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**Joining the dots and making sense of the key Geopolitical developments in Europe, Eurasia and MENA**

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**Key points:**

- 1. America's acquiescence to Russian military involvement in Syria may reflect a fundamental change in US regional strategy in the Middle East.*
  - 2. The Russian bet on Syria makes a broad-based political compromise on the governance of post-conflict Syria more necessary than ever.*
  - 3. The stalemate in implementing Minsk 2 epitomizes the Ukrainian Donbas dilemma: bring Donetsk and Luhansk back into the fold of a federal state, or keep them out, as contested territories.*
  - 4. The Iranian nuclear deal has brought both good and bad news, while Middle Eastern geopolitics is in full swing.*
  - 5. The Nord Stream 2 corporate agreement: an interesting business opportunity likely to be mired with geopolitical concerns in Central-Eastern Europe and beyond.*
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## 1. Washington's indirect warfare strategy in Syria

One of the juiciest, and most commented upon episodes of American-Russian indirect dialogue has taken place via the speeches of presidents Barack Obama, and Vladimir Putin at the UN General Assembly (UNGA) on 28 September. Apparently, the sticking point in creating a global anti-Islamic State (IS) coalition has been the potential role of the embattled president Bashar al-Assad in the post-conflict Syrian government.

Obama told us that:

The US is prepared to work with any nation, including Russia and Iran, to resolve the conflict [in Syria]. But we must recognize that there cannot be, after so much bloodshed, so much carnage, a return to the pre-war status quo.

Putin responded that it was an "enormous mistake to refuse to co-operate with the Syrian government and its armed forces who are valiantly fighting terrorism face-to-face". This disagreement between the two leaders became even more entrenched in the wake of Russian air power strikes allegedly against Western-supported anti-al Assad rebels in North-Western Syria during October.

Critics of Obama's policy in the Middle East blamed his "reluctance to be more assertive in Syria as a strategic necessity born out of war weariness and a lack of attractive options." However, others argue it is "part of an overall strategic retreat from the region, creating a political vacuum that has allowed a host of mischievous stakeholders into the arena." (*foreignpolicy.com*, October 6) Was America's acquiescence to Russian military involvement in

Syria, in spite of a serious political disagreement, a sign of geopolitical weakness? Or does it merely reflect a fundamental change of US regional policy in the Middle East? Looking through the lens of the *indirect warfare* strategy (see *EGF Geopolitical Trends, issue 1*) it seems that US Middle Eastern policy is changing.

*Indirect warfare* requires shifting the burden of war to those who want to bear it or cannot avoid doing so. It is meant to give up America's traditional post-Cold War role as the regional hegemon in the Middle East, in favour of a back seat supporting role of one or more regional powers, in a perpetual balancing act. By engaging in airstrikes in Syria, Russia has voluntarily opted into the group of Middle Eastern regional powers, alongside Iran, Turkey, Saudi Arabia, and Israel. For now, in the particular case of Syria, it seems that Russian and Iranian interests are more effectively aligned against those of Turkey, Saudi Arabia, and of Israel.

This could offer America the privilege to keep the regional balance, while taking a more cost-effective backseat in the actual warfare. Such an American strategic change will make from president Bashar al-Assad the "Gordian knot" of the Syrian conflict, while de facto reducing America's own responsibility as regional hegemon in the Middle East. This may appear to be, from the traditional post-Cold War angle, as creating somewhat of a political vacuum. But if all parties involved would eventually buy into this geopolitical compromise, the return to stability in Syria might be closer than expected. It was precisely this message that Obama was seeking to make at the UNGA.

## 2. The Russian bet on Syria

More than one month before his speech at the UN General Assembly (UNGA), Vladimir Putin advanced the idea of a “broad coalition to fight the Islamic State”. A plethora of subsequent analysis has further elaborated on the perceived goals of the Russian bet in Syria, including *inter alia* to:

- bolster the Syrian state, and its beleaguered military to avoid a political chaos as was the case in post-Qaddafi Libya;
- preserve the leadership of Bashar al-Assad as a guarantee for protecting Russian wider strategic, economic and cultural interests in Syria;
- re-gain Moscow’s Cold War role as regional power broker in the Middle East, and thereby ensure a seat at the table where the future of Syria will be negotiated;
- build up a regional partnership with Iran, not only to oversee the Middle East, but Afghanistan as well;
- restore the image of Russia as a global great power, and increase its geopolitical leverage in relations with other global players, including the US, China, the EU, and India;
- reinforce the fight against Islamist terrorism inside Russia, and in the near abroad.

Moreover, Fyodor Lukyanov, the Editor of the influential *Russia in Global Affairs* online journal thought that:

Russia is simply stepping into the void left behind by American waffling and a lack of

clarity in its Syria policy. The growth of Russian influence is directly proportional to the decline of American influence in the region. (*foreignpolicy.com, September 25*)

Apparently, the Russian initial strategic plan in Syria envisaged to first get rid of the weakest link in the Syrian conflict: the Western-supported rebels, known as the Free Syrian Army (FSA). Putin might have thought that by inaugurating a large mosque in Moscow one week before starting the air attacks, he could possibly soothe Turkish and Arab anger towards Russia’s military strikes in Syria. He was off the mark in that assumption, however, as the reaction of President Erdogan of Turkey to the Russian bombardments has clearly shown. Therefore, the Russian strategic plan should probably be reviewed to take a more cautious stance to unconditionally bolstering the fight of the al-Assad regime against the FSA.

In the short term, the West may not have a winning card against the Russian bet on Syria either: if it chose to stand up with military force against Moscow, it risked deepening divisions in its own camp (note German Chancellor Merkel's earlier assertions that a solution to the Syrian conflict should involve Russia). The current attempt to defend the anti-al Assad rebels with political means, and to provide them with combat service support are likely to further delay the outcome of the Syrian conflict, and essentially undermine the fight against IS.

If the West chose to let Russia go ahead with its initial strategic plan, the Western proxies in the Syrian war may eventually disappear, and with them may also go the Western leverage over the future Syrian government.

The best way to handle the crisis might envisage a reasonable post-conflict political compromise aimed at ending the Syrian chaos which would be worked out by all stakeholders. As a first step, this might require pro-Western rebels to conclude an armistice with Damascus, and unite their forces against the IS. This might also be the only realistic way to save themselves from disappearing from the post-conflict agreements. Second, all stakeholders should work together to dismantle IS and banish it from the entire Middle Eastern geopolitical picture. A third step might involve setting up a Syrian national unity government to rebuild the country. That would be the best moment for president Bashar al-Assad to make a gracious step backwards, and seek political asylum in a neighbouring friendly country. The question then arises, of course, as to whether Assad would oblige, taking into account the fact that he may play a not insubstantial role in helping to defeat IS and acquiring commensurate political capital.

### 3. The Ukrainian Donbas dilemma: bring them in or keep them out?

On October 1<sup>st</sup>, a new summit aiming to revive the peace process in Eastern Ukraine was held in Paris, in the Normandy format (France, Germany, Russia, and Ukraine). Although overshadowed by Western concerns with Russia's military intervention in the Syrian conflict, the meeting was held in a "positive mood", and yielded a few concrete outcomes: an agreement to start withdrawing light weapons from the frontline, and a joint call to postpone local elections in the break-away Donetsk and Luhansk republics,

originally scheduled for the last decade of October. Meant as the first summit in this format to review progress in implementing the Minsk 2 agreements, it highlighted the existing sticking points among the conflicting parties: the future status of the break-away republics within a more decentralized Ukrainian state.

Disagreements on this issue were already voiced since the beginning of September, when Moscow, Donetsk and Luhansk vigorously rejected Kyiv's offer of constitutional status for the Donetsk-Luhansk territories, proclaiming it unacceptable. Putin listed four provisions of the Minsk 2 agreement unmet by the Ukrainian proposal:

- Kyiv and Donetsk-Luhansk must negotiate the terms of Ukraine's constitutional amendments on their special status;
- they need to work out Ukraine's law on local elections by mutual agreement;
- the Ukrainian parliament has to grant a general amnesty;
- Ukraine must enact a new law on the special status of the breakaway republics within Ukraine, again by negotiation with Donetsk-Luhansk. (*Interfax, September 4*).

The current stalemate in implementing the Minsk 2 deal epitomizes the *Ukrainian Donbas dilemma*: bring the rebels in, and *de facto* undermine the stability of Ukraine as a unitary state. Or keep them out at the price of another significant permanent territorial loss (in addition to Crimea), and a continued stand-off with neighbouring Russia.

On the one hand, Kyiv finds unacceptable the fact that it has to sacrifice its territorial integrity (i.e. the loss of Crimea) and European future for keeping its break-away Eastern territories inside the Ukrainian state. On the other hand, Donetsk, Luhansk (and Moscow) want stronger constitutional and legal guarantees from Kyiv for their right to preserve tight political, economic and cultural relations with Moscow, and to opt out from a federal state, in case Ukraine might ever become a member of the EU (or NATO).

The solution to this dilemma lies in the hands of the Ukrainian leaders, and ultimately the Ukrainian people. However, neither Ukraine's leaders nor its people will be able to find their way out, unless another broader European dilemma will be resolved: where does Russia actually sit in pan-European geopolitics: inside or outside the House?

#### **4. The Iranian nuclear deal: a step in the right direction?**

Iran and the permanent members of the UN Security Council + Germany concluded, on July 14<sup>th</sup>, in Vienna, an historical agreement imposing limits on Tehran's nuclear program in return for relief from economic sanctions. Was the Iran deal good or bad?

Although it might be too early to conclude, the answer may largely depend on whether it was implemented in good faith by all the parties, or not. Most analysts tend to agree that it wasn't the best deal the West and its Middle Eastern allies might have expected. However, "there is a path forward with this deal that will certainly be

better than the uncertainty that has hung over this issue for the past 13 years." (*foreignpolicy.com*, July 14).

The Iranian nuclear deal brought up a mixture of good and bad news:

1) The risk of nuclear proliferation in the Middle East has receded, given the expected increased presence of international inspectors in Iran. Consequently, one may be relieved by having Tehran brought back into the international fold. Conversely, the risk of a direct military clash between the US and/or Israel and Iran has also decreased to the lowest level since the eruption of the Islamic Revolution in 1978-79.

2) The reintegration of Iran into the global energy markets might be good news for energy importers, but it might be bad news for exporters, while the opening of the 80 million people Iranian market may boost regional trade and investment.

3) At the regional level, the Iranian nuclear deal could have a destabilizing role. As many observers of Middle Eastern affairs have noticed, the deal may boost Iran's regional role, which is actually bad news for the other regional powers, including Saudi Arabia, Israel, and Turkey. This is likely to lead to increased regional tension and bloodshed in the ongoing conflicts in Syria, Iraq, Palestine, and Yemen. The interests of regional powers intersect in the case of these conflicts, clashing along the Sunni-Shia, or Israeli-Palestinian axes. In such a volatile security environment, the terrorist threat from radical Islamic movements may

also increase somewhat significantly, at least in the medium and longer term.

4) At the state level, in particular in Iran itself, but also in the United States and in the Persian Gulf monarchies, the domestic political competition between hard-liners and moderate political forces may also rise. Diverging assessments on how the Iranian nuclear deal was implemented, or on how it has impacted the regional and global geopolitical context may undoubtedly feed that struggle.

Overall, the Iranian nuclear deal is likely to become a new cornerstone in further reshaping the geopolitical dynamics of the Middle East and the regional order. As an essential element of a changing US policy in the Middle East, the Iranian nuclear deal has resulted in the shifting of the security strategies of the key regional actors, such as Russia and China. From this perspective, the trendiest example of geopolitical impact of the Iranian nuclear deal is Russia's military involvement in Syria. The deal "removes the barriers — largely artificial — on the way to a broad coalition to fight the Islamic State and other terrorist groups," Russian Foreign Minister Sergei Lavrov said in July. (*foreignpolicy.com, September 16*) This strategic move has dramatically shifted the local balance of power in Syria, while Western and Chinese reactions are to be expected shortly — so watch this space.

## 5. The Geopolitics of Nord Stream 2

Although less astonishing than the announcement on Turkish Stream (see *EGF*

*Geopolitical Trends, Issue 1*), the signature of the corporate agreement on Nord Stream 2 bears a comparable geopolitical weight. On September 4, a consortium of European companies including Gazprom, E.ON, BASF/Wintershall, Shell, OMV, and Engie (formerly GDF SUEZ) signed a shareholder agreement to construct additional gas transportation infrastructure to supply Russian natural gas to the EU market. Planned to connect Russia with Germany through the Baltic Sea by 2019, Nord Stream 2 would double the Nord Stream system's overall capacity to 110 billion cubic meters (bcm) per year.

In an initial, hardly surprising reaction against the signature of the Nord Stream 2 agreement, Maroš Šefčovič, the EU's Energy Union vice-president, expressed concerns:

How is it in compliance with our strategy for diversification of supply? What kind of conclusions should we draw if the aim of such a project is to practically shut down the Ukrainian transit route? What does it mean for Central and Eastern Europe? Because we would be completely changing the gas balance in that part of Europe. (*Politico.eu, September 7*).

The expansion of the Nord Stream gas pipelines system may actually reflect a continuation of an older Russian strategy to turn Germany into a regional energy hub in Northern and Western Europe. However, such a move should be seen in the context of the apparent deadlock on further developing the Turkish Stream gas pipeline across the Black Sea to Turkey, and on to Europe, and the current state of conflict between Russia and Ukraine.



In geopolitical terms, Nord Stream 2 might be the “stone” with which Russia’s Vladimir Putin has attempted “to kill several birds” at the same time:

- It underscores the huge economic potential of the energy partnership between Russia and Europe (the fact that besides German energy companies, British, Austrian and French companies were also given stakes in this deal was most relevant);
- It places strong pressure on Ukraine to review its overall stance against Russia by clearly signalling to Kyiv that any efforts to reduce its reliance on mainstay Russian gas supplies, will equate to even stronger efforts to effectively bypass Ukraine as a transit corridor for Russian gas to Ukraine, significantly reducing Kiev’s strategic importance for Moscow;
- It shows both Turkey and China that Russia still has alternative energy cooperation

opportunities, regardless of currently strained relations with the EU and the US;

- It makes Belarus, Poland, Ukraine and the Baltic states aware of who calls the shots in the energy deals from Central and Eastern Europe, while providing opportunities to simulate, or even perform *geopolitical gas market dumping*. That is, short-cutting those countries from the Russian, and possibly Central Asian and Caspian, gas flows to Central and Western Europe, while flooding the European market with cheaper (Russian) gas for geopolitical gains.

Make no mistake, the expansion of Nord Stream 2 has still many hurdles to overcome before it evolves from pipedream to pipeline. However, an accurate understanding of the geopolitical objectives of Russian energy projects is crucial to making optimal decisions by all interested corporate or government actors.

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EGF Geopolitical Trends  
Published by European Geopolitical Forum SPRL  
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