The Middle East has been one of the most significant regions within the context of Moscow’s foreign policy orientation. The Geopolitical importance of the region, abundant energy resources and close proximity to the Caucasus borders increase its value in the Russian diplomatic agenda. Russia’s foreign policy towards the Middle East inherits some of the Soviet era connections and networks in the region, but also reflects crucial differences from the past in terms of political, economic and commercial parameters. Moscow’s efforts to establish closer ties in the energy field including oil, natural gas and nuclear energy grant an additional dimension to its existing political and economic relations, as well as arms sales and strengthened military cooperation with regional powers. In this respect, state-owned energy and arms giants, Rosoboronexport, Rosatom, Rosneft, Gazprom, and Lukoil emerge as main instruments of Russian policy in the region.

**Theoretical Framework**

In international relations, states (mostly regional and global powers) are generally inclined to instrumentalize non-military methods and tools to increase their economic and political power. They seek to shape domestic and foreign policies of other states and actors in line with their own interests and create a sphere of influence through this path. Among other methods and tools used as foreign policy instruments, the most widespread and effectively applied ones are economic methods.[1] As Newnham (2011) states, theorists of economic influence have emphasized several factors which enable a state to successfully use its economic power against other states; two of them are important in the modern context and better explain the Russian case: i) the relative size of the initiating state and target country, ii) comparative share of the states in bilateral trade with each other; in this respect, if the initiating state has a bigger economy than its rival and has a lower percentage of its trade with the target than target does with it, use of economic influence becomes more successful.[2] Russia’s relations with the post-Soviet countries (also other European states) perfectly consist with this model, especially in energy trade; it is also useful to a certain extent in examining Russian policy towards the Middle East, but additional parameters also appear in the regional context.

As an important component of the economic dimension, energy resources have become an integral part of foreign and national security policies, and today states perceive energy security in the same sense that they view military or economic security. In this sense, some scholars highlight the inseparable nature of energy politics from foreign policy and inevitable intertwining of energy security policies for both producer and consumer states. Since energy resources can be used to apply pressure on consumers, some energy producers frequently use those resources as ‘energy weapons’ to affect consuming countries in order to reach certain foreign policy goals.[3]

According to an EU report authored by Korteweg (2018), there is a close relation between the authoritarian characteristics of a state and use of energy as a tool of foreign policy. Korteweg analyses the countries’ score on the Freedom House index and their tradition to instrumentalize energy resources in terms of offensive and defensive foreign policy-making. The report claims that there is a strong argument emphasizing that energy-rich authoritarian states have wielded geopolitical influence through their energy assets.[4]

Regarding the arms sales, as Nistico and others (2018) argue, international transfers of major conventional weapons
The Instrumentalization of Energy and Arms Sales in Russia’s Middle East Policy
Written by Mehmet Akif Koç

is one of the most dynamic sector of international trade, and the arms trade, security and energy dependence are heavily interconnected. On the demand side, defence and security are the main objectives; for the supply side, arms are exported to support the security needs of friends and allies, and to strengthen security links.[5] The arms trade has both political and economic dimension, so the direction of flows of weapons explains significant facts about the nature of interdependence for both buyer and supplier states.

Main Parameters of Russian Policy in the Middle East: Return to Global Stage

During the Cold War, the Middle East emerged as the main chessboard between the two superpowers of the era, the United States and the Soviet Union, where the proxy conflict was manifested through the pursuit of regional allies. Post-WWII Soviet policy in the region was motivated by two crucial approaches: i) installing pro-Soviet regimes to protect its southern borders, ii) benefiting from the growing anti-colonialism among the Arab peoples to undermine Western powers at a regional and global scale. As a result, the Middle East remained a ‘key’ area of interest for Soviet policy-makers throughout the Cold War.[6] Moscow’s approach to the region was consistent with the Cold War mentality of confrontation between the two systems and the USSR established alliances with the regional states whose political orientations were closer to the Soviet system[7]; to this end, Egypt, Iraq, Algeria and Libya emerged as the main allies of Moscow under harsh conditions of the Cold War. However, when the USSR dissolved in the early 1990s, Moscow also lost its powerful position in the region.

Some Russian scholars, while discussing about the Kremlin’s foreign policy, claim that, Moscow’s withdrawal from the Middle East in the late 1980s marked the decline of the Soviet Union’s superpower status; and now, under President Putin’s rule, Russia’s re-appearance as a player in the Middle East has the aim of restoring the country’s position as a great power outside of the former USSR. At this point, with the start of the military intervention in Syria since 2015, the Middle East is evaluated as a key testing ground for the Kremlin’s attempt for return to the global stage.[8]

In order to achieve this goal, Russia relies on a wide array of diplomatic, military, intelligence, trade, energy and financial tools to influence political systems, public attitudes and local elites, not only in the Middle East, but also in Europe, Africa, Asia and Latin America. These initiatives mainly aim, in a way reminiscent of the Cold War, to undermine the US-led international order and the cohesion of the West, and also to promote specific Russian commercial, military and energy interests.[9]

Russian foreign policy makers, unlike the US government, are more successful in pragmatism and compartmentalizing its relations with regional actors and limiting the possible negative effects of conflicting parties’ interests over its main policies. Moscow’s success in establishing sustainable connections with all actors (states, armed groups, local elites etc.), even though some of them are labelled as ‘terrorist’ by the same Russian security institutions, create remarkable room for manoeuvre to effectively balance the US and other regional / global powers in the region. As Shumilin (2016) argues, this policy allows President Putin to adopt a pragmatic stance towards regional issues; for instance, Russia may oppose Saudi Arabia in Syria, but cooperate with it over energy and arms sales[10]; simultaneously, Moscow also continues close cooperation with Iran and Qatar with whom Riyadh has tense relations. Russia’s strategy in the Middle East and ties with almost all actors may be defined as ‘transactional, non-ideological, and flexible’ on the base of the Kremlin’s main regional drivers as ‘international prestige, trade, and regional stability’.[11]

New Foreign Policy Instruments in Russian Foreign Policy

As a macro strategy, Russia aims to increase its clout, refurbish its image and assert itself on key international issues where retreating western power has created a vacuum. Russia does so by challenging Western political, economic and security institutions. In this respect, Russian policymakers use the following methods and tools: i) economic and energy, ii) political and cultural, iii) digital media and cyber, and iv) military and security instruments.[12]

As Bremer & Charap (2007) point out, since Vladimir Putin was named as acting president on December 31, 1999, much authority has been concentrated in the Kremlin and the executive branch which has asserted control over state-
The Instrumentalization of Energy and Arms Sales in Russia’s Middle East Policy
Written by Mehmet Akif Koç

owned enterprises that previously operated with some independence and were dominated by the private interests of Yeltsin era economy-politics. As a result, the Kremlin re-emerged as a monopoly over Russian domestic and foreign policy as well as economy and society. This new phase, heavily dominated by siloviki, current or former representatives of security and intelligence institutions (mostly from Putin’s inner circle), and critical positions in bureaucracy, economic structures and politics were mainly filled by the members of siloviki. One of the most important features of the siloviki members is their passion for economic nationalism and restoring Russia’s international greatness.[13] To this end, primarily, strategic management of huge raw materials sector and industrial complexes were re-structured by this economic nationalism approach and put under rule of siloviki members.

Within the context of Russian political and economic structure, in addition to the ambitious approach to ‘return to global power politics’, energy sector and arms sales are considered to be crucial foreign policy tools. According to the BP statistics (2017), Russian oil production is at 11.3 Mb/d, and accounted for 12.2 % of the global total; Russia also is the second largest (after the US) gas producer with 17.3 % of global output. Russian oil exports grew by 3.1% (to 8.6 Mb/d) and accounted for 12.7% of the global total; gas exports grew by 7.9 % (to 231 bcm) accounting for 25.9 % of global gas exports growth.[14] In energy sector, powerful public giants, Rosneft, Gazprom and Lukoil have remarkable operations worldwide stretching from Europe to Asia and Africa; they have also increasingly invested in the Middle Eastern countries in recent years.

Furthermore, the Russian single state-owned nuclear industry company Rosatom has now become the second largest nuclear power company in the world in terms of installed nuclear capacity and number of nuclear units in operation. The Kremlin has also consolidated its strong position in global arms sales and holds the title of top arms exporters with the US; Rosoboronexport, a federal state unitary enterprise, is the key pivot of the Russian arms exports policy.

Russian Energy Giants and Middle East Activities

Russia has significant economic and business interests in the Middle Eastern energy sector, ranging from nuclear energy to oil and natural gas. Russian state-owned energy companies, Rosneft and Gazprom, maintain important energy projects –including key consumer markets, oil and gas fields, and customers for nuclear energy infrastructures- in countries like Iran, Iraq and Turkey, as well as the Kurdistan Region of Iraq and the eastern Mediterranean.[15]

As Russia’s largest oil producer, Rosneft, is a state-owned company and the world’s largest listed oil company (based on production volume); produces 5 million barrels of oil daily, by comparison ExxonMobil produces 4 million barrels a day. The Russian state owns 50.00000001% of its shares while siloviki-background Rosneft CEO Igor Sechin also maintains close personal relations with President Putin. According to Russian experts, the Kremlin has not been shy to exert control over the energy company though its commercial company status. Rosneft’s huge investments in Venezuela, Iraq and India are considered as reflections of Russian state’s control over the energy giant.[16]

Rosneft’s main Middle Eastern investments focus on the Iraqi Kurdistan region (KRG) and Egypt. During the referendum crisis between Erbil and Baghdad authorities in 2017-2018, Rosneft took over the ownership of landlocked KRG’s oil export pipelines to Turkey from the Erbil government in return for $1.8 billion. Control of the strategic pipelines has given Rosneft (and Russian government) a crucial role in ongoing talks between the KRG and Baghdad, and Iraqi politics where KRG has large oil reserves, possibly a third of Iraq’s total. Rosneft’s recent initiatives in Iraq are not viewed as pure commercial, but to cement Russia’s political influence in Iraq and the Middle East.[17]

In October 2017, Rosneft closed a deal to acquire from ENI, a 30% stake in the Zohr gas field, in return for over $2 billion, one of the largest in the Mediterranean, located offshore Egypt. Russian firm will produce gas with Italian ENI (60 %) and British BP (10 %) in Egypt as a result of the deal.[18] Rosneft also began drilling oil in Block 12 field, southern Iraq, in 2017 in addition to KRG investments in the country. Rosneft’s other significant energy investments in the Middle East are as follows: signed deal to buy 20m-35m barrels/year crude oil from Libya and re-develop
In addition to Rosneft’s huge investments, Russian oil and gas companies Lukoil and Gazprom Neft Middle East B.V. are also involved in projects in the Middle East; both companies are directed by Putin allies Vagit Alekperov and Alexey Miller. Gazprom, the state-controlled gas monopoly, Russia’s largest company ($117 billion in sales) and world’s largest natural gas producer, has a clear dominance over European energy politics through vast Russian natural gas sources and grants huge leverage to the Kremlin as an efficient foreign policy tool; in recent years Gazprom has also began to invest in oil sector in the Middle East and throughout the world, like Lukoil has done.

As Borschchevskaya (2016) highlights, the Kremlin agreed to write off much of Iraq’s Soviet era debt in 2005, and Russia’s Lukoil provided several million dollars’ worth of humanitarian aid to Iraq. In February 2008, Russia forgave all Iraq’s $12.9 billion in debt. Since 2009, Lukoil and Gazprom Neft have won a number of large contracts. Lukoil plans to make West Qurna II one of Iraq’s largest producers in a year. Lukoil has also played a major role as an energy exporter in Iraqi Kurdistan. In 2012, Gazprom Neft signed two deals with the Kurdistan Regional Government (KRG), making it the fourth major oil company to enter the region and putting it in the same league as US-based Chevron and ExxonMobil and France-based Total.[21] Gazprom Neft and partners developing Iraq’s Badra oil field plan to invest a further $2.5 billion in the project until 2030.[22] Gazprom Neft is also seeking to take part in Abu Dhabi’s oil projects and discoveries and plan to partner with Mubadala Investment Holding in the UAE, Egypt, Oman and Iraq in oil projects.[23]

According to Sonmez & Cobanoglu (2016), Russia uses the energy factor in its foreign policy through three main strategies: i) importing cheap natural gas and oil from its allies and cooperating states, ii) using price negotiations as ‘carrot and stick’ method over consumer countries, iii) utilizing the option to change gas and oil routes and pipelines in favour of its foreign and security policy goals.[24] However, in the Middle Eastern context, Russia’s strategy differs from post-Soviet geography and Europe. For instance, the Kremlin’s pragmatic approach to the Gulf, particularly Saudi Arabia, is based on a desire to increase global oil prices, or at least not to allow a fall in prices. To this end, Russia tries to coordinate its efforts with the Arabian OPEC states through production levels and price measures.[25] On the other hand, together, Russia and the Middle East sit on 60 % and 63 % of the world’s proven oil and gas reserves, respectively, and produce half of the world’s oil and nearly 40 % of its gas. Any common base for cooperation between these two giant players will therefore have significant implications for global oil and gas markets.[26]

ROSATOM and Russian Nuclear Policy

In energy field, Russia has not only continued its dominance on oil and natural gas, but also identified new energy options, mainly nuclear power generation. Russian leadership has embarked on active nuclear power market globally, thanks to tactical victories of its intensified energy diplomacy efforts in oil and gas. The Kremlin has consolidated the nuclear industry of the country in a single state-owned company, Rosatom, in 2007.[27]

According to Rosatom’s own reports, the company operates in uranium exploration and mining, enriched uranium product deliveries, nuclear fuel and its components deliveries, as well as nuclear power plant construction. Rosatom is the world leader in the number of reactors being built abroad with total of 35 nuclear reactors built; also operational in more than 40 countries throughout the world; it holds the second place in uranium reserves and has 16% of the world nuclear fuel market share; its portfolio of overseas projects for next decade exceeds $133 billion.[28]

In addition to its ongoing relations with traditional buyers in Europe and Asia, Rosatom has followed the Russian oil and gas giants’ footsteps in the Middle East; having already sealed deals with Turkey and Iran for construction of nuclear power plants, Rosatom also seeks to expand its market share in the region. In Jordan, Rosatom has
conducted nuclear feasibility studies to install a 2GW reactor; in addition, signed a deal with the UAE to supply nuclear fuel to the Korean-based Barakah nuclear plant. Saudi Arabia has also added a 17GW nuclear power by 2040 and Rosatom, which has signed a roadmap agreement for atomic energy cooperation, is in Riyadh’s shortlist for the construction of nuclear reactors. Egypt also signed a preliminary agreement with Rosatom to build a 4.8 GW power plant in Dabaa, which aims to be up and running by 2026.[29]

Nuclear energy diplomacy grants significant contribution to Russian prestige and creates political gains in terms of interdependence. But main motivation behind nuclear power plant construction abroad is economic for the Kremlin; as Minin and Vlcek (2017) states clearly; “four-unit nuclear power plant construction by Rosatom keeps 24,000 people in work in various segments of the nuclear industry inside Russia, while each ruble of the nuclear loan brings 1.8 rubles into the economy by way of orders for Russian enterprises, including fuel supplies, staff training, decommissioning services, and so on. Each ruble also provides 0.54 ruble of direct income to the Russian budget.”[30]

ROSOBORONEXPORT and Russia’s Increasing Share in Global Arms Sales

Rosoboronexport was founded as a state-owned arms production company following the chaotic organization of the Russian arms trade in 1990s along with the competition between private companies and state agencies, to centralize defence industry in terms of decision-making mechanism. For directing the process and founding the company, President Putin chose Sergey Chemezov who is among his close allies like other gas-oil giants’ directors.[31]

Since 1950, the US and Russia (or the USSR before 1992) have consistently been by far the first two largest suppliers of arms (the US with 34 % and Russia 22 %). The flow of arms to the Middle East increased by 103 % between 2008-12 and 2013-17. On the top arms importers list, Saudi Arabia follows India with its global share of 10 % (India 12 %); Egypt holds the third rank with 4.5 % global share; while the UAE holds the fourth rank with 4.4 % share, Algeria on the seventh rank with 3.7 % and Iraq on the eighth rank with 3.4 % global share.[32]

Russia started to develop a three-dimensional strategy after re-organizing its domestic defence industry management, through which the Kremlin instrumentalised arms sales / transfer as an effective foreign policy tool: i) license transfers with the occasional joint development of military hardware (currently applied only with India in its full extent with regards to large contracts), ii) large scale deliveries to relatively prosperous countries that can afford to pay for military hardware (Indonesia, Malaysia, Algeria, Iraq, Azerbaijan), iii) ‘small steps towards big gains’ approach (military-technical cooperation aimed at developing countries, mainly poor and medium-tier states of Africa, Latin America and Southeast Asia). This multi-dimensional strategy of Rosoboronexport demonstrates the variety of tools Russia employs to extract profit, strengthen its political clout, build up regional influence, maintain and empower relations with strategic partners in different regions.[33]

As Sladden and others (2017) argue, Russia is making a concerted effort to reclaim its role as the ‘credible’ arms supplier of choice for Middle Eastern governments. During the Arab Spring, the US remarkably lost its position and relative advantage in the region, and Russia re-emerged (once again after the collapse of the Soviet Union) to dominate the arms market. Arab governments in recent years mainly prefer exercising military cooperation with Russia due to: i) Rosoboronexport’s delivering much-needed weaponry quickly (as demonstrated through its provision of attack helicopters to Iraq), ii) Moscow’s non-ideological approach to maintaining relationships with and providing arms to a diverse group of states simultaneously, iii) the US Congress’ reluctance to permit delivery of weapons due to human rights concerns and Israel’s interests (such as delays in recent arms sales to Egypt and Saudi Arabia). As a result, Russia’s arms exports to Middle East countries increased for 36 % between the years 2011 and 2015.[34]

The most popular Russian arms in the Middle East are tanks and propelled guns, armoured vehicles, supersonic combat aircrafts and anti-aircraft missiles; Rosoboronexport also delivers helicopters, surface-to-surface missiles and anti-ship missiles to regional states. Some recent estimates show that, up to 37 % or $5.5 billion of Russian arms exports were destined for clients in the Middle East in 2015, which according to the SIPRI databases, is ten times more than all of Russian exports to the region for all of the 1990s.[35] The Middle East (along with the North Africa) is
The Instrumentalization of Energy and Arms Sales in Russia’s Middle East Policy
Written by Mehmet Akif Koç

the second-most important region for Russia’s arms exports and accounted for 17.8% of the total between 2000 and 2016. This market comprises of traditional (from Soviet era) customers, such as Iraq (1.4%), Syria (1.4%), Egypt (1.4%), and Yemen (1.2%), as well as newer markets such as Algeria (9.1%), Iran (2%) and the UAE (0.7%). According to SIPRI’s global armament report, Middle Eastern countries’ dependence figures on Russian arms sales are as follows: Algeria (> 80-100%), Syria (> 60-80%), Iran (> 40-60%), Yemen (> 40-60%), and Libya (> 20-40%).[36]

Egypt is one of the biggest customers of Russian arms in the Middle East; Cairo had also played a key role in 1950s to allow Moscow to get a foothold in the region under the chaotic conditions of the Cold War. Following the military coup of Abdel Fattah al-Sisi, Washington froze its aid to Cairo and Russia once again exerted great efforts to reach out to Egypt; as a result, Moscow and Cairo reached an arms sale agreement in 2014 worth $3.5 billion. In February 2017, Abu Dhabi entered into military contracts with Russia worth $1.9 billion including MG-29 twin engine aircrafts and SU-35 jets. Rosoboronexport’s Algeria arms sale deal was worth $7.5 billion in 2006; while the Kremlin also supplied Iraq with military equipment worth $4.2 billion in 2012.[37]

Conclusion

President Putin, as a KGB-background leader who witnessed the demise of the USSR during his foreign mission in East Germany, described the collapse of the Soviet Union as a “major geopolitical disaster of the century” in his annual address to the Federal Assembly of the Russian Federation in April, 2005.[38] According to a recent poll, conducted in November 2015 among 1,600 citizens throughout Russia, two-thirds believe Russia is a Great Power—an increase from 50 percent in 2011 and 31 percent in 1999.[39] According to this author’s understanding, there are two main factors supporting and feeding this positive trend in Russian public opinion: i) stable domestic economic conditions thanks to relatively high oil and gas prices of the recent years, ii) the Kremlin’s successful and ambitious foreign policy moves to re-gain superpower status, particularly within the context of Ukraine and Syria. When Putin’s statement is evaluated together with Russian public opinion’s perception of ‘great power’ status, the Kremlin’s unique realpolitik option emerges as continuing its foreign policy of last 18 years in short to middle-run ahead.

Due to its geopolitical importance, owning almost half of global oil and natural gas reserves and close proximity to Russian borders; the Middle East is an appropriate stage for Moscow’s active foreign policy. Russian interests in the Middle East are generally not viewed as vital and existential when compared to the post-Soviet geography and Europe but this region is still significant for Moscow to re-gain its superpower status. In this respect, Russia applies a mixture of hard and soft power elements towards the Middle Eastern states and actors. To this end, instrumentalization of energy cooperation and arms sales have crucial leverage on Russian influence in the region. The Kremlin also wisely compartmentalizes its relations with all regional actors and establishes business-oriented networks to gain prestige, cultivate political clout and benefit in economic terms. Russian policy makers, first re-organizing domestic political and economic power structure, successfully mobilized state-owned energy and arms sales giants such as Rosoboronexport, Rosatom, Rosneft, Gazprom, and Lukoil as remarkable pillars of Russian policy towards the Middle East.

For instance, Russian energy companies, Rosneft, Gazprom Neft and Lukoil have remarkable oil and gas investments in Iraq, Egypt and Libya; these firms are also in partnership with the Gulf states to cooperate in gas and oilfields of other countries and also to decide on the level of global energy prices. Russia is also active in the nuclear energy sector; state-owned Rosatom signed huge deals to build nuclear power plants in Iran, Tukey, Egypt and Jordan, also agreed to supply nuclear fuel to the nuclear reactor in the UAE and continues negotiations with Saudi Arabia to build reactors. As a third pillar, Rosoboronexport has inherited the Soviet arms sales network in the region (Iraq, Syria, Egypt, Yemen) and added new markets (Algeria, Iran, UAE) for high technology Russian arms industry, thanks to its quick supply channels and non-ideological approach to regional states.

Notes

The Instrumentalization of Energy and Arms Sales in Russia’s Middle East Policy
Written by Mehmet Akif Koç


The Instrumentalization of Energy and Arms Sales in Russia’s Middle East Policy
Written by Mehmet Akif Koç


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The Instrumentalization of Energy and Arms Sales in Russia’s Middle East Policy
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