particularly by maintaining and strengthening NATO. To do that, the West must respond to Russian attempts to undermine the sovereignty of independent nations on its periphery.

Strategies

There are three primary strategies the West should adopt to effectively counter Russian belligerence. First, the West must strengthen the capabilities of states to defend themselves individually and collectively. This includes reinforcing European collective defense through military reinforcements in the Baltics, which need not be large to augment the defensive capabilities of target states. Improving legislation and information sharing around cyber security will help reduce Russia’s ability to penetrate targets using cyber weapons and hacking. Given the broad range of Russian intelligence activities detailed above, counterintelligence is also critical to improved collective defense. Finally, Western powers should provide support in the domestic and social spheres of allied nations to make them more resilient against subversion and destabilization, focusing on citizenship and media.

Second, the U.S. and NATO must increase the costs of Russian aggression where deterrence fails. Economic sanctions are key to this strategy, as they impose direct costs on Russia for continuing its behavior in Ukraine, Crimea, and online. The potential for support to opposition groups is an additional means introducing costs, while degrading Russian ability and desire to act bellicosely. Similarly, certain cyber activities and instruments can be used to impose costs on Russia and its proxies in cyberspace. However, the West must balance these costs. Increasing the costs of Russian aggression too high may lead to retaliation that outweighs any rewards.

Third, the West must bolster the ability of international institutions, particularly NATO and the EU, to address the new manifestation of the Russian threat. This includes establishing new definitions and norms related to the threat, enhancing coordination and cooperation among members of these organizations, and strengthening outward signals of disapproval. These norms can be developed at the national level, to be used in prosecution or sanctions designation, as well as at the international level, such as through the UN. Better definitions of aggression will also have implications for Article V of NATO, improving the effectiveness of the alliance as an instrument.

These strategies employ a mix of military, political, economic, and diplomatic instruments, with both offensive and defensive elements. The countermeasures discussed here do not encompass all strategies to be employed by the West. This chapter focuses on areas congruent with the expertise of the group, acknowledging gaps in current research and attempting to meaningfully add to the discussion.
5.2 Military Posture

Military posture will be an important measure to counter Russian assertiveness, as it provides the most credible deterrence. Additionally, defending NATO allies would be cheaper than liberating them after Russian invasion. This section looks at the deployment of military troops and equipment to defend Eastern Europe and deter Russian assertiveness.

**Threat**

Military posture is focused on the threat posed by Russian military, both in the context of conventional invasion and hybrid warfare. In July 2016, NATO members also recognized cyber defense as a new operational domain, to enable better protection of networks, missions, and operations.1 As noted in Chapter 4, in the event of an invasion, current force posture would likely allow for a quick Russian victory.

**Current Measures**

Since Russia’s illegal annexation of Crimea, NATO has undertaken the most significant increase in collective defense-related investment and personnel since the Cold War. It has tripled the size of the NATO Response Force, establishing a 5,000-strong Spearhead Force. It is deploying multi-national battle groups in the Baltics and Poland. NATO is also increasing its presence in the southeast of the alliance, including a multi-national brigade in Romania. The alliance has further stepped up air policing over the Baltic Sea and Black Sea areas.

A major component of this endeavor is the United States’ European Reassurance Initiative (ERI). Established in 2014, the initiative was intended to reassure allies of the American commitment to their security and territorial integrity. It increased investment across rotational presence, training and exercise, infrastructure, pre-positioned equipment, and building partnership capabilities among the alliance and close friends, including Georgia, Moldova, and Ukraine.2 After the first year, NATO planners noticed discontinuities in the presence of forces that could provide a window of opportunity for aggressive forces to attack.3 In response, the ERI will expand to include further land force, maritime, and air deployments. There is now a seamless rotation of forces to eliminate any gaps. In addition, the US deployed 12 F-15s and F-16s in Poland and augmented US naval presence in the Baltic Sea.4 The initiative has also expanded from a single year plan to a multi-year plan.

**Challenges**

ERI is simply insufficient to deny victory to invading Russian forces. Though the increased forces reinforce existing deterrence by threatening punishment and escalation, the Very High Readiness Joint Task Force of 5,000 troops, to be deployed within 5 days, is too small and too slow to obstruct a Russian attack.5 In the event of an invasion, current forces are far from sufficient. The presence of American and other NATO forces raises the possibility of deterrence

---

by escalating punishment. There is, however, a lack of dedicated intermediate level command and control element for the forces deployed. This could hamper their effectiveness if under attack. Deploying command from the United States would take too long.

There is no consensus on permanently stationing troops in eastern NATO countries, as countries such as Germany oppose this action. There is a fear among certain NATO members that permanently stationing NATO troops in the eastern portion of the alliance could be viewed by Russia as provocative. It could infringe on the principles established in the NATO-Russia Founding Act of 1997, which some argue prohibits the permanent basing of NATO soldiers in the Baltics in accordance with the following statement of the act:

“NATO reiterates that in the current and foreseeable security environment, the Alliance will carry out its collective defence and other missions by ensuring the necessary interoperability, integration, and capability for reinforcement rather than by additional permanent stationing of substantial combat forces. Accordingly, it will have to rely on adequate infrastructure commensurate with the above tasks.”

The counter legal argument is that the “current and foreseeable security environment” has changed dramatically since 1997, particularly after Russian actions in Georgia and Ukraine. In deploying these forces, NATO members should be clear about this changed environment and their intentions. This may require NATO to reconsider its relationship with Russia. It may choose to do this internally, in which case NATO would act in accordance with its perceived new relationship. This would be in direct response to Russia’s decision to change the nature of the relationship through its actions in Crimea and Georgia. The second option would to renegotiate the relationship with Russia itself. Though this may be viewed as a disappointment, a new treaty may better reflect the current relationship. The agreements put forth in the Act held an optimist view of Russia’s future relationship with Europe. Responding to Russian assertiveness involves maintaining a clear-eyed and accurate view of the relationship.

**Proposed Measures**

The current force posture remains insufficient, but could be enhanced by several possible adjustments. The first is to increase the commitment from the short term to the medium and long term. The Baltics and Poland desire this commitment, as they find the current deployment and time frame inadequate to counter Russian belligerence. The most significant criticism of the ERI is the rotational nature of the deployments. A longer horizon would provide an opportunity to better define command and control. Though the infrastructure for such a deployment does not presently exist, and significant investment is required to enable such a long-term presence.

While the deployment of permanent forces is merely a response to Russian aggression, prudence suggests avoiding measures that could be distorted by Russia for propaganda purposes, to make the West appear to be the aggressor. To mitigate this risk, NATO states should avoid basing forces in Russian-dominated areas if possible. In accordance with Russian compatriot

---


10 Ibid.
policy, this deployment could be viewed as more threatening than deployment to other parts of the country. It may also provide Russia with an ostensible justification for deploying its own troops in “self-defense” of Russian-speakers. Unfortunately, as Russian-speaking populations are located in the capitals and near the border with Russia, these tensions may be difficult to mitigate, since these are preferable deployment locations. However, NATO forces have so far not been based in Russian-dominated areas, demonstrating it is possible to avoid such deployments.\textsuperscript{11}

In addition, there should be increased transparency, including a sound public relations campaign. Russia will undoubtedly exaggerate and distort NATO’s intentions.\textsuperscript{12} Local populations, in particular Russian speakers, need to be reassured that deployments are not a threat. The public relations campaign would also need to counter any Russian attempts to counter the narrative and should be publicized in Russian as well as the titular language.

**Recommendations**

- Establish robust, permanent NATO military presence in the Baltics and Poland
- Introduce a transparent public relations campaign to reassure the local population and counter Russian narratives


\textsuperscript{12} Ibid.
5.3 Cyber Tools

Conceptualizing “cyber” as a tactic or sphere existing separate from other threats covered in this report is problematic. After all, cyber-based tactics run through espionage (spyware), propaganda (troll factories and hacktivists), subversion (electoral hack and leak campaigns), and even paramilitary-type activities (DDoS and other attacks on critical infrastructure and government servers). In other words, cyber capabilities may amplify or alter traditional tradecraft and hybrid warfare, but do not change their fundamental character.

Moreover, symmetrical countermeasures are not always useful against cyber attacks. Creating a DDoS attack in response to a DDoS attack is unlikely to deter or impair an enemy from doing the same again. While deterrence in cyber security is a new field and so examples in praxis are few, the most successful measures to date have been sanctions, particularly against Russia following the DNC hacks.

There are, however, countermeasures focused wholly on the cyber sphere of warfare that can deter, impair, or obstruct aggressions carried out by Russia online. While decision-makers often struggle with questions of attribution, the US does have great deal of information about the Russian cyber threat, including where it comes from and which groups or individual actors are involved.13 14 To improve resilience and capability in Eastern Europe, Western governments should take the following steps:

- Improving online norms between the US and Europe, specifically in information sharing and mutual defense;
- Creating better formal frameworks for public/private cooperation;
- Lowering thresholds for attribution as a policy response;
- Increasing the cost of hacking to Russian-backed or Russian-executed cybercrime and cyberattacks.

Challenges

There are several challenges trying to tackle cyber warfare head-on. First, despite the best efforts of U.S. and NATO allies, it often slips between national and international law. The Tallinn Manual on cyber law writes, “One of the challenges States face in the cyber environment is that the scope and manner of international law’s applicability to cyber operations, whether in offence or defence, has remained unsettled since their advent.”15 Additionally, cyber’s complex evidence trail – often bouncing between servers in different states – complicates attribution and offers considerable plausible deniability. Russian leaders know this well: after Russia was accused of attacks on Lithuanian websites, Putin’s spokesman asked rhetorically, "Did it (the spyware) have 'Made in Russia' written on it?"16 Third, misinformation and DDoS campaigns are increasingly easy to scale – in other words, once misinformation campaigns gain traction in social media, or once DDoS campaigns start using smartphones and smart cars and smart microwaves to launch attacks, both are hard to stop. Fourth, attacks on critical infrastructure are quite dangerous, but difficult to defend against without systemic improvements in security and manufacturing safety.

---

13 Interviews with US cyber security experts conducted by phone, Mar-Apr 2017.
16 Reuters
Finally, unlike nuclear or other conventional weapons, cyber warfare is impossible to fully deter by denial.\textsuperscript{17}

\textbf{Countermeasures}

In this report, we advocate four separate countermeasures to increase defense and cooperation across NATO states at low cost, and to provide a rationale and means for raising the cost to Russia of continuing to mount cyber attacks.

The first countermeasure is to increase activities that improve EU/NATO cyber partnerships and norms. Since the 2001 European Council Convention on Cybercrime (commonly known as the Budapest Convention) was signed by 52 states within and outside the EU and including the US, member states have used it as a framework for criminalizing cyber crime, for investigation, and for legal and judicial procedures related to cyber crime. In the 16 years since, it has become clear that, though useful, improvements are necessary.\textsuperscript{18}

Critically, the framework has been useful for prosecution and criminalization standards, but poor on information sharing and capacity building – both of which are key to defending against attacks, especially on critical infrastructure.

A better framework, instituted through NATO that includes positioning of hacking as falling under Articles IV and V protocols, would go a long way to establish greater cooperation among member states – and greater deterrence against Russian aggression. If instituted under the EU, then a further critical step would be creating a public/private council that allowed private cyber security agencies to work more directly with governments, and to have a share in advising on cyber security policy. Their greater speed, resources, and expertise in handling private-sector attacks is important in giving governments the insight and attribution resources to effectively counter aggression abroad.

The second countermeasure is the creation of a formalized council or agency, like the one described above, in the U.S. Despite frequent calls for “more private engagement,” public and private cooperation in matters of cyber security is relatively advanced in the U.S. A private company produces the most up-to-date reports on Russian Advanced Packaging Tools (APTs), and the FBI works closely with private partners in their investigations.\textsuperscript{19} The reasons are straightforward: private companies add resources and expertise, especially on the technical side, in identifying and tracking cyber aggressors abroad that the DHS and FBI simply do not have.

Having said that, a formalized body would better enable the U.S. government to access and take advantages of private expertise. This would allow more cooperation and resources in determining attribution and more insight when it comes to formulating policy in grey areas, such as cyber space. Several experts\textsuperscript{20} have suggested the Dutch Cyber Security Council as a useful model for incorporating private companies into a cooperative public/private defense system.\textsuperscript{21}

\textsuperscript{20}Interviews conducted with cybersecurity experts by phone, NYC Mar-Apr 2017.
The third countermeasure is a conceptual one: the U.S. policy apparatus must change its attitude towards determining attribution. Often U.S. investigators, and policy makers, approach attribution in cyber contexts as an exercise in law enforcement: perpetrators are not guilty until proven so beyond a shadow of a doubt. Of course, this is difficult, and sometimes impossible, in the wake of a cyber attack. But cyber attacks can usually – if not immediately – be traced to national actors, leaving the burden of proof in the hands of policymakers and intelligence agencies, not technical forensics experts. Jason Healey notes:

“Analysts often fall into the trap of “attribution fixation,” the belief that they cannot assess which organization or nation was behind an attack until technical forensics discovers the identity of the attacking machines. Because the Internet enables anonymity more than security, this bottom-up process rarely succeeds. Fortunately, there is another option. For national security policymakers, knowing “who is to blame?” can be more important than “who did it?” Moreover, attribution becomes far more tractable when approached as a top-down policy issue with nations held responsible for major attacks originating from their territory or conducted by their citizens.”

Using this attribution model – distinguishing between cyber attacks that run the gamut from state-prohibited to state-encouraged to state-executed or –integrated, we can identify Russian cyber attacks as both state-executed and integrated. By accepting that attribution in this framework is a responsibility of policy and intelligence analysis, instead of law enforcement (geared toward indictment and prosecution), the U.S. can then move forward to using either typical coercion or diplomatic methods, as well as directly targeting Russian hackers responsible. Technically, this means disrupting servers and/or identifying and naming prominent hackers.

The fourth and last countermeasure is improving our policies of response to cyber attacks: namely, communication and reprisals. Not all deterrence is based on denial, nor is all defense based on improving international frameworks. In order to develop better deterrence communication and credibility, the US can and should continue to name and shame individuals complicit in Russian hacking. We should not wait for attacks on our own national elections to send clear messages to Russian leaders. Hacking in the Baltics is an infringement on the sovereignty of a NATO ally, and the U.S. is justified in communicating clear warnings to aggressors. In that instance, sanctions were levied against FSB and GRU senior staff as well as two well-known hackers after DNC leaks.

Non-conventional retaliation is also possible. This is often muddied in the eyes of non-technical policymakers: “...cyber warfare tactics are highly technical by nature, often accessible only to subject matter experts.” But interviews with cyber security experts aligned with NATO make clear that we have the capability to identify and exploit individual Russian hackers as well as APT groups. These recourses include naming and shaming, which is anathema to many hidden actors online; but they also include attacks on capabilities, instead of straightforward counterespionage. In an era where attacks on NATO members’ critical infrastructure and their electoral integrity are common, these options should not be ignored.

---

25) Interviews with NATO cyber security experts conducted by phone in NYC Mar-Apr 2017
Recommendations

- Improve online norms between the US and Europe, specifically in information sharing and mutual defense
- Improve formal frameworks for public/private cooperation
- Lower thresholds for attribution as a policy response
- Increase the cost of hacking for Russian-backed or Russian-executed cyber crime and cyber attacks
5.4 Counterintelligence

Counterintelligence is a critical building block for national security architecture. It helps to prevent penetrations into the governments and at the same time degrades foreign intelligence capabilities. Counterintelligence encompasses information gathered and activities conducted to identify, assess, neutralize, and exploit the intelligence activities of foreign powers.\(^\text{26}\) It is meant to safeguard Western interests at home and abroad.

**Threat**

Russia has inherited the Soviet reliance on clandestine means for everything from conducting foreign policy to maintaining political control at home. The annexation of Crimea and the crisis in Ukraine were the results of aggressive clandestine operations. The success of Russian hybrid war is predicated on its espionage, technical intelligence collection, influence operations, and intelligence activities.\(^\text{27}\) The recent menace of manipulation of electoral outcomes in both US and Eastern Europe, and possible manipulation in France, calls for a robust and effective counterintelligence setup. Russian intelligence activities form the backbone of its hybrid warfare doctrine.\(^\text{28}\) Russian hybrid warfare revolves around the use of Russians and Russian speaking populations in the region. The significant Russian population in Latvia, Estonia, and Kazakhstan has the potential to be a big and effective intelligence resource for Russia.

**Current Measures**

Currently, NATO counterintelligence is focused on the Russian threat, and Baltic services have devoted considerable resources to identifying, assessing, neutralizing, and exploiting intelligence assets within compatriot populations. These individual efforts by the states have resulted in arrest of number of Russian spies, but an effective defense against hybrid warfare requires enhanced cooperation and intelligence sharing between NATO members.\(^\text{29}\) A good example of a successful and coordinated counterintelligence operation was the arrest of a Portuguese intelligence officer Federico Carvalho in Rome on May 21, 2016.\(^\text{30}\) Carvalho was passing information to the Russian SVR and he invariably met his Russian handler in a foreign country, which made it difficult for Portuguese intelligence agencies to detect his activities. The arrest of Carvalho and his Russian handler was possible by a joint operation of Portuguese and Italian law enforcement authorities.\(^\text{31}\) The arrest of Carvalho and his Russian handler is a useful example of the kind of coordinated action necessary to defeat Russian active measures.

**Challenges**

European national borders are open, which allows easy ingress and egress for any enemy intelligence agents. Any spy could be a legal resident in one state and then travel to other countries under a false identity to conduct clandestine activity, making his detection and surveillance difficult.


\(^{27}\) Ibid


\(^{29}\) Kerlins, COL Georgs. "What capabilities might the Baltic states need to develop to deter against a ‘hybrid’, ‘non-linear’, ‘limited’ or ‘ambiguous’ attack?." *Ad Securitatem*: 158.


\(^{31}\) Ibid
Additionally, modern technology has compounded the avenues for deception. The Russian cyber-attack on Estonia in 2014 was a bid to create the aura of deception by using non-state and private actors for covert disruption operations.\(^{32}\) The counterintelligence efforts have to surmount these barriers by evolving equally effective countermeasures.

Lack of a robust anti-espionage legal framework can prove to be a handicap for the efficacy of CI measures. U.S espionage law has posed significant challenges for the intelligence community. The 18 U.S Code 794 borrows heavily from the 1917 Espionage Act. There are stringent conditions to be met if a spy is to be convicted. The accused person must (1) knowingly communicate or deliver to (2) a foreign entity (3) material related to national security (4) intent to injure the United States, for the advantage of the foreign entity, or for personal gain.\(^{33}\) To develop and prove all parts can be daunting task for CI agencies, especially in a constantly changing operational environment. That is why, for example, the trove of leads about spies provided by the Mitrokhin papers could not be taken to logical conclusion.\(^{34}\) There is a general consensus among the practitioners for need to have a revised law that can support the CI measures.

Baltic countries suffer from bigger handicaps when it comes to an anti-espionage legal framework. Though Estonia took comprehensive steps to reinvent its national security strategy post 2007 cyber-attacks, no significant changes to the CI legal framework resulted. A comprehensive reform in the laws related to espionage in the Baltics would deny the unfair competitive advantage to Russian agencies and its agents.

**Proposed Countermeasures**

Countering Russian intelligence threats to East European countries is a compelling mission for United States and its allies. The Russian threat, conventional and hybrid, can be best addressed by a multi-pronged strategy, of which counterintelligence is one of the most critical aspects. The following countermeasures would support robust counterintelligence efforts.\(^{35}\)

**Counterintelligence Capacity Building:** Though counterintelligence and security are primarily the responsibilities of target states, NATO and the US can support and augment their efforts to maintain an overall understanding of the threat environment through support operations and mutual sharing activities.\(^{36}\) The capacity building would include training of Case Officers in the tradecraft, bolstering operational capabilities and enhancing intelligence sharing mechanisms. With regard to the Russian threat, the United States and NATO have a double responsibility: to bolster its own counterintelligence capabilities but also support the counterintelligence architecture of allies in Eastern Europe. The capacity building of the Baltics and Kazakhstan in the field of counterintelligence could be single most effective counter measure against the Russian hybrid warfare.\(^{37}\) The US counterintelligence community would have to play an active role in Baltics and Eastern Europe as many NATO countries are neither prepared nor equipped to counter the increased Russian operations throughout the region.\(^{38}\) Moreover, such operations are


\(^{36}\) Kofman, Michael, and Matthew Rojansky. "A closer look at Russia’s “Hybrid War”. "Kennan Cable 1, no. 7 (2015).


not expected to be temporary phenomenon. It is imperative that the US and its European allies
guide and support the overall national security architecture of the Baltic States.

**Strengthening Counterintelligence Capabilities of Target States:** Counterintelligence
cannot run on ad hoc mechanisms. East European allies need to have an established and proactive
national counterintelligence strategy. Countries should create a single agency at the national level
with both responsibilities and authorities to coordinate the varied counterintelligence efforts. The
agency should be empowered to share information with its counterparts on a real time basis. An
apex counterintelligence agency would help in quick and speedy sharing of intelligence. The
speed of counterintelligence operations is critical in neutralizing the Russian hybrid efforts like
sudden appearance of “little green men”. The Crimean episode underlined the need for a quick
response in future.

A counterintelligence grid at the regional level consisting of apex agencies of East
European allies would enable a strategic, coordinated, and comprehensive response to the Russian
threat. The response would have to be calibrated based on the level of threat. The grid could also
act as a facilitator for joint counterintelligence operations across different countries. The NATO
member and the US may provide funding and budgeting of such a transnational program.

Each target state should have a national counterintelligence strategic operations center to
integrate and orchestrate divergent operational activities across counterintelligence communities.
The operations center should have a representative from every agency involved in
counterintelligence operations and analysis.

A NATO Counterintelligence Center on the lines of NATO Intel Fusion Center would
provide rapid access to accurate and timely counterintelligence inputs to the allied states and
NATO commanders in the Baltics. This center can evolve methods and templates, which would
enable the client states to receive timely, clear and actionable CI inputs. This would make recent
and historic reports much easier to interpret and would provide instant access to useful situational
counterintelligence; thereby fast tracking appropriate tactical and strategic decisions.

Offensive counterintelligence measures, like using ethnic Russians as counterintelligence
assets, would amount to blunting the deception efforts by exploiting the psychological
implications of Russian intelligence awareness of practice; where a Russian is supposed to always
work for Russia. Cold War experience has shown that the most successful operations were
executed by ingenuity use of assets and often by upending the common theories of
counterintelligence.

**Recommendations**

- Integrate counterintelligence perspectives into national security planning and apply
counterintelligence collection and operations as tools to advance national security
objectives
- Improve or create a single national level agencies along with a regional level CI grid to
enable a strategic and coordinated response
- Create a NATO CI Center on the lines of NATO Intel Fusion Center to provide rapid
access to accurate and timely counterintelligence inputs
- Develop national counterintelligence strategic operations centers to integrate divergent
operational activities across counterintelligence communities
5.5 Energy Policies

Reduction of Europe’s dependence on Russian energy imports is an important countermeasure for countering Russia’s assertiveness in Europe. The construction and development of infrastructure that will enable energy source diversification in Central and Eastern Europe will decrease the manipulative role of Russia in this region. Furthermore, it will reduce Russian earnings from energy exports, putting pressure on the Russian economy and constraining its ability to act aggressively in its neighbourhood.

Primarily, this involves creating alternatives to the Russian gas supplies that flow toward the EU members through a number of East-West pipelines. All the major gas pipelines that exist in the Central and Eastern Europe were built during the Cold War with the primary goal of delivering Soviet gas to the Warsaw Pact countries of the Eastern Europe. This pipeline network has only partially been altered since, through the construction of interconnections between Eastern and Western Europe. However, the capacity of these pipelines still needs to be enhanced.

The goal of limiting dependence on Russian energy imports can be met by building two major groups of infrastructure projects with significant geopolitical value. First, European countries should construct a series of LNG regasification terminals in the Baltics and Mediterranean ports of EU countries and a North-South pipeline corridor that would connect these terminals. Second, they should invest in the interconnection projects that will boost the capacity of the existing European gas network and further expand that network. In addition to this, the completion of the Southern Gas Corridor, bringing gas from Azerbaijan through Turkey to Southeast Europe, could have a complementary beneficial effect to the nations of Central Europe in reducing their dependence on Russian gas. Overall, Central, Eastern, and South-Eastern Europe should seek to reduce the existing flow of energy from East to West and introduce new flows running South–North and North–South.

Threat

Russia’s use of energy price negotiations as a form of political pressure and its ability to disrupt supplies to industries and households is a constant threat to countries of Europe that have no alternative sources for energy supplies.

Current Measures

On average, Europe imports around 110 bcm of natural gas from Russia every year.\(^{39}\) Even in an extreme event of Russia cutting off all of its supplies, that gas flow should theoretically be easily substituted through Europe’s high LNG regasification capacity. In 2014, the EU had capacity to import around 185 bcm through its LNG terminals.\(^{40}\) Its capacity has increased since, with at least two new terminals constructed and one undergoing expansion. The LNG import capacity of the EU stands today at least 200 bcm, almost double the imports from Russia. However, a major problem with this capacity is that all but three LNG terminals are concentrated in the north-west (UK, the Netherlands, Belgium, France) and the south-west (Portugal, Spain, Italy). In 2014, before the new terminals in Lithuania and Poland were built, the

---


West European LNG terminals made 97% of European LNG imports. The European Commission has subsidized investment in the interconnection projects that would make transit of gas from the West to East possible. However, that capacity is still underdeveloped and would come under strain in the case of a major crisis. Although the EU has enough LNG import capacity to completely substitute the Russian gas imports, the geographic distribution of these terminals makes that solution only a theoretical possibility.

Admittedly, European Commission investments in the interconnection projects of the existing gas network have bridged many divides, not only the Cold War ones between the gas pipelines in the East and the West, but also by interconnecting pipelines in the East and transforming them from unidirectional (westward or southward) to ‘reverse’ gas flows. The EU has financed Czech Republic–Poland, Poland–Slovakia, Slovakia–Hungary, Croatia–Hungary, Austria–Czech Republic, Bulgaria–Greece, and Bulgaria–Serbia interconnections, with several additional projects still underway. This has enhanced the gas network, albeit not in a flow capacity that could sustain a complete transition from the gas imports from Russia; new investments would still be necessary.

A benefit of the newly achieved reverse-flow capacity of these pipelines was demonstrated after the Russian occupation and annexation of Crimea and the intervention in the Donbass region. As Ukraine sought to lower its dependency on Russian gas imports, a combination of EU rules and Russian financial interest enabled Kyiv to do so. In 2014, Ukraine struck a deal with Slovakia for reverse-supply of gas, meaning that Russian-origin gas that transited Ukraine on its way to its primary customer, Slovakia, was being returned to Ukraine as a re-sell. Initially, Russia tried to ban resale of its gas, but could not do so as such a ban would be against EU rules regulating free markets. The European Commission applied these rules strictly and Moscow did not want to risk paying enormous EU fines. Russia considered cutting the overall supply to Slovakia and the rest of the EU, trying to calibrate the amount of exported gas to the exact needs of the EU, thus freezing out Ukraine. However, that plan did not work either because of the huge financial losses Russia would have incurred in this case. Gazprom’s estimates showed that the amount of the cut supply would have amounted to $5.5 billion. In addition to that loss, Gazprom would have also been liable to Slovakia in the amount of $400 million because of the breach of contractual obligations. Hence, exports have continued and Slovakia resold the Russian gas to Ukraine.

**Challenges**

Central, East, and Southeast Europe faces a significant problem – the entry points for gas imports are almost exclusively on its eastern borders, delivering Russian gas. Given the geographic flexibility provided by LNG, more gas could theoretically be delivered from different sources to the countries whose dependence on the Russian gas is the highest – the Baltic states, Poland, Czech Republic, Slovakia, Hungary, Serbia, and Bulgaria. To achieve that, a series of LNG regasification terminals should be constructed in the Baltics and in the Mediterranean.

In the last decade, two new LNG terminals have been constructed (in Lithuania and Poland), one is undergoing a major expansion (in Greece), and construction of least seven more is being considered in other countries.

---

41 Ibid.  
The LNG regasification terminal in Klaipeda, Lithuania has been the first new major energy infrastructure project that has decreased the Baltics’ dependence on Russia for gas. With capacity of 4 bcm per year, it can cover all of Lithuania’s gas import requirements and has some spare capacity for exporting gas to Estonia and Latvia. Once the Poland–Lithuania interconnection is finished by 2019, Klaipeda will be able to serve the Polish market as well.

Further, Latvia plans to build an LNG terminal in Riga; Estonia has plans for two terminals (Paldiski with capacity of 2.5 bcm, and Tallinn with 4 bcm); and Finland is working to construct an LNG terminal at Finngulf near Helsinki (8 bcm). These existing and planned terminals in the four countries would have capacity of 23.5 bcm per year, which is almost double gas consumption in the region. However, Finland has scrapped the project as commercially unviable, and the Estonian LNGs are still far from realization, with the Paldiski terminal failing to ensure necessary EU financing.

Poland imports the largest amount the Russian gas in the wider Baltics region. A large economy, it previously imported half of its 17 bcm per year requirement from Russia. However, the recently constructed LNG terminal in Świnoujście, with capacity of 5 bcm per year, can serve almost a third of its annual gas consumption, substituting 60% of imports from Russia. Connection to Lithuania’s gas network will further diminish Poland’s dependence on Russia.

The situation with LNG import facilities on the Mediterranean coast is less favorable. The only terminal in the Southeast Europe, in Revithoussa, not far from Athens, is undergoing capacity upgrade from 5 bcm to 7 bcm. Greece plans to construct another one, in Alexandroupolis in the north of the country. This terminal close to the border with Bulgaria, with its planned capacity of 6 bcm, could serve Bulgaria, Serbia, Macedonia, Romania, Hungary and Ukraine, and also connect to the planned pipeline that would bring gas from Azerbaijan across Turkey. The Alexandroupolis LNG has been included in the list of Projects of Common Interest for financing by the EU and has attracted interest from both Bulgaria and some potential LNG export countries like Qatar, Algeria, Cyprus, Israel, and the U.S.

The planned LNG regasification terminal in the island of Krk in Croatia is far from being constructed despite being designated as a Project of Common Interest by the EU. The terminal, envisioned at the point where the Mediterranean extends farthest toward Central Europe, was supposed to bring from 6 bcm up to 10 bcm in gas imports, far more than the Croatian needs of some 2 bcm per year. This terminal was supposed to be the southern entry point of the Krk–Świnoujście gas corridor that would have provided energy diversification and energy security to much of the Central Europe, primarily Slovenia, Hungary, Austria, Czech Republic, Slovakia, and Poland. However, the Croatian project was thwarted in a series of corrupt actions that included large-scale graft and influence peddling.

47 Alexela’s Paldiski LNG Terminal Denied EU Funds. LNG World News. 22 Feb 2017. Web. 20 Apr 2017
49 Ibid.
Despite Qatar’s desire to invest in Krk,⁵⁴ the Croatian national oil and gas company blocked the terminal. The company, INA, is partially owned and fully operated by MOL, the Hungarian oil company that often represents the interests of the Russian energy sector. Allies of Viktor Orbán run MOL, and a significant portion of its shares are held by banks and institutions that handle them for the benefit of undisclosed clients, allegedly Russian energy companies.⁵⁵ The former Prime Minister of Croatia, Ivo Sanader, was arrested and is under indictment for taking $10 million in bribes from MOL in return for handing over management control of INA to the Russia-friendly Hungarian company.⁵⁶ Croatia unsuccessfully tried to reverse that decision at the UN Arbitration Commission. INA, which has the market power in the country, and even owns the land in which the terminal is supposed to be constructed, has shown no interest for the project. However, LNG Krk, together with the Greek LNGs, might provide a strong counter-balance to the still strongly Russia-dominated gas market of the Central and Eastern Europe, and this project should not be abandoned.

The Croatian case is not the only one in which Russia has tried to stymie the development of the LNG imports it sees as unfavorable. After the completion of the Klaipeda terminal, Estonia and Latvia wanted to reduce imports of the Russian gas by switching to import of gas supplied through Klaipeda. However, Latvia was not able to do so for more than two years, because Latvijas Gaze, the national oil and gas company partially owned and run by Gazprom, refused to distribute any gas other than that imported from Russia. Ironically, Latvijas Gaze shipped gas from the Lithuanian LNG facility through Latvia to Estonia, but did not allow it to be sold in Latvia. Riga partially benefitted from this awkward situation because Russia lowered the price for Latvia, but was unable to diversify till early April 2017, when the final phase of the liberalization of the Latvian energy market came into force.⁵⁷

**Proposed Measures**

Both the Latvian and the Croatian case demonstrate that Russia is well aware of the potential dangers to its energy dominance in Europe posed by a switch to LNG imports. It also shows that Moscow is willing to act and try to preclude the outcome it sees as unfavorable. And yet, Russia’s foreign policy and the development in energy markets have made the reversal of the energy flows in Europe from East–West to South–North (and North–South) by increasing LNG imports more realistic today than it has been a decade ago, for several reasons.

First, politically, Russia’s recent actions in Ukraine have demonstrated that Moscow is prepared to use even the most aggressive tools to advance its interest, not only in securing its energy interests, but also in an attempt to exert direct political control over the region it sees as its “sphere of influence.” This, in turn, has made many governments in the region aware of the political advantages of not being dependent on Russia.

Secondly, since the Senate lifted the ban on U.S. energy exports in 2015,⁵⁸ global energy markets are in the midst of a fundamental shake-up, which Tim Boersma and Tatiana Mitrova of the Columbia Center on Global Energy Policy call a “New Global Gas Order.”⁵⁹ For decades, due to high cost of transportation, natural gas has been a regional commodity transported through

---

⁵⁴ The Sheikh of Qatar Mohammed al-Thani Wants to Invest in the LNG (Katarski šeik Mohamed Althani želi uložiti u LNG). Poslovni Dnevnik, Croatia. 11 Oct 2011. Web. 20 Apr 2017
⁵⁷ Latvia Opens Its Gas Market as It Seizes Control from Russia. BNE IntelliNews. 3 Apr 2017. Web. 20 Apr 2017
⁵⁸ Bordoff, Jason and Akos Losz. The United States Turns On the Gas. Foreign Affairs. 4 Mar 2016. Web. 20 Apr 2017
pipelines from areas with exploitable resources and limited by geography. Although the process of liquefaction, transport, and regasification was developed in the 1960s, it has remained costly and demanded large up-front investment. The gas markets remained regional, with prices depending on local supply and demand. The high transaction costs, on the other hand, were covered by inflexible long-term contracts that linked the price of gas to the price of oil. But recent infrastructure developments, integration of fragmented gas networks, and the increasing penetration of LNG have set off a transition in gas markets from long-term contracts into classic contracts used for other commodities.

These fundamental shifts are driven by several factors: i) high level of infrastructure development and gas penetration throughout the world; ii) new LNG technologies that are relatively easy to finance and construct – the floating storage and regasification units (FSRU) that make the demand side of the market more flexible; iii) number of gas-exporting countries has increased dramatically (to 33 in 2015); and iv) gas glut created by new gas supplies is here to stay, with the start-up of several large LNG projects in Australia and the U.S. over the next four years only growing the amount of gas in the market. The most important driver of these changes is U.S. shale gas production, which has increased from 51 bcm/year in 2005 to 410 bcm/year in 2017. U.S. companies now export LNG to markets across the world through one liquefaction plant. Four new plants that will be online in the coming years will make the U.S. the third largest exporter of LNG after Australia and Qatar. The global liquefaction capacity will more than double in five years’ time a reconfigure the global LNG markets.

Most importantly, this would change the pricing mechanisms, moving away from oil indexation and toward indexation based on pricing points in the more liquid parts of the world (Henry Hub in the U.S., NBP or TTF in Europe). Analysts expect that suppliers will be forced to reconsider their contracts as discrepancy grows between spot market prices (based on excess gas in the market) and long-term take-or-pay contracts (indexed to a high oil price). Norway’s Statoil has already shifted its business practice and offers products based on gas (spot market) prices. This way, contracts would become more flexible, more frequent, and more standardized, which will encourage hub development but also lead to an “uberization” of LNG trade. Overall, the market will become much more efficient and the financial risk will shift toward the gas producers, and not anymore rest solely with the buyer.

Combined, these developments will create an increased supply of LNG in the European and the world market. This is the optimal moment for the Central, East, and Southeast European countries to take advantage of the new energy reality, decrease their dependence on Russian gas, and increase their energy security.

**Recommendations**

- Construct additional LNG regasification terminals in the Baltic Sea and the Mediterranean ports of European Union countries
- Enhance the flow capacity and interconnection of the existing gas transit network, especially the Baltic-Adriatic gas corridor
- The European Commission should not approve the construction of the “Nord Stream 2” pipeline extension to prevent a further dependence on the Russian gas

---

60 Ibid.
61 Ibid.
62 Ibid.
5.6 Economic Sanctions

In 2014, the United States and European Union (EU) imposed economic sanctions against Russia for its action in Crimea and Ukraine. These sanctions came as a surprise to Russia, which did not expect EU-US unity. Sanctions have become the lowest common denominator in policy towards Russia, as there is little political will for a strong military response. Sanctions must be agreed by all EU states to be enacted, demonstrating the cohesion in policy across the continent. Third-party countries including Japan, Canada, and Norway have also imposed sanctions. Targeted economic sanctions have become an increasingly utilized policy tool, yet their effectiveness is debatable. Most comprehensive studies show sanctions fail to achieve their goal in 66% of cases and this figure rises to 79% when sanctions are designed to discourage military assertiveness.63

Economic sanctions are only effective when there are clear objectives to be achieved. Sanctions design must consider what is achievable in the short term and what is desired or necessary in the long term. In general, sanctions are used to coerce targets to change their behavior, constrain targets from achieving their goals, punish targets for their action, and signal to targets that their behavior is unacceptable. Though many argue that sanctions against Russia have not coerced it to change its behavior, sanctions measures have constrained and punished Russia, as well as signal Western disapproval.

In building a new sanctions regime and strengthening current regimes, the Western alliance should keep in mind the leverage it has over Russia, which is substantial. This is a countermeasure the West can efficiently utilize to counter Russian advantages, particularly as the Russian ability to counter Western sanctions is limited.

The major point of leverage is the US dollar and the amount of Russian financial assets held in Western capitals. The US dollar is the core international currency and, particularly important for Russian exports, the petro-dollar. Even putting minor pressure on Russian access to the US dollar and financial transactions involving the dollar will put strain on its economy and investments. In this regard, excessive pressure may be too risky, such as designating Gazprom. Due to the importance of the US dollar, major Russian conglomerates hold stocks and assets in the United States. Retaliatory responses could have major spill over effects. The power of the dollar is valuable, but can backfire if not properly considered and carefully targeted.

The second leverage point is the current domestic financial situation in Russia. Putin has offered and promised prosperity to the Russian people. If properly targeted, the sanctions can constrain or prevent Putin from implementing his “contract” with the Russian population to improve collective prosperity at the price of authoritarianism.64

The third leverage point is the expertise of European, Norwegian, and American companies in oil exploration. This expertise, which includes shale and deep-water oil, cannot be obtained from China or other partners.65 Russian long-term energy investments rely on these experts and its energy sector’s growth is based in these investments. Removing these resources will thus have long-term consequences.

**Threat**

Economic sanctions are an instrument to counter the Russian threat asymmetrically. Sanctions can be imposed in response to Russian annexations, military involvement, cyber attacks, information manipulation, and human rights abuses. Sanctions can thus target the full range of tools used in hybrid warfare. The signal of disapproval increases political costs of continuing its actions. The constraining and punishing objectives of sanctions can increase both political and economic costs. For these reasons, economic sanctions are one of the most important instruments available.

**Current Measures**

**Sanctions Imposed due to Russian Action in Ukraine and Crimea**

Western sanctions against Russia over action in Ukraine have been implemented over five rounds in March, April, July, September, and December 2014. Sanctions measures include the following:

- Asset freeze and visa ban on designated persons and companies deemed responsible for violations of Ukrainian territorial integrity
- Suspension of preferable economic development loans from the European Bank for Reconstruction and Development
- Ban on trading bonds and equity with some of Russia’s biggest state controlled banks, three energy companies and three defense companies
- Ban on loans from five major Russian state owned banks
- Arms embargo on both imports and exports
- Ban on exports of dual use items
- Ban on exporting energy equipment and specific services, including innovative and technologically intensive energy projects, such as Artic, shale, and deep water exportation

These sanctions were initiated by the United States and European Union and are supported by a range of other countries including Albania, Australia, Canada, Iceland, Japan, Liechtenstein, Moldova, Montenegro, Norway, Switzerland, and Ukraine. After its annexation, sanctions were imposed specifically targeting Crimea. They prohibited the sale, supply, transfer, or export of goods and technology in several sectors, including services directly related to tourism and infrastructure. Some Crimean individuals are also designated for travel bans and asset freezes.

Originally, the sanctions focused on signaling Western disapproval of Russian action in Ukraine. The shooting down of Malaysian Airlines Flight 17, with many passengers from European countries, changed the circumstances. This incident, in conjunction with violations of the Minsk ceasefire agreements, led to a more robust sanctions regime. This ratcheting up of the regime has increased the effects felt by Russia. Though Russia continues to destabilize eastern Ukraine and has not returned Crimea, the sanctions have achieved other objectives.

The first goal and original goal of the sanctions was to signal dissatisfaction with Russian actions. In their coordinated efforts, the US and the EU have demonstrated unified resolve. The Europeans, in particular, have maintained the sanctions regime despite the impact of counter sanctions, to be discussed later. This demonstration, and the choice of many third-party countries

---

to join the regime, validates the effectiveness of the signal. It is critical that sanctions are not lifted unless concessions are made. Otherwise, they will lose their signaling ability.

The second goal of these sanctions is to coerce Russia into changing or reversing its policies. It is clear sanctions have failed in this regard if the policy is aggressive action in Ukraine and Crimea. What sanctions have been able to accomplish is bringing the Russians to the negotiating table, either due to the pressure of the original sanctions or the threat of pressure from future sanctions. According to the US State Department’s chief sanctions policy coordinator, Ambassador Daniel Fried, sanctions were the only thing that helped broker the 2014 cease-fire Minsk agreement.67 Though this cease-fire has since failed, maintaining pressure by continuing the sanctions regime could bring the Russians to implement current ceasefire agreements or sign and respect new agreements.

The third goal is to constrain Russia from undertaking future action and punish them for its past actions. This is the most complex to assess. The future impact of these sanctions, if maintained, will be determined by the degree to which they constrain Russian action. In this regard, the sanctions have a long-term outlook in their design. Continuing the regime will compound these pressures and the longer the sanctions are implemented, the greater the impact in long-term investment and availability of capital.

The current sanctions regime has limited Russia’s access to international credit and investment. There has been substantial capital flight. Most impacted are future investments in exploratory oil, where sanctions have targeted access to technology, expertise, and financing. Government spending has been squeezed due to the depreciation of the ruble and need to spend foreign currency reserves to float designated businesses. Crimea specific sanctions have increased the costs of administering the territory and integrating it into greater Russia.

According to the World Bank, negative effects of sanctions on Russia include: increased volatility in foreign exchange market, contributing to depreciation of ruble, impairing access to international financial markets, creating negative climate around Russian business and investment, and depressing both domestic consumption and foreign investment.68 Estimates of overall costs to the Russian economy are difficult to determine due to the fall in the oil prices and changes in the currency’s value. There has certainly been a loss of confidence that had lead to capital flight and brain drain. There are a multitude of constraining factors that produce the effects intended by the sanctions regime. They include: compliance ripple effects, debt targeting, effects on government spending, increases in costs of administering Crimea and future acquisitions, oil targeting, and costs to Russian elite.

One of the difficulties in implementing the Iran sanctions was non-compliance by companies. After secondary sanctions were imposed and large fines sought from non-compliant business, companies operating within the United States and Europe now often over-comply in order to lower risks. The current Russian sanctions regime is unusual because it places the burden of compliance on the companies. The sanctions allow business with designated entities and individuals as long as the activity does not go into prohibited areas.69 In response, many companies consider any and all business risky, particularly as the benefits of working with

69 Ibid.
Russian companies are outweighed by the costs of being frozen outside the American and European financial system, which includes transactions involving the US dollar. This self-compliance technique has improved the efficiency and thoroughness of implementation. It may not be necessary to impose secondary sanctions. The risk of retaliation or backfiring of secondary sanctions is unnecessary given the success of compliance based on a self-compliance mechanism.

The debt targeting is unique to the Russian sanctions regime. It applies pressure to the long-term health of Russia’s major industrial sectors. The financial sanctions reduced the availability of capital, raising interest rates. This made it difficult to refinance international debt, particularly debt denominated in US dollars. Corporate and banking sectors, previously relying on financing from international capital markets, had to turn to the government and government reserves for financing. Capital flight led to further downward pressure on the ruble, exasperating financing troubles. Direct foreign investment fell in Russia from $69 billion in 2013 to $23 billion in 2014 after sanctions were imposed, a 67% decrease. According to Anders Åslund of the Atlantic Council, this is exactly what the sanctions were designed to do.

The debt targeting has negatively effected future investments in oil and gas, which were necessary to compensate for the fall in oil prices. The long-term nature of financial sanctions and lack of investment possibility will impact growth potential in the coming years. The Russian demographic prospects enhance the government’s need for growth, multiplying the issues faced by the government from financial sanctions. These sanctions do not need to be adjusted, only maintained, as the pressure will likely intensify over time.

The financial sanctions have knock-over effects on government spending. Investment projects by the government must be frozen, including the South Stream pipeline project. The Russian government has cut spending on health care, infrastructure, and government salaries as high interest rates have crowded out government spending. The fall of the ruble has crushed government spending and the state has had to spend their reserves. Targeting Russian reserves has forced the government to make tough decisions about its priorities, including imposing costs on the population itself. The regime may not be able to sustain this indefinitely.

Though sanctions have not coerced the Russians to change their behavior, they may have deterred Russia from other assertive behavior. There is no way to determine the effectiveness of sanction’s deterrence. The sanction’s design does contain elements that increase the costs of administrating Crimea and the costs associated with future acquisitions. Sanctions have impacted the Russian ability to modernize their military and this could prevent future adventurism. The sanctions focused on entities directly involved in Crimea prevent Russia from profiting from its seizure and discount the prize of the annexation. For example, the Russians are building a $6 billion bridge to connect Crimea with Russia. Sanctions continue to designate companies trying to build the bridge, increasing costs and frustrating the Russians attempting to administer the

---

72 Ibid.
territory. These sanctions should be kept as long as Russia maintains internationally unrecognized control over the territory.

Targeting energy markets is a delicate task for sanctions designers. The goal is to restrict future growth in the energy market without causing a disruption to current markets and supplies of energy. Sanctions, therefore, do not directly target gas or oil, but instead the long term investment in their expansion. This includes specific sanctions on exploratory experts and technology, a leverage the West can exploit. This provides European countries time to find alternative sources, while Russian capacity decreases. Energy markets will be further discussed below.

The travel ban and asset freeze are at low cost to Western countries, but anger and annoy Russian elites. They put pressure on the inner circle of the Kremlin as the outer circle is inconvenienced. Additionally, the tightening of resources within government due to the sanctions has aggravated tensions among the elites. Though many of the cronies are protected through various methods, these sanctions place pressure on the barons and other rich Russians to leave the country and find alternative business ventures. The loss of this portion of the population could widen the gap between the Russian population and the cronies at the top, without a middle layer. Working with civil society, this continued pressure could disrupt the inner network of the Kremlin over time.

**Sanctions Imposed due to Cyber Action**

In December, the United States imposed sanctions on individuals known to tamper or alter information with the purpose to affect elections and institutions. This action was combined with persona non grata on individuals within the United States and a release of hacking intelligence to entities charged with developing the appropriate counter measures.

The most important aspect of these sanctions is their signal of confidence. Sanctions under this authority would only be imposed if the Treasury Department believed it could win a case in court and it therefore signals having the information and enough intelligence to prosecute. These sanctions could further complement other policies in fighting Russia in the cyber realm. However, the Russian response to these sanctions is unknown. There was no immediate response by the Russians at the time, though this was made in light of a change in administration in the US. Most likely, Russia will respond asymmetrically, perhaps by increasing its cyber attacks against US companies and banks.

**Challenges**

Any sanctions regime against Russia must be thoughtfully designed as they target a major energy exporter and important political player. Unlike sanctions against Cuba, the Democratic People’s Republic of Korea (North Korea), or Iran, these sanctions should not be designed to isolate Russia. The decision to exclude Russia from the G8 was a symbolic political sanction and not a reflection of their economic status. As it currently stands, the Russian economy and its

---

79 Ibid.
companies are too much an integral part of the international financial landscape for the benefits of their isolation to outweigh its costs. Russian sanctions therefore should attempt to make Russia feel economic impact without causing a destabilization of the entire international financial system. This careful balance is essential in using economic sanctions as an effective countermeasure without sacrificing the international economic system still vital to Western goals.

The most significant challenge is the continued support from partners in imposing sanctions. Due to Europe’s proximity to Russia, it is vital the EU maintains the sanctions regimes. However, this requires consensus across the union and any single government can block the renewal of measures set to expire 31 July 2017. Elections in several European countries could change the political appetite for sanctions, particularly considering the impact of counter sanctions, to be discussed below. Continued American leadership will be fundamental.

The sanctions against Russia have been used by Putin to unite Russians against the West. Additionally, it allows the Kremlin to justify tightening resources at home, using the sanctions as a scapegoat. In a survey, two-thirds of respondents thought the primary goal of sanctions was to weaken and humiliate Russia. Ordinary Russians have been un-intentionally effected due to some of the over compliance. Banks afraid of legal issues have cut off credit, particularly in the form of credit cards, from people with cards linked to banks who’s owners are on the designation list, including ordinary Russians. Sanctions have also pushed Russian closer to China and other BRICS countries. Russia is working to develop financial alternatives to the Western infrastructure and institutions, including alternatives to the World Bank and SWIFT. This could undermine the supremacy of Western institutions.

Another unintended consequence was the counter sanctions levied by Russia onto countries imposing sanctions. These sanctions prohibited the import of certain perishable goods, including meats, fish and vegetables. These sanctions have had limited impact on the EU. Some data even supports that the impact of lost exports and potential jobs is negligible. This is due to the European redirection of exports to alternative markets, particularly to the US and China after the weakening of the Euro. Russian counter sanctions cover 43% of 11.3 billion euro agricultural exports to Russia, 4.2% of total EU agricultural exports worth only approximately 5.1 billion euros.

It appears the counter sanctions have backfired. There is no evidence that sanctions led to a broad-based shift in trade patterns to exporting nations not participating in the sanctions. Instead, counter sanctions have caused shortages and increased food prices within Russia. Majority of the export losses were related to Western initial sanctions and not Russian retaliation sanctions. From December 2013 to June 2015, $60.2 billion was the total export loss, but products not targeted by Russia counter sanctions accounted for 82.2%. Russia has significant constraints on its options for counter sanctions. Its disproportional dependencies mean any

82 Ibid.
measures it takes will most likely backfire. This is significant leverage for Western countries. If the West continues to maintain its sanctions, Russia will be pressured domestically to counter these sanctions. This could lead to similar effects as the agricultural sanctions.

**Proposed Measures**

There are three main actionable policies involving economic sanctions as countermeasures to Russian assertiveness. In all these policies, the West is challenging short term Russian military muscle with long term financial might. The first is maintaining, and potentially strengthening, current sanctions imposed due to action in Ukraine and Crimea. The second is maintaining and expanding sanctions related to cyber activity and manipulation of information. The third is considering the design, implementation, and limits of future sanctions regimes in response to possible future Russian action.

**Sanctions Imposed due to Russian Action in Ukraine and Crimea**

These sanctions are designed for the long run and should only be lifted if Russia compromises. At a minimum, the West should refuse any sanctions relief without a holding ceasefire, requiring implementation of all security parameters of Minsk II and additional monitoring on the ground. Policy makers should be ready to respond to positive behavior. Sanctions relief must be minimal and reversible as long as Ukrainian full sovereignty and border settlement are not resolved.

It is important to note that it is unlikely sanctions will ever be able to restore Crimean sovereignty, as it is viewed as of strategic interest to Russia. This was also true in the Iran example. Issues within strategic interest cannot be prevented, but compromises can be made. Sanctions regimes can be parsed out such that certain measures are always maintained as leverage and in order to signal disapproval of Russian infringement on sovereignty. Therefore, the West should be prepared to have at least a portion of the sanctions, including all sanctions regarding Crimea, imposed indefinitely. The most painful sanctions should be reserved for the toughest compromises.

There are methods to increase the strength of the sanctions. These include stronger enforcement and new sanctions. New financial sanctions on access to capital markets are more politically viable in the EU than new cuts in trade, as Europeans are most affected by trade cuts. However, the EU may be self-deterred to tighten sanctions due to consequences of a liquidity crisis in Russia on financial markets. There is also a ceiling to the possible complexity and strength of American sanctions. Secondary sanctions in this case are likely to increase complexity without gains in effectiveness, due to the self-complying nature of the regime and are therefore not recommended. Former Treasury Secretary Jack Lew warned that financial transactions may bypass the US system if sanctions “make the business environment too complicated or unpredictable, or if they excessively interfere with the flow of funds worldwide.”

**Sanctions Imposed due to Cyber Action**

As these designations are only a few months old, there are a few prospective future courses of action. The first is to coordinate intelligence on cyber and information warfare with the EU and other entities. This will increase the number of individuals that can be designated and will

---


begin to apply pressure to the community of individuals committing such violations. The second is to coordinate responses to information tampering with European partners. This will increase pressure on the individuals and decrease their options in terms of funding resources and even travel. The final suggestion is to impose secondary sanctions on the designated individuals. This will limit the banks and institutions willing to risk isolation from US financial markets in order to do business with the designated individuals and entities. Though secondary sanctions may be too extreme in the previously examined case, the list of designations in this case is small enough to not have the same knock-off effects. There is a small circle of these individuals and entities and it will be crucial for the West to find ways to squeeze and pressure them. Complete isolation is one method to accomplish this.

**Future Sanctions Regimes**

There have already been new sanctions regimes proposed by the American legislative branch. Bill S. 94 submitted 10 January 2017 would impose statutory sanctions against Russia with respect to its cyber activities, involvement in the internal Ukrainian crisis, and its role in the Syrian conflict. It would substitute carefully drafted provisions with sweeping, extensive prohibitions. If passed and implemented effectively, it would do tremendous damage to the Russian economy and the West would risk significant consequences to international financial markets from Russian retaliation. The legislation would link the termination of sanctions with definitive reporting on non-intervention by Russia in democratic processes, including those in Ukraine and Syria.

This regime is not recommended. The effects are too sweeping and the criteria for lifting too difficult to achieve. There is no ability to provide gradual relief for changes in policy. By linking all of Russian assertiveness into one regime, it does not allow for the pursuit of small objectives and compromises in exchange for lifting a sub-set of the sanctions. This is not advisable, as the degree to which these actions represent strategic interest vary. Policy makers need the flexibility to adjust sanctions in response to behavior changes in particular areas. The sum of the leverage portioned into parts is greater than the leverage over Russia for an all-encompassing regime such as proposed by Bill S.94.

Instead of linking all of Russian action together, future sanctions design should maintain separation in authority of regimes. These authorities can be limited to different emergencies, with different broadness of authority and specificity of designations and measures. In fact, the same bank, entity, or individual can be designated multiple times under different Executive Orders and authorizations. The adjacent diagram demonstrates the benefit of this system.

---


The separation of authorities allows a single action to be isolated and that sanction regime maintained, such as sanctions related to Crimea. The other regimes can be edited, intensified, or weakened based on the compromises and actions of the Russians. Each regime will look different than other regimes. There will be different designation lists, as designations must be justified and connected to the base action of the regime. The regimes will also target different industries, methods of financings, or activities. Each authority is linked to the main Russian assertiveness issue by negative action that can be augmented or reversed. These smaller objectives are the levers that determine whether sanctions are increased or lifted within each specific regime.

According to academic research, sanctions regimes are most effective using the general approach of “hit ‘em hard, hit ‘em fast.” In the case of Russia, this would have been highly disruptive, unacceptable to Europe, and unlikely to be effective at compelling Russian to change its behavior. Recognizing this limitation, policy makers instead focused on punishing Russia for their actions and signaling their disapproval. The incremental approach is appropriate when the ability to coerce is limited and the main objective is to punish and constrain action.

The phases of the Ukrainian sanctions give a good template on how incremental sanctions can be implemented in phases in response to action. In future crisis, these stages provide the Russian opportunities to negotiate and change their behavior. Sanctions are only increased based on Russian action, not inaction. If Russia chooses to ignore ceasefire agreement, as was the case for the third increase, this action requires a response. The clear action points in the Ukrainian example were: the infringement on territorial integrity of Ukraine in Crimea, the referendum in Crimea, the shooting down of MH-17 flight, and the failure to respect Minsk agreements. In between action, the effects of the sanctions will be felt and hopefully will deter future action.

**Responding to Future Russian Invasion**

After the experience in Ukraine, economic sanctions remain a likely instrument choice to respond to future Russian aggression. Sanctions have become the tool of choice when military options are limited, and this action would likely occur if Russia invaded a non-NATO ally, such as Kazakhstan or Belarus. However, unless the Ukrainian sanctions were lifted prior to the invasion, there is not much left to sanction in Russia where the benefits outweigh the costs. The sanctions currently available offer the opportunity to expand into other industries, such as the mining. Another target could be present oil exports, as current sanctions only affect future oil exports and long-term investment.

In the case of aggressive action on a NATO member, Russia may interpret sanctions as a lack of determination to defend NATO territory militarily. This may signal that there is a lack of resolve among NATO members, leading to escalation if Russia does not see strong retaliation possibilities. In this regard, sanctions policy must be coordinated with other policies in any response to Russian action.

---

94 Ibid.
The invasion of the Baltics offers the opportunity to consider implementing a red line policy. US and EU countries would threaten to impose given sanctions measures in the event Russia undertook certain actions. Any red line must be enforceable and broad. It would limit the West’s flexibility to respond to Russian action, as a given policy is already set. Once a red line is defined, it becomes Russia’s turn to play. This offers them the opportunity to define any action outside or near the concretely defined red line. For example, the red line might be any Russian military presence, overt or covert, in the Baltics, which would lead to the US blocking all Russian banks. Russia may respond by acting just outside the defined box, using deniable action. They may send funds or material into the Baltics instead of individuals. The red line may even increase Russian action, as they know they will not be punished unless they cross the line.

The EU and US would be required to follow through on their red line or risk losing credibility. The red line drawn by the Obama administration on chemical weapons in Syria provides an example on the enforcement credibility at stake. This follow through may have consequences for other objectives and negotiations being reached. In needing to enforce a red line in the Baltics, progress on Minsk may be at risk. This lack of flexibility could harm overall Russian policy, particularly because Russia benefits from the predictability a red line offers. There is some benefit of having a red line. Making the Russians understand the dimensions of a response would influence their calculus in choosing whether to cross a red line. If the red line is severe enough, this could be effective. Nevertheless, this knowledge is unlikely to change their behavior and the costs and risks will outweigh the benefits.

**Improving Leverage and Resistance to Russian Response**

Due to Russian dependency on oil and gas exports for hard currency and export revenue, it is unlikely to commit economic suicide by imposing these restrictions as counter sanctions. Instead, responses are likely to be asymmetric in nature. There may be an escalation in military tension, cyber attacks, or prolonging conflicts elsewhere such as the Middle East. Therefore, Western countermeasures can focus on improving their leverage over the Russians and building resolve to continue measures even through their economic consequences.

One improvement would be a better understanding of the structure of decision-making and influence within the Kremlin. Knowledge of these key individuals and their relations to decision making provides the West with an ability to finely target the most influential confidants of Putin. Designations need to have evidence that connects the individuals or entities to the negative action. Though the authority has expanded in the Ukrainian regime to include those “acting on behalf of Russian officials,” more information may be needed to connect businessmen and other cronies directly to Russian officials.

The EU is in an inferior position compared to the United States because of their geographical location and trade ties to Russia. Their main focus should be on defense rather than any offensive posturing. This includes market reorientation to finding substitutes for Russian goods and services and building its Common Foreign and Security Policy for cohesive action. The most important leverage point is energy dependency. If Europeans can lower their energy dependency before Russia is able to find substitute buyers, the Europeans could threaten import sanctions for energy products against Russia. This will be possible when Russia is less than 15% of the market producer. This is a clear and achievable long-term goal for the EU.

---

Other actions to be taken include preventing and limiting the expansion of non-US dollar based financial institutions and strengthening current economic governance. In addition, Western countries can call on third countries to not substitute their imports. If Russia cannot find alternatives, it cannot impose counter sanctions and the effects of Western sanctions will intensify. Latin America, Pakistan and Iran are already bridging the gap created by import losses from Europe and the US. Diplomatic efforts to reach out to these countries and provide incentives to reduce their exports to Russia will improve sanction’s effectiveness.

**Considering the Extreme Options**

There are two extreme options discussed when considering sanctions policy, the West blocking Russia from SWIFT and Russia cutting off gas from the EU countries. Cutting Russia out of SWIFT has been discussed both in the European Parliament and in the US Congress. As SWIFT is an independent entity, it would require Belgian law to enforce the blocking of Russia. SWIFT itself disagrees with this action, stating “SWIFT will not make unilateral decisions to disconnect institutions from its network as a result of political pressure.” This action would cut Russia from the plumbing system for international finance, crashing the Russian economy. This technique was effective in the case of Iran, but the cases are not equivalent in this regard. It is not a question of whether Russian is deserving of the same level of punishment for its action, but weighing the costs and benefits of such a significant level of punishment.

Cutting Russia off from SWIFT would have macro impacts that would outweigh any possible benefits. On average, 70% of cross border trade in Russia operates through SWIFT. US and EU banks operating inside Russia would find it difficult to move money around, companies in country would not get paid or reimbursed, and there would be a reversion to the TELEX system of sending cash. Europeans and Americans would likely find their assets stranded, particularly if Russia imposed capital controls in response to prevent capital flooding out of the country. Additional damaging Russian responses include expropriation of assets in Russia and repatriation of Russian assets abroad.

The difference in participation levels of the Iranians and Russians in the international financial system is the main factor of why disconnecting Iran was effective, but would be damaging in the case of Russia. 401K and retirement funds often hold approximately 10% of their assets in emerging markets, including the Russian stock market. Few mutual funds held stocks in Iran’s stock market when it was disconnected from SWIFT.

The benefit, however, is that cutting Russia off from SWIFT would force compliance for third party countries, such as Asian and African banks. These banks would be unable to securely message Russian banks through SWIFT’s network and they may find the risk of unsecure

---

99 Ibid.
104 Ibid.
networks too high to continue doing business. Nevertheless, there are also three possible unintended consequences. The first is for Russia to increase its use of its domestic equivalent to SWIFT, the System for Transfer of Financial Messages (SPFS), which is generally not trusted. The institution of SWIFT itself may not survive as the sole means of moving money around, as countries such as China may find it beneficial to quickly offer alternatives. Because of this, disconnecting SWIFT from Russia would be a one-time opportunity to target a big economy and could not be repeated for another major economy.

The second consequence is the Russians could ask for payments of their energy exports in rubles. This would undermine the institution of the petro-dollar. The most important consequence is Russia may view the cutting off of SWIFT as an act of war. The US Congress and EU Parliament must be prepared for this reaction in imposing this sanctions measure.

The Russians choosing to cut off gas from Europe would also have severe consequences for both sides. The loss of export revenue and hard currency would be catastrophic. Russia is only able to turn off the gas periodically and cannot sustain this in the long run. Wholesale amounts of gas needs to go somewhere; otherwise it may destroy the infrastructure. There is currently no place to reroute. The pipeline to China, Power of Siberia or eastern route, supplying from newly developed East Siberian fields will not come into service until 2019. The Altai Pipeline from Western Siberia will export to both China and Europe, but operation not expected to start until 2020. In addition, Russia only maintains leverage when it comes to gas during the winter months. This limitation by weather mitigates possible effects. Turning off the gas may be used by Russia through a different instrument, but will not likely be part of sanctions policy.

**Recommendations**

- Maintain separation of sanctions regimes and do not consolidate separated regimes into one integrated regime
- Continue the course with sanctions against action in Ukraine and Crimea
- Work with partners to develop cases for further designations for cyber/information manipulation sanctions through intelligence and information sharing
- Implement policies to decrease gas and oil dependency to enable the imposition of energy sanctions, completing this before Russian finds alternative energy buyers
- Cutting Russia off from SWIFT or creating red line policies is not recommended

---

5.7 Countering Russian Influence

Western policy should seek to deny Moscow the opportunity to use the soootchestvenniki to achieve Russian foreign policy goals. Fortunately, Crimea and Donbass represented perhaps the easiest cases of doing so (with the possible exception of Kazakhstan). While analysts and governments have prudently focused considerable attention on the possibility of a similar scenario playing out in the Baltics, replicating Moscow’s Ukrainian interventions in Baltics would be quite difficult.\(^1\) Additionally, while Russian-speakers in the Baltics have differing political attitudes from the majority population, it is unlikely that Moscow will be able to meaningfully employ them as instruments of political influence (as noted previously).

Nevertheless, encouraging the political and social integration of Russian-speaking minorities in the Baltics is a primary means of hardening these countries against Russian efforts at coercion. The relative likelihood of Russian aggressive or coercive behavior is linked to the extent to which Russia, an opportunistic actor, might believe that such action could succeed. Consequently, further progress on integrating these minority populations is a key element of both deterring and deflecting Russian coercion against the Baltics.

**Threat**

Concerns over the allegiances of Russian-speakers in the Baltics are generally overblown. Public opinion surveys and more anecdotal reporting routinely confirm that Russian-speakers in Estonia and Latvia retain primary political allegiance to their respective governments, even if they often feel disaffected or alienated. Even those Russian speakers who express support for Russian policies in Ukraine and elsewhere, for example, dismiss the idea of supporting similar policies in their own countries.\(^2\)

This is not to say, however, that political and social disaffection do not exist, particularly in border regions like Ida-Viru.\(^3\) There is also real potential from backsliding on the issue of political and social integration. While the Baltics have long been cited as an example of successful conditionality leading to accommodating nationality policy, recent scholarship has found that Baltic political elites implemented more accepting nationality policies under duress and have not “internalized” European norms regarding minority rights. In other words, the Baltic states complied with EU conditionality, but only grudgingly, and do not accept the normative or moral rationale behind such conditionality.\(^4\) According to Jennie Schulze’s survey of Estonian political elites, the upper echelon of Estonia’s leadership clearly views concessions on citizenship policies as the price of admission to the European Union, not as an affirmative declaration of values. In other words, Estonian elites have grudgingly complied with European mandates but overall, “minority rights norms have not been internalized by a substantial portion of the Estonian

---


\(^3\) Balmforth

elite, and therefore, they do not continue to guide policy in the post-accession period.”

This attitude suggests that further diplomatic pressure is required to avoid stagnation or backsliding in the political integration process.

The attitude of Baltic citizens and elites is, of course, rooted in exceptionally painful national histories and is typical of post-colonial states. Parts of the Baltics were periodically conquered throughout Russia’s imperial history and there has historically been a significant Russian merchant presence, particularly in Latvia. The Russian empire frequently carried out efforts to Russify its western borderlands, including the Baltics. The current Russian-speaking population is largely the product of forced migration and Russification efforts carried out, often in brutal fashion, by Soviet authorities, particularly in the mid-20th century. Consequently, the attitudes depicted by Schulze and others are understandable and even justifiable. To the extent that they contradict Euro-Atlantic norms and hamper efforts to promote Baltic security, the laws and policies stemming from these attitudes, however, should be a fair game for inclusion in a diplomatic conversation over how to provide for common defense. Additionally, the experience of the EU during the Baltic accession process shows that such attitudes, no matter how deeply held or justifiable, are not impermeable and can be overcome or bypassed with political inducements and diplomatic pressure.

The social and political exclusion of Russians and Russian-speakers in the Baltics is also a product of “fifth-column fears,” i.e. that these populations could be mobilized on behalf of a foreign, hostile power. While this is, on its face, a legitimate fear, the most recent and comprehensive surveys of public opinion and social attitudes within these communities suggest that exclusion actually heightens, rather than lessens, the potential for divided loyalties and “fifth-column” scenarios.

Challenges

Some analysts have suggested that European countries and the United States have a limited or non-existent ability to effectively encourage a more accommodating citizenship policy. According to this line of thinking, the major NATO powers may wield significant influence among the Baltic states “but the practical influence of these countries over the domestic policy of the Baltic countries is limited – citizenship, education, and related issues are clearly the prerogative of the Baltic countries themselves.” However, the clear success of conditionality policies during the EU accession process and the continued reliance of the Baltic states on the EU and NATO for security and other support suggests that diplomatic pressure or encouragement

---

116 Schulze, 362
118 Oleg Pukhlyak and Dmitry Borisov, Russkiye v Latvii so srednovekovovy do konsa XIX veka (Russians in Latvia from the Middle Ages to the End of the 19th Century), Riga: SI (2005)
121 Cooley; Gelazis
124 Radin, 32

82
could indeed be effective. The notion that major NATO powers have limited influence over Baltic domestic policy is belied by the adoption of nationality policies that, as Schulze has demonstrated, were only implemented in response to diplomatic pressure.

Additionally, there is a significant ongoing trend toward greater US and NATO military presence in the Baltics.125 It would be both reasonable and potentially effective for Washington and Brussels to link such deployments and rotations to the nationality and citizenship policies of the host states, which have a clear impact on their own security posture. The fraught nature of language and nationality issues in the Baltics126 suggest that pushing for genuinely radical reforms, like granting language official status to Russian, would indeed be counterproductive.127 However, the Western community would be well within its rights to push for specific, discrete changes to citizenship and naturalization policy, including allowing Russian-speakers to demonstrate progress toward titular language proficiency (rather than proficiency) as a prerequisite for beginning the lengthy naturalization process.

There are approximately 56,000 Russian citizens residing in Latvia128 and 130,000 in Estonia.129 Additionally, there are numerous residents who are citizens of neither their host country nor any other: approximately 300,000 in Latvia130 and 90,000 in Estonia.131 Clarifying the status of the numerous “grey passport-holders” and “non-citizens,” along with granting host country citizenship to Russian citizens, would be beneficial for the security of the Baltics. As the primary security guarantors of these countries and the previous executors of a successful conditionality policy, the United States and its European allies are well-positioned to advocate strongly for more accommodating citizenship policies in the Baltics.

Proposed Countermeasures

While encouraging Baltic states to allow for political integration through diplomatic pressure and conditionality, Western governments can also work toward this goal by supporting language education. There is a clear correlation between titular language proficiency and political identification with the state. A recent study by Ammon Cheskin, for example, demonstrates a significant relationship between Latvian language proficiency and primary political identification with the Latvian state among Russian-speakers, particularly young ones.132 This suggests that language education should be a primary goal of Baltic governments, as opposed to using language as a wedge to deny citizenship to ethnic Russians.

Additionally, expanding the language capabilities of the Russian-speaking minority could lessen their reliance on Russian-language media, a key tool for political agitation. For example, there is evidence that Russia effectively used state media outlets to radicalize opinions among Estonia’s Russian-speaking minority during the Bronze Soldier Crisis in 2007.133 Reliance on

125 Mark Cancian and Lisa Samp, “The European Reassurance Initiative,” Center for Strategic and International Studies (February 9, 2016); Paul Belkin, Derek Mix and Steven Woehrel, “NATO: Response to the Crisis in Ukraine and Security Concerns in Central and Eastern Europe,” Congressional Research Service (July 31, 2014)
127 Radin, 16
130 Conley et al, “The Kremlin Playbook.” 50
132 Cheskin
133 Schulze, 367
Russian media can shape political attitudes and perceptions, a phenomenon on display throughout the post-Soviet space, from Ukraine to the Baltics to Moldova. Accordingly, supporting the attainment of greater titular language proficiency in Latvia and Estonia could have the ancillary effect of reducing consumption of Russian media. Given the difficulty of these languages, however, Russian speakers are likely to continue consuming Russian media, meaning that altering the mix of media currently available to Baltic Russian speakers should be another objective.

The Western community and the United States in particular have several potential means for increasing language education and broader social integration. In Latvia, social and educational support for non-citizens is provided by the National Integration Center, a non-governmental organization. The Center receives only 25% of its funding from the state budget, with 75% provided by the EU’s Fund for the Integration of Third-Country Nationals. The reliance on third-party organizations to provide support for language training and integration support offers an opportunity for Western governments to support their security and political goals with relatively small expenditures. Compared to the expense associated with military rotations and deployments in the Baltics, such support would represent a small outlay with a potentially significant upside.

The issue of Russian-language media highlights another opportunity for Western governments to positively impact the minority issue in the Baltics. As noted above, Russian speakers in Estonia generally consume Russian television programming, which is of a higher quality than Russian-language content produced in Estonia and Latvia. As noted above, the consumption of Russian media is insufficient to push Estonian Russian-speaking respondents toward wholesale adoption of Moscow’s political line. It does have a clear, even if marginal, impact on political attitudes toward major issues. As noted above, Estonian and Russian-speaking respondents had starkly opposed views on the Bronze Soldier Crisis of 2007, an unavoidable byproduct of the “different information spaces” in which these populations live. The security services of both countries have highlighted this exposure to Russian propaganda as a potential security problem.

Breaking down these “information spaces” would, consequently, be quite beneficial. Numerous analysts have identified strengthening independent media more broadly as a key means of pushing back Russian influence on the European periphery. This goal is particularly applicable to the Baltics. There are several agencies of the US government with broad experience supporting independent media outlets in a variety of media, including print and television.

---

135 Zakem et al., 8-9
137 Bershidsky, “Estonia Can Handle Putin’s Soft Power”
139 Radin, 18-19
140 e.g. Conley et al., “The Kremlin Playbook;” 32-3;
United States Agency for International Development, the Broadcasting Board of Governors, and other agencies should develop financing and support programs for Estonian state-run and independent media outlets, with a focus on improving content offerings by Estonian-owned and operated Russian-language outlets.

These agencies may have the requisite capabilities to provide sufficient support on their own. However, the broader issue of countering disinformation and “fake news,” which has led countries like the Czech Republic to create new governmental bodies designed to combat such misinformation, suggests that a new entity, perhaps modeled on the Cold War-era US Information Agency, may be necessary. A rebooted USIA or similar organization could take the lead in broader efforts to combat disinformation but could also play a role in supporting liberal or Western-aligned media, as it did during the Cold War. Such an entity would naturally play a key role in any effort to support titular-language media in the Baltic states.

The scholarly surveys and journalistic anecdotes discussed above suggest that compatriot populations may be somewhat less than susceptible to efforts by Russian intelligence or other state organs to mobilize them against their countries of residence. However, past episodes like the Bronze Soldier Crisis of 2007 show that the threat does exist. Consequently, maintaining vigilance and developing effective counters against such efforts at instigation and agitation is key.

Reducing the reliance of Baltic Russian-speakers on Russian-language media is likely the most effective means of reducing Moscow’s ability to push political agitation. There is still a need for Baltic counterintelligence services to proactively monitor such communities and guard against efforts at political infiltration or agitation. This is not necessarily a counterintelligence problem in the classical sense; the specific problem of preventing foreign espionage against Baltic governments is a different issue, one with which Baltic intelligence services are quite familiar. There is also a broader need to maintain a vigilant posture against Russian efforts to exploit compatriot disaffection for political purposes.

There is limited analytical work to date on the specific issue of guarding against political agitation within compatriot communities in the Baltics (beyond work dealing with the issues covered above, like media and political integration). This problem is not unlike the issue of countering violent extremism within Muslim in the West. While the analogy has obvious limits, the primary challenges are sufficiently similar that countering violent extremism efforts could offer useful lessons to Baltic and allied intelligence services seeking to counter threats emanating from within compatriot populations.

While an assessment of the full literature on this issue is beyond the scope of this paper, there appears to be an emerging consensus, among scholars and practitioners in the US, that the most effective means of guarding against extremism involves relationship-building and community-oriented tactics. Again, the challenges involved in counterterrorism efforts by law enforcement agencies.

---

143 e.g. Michael Weiss, “The Estonian Spymasters,” Foreign Affairs (June 3, 2014); Marcin Andrzej Piotrowski and Kinga Ras, “Baltic States’ Intelligence Services Report INCreased Threat from Russia,” Polish Institute of International Affairs Bulletin, No. 42 (July 2016)
enforcement and counterintelligence efforts by intelligence agencies are different, but there is a broadly applicable principle: state security agencies can best maintain an appropriately vigilant posture by engaging constructively with populations wherein threats might originate. The gaps in efficacy between law enforcement in the United States (where Muslim communities are comparatively successful and well-integrated) and countries in Western Europe illustrate this point.\textsuperscript{145}

Consequently, there is reason to believe that progress on political and social integration would assist any efforts by Baltic counterintelligence services to guard against potential political agitation or mobilization within Russian-speaking communities.

**Recommendations**
- Pressure Baltic states to adopt more inclusive citizenship policy
- Provide financial and technical support to independent and state-run titular language media
- Provide financial support to entities that support language education

\textsuperscript{145} e.g. H.A. Hellyer, “Engagement with the Muslim Community and Counterterrorism: British Lessons for the West,” Brookings Analysis Paper No. 11 (December 2007)
5.8 Reinforcing The Article V Guarantee

The principle of collective defense is enshrined in Article V of the Washington Treaty. However, some NATO members, particularly the Baltic countries, are doubtful that Article V would actually be invoked on their behalf. Ukraine is not a NATO member, but did have security guarantees via the 1994 Budapest Memorandum for the United States and United Kingdom. In accordance to this, the two nations were to “seek immediate United Nations Security Council action to provide assistance to Ukraine.” The failure of this agreement to secure meaningful support for Ukraine highlights the necessity of shoring up Article V’s more robust guarantee. Though the alliance is military in nature, strengthening the alliance will entail diplomatic efforts.

Threat

Russia’s use of hybrid warfare makes it difficult to predict what form aggression against the Baltics might take. Officials in Western capitals fear Kremlin’s ability to dismantle the NATO alliance by challenging Article V with an ambiguous or deniable incursion. A strong NATO response does not currently seem to be a guarantee. According to former CIA chief John McLaughlin, “if he were to challenge NATO in some way that paralyzed us over an Article Five issue, that would be a dagger to the heart of the alliance.” Beyond the military threat of an invasion, Russian aggression poses an existential political threat to the alliance structure.

Current Measures

Article V has never been invoked due to an attack by a nation state on a member of NATO. Its only use was after the September 11th attacks of 2001 when the North Atlantic Council determined that the attack directed from abroad against the United States was action covered by Article V. Accordingly, there is little precedent with which to reassure nervous frontline states. In response to such uneasiness, Poland has been increasing its military cooperation with the Baltic states and with Finland and Sweden, both of which are nonmembers. This could indicate a desire to lower reliance on NATO and US forces. Warsaw appears to be expressing doubt over the efficacy of the collective alliance. Such a lack of trust does not augur well for the alliance.

Challenges

In the case of Russian assertiveness, it is important to break down the different elements of Article V to investigate how the Article may be used in countering Russian action and where the challenges lie.

“The Parties agree that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all and consequently they agree that, if such an armed attack occurs, each of them, in exercise of the right of individual or collective self-defence recognized by Article 51 of the Charter of the United Nations, will assist the Party or Parties so attacked by taking forthwith, individually and in concert with the other Parties, such action as it deems necessary, including the use of armed force, to restore and maintain the security of the North Atlantic area.”


The first element is that all parties must agree in the North Atlantic Council that an armed attack has occurred. All members have a veto and could block agreement. Russian use of hybrid tactics could make this search for consensus challenging. Many countries are disinclined to aggravating Russia and may hesitate to invoke Article V in the absence of a clear, full-scale conventional invasion.

Public opinion within the NATO alliance differs on the Article V guarantee. When asked by the Pew Research Center whether their country should use military force to defend a NATO ally if attacked by Russia, at least half of Italians (51%), French (53%), and Germans (58%) said they should not, while 56% of Americans and 53% of Canadians said they should.\(^{150}\)

This hesitation and reluctance by Western Europeans is partially rooted in the belief that the United States will come to an ally’s defense, mitigating the necessity for European action. A median of 68% of those polled believe the US would come to the ally’s defense and that this a more credible action than their willingness to come to the ally’s defense themselves.\(^{151}\) Unilateral action by the United States in other circumstances, such as the war in Iraq where strong opposition existed in Germany and France, reinforces this belief. Further, positive views of NATO have decreased in many of the Western European countries unwilling to come to their ally’s aid, including France, Spain, the UK, and Germany.\(^{152}\) In Germany, favorable views fell from 73% in 2009 to only 55% in 2015.\(^{153}\) Clearly, NATO governments must work to improve public opinion on the collective responsibility to the alliance.

However, favorable views of NATO have risen dramatically in the last few years in Poland, increasing from 64% in 2013 to 74% in 2015.\(^{154}\) Poland has also increased its military spending to the 2% of GDP NATO target. The geographical divide on the perceptions of threat level might explain this. 70% of those polled in Poland believe Russia is a major military threat to neighboring countries, while only 49% of those in all other polled countries\(^{155}\) believed so, including only 38% of Germans.\(^{156}\) Perhaps because it is inconceivable that Russia would attack Italy, there is little buy-in by Italians to the collective defense of the entire alliance.

Such polls, taken under non-crisis conditions, tend to understate public support, which is often affected by crisis and by elite leadership. These Western European states do, however, represent potential weak links in the alliance if the North Atlantic Council is forced to meet. This lack of solidarity is directly counter to the spirit of collective defense and must be remedied.

The second element is how the NATO alliance responds when there is a consensus that an armed attack has occurred. Article V is intentionally vague on this issue. During its drafting in the late 1940s, there was consensus on the principle of mutual assistance in response to an attack, but disagreement on implementation. European participants desired American military assistance in the event of an attack, but the United States did not want to be forced into any course of


\(^{151}\) Ibid.

\(^{152}\) Ibid.

\(^{153}\) Ibid.

\(^{154}\) Ibid.

\(^{155}\) The other polled countries included Canada, France, Italy, the US, the UK, Germany, and Spain

action. Once Article V is invoked, members of NATO can provide any form of assistance they deem necessary. This individual obligation could be used as a negotiating tool for countries in building consensus on invoking Article V. The assistance of each member is coordinated with the assistance of every other member to build the collective defense network, but it is not required that every member come to the military aid of the attack country. The alliance’s goal is “to restore and maintain the security of the North Atlantic area.” If political, diplomatic, or economic means can achieve this goal, then there is no Article V requirement for any military response.

**Proposed Measures**

To combat this, there should be a cohesive campaign to improve public perceptions of the NATO alliance, build solidarity with at-risk countries, and increase public willingness to commit to Article V obligations. The organization should begin with educating its citizens about the alliance. Citizens will not vote for increases to military spending for the alliance if they do not appreciate the threat to its existence. Civil society can echo these efforts by promoting NATO-related education in school systems and conversations about the alliance in media and public spaces. Much of this work can be conducted through NATO’s Public Affairs Office and the Allied Command Transformation, which is responsible for education and training programs.

Additionally, building solidarity requires building mutual support across the entire alliance. The diversity of its members means NATO countries have divergent security concerns. With the limited resources available to the alliance, these concerns must be prioritized. Building a sixth committee to answer to the Parliamentary Assembly focused on the addressing and prioritizing all members’ security concerns may offer an opportunity for all members to be heard equally within the alliance. The Assembly, which sets the alliance’s policy agenda and strategic goals, would be aided by a sixth report from this committee. Each national government would submit a report to this committee, outlining its primary concerns. No special preference is given to any one member, regardless of financial or material contribution to the alliance. This space offers a public opportunity to hear the concerns of others and compile this information to assess the most critical security threats to the alliance.

NATO members will question the validity of their alliance if a member invokes Article V in the absence of alliance-wide consensus. With only one previous instance, there is little precedent for invocation. In this regard, NATO may benefit from a clearer definition of “an armed attack,” that includes the modern technology and methods used in hybrid warfare. Defining when, for example, a cyber attack constitutes an armed attack could shine legal light on the grey area hybrid warfare attempts to exploit. It would therefore be legal binding on hesitant countries to invoke Article V, even if their ultimate support is minimal.

The war in Afghanistan following the invocation of Article V set a precedent to the level of commitment for each country. Military action was mainly conducted by American and British troops, though all NATO members sent troops and support. NATO members contributed variously sized military contingencies. Each NATO member determined response size, rules and regulations individually, and only contributed based on this national response.158

A successful invocation of Article V would reassure NATO members that action would be taken and continue to build the norm of collective defense. Countries affected by terrorism in Europe, in particular France, could do this. After the Charlie Hebdo attacks, France invoked

---

Article 42.7 of the European Union Lisbon Treaty, a mutual defense clause, but did not invoke Article V. European governments responded to the invocation and worked to strengthen European defense against terrorism. Building such confidence could reassure members of the alliance and demonstrate strength to Russia on the cohesion of the alliance.

To secure the Article V guarantee, this section, therefore, suggests three main measures. First, there must be efforts to build solidarity and improve public perceptions of the alliance. Increased popularity in the NATO alliance at home will decrease the probability of an individual member preventing the invocation of Article V. As a side effect, increased popularity may also lead to increased military spending to support the alliance and initiatives like the ERI, bringing more countries in line with NATO spending target of 2% of GDP.

Second, norms should be developed to clearly define “an armed attack.” Since Article V has already been invoked once in response to an armed attack by a non-state actor, it should be possible to define a range of other contingencies, like a non-conventional act of aggression carried out by a state. Governments will find it politically more difficult to prevent invoking Article V if hybrid action taken by Russia clearly falls under a revised definition of armed attack.

Third, a clear precedent of the obligations by an individual country after invocation of Article V should be established. These obligations may result out of negotiations to invoke Article V for terrorist attacks in European cities. Governments and their publics may view invoking Article V more favorably if the individual commitment of the country does not require a military response. Though individual countries could come to the collective aid of an attack country under Article 51 of the UN Charter, this would undermine the collective defense alliance.

**Recommendations**

- Develop a clearer definition of “armed attack” to include new technologies, such as cyber, and new tactics, such as those utilized in hybrid warfare
- Increase education on NATO and develop public campaign building resolve in alliance
- Build a sixth committee in Parliamentary Assembly to address and prioritize security interests of all NATO members
- Invoke Article V due to terror attacks in European capitals to further build precedent

---

5.9 Diplomatic Pressure at United Nations

Western countries should be pushing for more consistency within international organizations, including the UN and the World Trade Organization. Diplomatic pressure at the UN seeks to isolate Russia for its action and increase the political costs of continuing to veto resolutions and removing meetings from the Programme of Work.

**Threat**

Russia has been able to manipulate the international system to preserve a fig leaf of legitimacy despite its violations of international laws and norms. In the UN Security Council, it uses the Charter to argue that its actions are consistent under international law and uses the system of veto power to its advantage. As discussed previously, Russia’s use of the veto has prevented the possibility of multilateral action and limits the options available to the West.

**Current Measures**

The West currently uses mostly rhetoric and statements within the Council to demonstrate its displeasure of Russian action. When the use of the veto prevents the adoption of resolutions to invoke action, the West can only give statements. The lack of reform of the veto system allows Russia to use its antiquate right and block Western proposals. There are several veto reform policies being advocated in the General Assembly. The most promising for dealing with these instances of Russian veto is the French proposed Code of Conduct.

In light of the Syrian tragedy, France has proposed a voluntary limitation on the use of the veto in circumstances of mass atrocities.\(^{160}\) It proposes “a collective and voluntary agreement among the permanent members of the Security Council to the effect that the permanent members would refrain from using the veto in case of mass atrocities.”\(^{161}\) The proposal defines mass atrocities in line with Responsibility to Protect documentation and the World Summit Outcome Document of 2005. It is formally defined as “when crimes of genocide, crimes against humanity and war crimes on a large scale are committed.”\(^{162}\) Implementation of the voluntary restraint would occur after 50 member states request the Secretary-General to “determine the nature of the crime.” If the Secretary-General decided mass atrocities, as defined, have been or are being committed, “the code of conduct would immediately apply” to all permanent members.\(^{163}\) As this is a voluntary action, there would be no need for an amendment to the Charter.\(^{164}\) The initiative contains no legally binding mechanism.\(^{165}\) However, former French Foreign Minister Laurent Fabius also recognized a potential exception to the Code of Conduct in “cases where the vital interests of a permanent member…were at stake.”\(^{166}\) He notes that this is to make the code of conduct “realistically applicable.”\(^{167}\) This allows permanent members, while still upholding the Code of Conduct, to continue to veto if they can defend their veto through the invocation of national interests.

---


\(^{161}\) Political Statement on the Suspension of Veto in case of Mass Atrocities, 15 September 2015.

\(^{162}\) Ibid.


This proposal is based in the shift in the contextual change of the Council. The Council was designed assuming conflicts that required protection against aggressions from enemy states. The Council has adapted to protect human rights in internal conflict as well. The overarching theme of the proposal is “the veto is not a privilege, it is a responsibility,” reiterated by Laurent Fabius at the ministerial meeting on the framework for the use of veto in September of 2015.

**Challenges**

As the veto was required to guarantee the permanent members buy-in into the organization, removing this right may cause members to leave. This could lead to the collapse of an international organization crucial to expanding and growing the liberal world order. Therefore, veto reform must restrain Russian action without removing veto power entirely. Recognizing this, the French proposal contains loopholes and is not legally binding.

It is like that Russia would completely ignore this normative change. The delegation may not feel a pressure or need to change its actions. As accused by former Permanent Representative for the US, Samantha Power, “Are they truly incapable of shame? Is there literally nothing that can shame them?...Is there nothing that they will not lie about or justify?” If true, there may be no possible action to change their behavior.

**Proposed Measures**

The United Kingdom supports the aims of the reform, but has not officially endorsed it. The United States has not taken a stance; there has not been an agreement within domestic politics. Both these countries should join France as strong supporters of this initiative.

The French proposal has great potential to change the rhetoric and dialogue within the Council. Firstly, it would apply more pressure to countries not to veto in circumstances of mass atrocities. This would include resolutions related to the war in Syria. If they were to veto, they would have to give an explanation that included national interest in some capacity. It is clear from the Council meeting records that there exists a high level of frustration with the rationales used by vetoing countries, such as self-determination and non-intervention. If applied consistently, there would be diplomatic pressure on Russia not to veto because of the code of conduct against it. An elected member explained that the reform would create a “moral climate that will be difficult to ignore.”

Secondly, countries would be required to be more honest about their rationales. This proposal would force Russia’s hand to justify their veto beyond the veil of their present generic excuses, such as norms of non-intervention and domestic sovereignty given by Russia to defend vetoing draft resolutions on Syria and Ukraine. This transparency could increase the legitimacy of the Council, as there would be greater understanding of the political dynamics and interests. It should also be noted that vital interests are often the reason why permanent members veto resolutions in the first place. Despite this proposal’s loopholes and non-legally binding mechanism, it does increase the political price for Russia of vetoing.

---

168 This is an interpretation of Article 39 of the United Nations Charter.
170 UN Document S/PV.7834, 13 December 2016
Even if resolutions cannot be passed in the Security Council due to Russian veto, Western countries should push to pass resolutions in the General Assembly. This could include defining hybrid warfare, condemning Russian action, solidifying international norms around the democratic process, and establishing norms related to cyber warfare. Western countries should also do what they can within the chambers of the Security Council. The Ukraine’s presence on the Council for the past year and a half has put considerable pressure on Russia, and this pressure should continue.

The Arria-Formula meeting on Hybrid Wars, chaired by Ukraine on 31 March 2017, is an example of the innovative solutions to how member states can bring attention to these issues, bypassing Russian veto. Arria-Formula meetings were originally designed for the Council to take advantage of expertise and information from sources outside of its chambers. In the case of the debate on hybrid warfare, it does not require consensus of every member to meet for a formal session. If it is believed a Council member, particularly a permanent member, would not allow the meeting to be placed on the Programme of Work, the informal nature of Arria-Formula meetings does not require their consent.173 Arria-Formula meetings also are more easily accessible to the wider membership of the UN. Joint work between the Security Council and the General Assembly on these issues and defining these new norms can be developed in this space.

Recommendations

• Support the French proposal for Code of Conduct veto reform in the UN Security Council
• Draft General Assembly resolutions defining cyber attacks and hybrid warfare
• Continue calling for Security Council meetings on Ukraine and hybrid warfare and host Arria-formula meetings when resistance occurs

---

5.10 Opposition Support

Along the economic, diplomatic, overt military, and counterintelligence measures offered above, there are additional means that may help counter Russian assertiveness. In particular, support for various opposition groups in and around Russia is a potential, if somewhat extreme measure. Due to the significant risks of blowback and limited gains, such measures should be contemplated only in the event of a marked change in Russia’s posture toward even greater aggression.

Mounting what would amount to a limited intensity counter offensive via surrogates could be accomplished in three contexts; where Russia has inserted itself on its periphery, in its internal historical flashpoints (i.e. the restive southern oblasts), and within the domestic dissident movement. The avenues of support for the first two contexts are fundamentally different than the third. However, their purpose is unified; to distract and degrade Russian will for assertiveness abroad, and turn its focus back towards what it considers to be already consolidated and secure.

Current Measures
Due to the covert nature of the efforts conceptually summed under the terminology “opposition support,” it is difficult to definitively assess how much support for opposition groups – especially in Ukraine, Georgia, or within Russia itself – is currently being provided.

Challenges
Challenges to providing covert assistance to opposition groups are manifold. There is a speculative nature to these types of operations – the situation in Syria evidences the numerous challenges, uncertainties, and the resource intensive nature of building organic and effective opposition groups against state adversaries.

The challenges which resistance groups in eastern Ukraine face is a Russian-backed pseudo-government that has consolidated its forces and built a social, political, and security infrastructure. In the southern oblasts of the Russian Federation, the state’s large coercive apparatus could be brought to bear.

Proposed Measures
If the strategic situation becomes challenging enough that extreme measures are called for, there are several possibilities. Writing for the Joint Special Operations University, Chief Warrant Officer (CWO) Stephen Dayspring suggests, “Through the covert employment of [Special Operations Forces] and the use of surrogate organizations, the West should seek to counter hybrid warfare through the infliction of damage to military and strategic targets.”

CWO Dayspring offers several specific proposals:

Russia’s promotion of violence should have been answered with the provision of antiarmor weapons to Chechen separatists, the sabotage of Black Sea Fleet ships while making visits to foreign ports-of-call, the demolition of rail bridges over the Volga, or the physical destruction of pipelines, power transmission facilities, and munitions production factories in the Russian interior.

If the nature of hybrid warfare is not recognized before the introduction of overt forces, then those forces should be the targets of relentless violent reprisals. It should be a

---

declared matter of U.S. policy that the United States will aid and support any Tatar or Ukrainian resistance movement in occupied Crimea. Russian divers should be forced to work nonstop to ensure that the hulls of Black Sea Fleet ships remain free of Western-provided yet locally emplaced limpet mines. Russian maintenance officers should be cleaning sugar out of T-72 gas tanks and replacing intentionally cracked road wheels, in order to cripple the already antiquated and taxed (Russian military) logistics system.\textsuperscript{175}

Dayspring lays out mechanisms and techniques which could be enacted via a concerted campaign against Russian forces (both in the Russian periphery, and within Russia itself) to degrade capabilities, diminish resources, waste time and manpower, and distract from the prosecution of operational tasks – very specifically, aggression in its periphery. Dayspring’s recommendations are obviously quite aggressive, and should only be considered in the event that other measures to curb Russian assertiveness have failed.

**Support to Resistance Groups in the Russian Periphery**

In eastern Ukraine, anti-Russian militants may be empowered to disrupt and degrade Russian military capabilities and pro-Russian networks of support. Past reports on pro-Russian militias indicate decaying morale, as the ad hoc, pro-Russian governments failed to keep their promises to foreign fighters and “volunteers” injured in their service.\textsuperscript{176} A campaign of sabotage and selective engagement in Donetsk and Luhansk could decay morale and degrade the ability of the pro-Russian militias and their Russian military compatriots to operate effectively. Even further, if conceived and coordinated properly, some of the ethnic populations from which the pro-Russian militias derive great strength could be further demoralized and possibly even turned, if brutal Russian pacification methods were re-introduced in their home regions (Chechnya & Dagestan, specifically.)

**Support to Domestic pro-Independence Groups**

Supporting opposition groups and independence movements in south Russia is even more aggressive and puts the United States in the uncomfortable position of allying itself with Sunni extremists (thereby making some aspects of Russian propaganda true). Even if support for these groups is fraught with uncertainty, and poses a decidedly severe downside, it is still important to consider how a renewal of tensions in Russia’s south could re-focus its priorities. In a similar conceptual vein, the Russians have overlooked past historical animus for potential gains within the current geopolitical landscape; they seem to have no qualms entering into relationships with former Islamist adversaries where it furthers their interests, or hurts shared enemies. Recent reports of Russian support for the Taliban reinforce this conclusion.\textsuperscript{177}

The history of Russian pacification efforts in Chechnya, Dagestan, Ingushetia, and Kabardino-Balkaria is characterized by significant human and economic costs. Russia’s pacification efforts in the south became more decisive and brutal after the mid-1990s. Moscow has recently chosen to empower local strongmen like Ramzan Kadyrov in Chechnya, who has largely succeeded in keeping the peace.

However, significant tensions remain between pro-Moscow and pro-independence groups across the region; so too does the conflict between moderate and radical Islam. As previously


mentioned, these Muslim-majority oblasts are strong recruiting grounds for Salafist terrorist groups. As natives return from fighting for the Islamic State, potential for conflict rises. The degree to which Moscow will have to commit manpower and resources to address this issue is unknown currently, but is certainly of concern to the Russian state.

Support to Domestic Democratic Dissidents

Putin has succeeded in marginalizing and discrediting political opponents, essentially eliminating the democratic process. Support for, and participation in, legitimate opposition groups within Russia has atrophied, as the Russian state has worked to suppress democratic politicians and organizations, along with public dissent.

Public demonstrations are often met with displays of strength by the government, and are often dispersed using violence and intimidation. The most recent mass demonstrations – organized by anti-corruption figure, Aleksei Navalny – purportedly mobilized tens of thousands of Russians, across the country, but led to thousands of arrests carried out by the Russian security services. Supporting (and harboring/protecting) critics of Putin, and encouraging the Russian pro-democracy movement, will take surreptitious funding and the provision of outlets for viewpoints critical of Putin’s regime. A concerted effort - reminiscent of Radio Free Europe’s during the Cold War - is needed.

Recommendations

- Provide covert assistance and support to opposition groups in Ukraine and Georgia
- Empower critics of the Russian regime and provide platforms for Russian pro-democracy dissidents to speak against the Putin regime
- Provide funding for groups engaged in advocacy and public dissent in the Russian domestic sphere
- Commit further attention and resources to assessing the potential of fomenting tensions in the Russian southern oblasts

---


5.11 Coordinating Political Warfare Efforts

Political Warfare in the U.S.

The broad set options outlined above indicates that the US and the West require mechanisms to coordinate the range of activities required to counter Russian assertiveness. Although this section will offer suggestions regarding specific courses of action which fall under the conceptual umbrella of political warfare, there is nothing more important than the following: the U.S. must heed George Kennan’s call (circa 1948) for a whole of government Political Warfare (PW) effort.

The terms “hybrid warfare” and “political warfare” describes activities that are conceptually and functionally similar. The former is generally used to refer to Russian activities; in order to avoid confusion, this report will use the term “political warfare” to describe American and Western efforts in this sphere.

The fragmented components that would constitute a PW body are currently scattered across the U.S. government, with no dedicated entity to focus their efforts. In order to counter the long-term, coordinated Russian hybrid warfare threat, a similar degree of coordination and planning is essential. The establishment of such an entity would serve not only to greatly bolster the U.S., but would also bolster its ability to support its NATO allies.

While the substance of this report focuses upon efforts to counter Russian aggression, the apparatus conceptualized here would not focus solely on Russia; with appropriate resources and leadership, its institutional attention could be oriented towards the challenges posed by Iran, North Korea, China, and Syria, among others.

Defining Political Warfare

Political Warfare (PW) is defined as “the employment of all the means at a nation's command, short of war, to achieve its national objectives.” As conceived by Kennan, an effective PW effort combines both overt and covert economic measures, diplomacy, information and influence operations, including propaganda and psychological operations. PW also involves support for foreign partisans, including funding or direct assistance, or support for friendly governments against partisans empowered by an adversary power. PW presents a means of deterring the actions of nation-state adversaries via denial, obstruction, and punishment.

An updated version of Kennan’s framework would also have to account for cyber operations and the array of ways in which cyber instruments are used to bolster or undermine the interests of states. The conception of a modern PW effort included in the 2015 United States Army Special Operations Command (USASOC) White Paper entitled “SOF Support to Political Warfare” accounts for the range of necessary elements in any useful definition of PW:

Political Warfare emerges from a persistent and purposeful synergy of diplomatic, economic, informational, and military efforts in unified campaigns where military contributions support the attainment of broader strategic end states. Taking advantage of skills, methods, and approaches resident in Special Operations Forces (SOF), Political Warfare’s military aspects integrate counter-unconventional warfare (C-UW) and unconventional warfare (UW), foreign internal defense (FID),

---

Security Sector Assistance (SSA), and Information and Influence Activities (IIA), closely calibrated with and in support of other government departments.\(^{182}\)

**History in Context**

The U.S. possesses the constituent elements for a robust PW effort, but they are scattered across government bodies, under varied authorities. In his 1948 Policy Planning Staff document, in which Kennan laid out his plan for a concerted and strategic PW effort, he called for it to be coordinated and led by the Department of State (DoS). This suggestion made sense at the time, as the newly formed Department of Defense (DoD) and Central Intelligence Agency (CIA) were relative newcomers to the U.S. foreign policy apparatus. By the end of Truman’s presidency, however, the CIA was given a robust covert action mandate via NSC 10/2, which served to establish covert action as an instrument of national power exercised under the CIA’s purview. The use of this tool has only increased in the decades since.\(^{183}\)

**Scattered Elements and Authorities**

The CIA’s covert action arm, the Special Activities Division (SAD), has responsibility for what it terms “special operations” and “propaganda and political action.”\(^{184}\) The portion of that mission most aligned with prospective political warfare efforts is “political action” which encompasses influence operations, psychological operations, and economic warfare. SAD’s special operations group has also handled support for partisan causes, up to and including unconventional warfare support.

DoD also implements elements of PW under the auspices of the Special Operations Command (SOCOM). It maintains various elements useful to PW efforts, such as information operations, civil affairs, and psychological operations capabilities throughout the uniformed services in order to support a range of military mission sets. Additionally, Cyber Command (CYBERCOM) is responsible for national-level cyber operations and for providing cyber operations support to the Combatant Commands (COCOMS).

While joint operations are a critical area of competency, and the object of extensive training, testing, and planning within DoD, there does not appear to be an effort to coordinate and integrate these essential components of PW housed within DoD into a nationally or strategically coordinated body, outside of studies conducted within SOCOM and its subsidiary research components (i.e. USASOC’s *SOF Support to Political Warfare White Paper*) – especially in order to bring a concerted effort to bear against Russian hybrid warfare/information operations.

Consequently, it is not clear what entity would lead a comprehensive PW effort. Given the CIA’s Title 50 authority over covert action, any PW effort would have to include surrender or dilution of statutory CIA authorities to a new agency or department in charge of PW activities. Alternatively, any PW effort would need to include the CIA as the primary coordinating and directing agency. However, this would introduce territorial tensions over authorities between CIA and DoD, the resources of which would be critical to the scalability of a national-level PW effort.

---


**Recommended Course: The NPWC**

In order to prevent any such territorial wrangling from occurring, it is recommended that a National Political Warfare Center (NPWC) – in the vein of the National Counterterrorism Center, the National Counter Proliferation Center, or the National Counterintelligence and Security Center – be established. Such an entity would maintain CIA authorities as they are written, while also continuing the practices established within the National Centers under the Office of the Director of National Intelligence, wherein DoD works jointly on mission specific areas within the Centers. Similar to this model, the NPWC would have an executive from within the CIA and would draw its Deputy Director from DoD or DoS. Pulling a deputy from DoD would make sense in light of the vast resources and personnel that DoD could provide for the PW mission, but including a deputy from DoS would be congruent with Kennan’s admonition to conduct PW in accordance with appropriate diplomatic measures.

Additionally the NPWC should draw regional experts from different intelligence agencies and DoS. It may also be prudent to include a contingent from the Federal Bureau of Investigation (FBI) so as to bring their domestic authorities involving US persons to bear. In order to enable the NPWC to conduct the necessary range of operations, it would be practical to draw personnel from the Treasury Department and the US Agency for International Development.

The NPWC should be rooted in the greater executive bureaucracy and not installed only at the White House and NSC levels. This would allow the Center to function independent of the vicissitudes of American domestic politics. Of course, if established consistent with the center-model described above, the NPWC would be guided by the over-arching strategic tasking of the National Security Council. It would, nevertheless, benefit from establishment at the inter-agency level to provide it some degree of bureaucratic longevity and durability.

**Prospects for a European Political Warfare Effort**

The creation of an integrated center focused on political warfare would be infeasible in the EU. In Europe, the constituent policies of political warfare are not all developed at the same institutional level within the EU. Economic sanctions, diplomatic efforts, and energy policy, are coordinated at the EU level, while law enforcement and intelligence are coordinated at the national level. Additionally, there is disagreement across the EU on how to approach the threat of Russian assertiveness. Creating a center with requisite authorities to cover all political warfare instruments would consequently be impossible.

Instead, a new Directorates-General under the European Commission could be developed to coordinate relevant political warfare policy amongst EU states. The focus of this policy coordination and implementation would be the creation of rules, regulations, and mechanisms on the EU level to guide and aid European governments in their political warfare efforts.

Where possible, individual European states should attempt to replicate the proposed American model to implement countermeasures. This will be particularly important for countries that already have close cooperation with the United States in intelligence, law enforcement, and economic policy, such as the United Kingdom. The cost of a fully operational center may be too great for smaller states, but larger EU countries with large populations and economies may find the investment worthwhile.

At the EU level, states should strengthen and create rules, regulations, and mechanisms in the EU level and provide capacity building for those countries that need support. Newer members to the union and front line countries most at threat to Russia’s measures would be most benefit
from external support, expertise, and oversight. Additionally, the development of new rules and norms will coordinate European understanding of the hybrid threat. European countries should work through a policy center to define what is considered an armed attack in the hybrid warfare context. This would strengthen NATO’s Article V.
Conclusion
6. Conclusion

Checkmating Russian assertiveness is a demanding task, given Russia’s past behavior, its significant capabilities, and the divided policies of the West. Cyber attacks against neighbors, cross-border military incursions, annexation of foreign territory, downing of a civilian aircraft, coup planning against foreign governments – these actions have made clear that Russia is a revisionist actor ready to use any means necessary to maintain and extend its political influence on its Western and Southern borders and to revise the architecture of Europe in a manner favorable to Russia.

These actions have led to Western sanctions and international isolation. However, this report has identified a series of gaps in the Western response to Russian aggression. This response, or lack thereof, undermines the overarching Western goal of maintaining a secure, politically open Europe.

The report suggests three primary strategies for the West to implement. First, the West should seek to harden potential Russian targets by strengthening defense, cyber, and counterintelligence capabilities and cooperation in order to deter and prevent Russian aggression. The second strategy is to increase the cost of Russian aggressive actions if deterrence fails. This includes imposition of economic and military sanctions along with more controversial actions like support for political opposition and separatist movements in Russia. While risky, these measures represent a contingency plan in the event that Russia undertakes serious aggressive actions.

The third recommended Western strategy addresses Russian assertiveness through international institutions. Firstly, this means developing new international norms, like in the area of cyber warfare, which could constrain Russian actions. Secondly, it entails propping up liberal institutions and building defenses against Russian attempts to erode them. This support should extend not only to institutions that serve the West, like NATO and the EU, but also to global multilateral institutions like the United Nations and international treaties and conventions like the Geneva and Hague Conventions.

The historical record of the Russian aggressive actions indicates that Russian actions are not undertaken with the goal of territorial expansion, with the notable exception of Crimea. Nevertheless, such actions have become frequent and provocative, including territorial incursions, abduction of state officers, plotting coups against sovereign governments, and manipulation of elections. More provocations in this vein are likely, and the West must be prepared to deter them and to prevent Moscow from achieving its strategic goals.

Russia’s coercive toolkit is well known. The countermeasures recommended in this report seek to neutralize this toolkit and thwart Russian aggression. Some of these measures are designed to increase the cost of aggression for Russia or harden the potential targets of its actions, ultimately enhancing stability. Only decisive action can create pressure on Russia to abandon its revisionist goals and its ultimate goal of reversing the post-Cold War security and political architecture of Europe.
Appendix
A1. Effects of Energy Prices

Russia’s significant energy exports fuel its economy, provide the government with substantial revenues, and afford Moscow geopolitical leverage in Europe. However, Russia’s economy has not diversified in the decades since the collapse of the Soviet Union and remains over-reliant on oil and gas exports. In 2015, oil and gas generated 44% of federal budget revenues, according to the Russian Finance Ministry.\(^1\) Consequently, Russia’s economy and its budget are highly exposed to oil price fluctuations, over which Russia has little control. The decline of oil prices in the last two years, compounded by Western sanctions, has caused Russia’s budget deficit to rise to 3.7% of the country’s shrinking GDP last year, compared to 2.4% in 2015.\(^2\) For the past two years, Russia has been in recession, and it has not experienced strong GDP growth since 2011.

The future of global oil prices could represent a significant problem for Russia. Two years ago, in an attempt to drive American shale oil producers out of business, Saudi Arabia decided to bring down oil price by increasing production, creating a supply glut in global markets. The resulting period of low prices has strained the Russian budget. Unsurprisingly, Russia joined the OPEC countries in late 2016 in a collective production cut intended to increase the price of oil. Notably, both Russia and Saudi Arabia, OPEC’s leading producer, agreed to this deal despite their involvement on the opposing sides in the Syrian conflict which is seen, at least in Riyadh, as a paramount security threat.

However, the primary goal of the Saudi production cut has not been achieved. Prices initially rebounded to approximately $50 per barrel, but shale producers in the US consequently resumed production. To make matters worse for the Saudis and the Russians, American shale producers used the previous two years to increase efficiency and lower the break-even price for sustainable shale production. Thus, the production freeze by OPEC and Russia, to which Russia did not adhere completely, has not resulted in the expected increase of the oil price to approximately $75 per barrel. The concomitant rebound shale production has kept the oil price at around $50.\(^3\)

Further, as of April 2017, it seems that Saudi Arabia is no longer willing to bear the brunt of production cuts while other OPEC members increase production. Analysts have noted efforts by the Saudis to try to regain some market share, especially in Europe, by modifying their pricing formulae.\(^4\) Analysts expect that this could lead to a confrontation between Saudi Arabia and Russia over the European market and even to a new oil price war because they do not see Russia as willing to hand over part of its high market share in Europe (at 32% in 2016) to Saudi Arabia.

Oil markets are complex and notoriously hard to predict. However, even without the Saudi-Russian competition over the European market, the interplay between OPEC and shale will remain detrimental to Russian interests. If OPEC cuts production to increase prices, this will make shale production more profitable and drive increased production, lowering the price of oil anew. Consequently, Russia might find itself stuck with low oil prices for some time. This would make it difficult for Moscow to meet all of its budgetary needs, from military expenditures to pensions to salaries in the huge Russian public sector. There is little Russia can do to change this

\(^1\) Andrianova, Anna and Dina Khrennikova. How Cheap Oil Is Squeezing Russia’s Economy. Bloomberg. 25 Jan 2016. Web 1 May 2017
\(^3\) Cunningham, Nick. OPEC Deal Cancelled Out By Rising Shale Output. OilPrice. 28 Feb 2017. Web. 1 May 2017
dynamic; even if Russia were to dramatically cut production, other producers would simply take their market share. Russia and OPEC share the same problem: they are all non-diversified state-run primary resource economies that cannot afford long-term low prices.

This raises two questions: what is the break-even oil price for the Russian budget to satisfy all its needs? How do low oil prices over the medium term affect Russian foreign and domestic policies? For every one-dollar reduction in the price of oil, Russia suffers a staggering $2 billion loss in its revenue. Consequently, the state budget has been significantly affected by oil prices hovering between $30 and $40 in 2015 and 2016. This has been compounded by the impact of the Western sanctions and the collapse of ruble in 2015. The Russian Finance Minister Anton Siluanov indicated in 2015 that Russia needs an oil price of $82 per barrel to be able to balance its budget.

Hence, the Russian government has taken several measures to reduce outlays. Moscow has implemented a policy of belt-tightening in which government officials’ salaries were cut by 10% – including Putin’s symbolic cut of his own pay – and a 10% cut in federal spending overall, slashing social services and pension benefits, with only military spending spared. Economists struggle to assess the real effect of these cuts on the Russian economy, not least because 30% of Russia’s budget is kept secret.

Analysts generally agree, however, that the Russian state directly supports a large number of citizens, either through wages paid to the country’s large public sector or through payments from the state-run pension fund to Russia’s 40 million pensioners. The latter is exacerbated by Russia’s demographic problems, a dangerous mix of high mortality, low fertility, and emigration of highly educated professionals, leaving the economy with an ever-increasing share of elderly population. Russia’s small and medium-sized enterprises (mostly privately-owned) amount to only 18% of its GDP; conventional wisdom hold that in successful economies medium-sized business make up 40% or more. The relationship between the oil prices and the performance of the Russian economy is therefore direct and causal. This in turn suggests a strong correlation between oil prices and Russian policies.

Over time, Russia has generally behaved more aggressively during periods when oil prices were high. Surely, the sources of the Russian conduct are more complex than the mere price of oil. However, when a timeline of the global oil prices is superimposed to the timeline of the Soviet Union’s and Russia’s military interventions, the correlation is striking.

---

5 Rizvi, Osama. The Secrets Behind Russia’s 2016 Oil Success. OilPrice. 9 Jan 2017. Web. 1 May 2017
Not only did the intervention in Georgia in 2008 happen with oil prices above $100, the annexation of Crimea occurred when the price was around $90. Additionally, Putin’s crackdown of the mass domestic protests in 2011 and 2012 happened with the oil prices at a historic high of almost $120. On the other hand, Putin took over from Yeltsin in 1999 at a time of extremely low oil prices (around $30 per barrel) and his first term, arguably the most cooperative toward the West, was characterized by slowly rising but still relatively low oil prices. After the 2008 intervention in Georgia, Russia agreed to a reset with the new Obama administration in 2009 when oil prices, as a result of the global recession, were in a free fall – from $110 (in 2008) to around $50 (in 2009).

Extending this analysis to a wider historical context, the Soviet Union was more cooperative with the West throughout the late 1970’s, a period marked by relatively low oil prices until the Iranian Revolution in 1979 caused prices to spike. The Soviet intervention in Afghanistan in 1979 followed this sudden increase in oil prices to more than $100. The period of cooperation in the final years of the Soviet Union correlated with low oil prices. Oil prices were below $50 for almost all of Mikhail Gorbachev’s tenure. The Soviet Union collapsed in 1992 with the oil prices under $40 per barrel. The subsequent reorientation toward a market economy happened under Boris Yeltsin with oil prices below $40.

In conclusion, the Russian budget remains highly dependent on oil and gas revenues and

Source: BP Statistical Handbook.

---

its non-diversified economy is significantly exposed to oil price fluctuations. Structural supply-side factors, including the “shale revolution,” suggest that global oil prices may remain below $60 per barrel in the coming years. That is well below $82, the price considered necessary by the Russian government for a balanced budget. A sustained period of low oil prices will create pressure on the government to cut expenditures, negatively affecting Russia’s large public sector and potentially creating discontent among the population. Although it is not rare for governments in such a situation to try and divert attention from the failing economy by military adventurism and foreign interventions, the historical trend discussed above proves that neither Russia or the Soviet Union acted aggressively while oil prices were low. On the contrary, all major Russian and Soviet cross-border interventions happened in times of high oil prices.

Consequently, a period of low prices offers a window of opportunity for the West. It should take advantage of the period in which Russia is less likely to act aggressively and implement counter-measures against potential Russian actions that could become more likely when high oil prices and, by extension, Russian assertiveness returns.
A2. Case Study: Kazakhstan

The Russian invasion of Georgia followed by Crimea established new strategic realities in Eastern Europe and Central Eurasia. The war made clear that Russia was willing to use force to deepen and promote its interests. However, given the perils and costs inherent to a Baltic invasion, Russia may be unwilling to absorb these risks by launching an outright invasion there. A much less dangerous and resource intensive option for exercising its near abroad belligerence is presented to its south. Putin’s assertion of a need to use military force to protect ethnic Russians should serve as a warning for other Russian neighbors who have a significant Russian speaking or ethnically Russian population. Kazakhstan with its large Russian minority population may presumably be a potential target in Putin’s desire of reversing what he calls the two of the great catastrophes of the twentieth century; the collapse of the Russian Empire and the unraveling of Soviet Union.

Kazakhstan’s response to the Ukraine crisis has reflected its existential realities. Not wanting either to antagonize Moscow or allow a precedent for border revisions to become established, President Nazarbayev expressed understanding over Russia’s annexation of Crimea while calling for Ukraine’s territorial integrity to be preserved as part of a negotiated settlement.11

Russia’s interests in Kazakhstan seem to be preventing it from extricating itself from the Russian sphere of influence.12 China has over the years emerged as a key player in Central Asia, predominantly as a customer of Central Asian gas and oil. China has also built and invested in extensive infrastructure in the region. Thus, Russia now finds itself with real competition in its backyard.

President Nazarbayev has done well in maintaining an intricate balance by resisting overt and aggressive Russian efforts to dominate the political sphere of Kazakhstan, while at the same time allowing Russia to play a bigger role in regional trade and security issues.13 It is unclear how much longer this state of affairs can continue. A change of leadership in Kazakhstan may provide a real opportunity to Russia to dominate the domestic space of Kazakhstan. With no succession plan in place, a sudden departure of Nazarbayev would create a leadership vacuum, which disparate power elites of Kazakhstan would try to fill.14 The election of a strongly nationalist, ethnically Kazakh and an anti-Russian President is a distinct possibility. The election of a nationalist President may trigger demonstrations in the Russian majority areas of Northern Kazakhstan.15 This can provide an opportunity for Russia to intervene militarily on the oft-repeated pretext of protecting ethnic Russian population. A hypothetical invasion of Kazakhstan by Russia in the event of the death of Nazarbayev, though unlikely, cannot be ruled out.

The Russian invasion of Kazakhstan would be swift, as Kazakh forces would not be able to stand up to massive Russian armored division and infantry. Kazakhstan's limited military

12 Ibid
forces of 70,000 would not offer significant resistance to Russia.\textsuperscript{16} Being part of a security alliance with Kazakhstan, Russian army is too well aware of the strengths and weaknesses of their Kazakh counterparts. Russian forces would occupy Kustanayskaya Oblast and capture the cities of Kustanay and Petropavlosk within 24 hours. Next, Russian forces would march towards Pavlodarskaya Oblast thus giving them an easy invasion path for the capital Astana. It is estimated that in the event of an attack, Kazakhstan’s capital would be taken in a day. The geographic reality arguably makes Kazakhstan even more vulnerable than the Baltics. There is no easy military crisis response option for the West. It also seems unlikely that there would be any unanimity within NATO on supporting Kazakhstan militarily. Kazakhstan, unlike the Baltics, is not part of any European military alliance and would be left to defend itself from Russian aggression.

The employment of Hybrid Warfare strategy and tactics in Kazakhstan by Russia in the event of a leadership crisis does not seem to be completely improbable. Nevertheless, invasion of Kazakhstan appears be an unlikely scenario. There are striking contrasts between Ukraine and Kazakhstan. Ukraine was increasingly becoming a threat to Russian interests, as they themselves conceive them.\textsuperscript{17} Ukraine’s debate over joining NATO provided Russian propaganda plenty of established reference points, on which it constructed an adversarial image. There is not a similar dynamic with regard to Kazakhstan. The Russian language in Kazakhstan enjoys official status as the “language of interethnic communication” and is spoken by 95\% of the population, as opposed to Kazakh, which is spoken by less than 65\% of the population.\textsuperscript{18} In addition, no region in northern or eastern Kazakhstan has any special symbolic significance in the Russian national consciousness, or either symbolic or geopolitical importance as Crimea had. Russia’s ultimate goals in Kazakhstan seem to be preventing it from turning away from Russian integrative structures, such as the Commonwealth of Independent States and the Eurasian Economic Union.

**Manipulation of Russian Diasporas in Kazakhstan**

Russia’s annexation of Crimea and subsequent support for separatists in eastern Ukraine is particularly worrisome as the intervention was justified by the alleged need to protect ethnic Russians. Although the Baltic countries and Moldova appear to be the most vulnerable among Russia’s neighbors, similar concern has been expressed with regard to Kazakhstan. There is a sizable Russian minority in Kazakhstan, between 21\% and 24\% of the total population.\textsuperscript{19} The population is concentrated mostly in the north and east of the country, along the border with Russia. There is an ethnic Russian majority in most administrative districts of the North Kazakhstan, Kostanay, and Akmola regions, as well as along the eastern borders of the East Kazakhstan and Pavlodar regions.

Russia recognizes the utility of the ‘compatriots’ as a critical means of influencing strategy in the Near Abroad.\textsuperscript{20} President Putin in his speech on July 1, 2014, stated “Russia will continue to defend the rights of Russian compatriots using the entire range of available means –

from political and economic to operations under international humanitarian law and the right of self-defense.”

Russia believes that the efforts by the Kazakh government to restructure the system of national stratification in favor of ethnic Kazakh have adversely impacted the Russian population. However, a comprehensive understanding of Russian foreign policy towards ethnic and non-ethnic Russian compatriots in Kazakhstan, as well as in almost every post-Soviet republic, has become extremely important after Russian annexation of Crimea in 2014 and Moscow’s support for the pro-Russian separatist movement and paramilitary groups in Eastern Ukraine. These political and military developments have aroused considerable suspicion amongst other neighboring states about Russian Compatriot Policy.

Kazakhstan and the other former Soviet states have found the Russian arguments for intervention in Ukraine alarming. Russia claims to have a duty not just to protect ethnic Russians but also Russian-speakers and compatriots outside of Russia’s borders. The word ‘compatriot’ provides wide scope for interpreting who constitutes an eligible recipient of Russia’s protection. Not only does Kazakhstan have a significant ethnic Russian minority, these groups are located all along the Russian border in the north. The geography, therefore, favors irredentism. Russian Law on State Policy on Compatriots Abroad also includes, “those born in the Soviet Union who now live in states that used to be part of the Soviet Union.”

The Russian population in Kazakhstan is heavily concentrated in the northern and eastern parts of Kazakhstan. Though studies have shown that ethnic Russians in Kazakhstan express an affinity with Russia due to shared cultural and linguistic identities, Russian appeal is greatly challenged by the treatment of resettled Russian speakers in the Russian Federation. There is a growing acceptance of Kazakh traditions amongst the young Russian speakers, which is furthered by close inter-ethnic contacts. It has also been increasingly observed that the Russian speakers in Kazakhstan seem to be committed to their state of residence. The policies of President Nazarbayev have until now managed to avoid the marginalization and discrimination against the Russian minority. However, the recent economic recession and low oil prices in Kazakhstan has increased the lure of Russia in the economic terms. If Kazakhstan fails to prevent its economic decline, the economic pull could prove to be strong enough to nudge people to fall in Russia’s lap. Besides, if Kazakhstan continues to pursue its hard linguistic policies, then the social trust between the authorities and population might be undermined. Nevertheless, Russia’s ability to use ethnic Russian population in Kazakhstan as tool for its hybrid activities appears to be limited, as the ethnic Russian population seems to be willing to adopt the Kazakh national identity.

Political Influence

There are also significant limitations on Russian policy toward Russian compatriots. Notwithstanding increasing assertiveness shown by Russia in Ukraine and Crimea, Russia’s

---

23 Ibid 12
25 Ipek, Pinar. "The role of oil and gas in Kazakhstan's foreign policy: Looking east or west?" Europe-Asia
overall foreign policy towards Kazakhstan has been conservative and strategically restrained.\textsuperscript{27} Russia has distinctly avoided any provocative action or signal towards Russian speaking population in Kazakhstan.

Russia’s own economic situation also plays a significant role in Russia’s strategic calculus, particularly as its economy and its federal budget reel under the strain of continuing low oil prices and Western sanctions. This has led to cuts in non-defense spending. The cost of sustaining and rebuilding newly acquired Crimea and rebel-held territories in Ukraine has further strained Russian economic leverage to start a new venture elsewhere.\textsuperscript{28}

Even if Russia ends up facing a material and undeniable challenge to its interests in Kazakhstan, such as the spread of radical extremist ideologies or a new assertive Chinese policy, this would not be enough to put the existing borders in question. If the Ukrainian script were to be used, Moscow would have to demonstrate that the instability is a direct and imminent threat to Russian-speaking communities there.

Till now Kazakhstan has invariably sought not to challenge important Russian interests and has maintained generally positive relations with Moscow. At the same time, President Nazarbayev has been prepared to contain domestic threats, including radical Islamists. Should conditions change in Kazakhstan, such as a leadership change, Russia could see a very significant threat to its interests and to Russian compatriots.\textsuperscript{29}

**Possible Countermeasures**

The Russian population in Kazakhstan is a mixed blessing. On the one hand, the Russian diaspora serves as a safeguard for the development of close regional cooperation between two countries in areas of energy, security, trade, and culture. On the other hand, it serves as a permanent source of instability and separatism due to restriction of minority rights and irredentist claims. Some of the possible countermeasures to neutralize Russian influence in Kazakhstan, though not exhaustive, are laid down below.

**Support Chinese efforts:** Moscow’s quest for influence in Kazakhstan comes up against the Kazakh insistence of its sovereignty and unwillingness to accept the satellite status. Russian aid and investment are seen as a tool of hard power to maintain its influence over Astana. Over the years, China has emerged as an important player in Central Asia. China has become one of the main importers of Kazakhstan gas and oil. According to National Bank of Kazakhstan, China accounted for 9% of FDI in Kazakhstan in 2013 as against 5.4% from Russia.\textsuperscript{30} China has provided substantial loans and created many joint ventures with Kazakhstan.\textsuperscript{31} Chinese presence in Central Asia does not necessarily conflict with Western interests in the region, particularly in Kazakhstan.\textsuperscript{32} The cost benefit analysis provides a bigger weightage to diminishing Russian influence than the increasing Chinese presence. China is equally sensitive about increasing

\textsuperscript{28} Larrabee, F. Stephen, Peter A. Wilson, and I. V. Gordon. The Ukrainian Crisis and European Security: Implications for the United States and US Army. Rand Arroyo Center Santa Monica CA, 2015
terrorism in Xingjian province. A nuanced approach of favoring Chinese interests in Kazakhstan to Russian interest would give more leverage to Kazakhstan’s bid to reduce dependence on Russia.

**Support integration of Russians**: The West needs to encourage President Nazarbayev to carry out his policies of integration Russian diaspora into Kazakh national identity. A robust Kazakh economy would provide an attractive lure to stick with Kazakhstan. The economic slowdown in Russia has been a major turning away factor for ethnic Russian population who have decided not to migrate to Russia. In fact, migrations to Russia have decreased drastically. Efforts to integrate the Kazakh economy with the larger Western economy system would provide fiscal stabilization. The diversification of the economy would also reduce the sensitivity to economic shocks caused by falling oil and gas prices.

**Boost Kazakh media**: Kazakhstan's dependence on Russian radio and television feeds is one of the most effective soft power tool available with Russia for its influence operations. A strong and sophisticated electronic and digital media in Kazakhstan would strip Russia of the uneven advantage of an almost monopoly on Kazakhstan’s media space. These Western agencies should help Kazakhstan to develop a modern media infrastructure. Some European channels could also start a Russian language and Kazakh language services with broadcasting rights over Kazakhstan.

---


A3. Interviews

We conducted a survey among the national security experts and practitioners in Estonia about their perceptions of major security threats in the region. The survey was done by email between March 28 and April 18, 2017. All interviewees answered the same question: “What are the top five security concerns you have for Estonia and the region?” We undertook this survey in order to get a better insight into their view of threats posed to Estonia and the region. These insights informed our analysis of the Russian threat.

1. TOOMAS ILVES
   Former President of Estonia

   1. My primary concerns center on active measures to influence politics in Estonia. These include:

   A. Giving money to pro-Russian/anti-EU/anti-NATO parties and/or politicians, something we have already seen in my country

   B. Sanctioning or diverting trade flows (a tactic we have seen from even before independence in August 1991

   C. Spreading fake news about Estonia, again something we have been subjected to since the time of the independence movement in 1989-90 and continues unabated. These days, however, our friends Westward are far less likely to take the bait.

   D. Massive DDOS attacks of the kind we experienced in April-May 2007, that do more damage to a highly wired country than in many other countries, shutting down the government, public services, banks and media.

   E. Digital attacks on critical infrastructure, where ascribing responsibility or “forensics” is not impossible but takes time.

   2. Military, sub-military provocations. A policeman working on cigarette smuggling was abducted from Estonia in September 2014 immediately after President Obama’s visit. Regular air violations by Russian military flights. This Autumn will see the massive exercise Zapad 2017, which in previous years has practiced attacking and occupying the Baltic States, and even using nuclear weapons on Warsaw. Such a massive exercise on one’s borders and with clear hostile intent makes one nervous, as you can imagine.

   I do not see “little green men in Narva” as a possibility, however, though this is often heard in media accounts by people who know little about Estonia or military affairs. It worked once, in Crimea, when everyone was so surprised by such a brazen action that no one realized what was going on until it was all over. But the west is sufficiently sensitized to this kind of thing that you can’t pull it off again.

   The "Russian minority" is another oft and unthinkingly repeated canard. Russians have taken citizenship, except for those who prefer to keep Russian citizenship. When a Russian babushka in Estonia has a higher pension than the average wage in Russia, irredentism doesn’t have much of a pull. Nor does it when Russians in Estonia enjoy free movement throughout Europe, including working anywhere in the EU, EU scholarships to study in the EU, etc., the idea that one would
opt for separatism is far-fetched, except to those in the West who have been neither to Estonia or Russia.

2. SECURITY POLICY EXPERT IN THE GOVERNMENT OF ESTONIA

1. Russia applying active measures to influence, delegitimize, discredit and undermine the political decision-making in Estonia. Dating back 10 years, the Russian Foreign Policy review (2007) and the Russian Foreign Policy Concept (2008) suggest that different political and administrative resources, instruments and approaches in Russian foreign policy be applied that are designed to influence particular target countries, groups within target countries and/or international society for the purpose of “legitimizing” or gaining support for Russian foreign policy objectives. Russia uses a variety of tools to exert influence: manipulating with the Russian diaspora, using Kremlin-organized NGO’s, launching and expanding media projects. Russian non-governmental organizations, media outlets, and language initiatives have received substantial funding from Moscow, especially since 2010.

2. Coordinated, plausibly deniable attacks on multiple critical national infrastructure sectors disrupting the provision of vital services such as energy, water, or transportation. Malicious code can be weaponized to hinder military and law enforcement responses. Russia has been developing and employing offensive cyber capabilities for years. Russian cyber threat groups consist of professional, highly skilled practitioners whose daily jobs are to prepare and carry out attacks. Criminals, hacktivists, spies and others linked to Russian strategic interests are usually well-financed, persistent and technologically advanced. They have a wide range of tools and resources, including the ability to carry out denial-of-service attacks, develop sophisticated malware and exploit previously unknown software vulnerabilities.

3. Russia “switching off” electricity in Estonia. Until now as part of the Soviet legacy, Estonia, Latvia, and Lithuania have been part of the BRELL energy grid network, which includes Belarus and Russia as well. As Moscow regulates the electricity frequency in the Baltics, there is a risk that they could over-burden the Baltic power system. Therefore, the Baltic states are working towards desynchronization of the Baltic electricity network from the Russian power system and synchronizing it with the EU’s grids.

4. Russia sabotaging a large-scale civilian accident (e.g. involving a chemical plant, on railway, or a forest fire) that can provide a context for the emergence of special forces masked as Russian “humanitarian aid”.

5. Russian military of sub-military provocations on sea. Russia is building a powerful anti-access/area-denial network in the Kaliningrad enclave in the southeast corner of the Baltic Sea. While Russia’s Baltic Sea fleet is not very big, its submarines could still cause serious problems in a sub-surface domain that is challenging for anti-submarine warfare forces. For an adequate response, Estonia would need support in maritime domain awareness, anti-submarine warfare and mine hunting.

3. MARKO MIHKELSON
Chairman of the Foreign Affairs Committee, Parliament of Estonia

1. Russia is posing an existential threat not only to Estonia or the region but to the entire western security architecture. Russian assertiveness is deep rooted and in direct connection with their geopolitical identity. It is in the Russian DNA to be a continental empire, a Eurasian superpower. This is why we have to take very seriously the possibility of conventional threat, which we have
witnessed both in Georgia in 2008 and in Ukraine in 2014-today. The Zapad 2017 exercise will show another level of anti-NATO/anti-West assertiveness.

2. Cyber threats are as serious in our region as they are everywhere. We have discovered a significant rise of Russian cyber activity since the end of 2013. They have been very open and aggressive, leaving behind clear "fingerprints". I have personally witnessed an attempt of APT28 (Fancy Bear) attack on my emails. Luckily it was unsuccessful. Estonia is well prepared in defending its cyber infrastructure, but cross-border cooperation needs to be enhanced.

3. Hybrid warfare (excl. cyber) is something that is deeply embedded in Russian foreign policy tools. They started using active measures as early as in the 1920s, and this has been going on until today. Social media allows much easier access to people's minds in order to impact the outcome of elections. Estonia is resilient, but at the same time the Russian minority demands constant attention from us in keeping them informed by our news outlets. Russia is great at mastering parallel narratives.

4. We can't rule out terrorism. For example, attacks on our passenger ships (keep in mind that approximately 9 million people pass through the Port of Tallinn every year – 1.3 million people live in Estonia). Another possibility is environmental terrorism with an attack on Russian nuclear station in Sosnovy Bor (less than 100 kilometers from our borders).

5. Western unity and solidarity are under constant stress. The biggest security concern is that the EU (or transatlantic unity) breaks down, and this will cause direct damage to NATO. Our key priority is to keep the West together and ready to deter any challenges.

4. RAINER SAKS
Permanent Undersecretary, Foreign Ministry of Estonia

1. Collapse of stability on EU borders. We see it already in Syria and Libya. The future escalation can cause dysfunctionality inside the EU and international security system.

2. The uncontrolled migration to EU countries can drive to dysfunctionality in the EU as well up to the collapse of the system itself. It’s very much linked to the previous bullet.

3. Corruption in EU countries (incl. Estonia). This is always a gateway for the Russian influential operations or activities. Sometimes its shows up as well functioning organized crime. Poorly functioning legal system will always cause lack of security

4. Poor or slow response of “western countries” to aggressive politics of any country. This is not a problem in Baltic sea area, at least at the moment, but in different regions in world. Especially in a field of strategic communication. In a case of information operations Russia is specifically targeting Russian speaking audience, which is a possible threat only in a case of real military conflict.

5. Digital attacks on Estonian (or any other EU countries) critical infrastructure. This can cause a lot of problems and emotions but not a real collapse. But this kind of action is a part of a modern military doctrine and could be used in a combination of some other soft power tools as well. It works well in a limited period. For instance, if somebody likes to create a mess for an election campaign.
So, I don’t see any possible direct military threat in our region (at the moment). But we can see some elements of influential (hybrid) operations in all over the EU (incl. our region) and the instability on borders of EU countries.

5. ANDRES VOSMAN
Estonian Information Board, a foreign intelligence agency
Former security policy advisor to President of Estonia

1. Russia’s miscalculation regarding NATO’s willingness and ability to fulfil Article 5, culminating in a limited military incursion into one of the Baltic states.

2. Future of transatlantic solidarity, trust and cooperation

3. Kiev crumbles under Russia’s pressure, making way for a political turnaround, emboldening Kremlin.


5. Future of intra-European solidarity (North vs South divide)