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NEW PLAYERS IN THE MEDITERRANEAN

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STRENGTHENING TRANSATLANTIC COOPERATION

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MAY 2010

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EXECUTIVE SUMMARY

The number of new states seeking some combination of economic, energy, and security gains in the Mediterranean is increasing. Some have historical ties with the Mediterranean region and the Maghreb and are trying to build or rebuild economic and security ties. Others probably see the Mediterranean region through both short- and longer-term filters that reveal more immediate economic interests but that eventually converge with a larger strategic plan. Still others see purely economic benefits, and a few see purely security benefits.

The emerging strategic landscape in the Mediterranean is being constantly shaped by the entry of new players—China, India, Brazil—with strategies that reflect their special economic and security concerns and the re-entry of some old ones—e.g., Russia—with strategies that remind us of pre-Cold War objectives. The landscape is changing rapidly, the dynamics of the individual actors and of their possible combinations are fluid, and the trajectories of their strategies are far from clear. It is of course impossible to know everyone's motivation, but it is possible to identify a number of emerging issues and patterns of behavior with some confidence.

Russia is reasserting its global role, and its activities in the Mediterranean are part of a larger strategy shaped by a fluid interplay of internal and external influences. In this it draws on a deep historical involvement in the region, impaired at least temporarily by the breakdown of Soviet power. Russia has many cards to play, and it is playing some of them expertly.

China once enjoyed ties with the countries of the Mediterranean and the Maghreb mainly as an extension of the Silk Road. It has returned to the Mediterranean theater through aggressive investment in strategic infrastructure and energy, although its investment in Europe proper has been minimal. It also is possible to see China's interest in

the region as part of a grand strategy that extends Beijing's footprint globally.

India's historical ties to the Mediterranean date back more than 1,000 years. Its interests in the Maghreb are linked to its interests in the broader Arab world; its economic ties to both Italy and Cyprus are particularly deep. Like China, India is pursuing a multifaceted energy strategy in which the Mediterranean figures with increasing prominence, Libya being a particular target. India's Mediterranean strategy is also notable for the close India-Israel security condominium, which is important.

A range of other actors, Japan and Brazil for example, add increasing fluidity to the Mediterranean's strategic dynamics and make for the possibility of political-economic alignments and realignments that may be unprecedented.

Six conclusions emerge from this analysis:

First, all of the key new players in the Mediterranean view the acquisition of additional supplies of energy from Mediterranean states as both necessary and possible, and they are designing strategies to this end. While supplies are abundant, transport is unimpaired, and comity reigns amongst them, the Mediterranean's energy market will likely work efficiently enough as part of a global market that determines who gets how much and at what price. But any hiccup in the larger global energy supply system—or worse, if one can imagine destabilizing political turmoil in Saudi Arabia or the collapse of the Iranian theocracy—will bring a heightened level of competition, probably including military competition, among non-Mediterranean states and actors in the Mediterranean region itself to adjudicate how energy is produced, sold, and transported. In this sense, the Mediterranean basin has become an important section of the energy security umbilical cord linking Asia's dynamic economies to the global energy marketplace.

Second, energy competition will certainly lead the Mediterranean's new players to pursue competitive and cost-imposing strategies directed at their rivals. In this sense, the Mediterranean's seeming isolation from larger competitions taking place in the Middle East, the Indian Ocean, East Asia, Eurasia, and even Latin America will diminish.

Third, while Russia benefits from close proximity to the Mediterranean competition because of its physical connections to both Europe and the Black Sea, the new actor with the greatest potential to alter the strategic landscape may well be India. Its potent and growing strategic alliance with Israel and its longer-term security cooperation with Turkey—both buttressed more or less by the United States—are likely to cast India as an increasingly powerful Mediterranean actor to be reckoned with. Add to this India's strong economic, commercial, and energy interests in the Maghreb and in Europe's Mediterranean states, as well as the well-lubricated movement of Indian workers and professionals into labor-short markets like Europe, suggest that India's presence on the new Mediterranean landscape is better rooted and more organic than either China's or Russia's.

Fourth, Turkey's shifting strategic priorities—toward Russia and the Middle East, and away from Israel, Europe, and the United States—could foretell the beginnings of a period of more general strategic recalibration around the Mediterranean in which the movement of new actors alters or upsets existing political and security balances while coincidentally opening opportunities for new coalitions and relationships. Turkey is in many respects the fulcrum around which other actors' strategies are likely to pivot.

Fifth, China's growing presence in the Mediterranean appears to be driven by a combination of converging influences, including access to energy and protecting vulnerable sea lanes. Grand strategy, in which energy security figures prominently, may be another. Its emerging positions in places like Myanmar, Kazakhstan, Sudan, and Algeria—usually accompanied by large numbers of Chinese workers and agents, including security personnel—suggests that China views its overseas activities as more than economic opportunities to be explored, exploited, and abandoned. Where China goes, it appears poised to stay: a feature of Chinese engagement not lost on long-term competitors like India and Russia.

Sixth, it appears increasingly unlikely that the United States will remain the strategic constant in the Mediterranean that informs and shapes the strategies of nearly everyone else, including new Mediterranean actors whose relationships with the United States are mostly formed by issues far from the Mediterranean theater. The United States by itself will not determine the future dynamics of the increasingly complex Mediterranean region. But it will be a powerful influence on the strategies of everyone else. The reasons go deeper than “strategic fatigue.” America's navy is in decline, at least in numerical terms, and the trend cannot be reversed quickly. Failing to have a clear strategy of its own will likely lead other actors, especially the new actors, to take risks that an articulated American position might forestall, and to miscalculate in ways that could challenge the Mediterranean's impressive stability.

1 INTRODUCTION

The number of new states seeking some combination of economic, energy, and security gains in the Mediterranean is increasing. Some have historical ties with the Mediterranean region and the Maghreb (e.g., Russia, India, Turkey) and are trying to build or rebuild economic and security ties. Others probably see the Mediterranean region through both short- and longer-term filters that reveal more immediate economic interests but that eventually converge with a larger strategic plan; China would fall into this latter category. Still others (e.g., Brazil, Azerbaijan, Romania, Bulgaria) see purely economic benefits and a few (e.g., Venezuela) see purely security benefits.

It is of course impossible to know everyone's motivation, but it is possible to identify a number of emerging issues and patterns of behavior that suggest where the "new outsiders" might be headed, that is if they are not so bold as to tell us directly. We conclude that the interplay of outsiders with Mediterranean states and with each other is certain to make the dynamics of the Mediterranean

region more strategically fluid, more complex to understand, more difficult to track, and ultimately more prone to disruption and possibly instability, as the strategies of these new actors converge or collide on such vital interests as energy access and security.

The Mediterranean is no stranger to outsiders, but it is probably the case that, relative to earlier periods, the new outsiders are capable of exercising more political, economic, and military power than their predecessors, that is they are capable of fundamentally altering political relationships and economic and security realities. Moreover, as we discuss, the traditional balancing and moderating role of the Mediterranean's other big outsider, the United States, may become less robust and visible in the future. The strategies pursued by the new actors will be informed in no small way by the truth or perception of this reality.

The following is a survey of those new players, their motivations, and their goals.

2 RUSSIA

The larger strategic context

Critics and the detractors of Vladimir Putin agree on two points. The first is that although Putin stepped aside as president in 2008, in favor of his long-time protégé Dmitry Medvedev, to comply with the constitutional ban on serving more than two consecutive terms, Putin remains the real source of political power in Russia. Medvedev is not a mere puppet, but no major initiative on domestic or foreign policy would get off the ground without Putin's approval and probably also his involvement at the outset. And if a position adumbrated by the Russian president—for example that Russia may be prepared to join multilateral efforts to increase the economic pressure on Iran in order to induce it to end its quest for nuclear weapons—is out of sync with the Russian prime minister, the latter statement is the one most likely to reflect what Russia will in fact do.

The second point of consensus is that Putin, no matter Russia's myriad problems, believes that his country is destined to be a great power and that the erosion of its standing during the presidency of Boris Yeltsin is being reversed and will be viewed in hindsight as an aberration. When Putin harps on the dangers inherent in a U.S.-dominated unipolar world, the remedy he proposes is to fashion a multipolar world, with Russia playing a leading role in bringing it into being and serving as one of its independent centers of power. As shown in his February 2007 address to the Munich Conference on Security Policy, he believes that only in such a world can American unilateralism be counterbalanced and restrained.¹

An essential part of Putin's plan to resurrect Russia's influence in world politics has been to secure its dominance in the so-called post-Soviet

states, which Russian strategists were wont to call the "near abroad." This is the context in which Russia's strong-armed conduct toward Ukraine, its support of secessionism in Georgia, its military deployments in Moldova's Transnistria region, its opposition to NATO's expansion, and its determination to counter efforts to build pipelines that skirt Russian territory should be seen. But Putin does not believe that the multipolar world he seeks will come about if Russia is reduced to a regional power (no matter how preeminent it is in its immediate neighborhood), so he has expanded the "strategic partnership" with China that was launched under Boris Yeltsin, pursued a policy toward Europe that deals bilaterally with the major centers of power on that continent so as to prevent the rise of a cohesive EU policy toward Russia, focused on expanding Russian ties with Iran and India, and used the Security Council to ensure that Russia has a say in peacekeeping operations and sanctions.

It is in this context—the reassertion of Russia's global role—that Moscow's activities in the Mediterranean should be seen; they are part of a larger strategy and should not be abstracted from it. This strategy itself is shaped by an interplay among: i) the Russian leadership's conception of what Russia should be as a society and polity (best articulated in "sovereign democracy," which sets forth the principles and perceptions shaping Russia's foreign and domestic policies)²; ii) the domestic influences on Russian foreign policy (in particular the role of the *siloviki*, the armed forces, plus the institutions involved in internal security and intelligence and arms exports, and the energy sector, which is either state-controlled or conducts

¹ For the text of Putin's Munich address, see <http://www.washingtonpost.com/wp-dyn/content/article/2007/02/12/AR2007021200555.html>.

² The concept's originator is Vladislav Surkov, First Deputy Chief of Staff of the Presidential Executive Office and the man considered to be the Kremlin's chief ideologist. For his exposition on "sovereign democracy," see Surkov, "Russian Political Culture: The View from Utopia," *Russian Social Science Review*, Vol. 49, No. 6 (November/December 2008), 81–97.

itself in ways that support state objectives); iii) and the external environment (the rivalry with major powers and the opportunities and constraints presented by particular regions).

Diplomacy in the old stomping grounds

Just as Russia's current policies in the Mediterranean have a strategic context, so too do they have an historical backdrop, one that extends to the Soviet era, specifically to the Cold War decades. As the American policy of Containment began to take shape from the late 1940s, and Moscow faced the prospect of being encircled by U.S. military bases, the Soviet leaders did an ideological volte-face in their assessment of Third World nationalists. Until the mid-1950s, the likes of Ahmed Ben Bella, Jawaharlal Nehru, Gamal Abdel Nasser, and Sukarno were condemned as "bourgeois nationalists." They were seen as appendages of capitalism and agents of imperialism, not, their self-presentations notwithstanding, as a third force that was genuinely determined to eschew Cold War alliances. Their sympathetic references to the Soviet model of development were dismissed as eyewash, and local pro-Moscow communist parties were instructed to engage in revolutionary action against them.

But once it became clear that Containment presented a frontal challenge to the Soviet Union, that the bourgeois nationalist regimes were neither transitory phenomena nor lackeys of the West, and that they were in fact serious in their refusal to join American alliances, Soviet ideologists began stressing their "progressive" qualities and local communists were instructed to consider them as part of a "zone of peace" and as tactical allies. Soviet diplomatic missions, aid, arms, and advisers began to flow to nationalists regimes, and when some meted out harsh treatment to communist parties, Moscow overlooked it. The Ba'ath regimes in Iraq and Syria, Mu'ammarr Qadhafi in Libya, Nasser in Egypt, and the National Liberation

Front government in Algeria became the objects of Soviet attention, and Moscow embarked on a mission to establish a wide-ranging presence in the Mediterranean. The region was a strategic crossroads, it was on NATO's southern flank, the American Sixth Fleet patrolled the Sea, and Washington's increasing support for Israel provided Moscow a wedge issue that could be used to court radical Arab regimes. Having reassessed its jaundiced view of nationalist regimes in the Mediterranean, Moscow set about building substantial and multifaceted (diplomatic, economic, military, cultural) ties across the Mediterranean, from Syria in the east to Algeria in the west. Treaties of "friendship, cooperation, and security" were signed; the Soviet military gained access to naval and air facilities in Algeria, Egypt, and Syria; Soviet arms dominated the arsenals of several regional militaries; students, technical specialists, army and intelligence officers went to the USSR for training; Soviet economic projects dotted the landscape and economic aid flowed into the region.

This history of prior—and substantial and multifaceted—involvement proved advantageous once Putin decided that a presence in the Mediterranean is essential to make good on his commitment to making Russia a great power with global influence: the Kremlin was not entering *terra incognita* given that there was a longstanding, Soviet-built foundation upon which to build. Furthermore, the current circumstances of local states provide specific opportunities to engage in such building. Some of them (Syria and Libya) had long been at odds with the West. Others (Algeria and Turkey) are not, but believe that forging ties with Russia (and China and Europe) would boost their bargaining power with the United States by providing leverage. Some still have substantial and unpaid debts to Russia, which Moscow hopes can be leveraged for influence, and also need arms but have scant prospects for receiving them from Europe or the United States (Algeria,

Libya, and Syria). And the region's authoritarians are reassured by the fact that Russia, unlike the EU or the United States, does not make human rights part of its diplomatic agenda but, rather, interprets the concept of sovereignty in ways that empower the state and depict external attempts to shape states' policies on political freedoms and civil conflicts (whether in Darfur or Zimbabwe) as invalid intrusions.

Even in Mediterranean countries that were formal or *de facto* allies of the United States (France, Israel, Italy, Spain, and Turkey), Moscow has worked on the assumption that it holds enough good cards—Russia's bountiful energy wealth, the lure of access to the Russian market, nationalist sentiments that combined friendship and dependence on the United States with resentment over this same reliance—to provide such states incentives to not let their close ties to Washington or (Israel aside) membership in NATO or (Israel and Turkey aside) the EU to be the dominant factor shaping their policies toward Russia. Even in the case of Israel, the Mediterranean state that is arguably the most closely identified with the United States, Russia has strengthened its position by continuing a policy that began under Mikhail Gorbachev in the Soviet Union's last years, namely, jettisoning an unequivocally pro-Arab policy in favor of one that seeks to build ties with Israel and, as part of this effort, responds to its concerns about Russian arms supplies to Syria, which, of the Mediterranean states, is the one that Israel considers the biggest threat. Rather than simply conceding that the American advantage in Israel is too strong to overcome, Moscow has increased political contacts with Israel, increased trade and investment links, and jettisoned the near-reflexive pro-Palestinian stance that marked Soviet policy. In some instances, the change of policy has been striking, a case in point being Russia's deal to buy unnamed aerial vehicles (UAVs) from Israeli Aerospace and what appears to be, at best, indefinite delays in the

planned sale of MiG-31 interceptor aircraft Syria (as well as S-300 anti-aircraft missiles to Iran) following Israel's remonstrations.³

But Russia's efforts in the Mediterranean are not shaped solely by its rivalry with the West in general and the United States in particular, but also by China's activities in the area. The amity surrounding the Moscow-Beijing "strategic partnership" has created a commonplace, though erroneous, assumption that Russia and China have formed an alliance. In fact, the Kremlin sees that China, just as it has been doing in Central Asia, is actively seeking engagement in the Mediterranean, not least because of the region's energy deposits, and is determined not to give it a free hand.⁴ But Moscow finds Beijing a more formidable rival these days, in contrast to most of the post-World War II decades, when Russia held the advantage. Now, China has the larger economy, more money, and, unlike problem-riddled Russia, offers an attractive model for economic development. In contrast to Russia, which appears to be in decline, China is widely seen as a superpower-in-the-making, and that perception of momentum inevitably shapes the calculations of local states.⁵ True, Russia retains a big advantage when it comes to arms sales; but this too will diminish as China's reliance on Russian arms and military technology decreases and its capacity to build its own state-of-the-art weaponry increases. Yet given the fixation with great power status that is so evident in Putin's Russia, these

³ Alexander Melikishvili, "Russia Scraps MiG-31 Sale to Syria in Exchange for Israeli UAVs," at <http://jamestownfoundation.blogspot.com/2009/06/russia-scraps-mig-31-sale-to-syria-in.html>.

⁴ On the Sino-Russian "strategic partnership," see Rajan Menon, "The Limits of Chinese Russian Partnership," *Survival*, Vol. 51, No. 3 (June-July 2009), pp. 99–130.

⁵ For a discussion of how this perception of the balance of power between Russia and China shapes the policies of Algeria, one Mediterranean state with traditionally close ties with Russia, see "Algeria and Russia's Bad Mood," at <http://themoornextdoor.wordpress.com/2009/01/12/algeria-and-russias-bad-mood/>

realities, which work in Beijing's favor, make Moscow more determined to compete rather than to concede.

What marks Russian diplomacy in the Mediterranean since Putin became president is an active effort to build political ties in the region, but in a manner that, in contrast to the Soviet pattern, does not definitively commit support to the Arab states in the region. A second and related one is the determination to build on established relationships while forging new ones. A third is to carve out an active and preferably independent role in the Arab-Israeli peace negotiations and to not concede the field to the United States. An example of these tactics in play is Russia's efforts to consolidate its already established presence in Syria, coupled with its commitment to now allow that to prevent productive relations with Israel.

The Kremlin has sought to build the relationship with Syria, as seen in the visits to Damascus by Russian Foreign Ministers Igor Ivanov in 2005 and Sergei Lavrov in 2008, and by Medvedev's hosting of Syrian President Bashar Assad, in Sochi, in August 2008 (soon after the Russian-Georgian war). Moscow has sought to use the U.S. policy of isolating and pressuring Syria to its advantage by acting as Syria's protector, up to a point. For example, Russia abstained in the vote on a U.S.-backed Security Council resolution to appoint a tribunal to investigate the killing of former Lebanese Prime Minister Rafik Hariri and, in the UN, opposed applying sanctions aimed at inducing Syria to cooperate with the investigation into Hariri's murder, which Washington believes was ordered by Syria.⁶ More broadly, Russia states

repeatedly that Syria is central to the Middle East's stability and that the correct course of action is engagement, not resorting to sanctions and political isolation. Moscow has sought to use its special relationship with Damascus to launch a Russian-sponsored Israel-Syria negotiations, though without success, and it criticized Israel for its bombing of a Syrian nuclear reactor in 2008. More tangibly, as we detail below, Russia has written off 80 percent of Syria's \$13 billion Soviet-era debt.

For its part, Syria views Russia as the critical counterweight to the United States and Israel and has reciprocated Moscow's support. As we discuss below, Damascus has made Syrian ports available to the Russian navy, as it did to its Soviet counterpart. During his visit to Sochi, President Assad blamed Georgia for starting the war with Russia, criticized American efforts to place responsibility on Russia, and supported Russia's decision to recognize the Russian-backed breakaway Georgian republics of Abkhazia and South Ossetia.⁷ Assad's decision was no doubt influenced by the fact that Russia had charged Israel with arming and training the Georgian military. Syria has also supported Russia on Chechnya and, to make its backing public, Bashar Assad in 2005 met with the then-leader of the Russian-backed Chechen government, Alu Alkhanov. Though several thousand Chechens live in Syria (as they do in Turkey, Jordan, Iraq, and Egypt—a reality traceable to their expulsion or emigration from the North Caucasus, along with other nationalities, in the wake of the conquest of the North Caucasus region by Russia in the latter part of the 19th century), the Assad regime has continued the policy of other Syrian Ba'athist governments by preventing any overt manifestations of Chechen nationalism and stressing the importance of assimilation. This has made it impossible for the Chechen diaspora in

⁶ Juan Cole, "Russia Seeks Political, Economic Dividends from Syria Ties," Informed Comment, at <http://www.juancole.com/2007/11/russia-seeks-political-osc-economic.html>; also see the (undated) testimony of Whalid Phares on Russia's relations with Syria: U.S. Congress, United States Commission on Security and Cooperation in Europe, Helsinki Commission Hearing, http://csce.gov/index.cfm?FuseAction=ContentRecords.ViewWitness&ContentRecord_id=627&ContentType=D&ContentRecordType=D&ParentType=H&CFID=756971&CFTOKEN=19664130.

⁷ *Guardian*, October 8, 2009, at <http://www.guardian.co.uk/world/2008/oct/08/syria.russia>.

Syria to show solidarity with anti-Russian Chechen forces in Chechnya, something that Moscow no doubt appreciates.

Yet Russia has been careful not to imperil its relationship with Israel, another key Mediterranean state, by giving Syria unconditional support. To demonstrate the importance that Russia attached to its relationship with Israel, Putin visited the country in 2005, becoming the first Russian top leader to do so, and making a point of visiting Yad Vashem. While Russia sells arms to Syria, it stresses its commitment to provide only defensive weapons that will not upset the regional balance of power and has been responsive to Israel's efforts to argue against the sale to Damascus of certain types of equipment.

Moscow's support for Damascus has not been unqualified. While Russia opposed American efforts to establish a UN panel to investigate Rafik Hariri's assassination, it did not veto the resolution, abstaining instead. Similarly, though it has opposed the application of UN sanctions on Syria, it has called on Damascus to withdraw its forces from Lebanon (even though it abstained on the 2004 Security Council resolution calling for a Syrian withdrawal), thus communicating to the Israelis that it understood the importance this issue had for them. The Kremlin recognizes that it cannot have an effective Mediterranean strategy if it writes off, let alone antagonizes, Israel and that the Soviet-era Russian emigration to Israel, Israel's technologically advanced economy, and Russia's own move toward a market economy have created new opportunities for cooperation that must not be squandered. It is determined to take advantage of them rather than simply using the Arab-Israeli conflict and support for the Arabs as its principal source of influence in the Middle East, as it did in decades past.

The Israelis likewise recognize that, despite their reliance on the United States, it would be shortsighted not to build ties with Russia given

its strong support for Syria (and Iran) and that a Moscow connection is useful as a hedge against pressure from Washington related to settlements on the West Bank and east Jerusalem, something Israel has had to contend with following Barack Obama's election.⁸ They have therefore sought to increase trade with, and investment in, Russia. On the more overtly political front, Ariel Sharon visited Moscow during his tenure as Prime Minister (2001–2006), his successor, Ehud Olmert, did so in 2007, and Binyamin Netanyahu, who followed Olmert in 2009, reportedly made a secret trip to Moscow that same year to discuss the Iranian nuclear program, following an official visit by his foreign minister, Avigdor Lieberman, who emigrated to Israel from the Soviet Union. That Netanyahu's Likud-led government takes a harder line on relations with the Arab world in general, and toward the Palestinians specifically, than the two other major Israeli parties, Labor and Kadima, has not prevented Russia from continuing to engage it diplomatically as part of an effort to pursue a Mediterranean policy with greater balance, breadth, and tactical flexibility and more strategic options. There has been a steady expansion in Russia's ties with Israel. The two countries resumed consular ties in 1987 and full diplomatic relations in 1991. Restrictions on Jewish emigration are no longer a source of contention. Indeed, according to a NATO report published in 2008, the inflow of Jews in the Soviet and post-Soviet years has created a situation in which "[t]oday, fifteen percent of Israeli citizens and ten percent of Knesset members were born in the former USSR and speak fluent Russian," and Russian-speaking citizens are said to constitute a quarter of the Israeli Defense Forces' (IDF) combat troops.⁹ Russia's battles with

⁸ Clifford Levy, "Israel's Foreign Minister Cozies up to Moscow," *New York Times*, June 14, 2009.

⁹ Pierre Razoux, "The Keys to Understanding the Israel-Russia Relationship," NATO Defense College, Research Paper, No. 42 (November 2008), p. 3.

radical Islamists in the North Caucasus and with terrorism within and beyond that region, and Israel's longstanding concerns about terrorism, have led to intelligence cooperation. The emergence of Avigdor Lieberman's Israel Beitenu party, whose base is Russian-speaking Israelis (who have personal ties to Russia and tend to have a favorable view of Putin's government), the expansion of trade and investment ties, Russia's interest in Israeli technology, and both sides' removal of visa restrictions (which has eased the volume of travel between Russia and Israel), have, in combination, transformed the political environment. Both sides now have a stake in a productive relationship.

The same pragmatic approach that Russia takes toward Israel is evident in its policies elsewhere in the Mediterranean region. Consider Russia's approach to Egypt. From 1954 (the year of the Soviet-backed Czechoslovak arms deal with Nasser's Egypt) to the late 1970s, the Soviet Union was Egypt's principal source of weaponry and its main political patron; and the Soviet military had access to Egyptian airfields and ports. But once Anwar Sadat effectively broke with the USSR, signed the 1978 U.S.-mediated Camp David treaty with Israel, and aligned Egypt with the United States, the Kremlin's position in this pivotal Arab country lay in tatters. Not much was done to regain Russia's foothold in Egypt under Gorbachev and Yeltsin given Russia's weaknesses. But this changed with the advent of Putin. A flurry of top-level visits began between the two countries: Russian Foreign Minister Igor Ivanov visited Moscow in 2000; Egyptian President Hosni Mubarak visited Moscow in 2001 and 2006; and Ivanov's successor, Sergei Lavrov, arrived in Egypt in 2004 and laid the groundwork for the visits to Cairo of Prime Minister Mikhail Fradkov in 2004 and President Putin in 2005. The frequency of these high-level trips, and the signing of a Declaration of Friendship and Cooperation in 2002, demonstrated that the

Kremlin was determined to reestablish Russia's position in Egypt.¹⁰ During his visit, Putin, the first Soviet/Russian president to go to Cairo in 40 years, sought to appeal to Egypt's sense of its centrality in the Middle East by proposing that it should join the Quartet (which consist of the United States, Russia, the EU, and the UN) to play a "vital role" in advancing the Arab-Israeli peace process. Mubarak, for his part, urged Putin to seek a third term, notwithstanding that such a move would have violated the Russian constitution.¹¹

Russian diplomacy has been no less active in another key Mediterranean state, Turkey. Here again, the pattern of high-level visits underscores the seriousness of the effort. During Boris Yeltsin's presidency, apart from Prime Minister Viktor Chernomyrdin's visit to Ankara in 1997, the Kremlin did little to demonstrate that Turkey was high on its list of foreign policy priorities. As with Egypt, the advent of Putin changed things. Putin made two visits to Ankara: in December 2004 (the first by a Russian president in 32 years, the Turkish media were quick to note) and as prime minister in August 2009. And President Dmitry Medvedev visited Ankara in May 2010: The visits by top Russian officials have been reciprocated by the Turks: Prime Minister Recep Tayyip Erdogan visited Moscow in 2002, 2005, and 2010, and Foreign Minister Ahmet Davutoglu and President Abdullah Gul did so separately in 2009. The tensions between Ankara and Washington over the American war in Iraq, and the sharp rise in anti-American sentiment in Turkey that followed, led many Turks to admire Putin's willingness to stand up to the United States. The notion that Russia could provide Ankara with an alternative

¹⁰ Antonio Sánchez Andrés, "Political-Economic Relations between Russia and North Africa," Working Paper, Real Instituto Elcano, July 11, 2006, p. 7.

¹¹ "Egypt and Russia to Strengthen Ties," BBC News, November 2, 2006, at <http://news.bbc.co.uk/2/hi/europe/6109192.stm>.

strategic option was common within some Turkish political circles.¹² Moscow has sought to use this context, using the advantages provided by the substantial growth of trade and investment between Russia and Turkey. It has not been particularly concerned about the skittishness that its growing cooperation with Turkey has created in Armenia, which is arguably its closest and most dependable ally among the post-Soviet states. Indeed the best outcome may be a Turkey-Armenia rapprochement. That would cease confronting Moscow with the need to choose between the two antagonists and give it influence in both.¹³

Meanwhile, Russia has focused on advancing its own interests in Turkey. These include: i) increasing the already substantial economic ties with Turkey; ii) winning Turkish approval for the South Stream gas pipeline—which it did during Putin’s 2009 visit to Ankara—that is intended to rival the EU’s Nabucco project and will run, via the Black Sea, from Russia to Bulgaria and from there to Austria and in Italy in two separate branches; iii) gaining Turkish support for the Kremlin’s position the Russia has “privileged interests” in Central Asia and the Caucasus; and iv) reaching a deal under which Russia will build Turkey’s first nuclear power

¹² For Turkish new reports on these visits and their significance, see “A Decade Under Putin Makes Russia Strategic Partner for Turkey,” *Today’s Zaman*, August 9, 2009, at <http://www.todayszaman.com/tz-web/news-183444-100-a-decade-under-putin-makes-russia-strategic-partner-for-turkey.html>; “From Bad Memories to Nuclear Deal: Putin Due in Ankara,” *Hurriyet Daily News*, August 5, 2009, at <http://www.hurriyetdailynews.com/n.php?n=from-bad-memoirs-to-nuclear-deal-putin-due-in-ankara-2009-08-05>; “Energy Cooperation at the Core of Erdogan’s Moscow Talks,” *Today’s Zaman*, January 13, 2010, at <http://www.todayszaman.com/tz-web/news-198400-energy-cooperation-at-the-core-of-erdogans-moscow-talks.html>.

¹³ On the slow and uncertain signs of improved Turkish-Armenian relations, see “Turkish-Armenian Rapprochement Leaves Many Questions Unanswered,” *Radio Free Europe/Radio Liberty*, October 18 2009, at http://www.rferl.org/content/TurkishArmenian_Rapprochement_Leaves_Many_Questions_Unanswered/1854722.html.

plant.¹⁴ The Turks have been no less pragmatic. For example, while they have strong ties with Georgia, they have not let the Russia-Georgia war damage their relationship with Russia and have stood apart from those within NATO who favored concrete, albeit non-military, steps to punish Russia. Instead, recognizing that Moscow will always regard these two regions as vital to its security, Ankara favors Russian membership in the “Caucasus Stability Cooperation Platform,” which it proposed after the war, without consultation with NATO allies, while conspicuously excluding the United States from the new mechanism.¹⁵ The pragmatism of the two sides and the different facets of a growing relationship are captured in their decision to sign a “Joint Declaration on the Intensification of Friendship and Multidimensional Cooperation” during Putin’s 2004 visit to Ankara.

Practicality and flexibility have also been the hallmarks of Russia’s policy toward other major Mediterranean states. The Kremlin has maintained its close ties with Greece, which have deep historical roots and are based today on converging interests in the Balkans and on the plan for a pipeline to take Russian energy from the Bulgarian Black Sea port of Burgos to the port of Alexandroupoulos in northeastern Greece for onward shipment to Europe. Yet the Kremlin has not allowed its stake in Greece to interfere with its commitment to deepening Russia’s relationship with Turkey. Likewise, Moscow has encouraged Italy, France, and Spain to strengthen bilateral relationships with Russia rather than deal with it as part of an overall EU strategy, or one that

¹⁴ The agreement to build the power plant (at Mersin on the Mediterranean coast) was signed during President Medvedev’s May 2010 visit to Turkey. See “Turkey’s Pact with Russia Will Give It Nuclear Power Plant,” *New York Times*, May 13, 2010.

¹⁵ Saban Kardas, “Turkey Welcomes NATO-Russia Military Cooperation,” *Eurasia Daily Monitor*, Vol. 6, No. 125 (June 30, 2009), at [http://www.jamestown.org/single/?no_cache=1&tx_ttnews\[tt_news\]=35197](http://www.jamestown.org/single/?no_cache=1&tx_ttnews[tt_news]=35197).

is closely with coordinated with Washington, especially when it comes to civil liberties in Russia and Russia's quest for dominance in its immediate neighborhood. And the Kremlin makes sure they understand the present and potential benefits (access to the Russian market and energy deals in particular: a case in point is the inclusion of Italy's ENI as a financial and construction partner in the South Stream pipeline) that await them if they do so.¹⁶ In a similar vein, in Algeria, arms sales, the writing-down of Soviet-era debt, and Russian companies' efforts to carve out a place in the Algerian energy sector have been combined, along with stepped-up diplomatic efforts (including visits by Foreign Minister Lavrov in 2005 and President Putin in 2006, with the latter being the first visit by a Soviet/Russian head of state in three decades), to reestablish the strong presence that Russia had in that country during the Cold War years. Putin's visits to Algeria in 2006 and Libya in 2008 were designed with the same goal in mind. Both states are important to the balance of power in the Mediterranean, have abundant energy, and have been big buyers of Soviet arms. Putin's message to them was: "We're back."

This is the overall character of Russia's diplomacy in the Mediterranean—and it is marked by ambition, realism, pragmatism, the use of multiple instruments, and the quest for reestablishing a broad presence from Syria to Algeria and from Spain to Turkey. For a finer-grained analysis, we turn to Russia's activities into these separate spheres: arms sales and military cooperation, the quest for access to naval facilities, and energy economic relations more generally.

¹⁶ Janusz Bugaski, *Dismantling the West: Russia's Atlantic Agenda* (Dulles, VA: Potomac Books, 2009), pp. 108-118; Lilia Shevtsova, *Russia: Lost in Translation* (Washington, DC: Carnegie Endowment for International Peace, 2007), pp. 142-148 and Ch. 17.

Arms sales: Using time-tested means in a new milieu

That weapons sales should be among the principal means of Soviet and Russian statecraft in the Mediterranean should not be surprising. Next to energy, arms are Russia's major source of export revenue. Despite the decline in the military-industrial complex inherited from the Soviet Union because of the lack of investment in modernization and sharp cutbacks in defense spending, a large infrastructure remains, as does substantial technical expertise in weapons manufacturing. The military industries continue to employ millions of Russians, and their livelihood depends on continued production, for which orders from abroad are essential. These orders also enable the economies of scale that help domestic arms manufacturers remain viable and able to meet the need of Russia's armed forces as well as foreign buyers. The major international customers are China, India, and Iran. But Moscow is seeking new markets, especially as evidence mounts that India is determined to open its market to Western arms suppliers (that will reduce Moscow's long-dominant presence in India's arms market); and Russia is also eager to reenter old ones. Of the latter, a number are to be found in the Mediterranean: in particular, Algeria, Libya, and Syria. During the Cold War, Egypt was a major purchaser of Russian arms, and though it turned to Western, especially American, suppliers after Sadat's break with Moscow, it continues to have an array of Soviet weapons, and Russia hopes to seize this advantage to become a supplier once again. Arms sales also enable Russia to forge ties with security institutions, influential political players in the southern Mediterranean states.

Still, selling arms in the Mediterranean region has become more complicated given that the Russian Federation, in contrast to the USSR, is determined to build its ties with Israel and is thus no longer able to simply continue the old policy of using

the Arab-Israeli conflict and the Arab states' need for a reliable arms supplier as opportunities for seeking political influence. The complexities surrounding arms sales to Syria, a longstanding customer for Russian arms, illustrates the change. Israel is concerned not only that Russian sales to Damascus could reduce the military advantage that it enjoys against Syria but also that Russian-supplied ground-to-ground missiles could wind up in the hands of Hezbollah and expose population centers in northern Israel to attack. A case in point is Israel's apprehension over planned Russian sales of the Iskander-E missiles (NATO codename: SS-26), which is mobile and equipped with stealth technology, has 180-mile range, an 880-pound payload, and a "variable flight trajectory."¹⁷ Though Moscow is keen to sell this relatively new missile in the global arms bazaar, Putin blocked the sale following discussions with Israel's then-president, Moshe Katsav.¹⁸

Even older Russian weapons systems planned for sale to Syria, such as the man-portable (MANPADS) Iгла (SA-18), and the MiG-31 (Foxhound) interceptor, have evoked Israeli objections. Israel has been able to use Russia's quest for a substantive relationship to raise its concerns during high-level meetings, and its efforts have been helped by Russia's interest in acquiring Israeli UAVs.¹⁹ Israel's efforts apparently led to the

¹⁷ These details are drawn from Martin Sieff, "Russia Eyes New Customers for Iskander E Missile," UPI, October 3, 2008, reprinted at http://www.spacewar.com/reports/Russia_Eyes_New_Customers_For_Iskander_E_Missile_999.html; and "Russia's Iskander-E Missile Systems See Strong Foreign Demand," at <http://en.rian.ru/russia/20081001/117366006.html>.

¹⁸ Pravda.ru, April 29, 2005, "Russia is Not Selling Short-Range Missiles to Syria," at <http://english.pravda.ru/russia/politics/8160-syria-0>.

¹⁹ Crisis in Israel-Russia Relations over Missile Sales to Syria," Associated Press, January 12, 2005, reprinted at: <http://israelinsider.com/Articles/Diplomacy/4797.htm>; Alexander Melikishvili, "Russia Scraps MiG-31 Sale to Syria in Exchange for Israeli UAVs," Jamestown Foundation Blog, at <http://jamestownfoundation.blogspot.com/2009/06/russia-scraps-mig-31-sale-to-syria-in.html>.

cancellation of a Russian-Syrian deal for the sale of MiG-31 fighters (though Russia attributed the change to Syria's unwillingness to meet the agreed price, while Damascus portrayed rumors of pricing disputes as efforts by outsiders to undermine its relationship with Russia).²⁰ And in apparent response to Israel's fear that the Russian-made Iгла shoulder-fired surface-to-air missile sought by Syria might land in the hands of Hezbollah, Moscow decided to sell Damascus the Strelets, which has the Iгла's capabilities but is mounted on a vehicle and thus is not easily smuggled to third parties. Moreover, to assuage Israel's concerns about the Strelets sale, Russian experts were sent to Israel to brief defense officials over the missile's capabilities and to explain why it would not pose a threat to Israel.²¹ In all, compared to Russian arms transfers to Algeria and Libya, which are discussed below, the \$700 million in sales from Russia to Syria between 2003 and 2006 are modest.²²

While Russia has been willing to take account of Israel's worries about its arms sales to Syria (and Iran), the fact that Moscow is the principal arms supplier to Israel's adversaries has also forced Israel to take account of Russia's interests when it sells arms or offers military training to countries that are at odds with Russia. The best example is Georgia, where an Israeli firm has provided expertise for modernizing the Soviet-made SU-25s in the Georgian air force, Israeli specialists have trained Georgian soldiers, and Israel has sold arms to the Georgian military. The budding

²⁰ Details from Melikishvili, "Russia Scraps MiG-31 Sale"; "Russia Freezes Work on MiG-31s for Syria: Report," Agence France-Presse, May 20, 2009, reprinted at <http://www.defensenews.com/story.php?i=4098764>; and "Syria Denies Deal with Russia over advanced Aircraft Fell Through," Reuters, May 24, 2009, at <http://www.reuters.com/article/newsMaps/idUSTRE54N0XM20090524>.

²¹ Pravda.ru, "Russia is Not Selling Short-Range Missiles to Syria."

²² The figure of \$700 is mentioned in Peter Crail, "Syria Shirks Follow-Up IAEA Probe," *Arms Control Today* (September 2008), reprinted at http://armscontrol.org/act/2008_09/Syria.

military relationship produced angry Russian recriminations during and even before the August 2008 Russia-Georgia war. In response, Israel said that it was ending military assistance to Georgia, and Israeli leaders, no doubt realizing that they would otherwise not be in a good position to protest Russian arms sales to Syria and Iran, sought to placate the Kremlin.²³

Still, given the substantial income Russia derives from arms sales, Moscow is actively seeking customers across the Mediterranean. Press reports indicated that the Russian side hoped to close a \$2 billion arms deal when Libyan President Qadhafi visited Russia in 2008. In the following year, Russia and Libya reached an agreement to modernize Libya's Soviet-made T-72 tanks, and Russian sources hinted that the agreement would be followed with further major arms sales to Libya. But the bigger news was not long in coming: at the end of 2009, the Russian press reported that a deal under which Libya would buy SU-30 fighters and YAK-130 trainers worth \$1 billion.²⁴ Egypt was an even bigger customer in the Soviet era and Russia, having repaired its relations with Cairo, is determined to reenter its old market and has begun to do so. It has modernized Egypt's Soviet-made S-15 Pechora (SA-3 in NATO's classification system) to produce the Pechora-2M, an air defense missile with improved range, speed, accuracy, and capacity to thwart electronic countermeasures. It intends to sell this system to other Mediterranean clients such as Libya and Syria. Russia also hopes

²³ Razoux, "Keys to Understanding the Israel-Russia Relationship," pp. 6-7; "Following Russia Pressure, Israel Freezes Defense Sales to Georgia," Associated Press, August 5, 2008, reprinted at <http://www.haaretz.com/hasen/spages/1008784.html>.

²⁴ See Atlantic Council Update, Neil Richard Leslie, "Gaddafi to Visit Russia, Talks Arms and Energy," at http://www.acus.org/atlantic_update/gaddafi-visit-russia-talks-arms-and-energy; RIA Novosti, August 18, 2009, "Russia Set to Modernize Libya's Soviet-Era Tanks"; Pravda.ru, October 20, 2009, "Libya in Talks with Russia Over Billion-Dollar Arms Deal," at <http://english.pravda.ru/russia/economics/20-10-2009/110000-libya-0>.

to provide with Egypt S-300 and S-400 air defense missiles and Mi-17 transport helicopters and to add to its inventory of Soviet-made Tor, Buk, Igla, and Shilka anti-aircraft missiles.²⁵ Algeria, which had purchased an estimated \$11 billion in Soviet arms between 1962 and 1989, cut back drastically in the 1990s, but it resumed major purchases in 2006. During Putin's visit to Algeria, an agreement was worked out for purchase of Russian tanks, fighter jets, air defense and anti-tank missiles, submarines, and patrol boats. The deal, worth \$7.5 billion, was touted as the largest single arms sales agreement concluded by the Russian Federation.²⁶

Apart from the quest for financial gain and political influence, Russia's efforts to sell arms in the Mediterranean are also motivated by competition from other suppliers who provide the Mediterranean states that were once the principal buyers of Soviet weapons other options and greater leverage. Consider the following examples. Following the \$7.5 billion agreement for the purchase of Russian arms worked out during Putin's 2006 visit to Algeria, the Algerian government decided to return 15 MiG-29 fighter jets that were delivered because of dissatisfaction with their quality—and it ceased payments on the other arms it had purchased in an apparent attempt to force a resolution of the dispute. Russia, no doubt aware of France's interest in selling its Rafale fighters to

²⁵ "Egypt Interested in S-300 & S-400," Defpro.com, June 28, 2009, at <http://www.defpro.com/news/details/8325/> and Viktor Litovkin, "Unique Surface-to-Air-Missile Baffles Foreign Military Diplomats in Egypt," RIA Novosti, October 25, 2006, reprinted at http://www.spacewar.com/reports/Unique_Surface_To_Air_Missile_Baffles_Foreign_Military_Diplomats_In_Egypt_999.html.

²⁶ On Algeria's purchases in the Soviet years and in 2006, see Andres, "Political-Economic Relations." The 2006 deal is discussed in "Russia Seals Algeria Arms Deal," *St. Petersburg Times*, March 14, 2009; and Defense Industry Daily, May 14, 2009, "Algerian Arms Deal Brings Moscow \$7.5 Billion, Gas Market Leverage," at <http://www.defenseindustrydaily.com/algerian-arms-deal-brings-russia-75-billion-gas-market-leverage-02024/>.

Algeria (there were reports the Algeria might turn to France), proceeded to settle by offering more advanced fighters.²⁷ Similarly, Britain, France, and Italy are in the running to supply advanced frigates to the Algerian navy.²⁸ And following the lifting of UN sanctions on Libya in 2003 and the thaw in Tripoli's relations with the West, France has been seeking to sell Libya Airbus passenger jets and Rafale fighter jets and military helicopters. The competition does not come from Europe alone: China has sold its K-8 jet trainers and J-7 fighters to Egypt; and its efforts to interest Egypt in the J-10A fighter, which uses a Russian-made engine, have prompted Russian protests. China is also seeking to carve out a place in another established market for Soviet/Russian arms at the other end of the Mediterranean—it has already sold missile boats to the Algerian navy.²⁹ China may not pose the challenge that European and American suppliers do, but given its growing ability to manufacture modern armaments, it is certain to become a stronger competitor. We provide more on this below.

Showing the flag in the Mediterranean

Arms sales to Mediterranean states, which are intended by Russia to earn money and to build relationships within the political and military

²⁷ RIA Novosti, "Algeria to return 15 MiG Aircraft to Russia over Inferior Quality," February 2, 2008, at <http://en.rian.ru/russia/20080218/99490063.html>; "Algeria Returns Russian MiG Jets Opting for French Rafale Fighters," February 18, 2008, at http://english.pravda.ru/russia/economics/104103-Algeria_Russian_MiG-0.

²⁸ "Algeria Seeks European Stealth Frigates," UPI, October 2, 2009, reprinted at http://www.spacewar.com/reports/Algeria_seeks_European_stealth_frigates_999.html.

²⁹ On France and Libya, see Agence France-Presse, "France, Libya in Arms Talks," October 18, 2009, reprinted in http://www.spacewar.com/reports/Russian_Arms_To_Egypt_999.html. On China's arms sales in the Mediterranean, see Andrei Chang, "Russian, Chinese Weapons Compete in Africa," UPIAsia.com, December 19, 2008, at http://www.upiasia.com/Security/2008/12/19/russian_chinese_weapons_compete_in_africa/5472 and Andrei Chang and John Wu, "China Pushes J-10A Fighter to Pakistan, Egypt," UPI.com, May 19, 2009, at http://www.upi.com/Business_News/Security-Industry/2009/05/19/China-pushes-J-10A-fighter-for-export-to-Pakistan-Egypt/UPI-16521242748780/2/

institutions of countries in the region, are closely connected to another goal: reestablishing a permanent presence for the Russian navy in the Mediterranean, something its Soviet counterpart had across the region thanks to access to air and naval facilities from Algeria to Syria. Given the Kremlin's commitment to present Russia as a global power, Russia's long-established presence in this Mediterranean, and the substantial presence of the U.S. Sixth Fleet and other NATO forces, it is not surprising that the Russian navy seeks to recreate a permanent presence. It will not, however, be an easy goal to achieve given the cuts in Russian defense spending, the smaller size of its navy, and the costs of sustaining a year-round presence far beyond Russia. Still, there is no doubt that the Kremlin is determined to make an attempt. The commander of the Russian navy was categorical about this in 2008 and mentioned the Mediterranean (and the Atlantic Ocean) in particular.³⁰ Russia's timing is wittingly opportune, as any augmentation of Russian naval capability in the Mediterranean will almost certainly coincide with the continued decline of American naval power worldwide. The U.S. navy has gone from more than 600 ships under the Reagan administration to fewer than 300 today, and there are projections that it could have fewer than 200 by 2020, or sooner, if current trends continue.

We noted in the section on Russia's diplomatic initiatives in the Mediterranean that the Kremlin has focused heavily on countries with which it had close connections in the Soviet period. In the quest for facilities to support a permanent naval deployment in the Mediterranean as well, it has directed its efforts at these same countries, no doubt calculating that states that come to rely on Russia for their arms imports are the ones most likely to be amenable to

³⁰ Admiral Vladimir Vysotsky cited in "Russia Plans Buildup in the Mediterranean: Russia Has 'Strategic Interests,'" WorldTribune.com, February 5, 2008, at http://www.worldtribune.com/worldtribune/WTARC/2008/eu_russia_02_05.asp.

providing facilities needed by the Russian navy. The country on which Moscow has focused most intently in its quest to re-establish a Mediterranean flotilla is Syria, which made its ports of Tartus and Latakia available to the Soviet navy in exchange for economic assistance, political support, and arms sales. As with Russian weapons sales to Syria, the Kremlin must now calibrate its overall support for Damascus so as not to damage its relationship with Israel. So it cannot provide all that Syria seeks in exchange for providing the Russian navy access to its ports. At the same time, Russia realizes that, unlike, Algeria, Egypt, and Libya, Syria's options are more limited and that it will have to turn to Russia for its armament needs. This asymmetric dependence has enabled Russia to persuade Syria to allow it to modernize and expand the ports of Tartus and Latakia so that they can support the Russian navy's deployments in the Mediterranean.³¹ The Kremlin sees the former as the pivotal facility for its Mediterranean naval contingent and has been dredging it and establishing the infrastructure required to support Russian warships. Russian naval officers are understandably tightlipped and acknowledge the costs in establishing and operating other naval facilities in the Mediterranean. Looking ahead, Algeria and Libya, given their locations in the Mediterranean and their significant purchases of Russian weaponry, are likely to be where Russia seeks additional facilities. Access for the Russian navy to Benghazi port was said to be among the issues discussed during Qadhafi's 2008 visit to Moscow.³²

³¹ "Russian Mediterranean Warships Placed Under Black Sea Fleet Command," Debka.com, August 29, 2008, at <http://www.debka.com/article/7819/>; "Russian Navy Eyes Tartous, Syria [sic.] as Base for Black Sea Fleet," WorldTribune.com, January 13, 2009, at http://www.worldtribune.com/worldtribune/WTARC/2009/me_syria0035_01_13.asp.

³² "Russian Navy Plans Bases in Syria, Libya, Yemen," Welt Online, January 16, 2009, at <http://www.welt.de/english-news/article3039085/Russia-plans-navy-bases-in-Syria-Libya-Yemen.html>; Hugh McLeod, "From Syrian Fishing Port to Naval Power Base: Russian Moves in the Mediterranean," *Guardian*, October 8, 2008.

Even before additional facilities have been acquired, Russia has made its ambition for a permanent naval presence clear. Russian naval officers have said that Tartus will be the main support base for the Mediterranean naval contingent and that it, in turn, will come under the operational command of the Black Sea Fleet based at Sevastopol in Ukraine's Crimean peninsula. And in 2007, after conducting exercises with the Turkish navy, a Russian task force from the Northern Fleet led by the Admiral Kuznetsov (which Russia defines as a "heavy aircraft-carrying cruiser" and Western observers describe as an aircraft carrier) linked up with ships led by the Black Sea Fleet's flagship, the Moskva, at Tartus for a two-week exercise. In addition to the Kuznetsov and Moskva, the operation involved destroyers (the Admiral Chabanenko and Admiral Levchenko), TU-95MS (Bear), TU-22M3 (Backfire-C), A-50 (Mainstay) early-warning surveillance aircraft, IL-78 (Midas) refueling tankers, and MiG-31 (Foxhound), and SU-27 (Flanker) fighters.³³

These developments notwithstanding, it is important to keep Russia's naval deployments and exercises in the Mediterranean in perspective. To begin with, the Russian navy is a shadow of its former self and has yet to recover from the economic collapse Russia suffered in the 1990s. Russia's defense budget is about one-tenth the size of the United States,³ and there is no prospect of a significant number of ships, submarines, naval aircraft, and support vessels being added to the navy to give it the kind of muscle and capacity for power projection that Russian leaders may, in the abstract, want it to have. The naval balance in the Mediterranean overwhelmingly favors the United States and its NATO allies, and there

³³ Details from Stratfor.com, December 17, 2007, "Russia Plans Buildup," and "Russia: A Major Mediterranean Deployment," at http://www.stratfor.com/analysis/russia_major_mediterranean_deployment.

is no prospect that this will change within, say, the next two decades. Meanwhile, given the realities of geography, Moscow would be hard-pressed to reinforce its small deployment in the Mediterranean from its major naval bases in Russia in the event of a war at sea; its Black Sea Fleet, the closest, could be bottled up without much difficulty.

But even to point to such strategic realities is to miss the fundamental point that with the end of the Cold War, there is no serious prospect for a war at sea between the navies of Russia and the West. Moreover, Russia's Mediterranean deployment should not be seen in zero-sum terms. In 2006, Russian naval officials visited Naples to explore cooperation between the Italian and Russian navies; later that year, it was announced Russian ships would join Operation Active Endeavor, which was begun after the 9/11 attacks and now has expanded beyond anti-terrorism operations to patrols aimed at countering trafficking in drugs and humans. Russia seeks to involve additional Mediterranean states (Algeria, Egypt, Israel, Tunisia, and Morocco); and, in addition to maneuvers with the Turkish navy, Russian warships have also held exercises with the French and Italian navies. More strikingly, Russia has decided to buy a Mistral-class amphibious assault ship from France, a NATO member, and has placed an order for three more of them.³⁴ The bottom line is that Russia's naval comeback in the Mediterranean is modest, will remain so, will have no major effect on the regional military balance, and, in light of these facts, Moscow will be hard-pressed to use it as an effective tool for gaining political influence. What the return of Russian warships to the Mediterranean should tell us is that Russia wants to be seen as a great power.

Energy, trade, and investment

Russia's economic presence in the Mediterranean is comparatively weak. Take trade as an example. Russia's main trade partners in North Africa are

³⁴ France Approves Mistral Warships to Russia," RIA Novosti, February 2, 2010, at <http://en.rian.ru/world/20100208/157813123.html>.

Egypt, which accounts for 50 percent of its North African trade, and Morocco, which represents slightly less than 25 percent. Elsewhere, Russia is a minor, indeed insignificant, factor in trade and is overshadowed by the United States, Europe, Japan, and China. Russia's total trade turnover with Libya, for example, was \$46 million in 2005, and the corresponding figure that year for Algeria was a mere \$163 million (by contrast, Algeria's trade with the United States that year totaled \$8 billion).³⁵ These are paltry figures, both in relation to global trade and to the total trade of Russia and of these countries individually. To see these numbers in perspective, consider that Russia's trade with its leading partner, the EU, amounts to some \$300 billion, or that, as we have just noted, Algeria's trade with the United States totals \$8 billion. The most important trade partners for Russia in the Mediterranean are France, Italy, Spain, and Turkey; but only Turkey placed among its top five partners in 2008 (the others were Germany, the Netherlands, China, and Italy).³⁶

The total trade volume between Russia and Turkey approached \$40 billion in 2009. Turkey is among Russia's most important partners, and in 2008 Russia supplanted Germany as Turkey's most important economic partner. Moreover, some three million Russian tourists visited Turkey in 2008, accounting for 18 percent of the total volume of tourists in Turkey. It is common to hear how dependent the EU is becoming on Russia for energy. Yet it relies on Russia for only a third of its needs. Turkey, by contrast, gets some 80 percent of its gas (the proportion has increased from two-

³⁵ These figures are drawn from Andrés, "Political-Economic Relations," pp. 4, 7, 11, 14-15. The Algeria trade volume with the US is reported in Guy Faulconbridge and Hamid Ould Ahmed, "Russia Seals Algeria Arms Deal," *St. Petersburg Times*, March 14 2006. The latter source lists Algerian-US trade for 364 million, but that does not change the key point about the relatively small value of Russia's trade with Algeria.

³⁶ "China is Trading Partner No. 3," *Kommersant*, February 13, 2008, at <http://www.kommersant.com/page.asp?id=852251>.

thirds following the completion of the Blue Stream pipeline, which brings additional Russian gas to Turkey) and half of its oil from Russia, and trails only Germany and Italy in the amount of Russian gas it buys.³⁷ Turkish trading and construction companies have major stakes in continued access to the Russian market. If one adds all of this together and also keeps in mind the troubles that have beset U.S.-Turkish relations, and Turkey's increasing disenchantment with the EU, one understands the strength of Turkey's interest in developing a strong relationship with Russia. One understands as well why, despite predictions to the contrary soon after the Soviet Union collapsed, Turkey has not challenged Russian interests in Central Asia or the Caucasus, or let Russia's alliance with Armenia or its war in Chechnya (many thousands of Circassian Muslims fled, or were expelled, to the Ottoman Empire by Tsarist Russia during its conquest of the North Caucasus in the latter part of the 19th century) disrupt Turkish-Russian relations.

A hallmark of Russian foreign policy strategy has been to use energy as an instrument to advance state interests. This has led the Kremlin to increase state control of the energy sector (Gazprom is a veritable mechanism to promote the interest of the state) by nationalization, acquiring major stakes in energy companies, or ensuring that private firms act in the national interest as it is understood by the state; to position itself as a major supplier of oil and gas to countries, not just in hopes of making economic gains but, in equal measure, to gain influence over their foreign, and even domestic, policies; to use the supply and pricing

of energy as means to reward friendly states and to punish unfriendly ones; to seek upstream and downstream energy assets abroad; and to counter Western efforts to take oil and gas from Central Asia and the Caspian through pipelines that bypass Russian territory, while building pipelines that use Russian territory and the territories of friendly states while bypassing those deemed hostile. This overall strategy, which has increased European dependence on Russian oil to 29 percent of imports and on gas to 41 percent, has also been applied in the Mediterranean.³⁸ The focus of the effort has been to ensure that Russia remains an important supplier to the two European Mediterranean countries that depend significantly on Russian gas: Italy, which imports 32 percent of its needs from Russia, and France, which gets 15.8 percent (Spain and Portugal look to North Africa for the bulk of their gas imports). The EU has sought to decrease its reliance by trying to get Russia to sign an Energy Charter Treaty (Moscow did but has not ratified it), creating new pipeline capacity to send gas to France from North Africa through Spain, and by building the Nabucco pipeline, which will bring gas from the Caspian to Europe via Turkey, skirting Russia.³⁹

But Moscow has its own pipeline projects that are intended to increase European and Turkish dependence on Russian energy. The 754-mile Blue

³⁷ On Turkish-Russian economic relations, see Mahir Zeynalov, "A Decade Under Putin Makes Russia Strategic Partner for Turkey," *Sunday's Zaman*, August 9, 2009, at <http://www.sundayszaman.com/sunday/detaylar.do?load=detay&link=183444>; F. William Engdahl, "Turkey Hops Aboard Russia's Ride," *AsiaTimesOnline*, March 4, 2009, at http://www.atimes.com/atimes/Middle_East/KC04Ak02.html; and "Turkey and Russia: Old Rivals, New Partners," *Economist*, August 13, 2009.

³⁸ The figures on Europe's dependence on Russian oil and gas are from Walid Khadduri, "Oil in A Week—Russia a Major Exporter of Energy," *daralhayat.com* (September 7 2009), at <http://www.daralhayat.com/print/54447>. For a pie chart with data on the EU's dependence on Russia gas and the routes of the major pipelines from Russia, see "Gas Supplies: Europe's Dependence on Russia," *Guardian.com*, at <http://www.guardian.co.uk/flash/0,,1677105,00.html>. (The date attached to this particular source is given as October 2009, with no day of the month given.)

³⁹ On the degree of dependence of France, Italy, and Spain on gas imports, see "Energy Profile of France," (September 8, 2008 update), *Encyclopedia of the Earth* (hereafter EoE), at http://www.eoearth.org/article/Energy_profile_of_France; "Energy Profile of Italy," (October 7 2008 update), at http://www.eoearth.org/article/Energy_profile_of_Italy; "Energy Profile of the Iberian Peninsula," (March 19, 2007 update), at http://www.eoearth.org/article/Energy_profile_of_the_Iberian_Peninsula.

Stream gas pipeline, which brings Russian gas to Turkey via the Black Sea (and is a joint venture between Gazprom and Italy's Eni, with the Turkish firm Botas owning and operating the section of the pipeline running through Turkey), was formally opened in November 2005, and has been followed up with another pipeline project involving Turkey. During Prime Minister Putin's visit to Ankara in August 2009, Russia gained Ankara's approval for building the South Stream pipeline in Turkey's territorial waters in the Black Sea.⁴⁰ The pipeline will carry gas from Russia 450 miles across the Black Sea and then bifurcate, with one line heading across Bulgaria, Romania, and Hungary to northern Italy and the other, which will emerge from the Black Sea to cross Bulgaria, Greece, and the Adriatic to reach southern Italy. While Nabucco and South Stream can co-exist, the latter is expected to be completed first because of the volume of gas it will carry will affect the economics of the former. In an apparent move to dim Nabucco's prospects, Gazprom has negotiated agreements with energy companies in Bulgaria, Italy, and Serbia intended, in part, to peel them away from Nabucco and to encourage them to join South Stream, and it has also pursued long-term deals with Central Asian and Caspian gas-producing states so as to maximize the flow through South Stream.⁴¹

In May 2009, Turkey had agreed to allow the Nabucco pipeline to pass through its territory, but Moscow's success in gaining Ankara's approval for South Stream is still a major success for the Kremlin in the strategic competition over pipeline routes. The Nordstream project, which will take Russian gas to Germany, and also to

⁴⁰ Gleb Bryanski, "Russia Says Turkey Agrees to Start S. Stream Work," Reuters, August 5, 2009, at <http://www.reuters.com/article/OILINT/idUSL549833520090805>.

⁴¹ Paul Belkin "The European Union's Energy Challenge," Congressional Research Service, *CRS Report for Congress* (January 30, 2008).

other European markets, via the Baltic Sea, will enable Russia to bypass Ukraine. South Stream will provide a second supply route that also skirts Ukraine. (Indeed, had Turkey withheld permission, Russia would have been forced to seek permission to route the pipeline through Ukraine's portion of the Black Sea.) The South Stream project benefits Moscow in yet another way: Eni and Gazprom have formed a partnership to build it, and that advances Russia's goal of strengthening bilateral ties with key European states to weaken the EU's capacity for a unified policy toward Russia. (The significance that Italy attaches to the project was demonstrated by Prime Minister Silvio Berlusconi's decision to join Putin and Turkish Prime Minister Erdogan in Ankara to mark the agreement.)

The substantial economic ties between Russia and Turkey, and the points of strategic convergence between them, no doubt helped Russia gain Turkey's cooperation on South Stream. But Moscow added another incentive by agreeing to provide oil for the 340-mile pipeline that will run between Üniye on the Black Sea and Ceyhan on the Mediterranean being built by Eni of Italy and Çalık Enerji of Turkey and intended to reduce tanker traffic in the Bosphorus and Dardanelles.⁴² As a quid pro quo, in October 2009, Eni and Çalık Enerji admitted the Russian oil firm Rosneft and the pipeline construction company Transneft into their partnership. Moreover, because the oil that Russia will make available for the pipeline will come from Kazakhstan (moving through pipelines that cross Russia's terrain and terminate at its Black Sea port of Novorossiysk and delivered thence by ship to Üniye) the participation of Russian companies in this project advances Moscow's goal of ensuring that Russian territory, ports, and pipelines serve as the principal mechanisms for exporting Central

⁴² The original point of origin was the port of Samsun, but that was changed in 2008. The plans for the pipeline moved forward during Dmitry Medvedev's May 2010 visit to Turkey.

Asian and Caspian energy.⁴³ Putin's August visit also led to the formalization of another accord that opened a new chapter in Turkish-Russian energy cooperation, this one involving the construction of Turkey's first nuclear power plant by a Russian-Turkish consortium.⁴⁴ Russian firms are also moving to establish themselves in Turkey's oil and gas distribution network (just as they are in EU countries, notably Germany), with Lukoil's acquisition of gas stations from Akpet and Gazprom's interest in gaining assets in the networks that supply natural gas to Turkish cities.⁴⁵

Another aspect of Russia's strategy is to ensure that Russian firms become major players in the energy sectors of producers on the Mediterranean's southern littoral: Libya, Algeria, and Egypt. Here the results have been decidedly less impressive. Russia wrote off \$4.6 billion of Libya's Soviet-era debt in exchange for Russian companies being allowed to invest in an equivalent amount. Russian Railways was awarded a contract to build a \$3.5 billion rail line linking Sirte and Benghazi, and Libya has purchased Russian arms (as we noted above), but there have been no major gains for Russia in Libya's energy sector, even though Gazprom and the Libyan National Oil Company signed a memorandum of cooperation in 2006. When Libya invited bids from international oil companies for the exploration of 26 areas, the big winners were American, European, and Asian firms; one Russian firm, Tatneft, succeeded.

⁴³ Vladimir Socor, "Samsun-Ceyhan Pipeline Project Designed to Divert Kazakhstani Oil," *Eurasia Daily Monitor*, Vol. 6, No. 195, October 23, 2009.

⁴⁴ "Russia Signs Deal to Build Turkey's First Nuclear Power Plant," RIA Novosti, August 6, 2009, at <http://en.rian.ru/business/20090806/155747143.html>. An agreement on the nuclear power plant was signed during Medvedev's May 2010 visit.

⁴⁵ Mehmet Ögütçü and Danila Bochkarev, "Rivals Become Partners," *Europeanvoice.com*, September 21, 2009, at <http://www.europeanvoice.com/article/2009/09/rivals-become-partners-/65924.aspx>.

Libya has not accepted Russian offers to buy the oil and liquefied natural gas (LNG) that it has available for export; and while Qadhafi has spoken approvingly of a gas producers' consortium, there is no sign that the Libyan government is serious about going beyond the current Gas Exporting Countries Forum to form a price-setting cartel along the lines of what Putin proposed (but later backed away from) in 2002. In any event, this is likely to prove infeasible given the practice in the global gas market of negotiating long-term contracts between supplier and purchasers.⁴⁶ With the lifting of UN sanctions on Libya in 2003, Russia has opportunities to establish a strong economic presence in Libya, but so do an array of other countries, many with much more to offer in trade and technology.

The pattern is much the same in Algeria. Russia settled the \$4.7 billion Soviet-era debt owed by Algeria, allowing it to pay \$1 billion on easy terms and to buy Russian arms with the rest. But Russian efforts to link the debt negotiations to favorable access to Algeria's energy sector for Russian firms failed. Though Russian energy firms were part of Putin's delegation (which included Gazprom head Alexei Miller) to Algeria in 2006 and Gazprom and Lukoil subsequently signed agreements on cooperation with Sonatrach, the Algerian state oil company, Russian companies have not won any contracts that would justify the conclusion that they have gained substantial access to Algeria's oil and gas on favorable terms. This is not to say that they have been frozen out. For example, in 2000 and 2005 the gas pipeline construction firm Stroitransgaz (a Gazprom subsidiary) won a contract to build two separate

⁴⁶ For a comprehensive assessment of Libyan-Russian economic relations, see Mark N. Katz, "The Russian-Libyan Rapprochement; What Has Moscow Gained" *Middle East Policy Council Journal*, Vol. XV, No. 3 (Fall 2008), at: www.mepec.org/journal_vol15/3Katz.asp.

gas pipelines in Algeria.⁴⁷ The Algerian government awarded a number of exploration licenses from 2003 through 2005. The winners included a variety of Chinese, European, Australian, and Arab companies, but there was not one from Russia.⁴⁸ While the door has certainly not been locked on Russian firms—in 2009, Rosneft’s joint venture with Sonatrach received approval to develop the oil and gas fields at Eastern Takuazet, Western Takuazet, Northern Tesselit, and Illizy—they have not won exclusive, or even favored, access, nor do they dominate foreign investment in Algeria’s energy. Rather, Russian energy and pipeline firms compete in the Algerian market—like other international companies do—and have found that Algeria’s leaders have no intention of surrendering the bargaining and price advantages that such competition brings in their dealings with foreign companies. Nor has Algeria been positively disposed to Putin’s idea of a gas-producers’ consortium or to Russian proposals on divvying up markets for natural gas. Algiers appears determined to diversify its partners, maximize its leverage by dealing with firms from various countries, and to avoid long-term commitments to other exporters concerning the division of markets.

Egypt, as we have noted, accounts for half of Russia’s trade with North Africa. While Russia is keen to expand trade further, so is Egypt. Egyptian Prime Minister Ahmed Nazif said in 2008 that he anticipated that the value would double to \$8 billion in the near future.⁴⁹ One commercial

sector that is already promising is tourism, with the number of Russian tourists visiting Egypt soaring from 114,000 in 2000 to 1.5 million in 2009.⁵⁰ Though Russian firms are not big players in Egypt’s energy sector, companies such as Gazprom and Lukoil, which already operate in the country, are determined to change this fact, as is Moscow, and are seeking to participate in projects on gas liquefaction and pipeline construction, though their aspirations are more apparent at this point than their achievements. Meanwhile, Russia gained a foothold in another energy sector for which Egypt has big plans when, during President Hosni Mubarak’s visit to Moscow in March 2008, the two sides signed an agreement that gave Russia the right to bid for the contract, estimated at \$1.5–\$2 billion, for building Egypt’s first nuclear power plant at al-Dabaa on the Mediterranean shore.⁵¹

In Syria, the dependence of Damascus on Russia’s political support (which has not, as we have discussed, been unqualified) and Russian arms, and the Kremlin’s willingness to write off most of Syria’s debt, have given Russia a strong political presence. But on the economic front, the EU remains Syria’s main trade partner, accounting for 27 percent of Syrian exports and 40 percent of its imports, for a total value of 7.1 billion euros in 2008. Syrian-Russian trade has been growing, but in 2005 amounted to only \$459.8 million and had

⁴⁷ Andrés, “Political Economic Relations,” p. 4; Rosneft Press Release, “Plan for Development 245 South Block in Algeria are Approved,” March 11, 2009, at <http://www.rosneft.com/news/pressrelease/11032009.html>.

⁴⁸ Economist Intelligence Unit, “Energy Report: Oil and Gas,” (Updated on September 29, 2009), at <http://www.zawya.com/marketing.cfm?zp&p=/story.cfm/sidEIU20091001221527097>.

⁴⁹ “Egypt Hopes to Double Trade with Russia to \$8 billion,” ArabFinance, November 12, 2008, at <https://www.arabfinance.com/News/newsdetails.aspx?Id=123640>.

⁵⁰ Hurghada Information Net “Egypt Becomes a Popular Destination for Russian Tourists,” March 17, 2009, at http://www.hurghada-information.com/index.php?option=com_content&task=view&id=383&Itemid=87.

⁵¹ “Russia, Egypt Seal Nuclear Power Plant Deal in Mubarak Visit,” Agence France-Presse, March 25, 2008, at <http://afp.google.com/article/ALeqM5iAoUxFoEP0MKC5GGbnSJWqBuM4Gg>.

yet to reach the 1992 level of \$1 billion.⁵² Syria is not a major producer of oil and gas, but as it has done elsewhere in the Mediterranean, Russia has sought to reach agreements that would establish its firms in the Syrian energy sector, and several were reached in 2005. Tatneft signed a deal to explore for oil and gas and Stroitransgaz another to construct a \$200 million gas processing facility and \$160 million gas pipeline, and a third Russian firm concluded a memorandum to build a \$2.7 billion oil refinery and petrochemical factory.⁵³ Ultimately, however, the Russian economic presence is Syria

⁵² The trade data on Syria and the EU and Syria and Russia are from European Commission, "Trade Relations with Key Trade Partners: Syria," (June 1 2009 update), at <http://ec.europa.eu/trade/creating-opportunities/bilateral-relations/countries/syria/> and "Russian-Syrian Trade up by \$120 Million," Arabicnews.com, March 16 2006), at <http://www.arabicnews.com/ansub/Daily/Day/060316/2006031606.html>; George Haddad, "Syria: EU the Main Trade Partner," Global Arabic Network, October 16, 2009, at <http://www.english.globalarabnetwork.com/200910163186/Economics/syria-eu-the-main-foreign-trade-partner.html>.

⁵³ Details from Mark N. Katz, "Putin's Foreign Policy toward Syria," *Middle East Review of International Affairs*, Vol. 10, No. 1 (March 2006), at http://docs.google.com/gview?a=v&q=cac he:LuY2lmNdf2UJ:meria.idc.ac.il/journal/2007/issue4/pdf/1.pdf+katz+putin+percent27s+foreign+policy+toward+syria+middle+east+review&hl=en&gl=us&pid=bl&srcid=ADGEESHzyj6n9MCiYWseSBgY1tzUrHYNGM-hIbyDmA_TVE3UfYA1FgCdbw_4kEPyJ5rbyupFaoj1d8BNutqaUisYIti-QjmKQPUlpaNcq4lkr4bIbnjIBo_9qCIPBUOXFuoG2GTOW_H&sig=AFQjCNEKw4q71p0QzTcZgAr3Uy9SyT1sDA.

is hardly substantial, certainly not unrivaled, let alone dominant (which it is unlikely to be). As for the deals Russian firms have reached to enter Syria's energy sector, two qualifications are in order: Syria is no heavyweight when it comes to energy production and exports (its oil production fell 11 percent between 2003 and 2009, from 552,700 barrels per day to 381,000) and Russia's success should be weighed against the political problems between Russia and the West that make it difficult for Western energy companies to enter the field.⁵⁴ Despite such complications, however, Western firms, notably Petrofac of the United Kingdom and Petro-Canada, have reached agreements to prospect for Syrian gas and to build gas plants and pipelines, taking advantage of Syria's determination to meet growing domestic demand given the fall in its output from 8.5 billion cubic meters in 2009 to an estimated 6.5 billion cubic meters in 2009.⁵⁵

⁵⁴ Data on Syria's oil production is from Indexmundi.com, at http://www.indexmundi.com/syria/oil_production.html. For gas production see, Indexmundi.com at http://www.indexmundi.com/syria/natural_gas_production.html. Indexmundi.com's data are derived from the CIA Worldfactbook.

⁵⁵ MENA FIN—Oxford Business Group, "Syria: Gas Fired Future," April 16, 2008, at http://www.menafn.com/qn_news_story_s.asp?storyid=1093193103.

3 CHINA

The longer view

During ancient times, China had ties with countries in the Mediterranean and the Maghreb mainly as an extension of the Silk Road. In later centuries, Arab traders and Western merchants searching for the elusive East Indies of Columbus tried to gain access to the Chinese market. However, they were not successful until the opium wars of the mid-19th century.

Opening its economy during the 1980s, China rapidly became a global economic power. From the 1990s onward, China invested heavily outside the home country in East and Southeast Asia and in the United States. Within a decade, Chinese investment had spread to Africa, Latin America, and parts of Europe, especially the Mediterranean and North African region. China's growing ties with countries in the Maghreb, especially energy-producing countries, have attracted little attention, nor have its alliances with the two Latin American countries, Brazil and Venezuela, who are also players in the region. These investments follow a familiar pattern—direct investments by the Chinese government or by government-run or government-sponsored enterprises.

Conspicuously, China has attempted to downplay the strategic significance of its investment activities so far from home. From late 2003, Chinese leaders and officials began to articulate the concept of “China's peaceful rise” as “the new pathway” and strategic choice for China in the coming decades in a transparent attempt to assuage global fears of China's rise.⁵⁶ Yet its rapidly growing investment in a blue-water navy has caused regional powers like Japan, the United States, and India to interpret

⁵⁶ This did not prevent some analysts from speculating that Chinese foreign policy maybe a reflection of Chinese-style chess, called *Wei chi*, a 4000-year old game the aim of which is to acquire territory, not to checkmate the opponent.

China's motives somewhat differently—as a challenge to their strong positions in a region long dominated by maritime commerce. Long a free rider on the maritime energy security provided by the United States from the Middle East to East Asia, China also seeks through its naval expansion to position itself to deal directly with any future threats to its energy lifeline. Today, the Chinese navy patrols the Malacca straits; it recently took action against Somali pirates. China and Pakistan are working together on building the Pakistani port of Gwadar, which will give the Chinese navy a presence in the Persian Gulf region. China is also looking into leasing an island from Myanmar where the Chinese navy could build a base. This slow, incremental acquisition of strategic outposts along the route to the energy-rich Middle East has been termed China's “String of Pearls.”⁵⁷ China's investments in Africa might eventually be understood as lengthening this strategic reach.

Economic and energy issues

Despite the global perception of China as an economic and investment juggernaut, Chinese investment activity in Europe has been minimal. Though China has achieved unprecedented economic growth, its overseas foreign direct investments are limited to and concentrated in Hong Kong and tax shelters such as the Virgin Islands and Cayman Islands. In 2007, investment in Hong Kong represented 58.3 percent of Chinese FDI, the Virgin Islands and Cayman Islands another 19.9 percent, with the rest of the world making up 21.8 percent, of which only 3.8 percent went to Europe. In the period from 2004-2006, China accounted for only 1.2 percent of greenfield investments in Europe, equal to South Korea's and

⁵⁷ See Juli MacDonald and Amy Donahue, “Asian Energy Futures,” sponsored by the Office of Net Assessment, Office of the Secretary of Defense, 2004. (Published by Booz Allen Hamilton).

behind India's 1.9 percent. To date, Chinese firms' performance in European investments has not been particularly profitable, leading some to the conclusion that Chinese ODI is still in the "trial and error" stage.⁵⁸

Nevertheless, there are several good reasons to expect that Chinese investment in Europe and the Mediterranean area will increase. First, from 2003 to 2007, Chinese FDI in Europe has grown quickly, from an overall \$425 million in 2003 to \$2.94 billion in 2007. Second, though Chinese firms have underperformed in Europe in the past, the recent world economic crisis has offered it some new opportunities. With Europe hit hard by these events, it is likely that Chinese investment will pick up momentum.

China has now built close ties with many North African countries by helping in infrastructure building, including ports, roads, and railways. China is projected to take over as the largest global energy consumer by 2010, and the Chinese government would like to ensure that China has uninterrupted access to energy resources. As most of China's oil imports still come from the Middle East, the security of sea routes in that region preoccupy Chinese strategists. Saudi Arabia, Iran, Oman, and Yemen are, in addition to Russia, China's top energy suppliers.⁵⁹

From the 1990s, Chinese investment in the southern and eastern coasts of the Mediterranean increased in tempo. While the main recipients of Chinese foreign direct investment are Turkey, Israel, and Egypt, the Maghreb has managed to attract some as well. The energy resources of Algeria and Libya are of interest to China. China

has also invested in Tunisia's textile sector as well as in massive construction of infrastructure in Algeria. Given China's energy security strategy of attempting to tap into energy resources around the globe, it would not be surprising to find China investing heavily in these countries in the near future. Though it lags well behind European investors and the United States, China, at \$229 million, was already the second-largest non-European source of FDI for the Maghreb in 2005.⁶⁰ We must not ignore Chinese investment in Algeria's nuclear program right from the start.

Islamic politics

China has a large Muslim, mostly Uyghur minority spread broadly along its western borderlands fronting Central Asia. During the Soviet Union's war in Afghanistan in the 1980s, some Uyghurs from China's Xinjiang province went over to Afghanistan to fight with their Muslim co-religionists against Russia. During the current conflict in Afghanistan, a number of Uyghurs participated with the Taliban and perhaps with Al Qaeda, and several were captured in American military operations, thus stimulating an ongoing Chinese nightmare.

China's leadership has long perceived that its Turkic Muslim population, never well-integrated into the fabric of Chinese society and in fact often hostile to it, is a threat to be neutralized rather than an asset to be seized, and it has worked, often heavy-handedly to eliminate local Muslim opposition while flooding these regions with Han settlers to dilute the Uyghurs' (as well as Kazakhs, Uzbeks, Kyrgyz, and Tajiks, among others) overall percentage of the local population. The Uyghur response to this policy was played out for a global

⁵⁸ Francoise Nicholas, "Chinese Direct Investment in Europe: Facts and Fallacies," *International Economics*, IE BP 2009/01, Chatham House Briefing Paper (June 2009).

⁵⁹ United States Department of Energy, "Country Analysis on China," at <http://www.eia.doe.gov/emeu/cabs/China/pdf.pdf>.

⁶⁰ Dean A. DeRosa, "Maghreb Trade and Investment," Draft Paper, Peterson Institute for International Economics, May 29, 2008, p. 10, at www.iie.com/publications/papers/derosa0508.pdf.

media audience in mid-2009, when anti-Han riots shook the region.

If it was the Chinese intent to contain this problem within China's borders—a policy that included the execution of a large number of Uyghur protesters—the strategy failed, and reverberations were felt as far away as North Africa. In the Maghreb, in July 2009, an Al Qaeda-linked Algerian Islamist group, Al Qaeda in the Islamic Maghreb, threatened Chinese workers in northern Africa, claiming to seek revenge for Xinjiang's Uyghurs. This was no idle threat, as around 50,000 Chinese work and live in Algeria alone. The Chinese embassy was forced to step up security to protect its citizens.⁶¹

Turkey, which boasts a substantial Uyghur diaspora and has long been an important base of operations for Uyghur protest movements, recognizes Xinjiang, or East Turkestan as Uyghur nationalists call it, as an important ancestral home of the Turkic people. While not officially supporting Uyghur separatism, Turkey has provided considerable moral and perhaps financial support to Turkic groups who seek an end to Chinese hegemony in East Turkestan. Anti-Chinese protests at the popular level and protests from the Turkish government to Chinese authorities over the violent

⁶¹ BBC News, "China issues alert in Algeria," July 15, 2009.

events of 2009 were common. At one point, Turkish Prime Minister Tayyip Recep Erdogan accused China of "genocide" in Xinjiang. In early July 2009, Istanbul boasted a rally of some 5000 people carrying both the Turkish flag and that of the short-lived East Turkestan republic of the 1930s and '40s.⁶²

In sum, China's interest in the Mediterranean and North Africa is growing in many directions. Energy is a predominant interest, but so, too, are infrastructure development and other large-scale construction opportunities. As in many areas of commercial penetration beyond its borders, China's involvement in the Mediterranean and North Africa has a strong merchant retail component. For Chinese entrepreneurs, the region offers some tantalizing possibilities, not the least because business from China often attaches to a larger strategic vision of state interest. Yet in at least one respect, China's engagement in North Africa confronts it with a serious reality check in its intersection with an awakened Islamic world. To date, little suggests that China will handle this interaction with special dexterity, and much to suggest that as a distant power with little affinity for these local cultures it has a great deal to learn.

⁶² CNN "Turks criticize Chinese treatment of Uyghurs," July 11, 2009.

4 INDIA

India's historical and commercial ties with the Mediterranean date back more than 1000 years, when Arab traders carried Indian muslin and spices to Mediterranean consumers. In later centuries, the Portuguese, Dutch, French, and English trading companies took over this trade. In contemporary times, India has built close economic ties with countries in the region, especially Italy, Greece, Cyprus, and Turkey.

India's ties with the Maghreb have historical, diplomatic, security, and economic dimensions, reinforced during the 20th century when India championed the cause of de-colonization in countries like Algeria, Tunisia, and Morocco. For diplomatic reasons, close ties with Muslim countries in the Maghreb are important for India to help counter anti-Indian propaganda by Pakistan. India has relied on its close ties with countries like Egypt for support in organizations like the Organization of Islamic Conference (O.I.C.) especially on the issue of Kashmir. Cooperation on fighting terrorism is another area of mutual interest for India and countries in the Maghreb.

India's interest in the Maghreb is also linked with India's interests in the broader Arab world. As a country with the world's second- or third-largest population of Muslims, India has always sought good ties with leading Muslim countries in the Arab world. Of India's total international trade, \$414.5 billion in 2007-08, Arab countries accounted for 21 percent. Within the Arab world, India's trade with the GCC (Gulf Cooperation Countries) nations alone rose to \$66.75 billion in 2007-08, or 16.1 percent of the country's total global trade. Most of the five million expatriate Indians in the Middle East are concentrated in the Gulf countries.⁶³

⁶³ GCC comprises of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

India's connections to the Mediterranean are closely linked with India's broader ties to the European Union. Historically speaking, India has ties with United Kingdom, its former colonial master, as well as to France and Portugal, thanks to French and Portuguese colonies in India. The European Union is India's largest trading partner, with bilateral trade standing at €55 billion in 2007.⁶⁴ Faced with an aging population and lack of skilled workers, the European Union has looked to countries like India to fill that gap. The large Indian diaspora in the EU has been a traditional source of remittance, with around \$2 billion annually being sent to India. Ties with countries in Europe are also important for India diplomatically as India seeks a seat on the UN Security Council and needs the support not only of the five permanent members but also other European countries that would champion India's cause.

India's ties to Italy are particularly salient. During the Indian nationalist movement, many Indians studied and learned from Mazzini and Garibaldi. Today, Italy is India's fourth-largest trading partner in the European Union, and Italy is the 12th-largest investor in India. Bilateral trade between India and Italy stood at €4 billion in 2007 with the two countries working toward taking it to €10 billion by 2010.⁶⁵

India has old trading ties with countries in the Mediterranean region and an important stake in the free passage of trade in the Suez Canal. Greece is another key Mediterranean player for India. Ties were established as early as 1950, and today there are deep educational and cultural ties between the two countries. Though India and Greece had

⁶⁴ "India-EU Trade," European Commission. Bilateral Trade Relations, at http://ec.europa.eu/trade/issues/bilateral/countries/india/index_en.htm.

⁶⁵ "India Italy Set Target at Euro 10 billion by 2010," FICCI Press Release, January 4, 2007.

economic ties for decades, it is only from the 1990s, when India liberalized its economy that these ties deepened. In 2006, bilateral trade between India and Greece stood at \$620 million with a goal to double it by 2010. The agreement on trade and investment that India recently signed with the European Union will help, as will deepening bilateral trade between India and Greece.⁶⁶ Of particular note is Greece's request for Indian investment in the development of the strategically important Black Sea region, which represents an opportunity for India to bolster relations with countries surrounding the Black Sea and connect to their growing ties to the Eastern Mediterranean.⁶⁷ This point was made directly by Greek Prime Minister Kostas Karamanlis during a visit to New Delhi in January 2008; the Greek leader stressed the liberalization of investment regulations in Greece and the "real advantages to Indian companies" that this offered in the Black Sea region, which, he noted was both strategically important and rich in energy resources.⁶⁸

A big bet on Cyprus?

Cyprus is shaping up to be one of India's main entry points into the region. India and Cyprus have had close relations for decades, in part because of their shared experience in fighting for independence from Great Britain. Cyprus' Archbishop Makarios, a leader in the independence struggle, is said to have had the highest respect for Mahatma Gandhi and Pandit Jawaharlal Nehru. Trade between India and Cyprus has risen from \$8 million in 1991 to

⁶⁶ "India, Greece to double bilateral trade to Euro 1 billion by 2010," Domain B.com, April 24, 2007.

⁶⁷ See "Liberalization Opened New Opportunities in India: Greece PM," Hindu Business Line, January 12, 2008, at <http://www.thehindubusinessline.com/2008/01/12/stories/2008011252171000.htm>; Invest in Greece Agency, News Letter, December 2009, at <http://www.investinggreece.gov.gr/default.asp?pid=127&nwslID=5&la=1&sec=4>.

⁶⁸ "Greece Offers Investment Opportunities," *Hindu*, January 12, 2008.

\$60 million in 2007. Investment between the two countries is also rising, with Cyprus becoming one of India's top five FDI outflow destinations in 2007. Likewise, Cyprus has grown as one of India's top sources of FDI inflows from virtually nothing in 2000, to the eighth-highest investor cumulatively from 2000-2008. Furthermore, in 2008, Cyprus provided more FDI to India than traditional sources, including the Netherlands, Japan, France, Germany, and the United Kingdom.⁶⁹

Cyprus and India signed a memorandum in 2007 agreeing to cooperate in combating terrorism, organized crime, and drug trafficking. Cyprus is a significant transit point for both narcotics and human trafficking from three continents. Instability in the Middle East, a more assertive Turkey, or disputes with Lebanon or Egypt over energy deposits are all possible reasons why Cyprus might seek enhanced security ties, and perhaps even an Indian naval presence. Cyprus has consistently supported an Indian bid for a permanent seat on the United Nations Security Council, which is certainly more than diplomatic caprice.

Energy and commerce

India is the sixth-largest oil consumer in the world and, like China, it is pursuing a strategy of securing energy imports around the globe to lessen its dependence on the Persian Gulf. Currently, most of India's energy comes from the Gulf region, in particular Saudi Arabia and Iran, which supply 75 percent of India's oil imports. India's strategy to broaden its energy supply base increasingly includes the North African states. Indian companies have already secured concessions or are otherwise significantly invested in the oil sector in Sudan, Egypt, and Libya. It imports liquid natural

⁶⁹ Anjan Roy "Cyprus: A Mediterranean Beachhead for India," *Hindu Business Line*, May 16, 2005, at <http://www.thehindubusinessline.com/2005/05/16/stories/2005051600281100.htm>.

gas from Algeria and Egypt and will no doubt seek to expand on those agreements, as well as deepen or develop new relationships with Libya, Morocco, and Tunisia. With a number of these countries, India has not only old ties, predating the colonial era, but newer diplomatic ties as most of them were part of the Non-Aligned Movement (NAM).

Like China, the Indian navy has started patrolling the oil supply routes to Asia from the Persian Gulf. In November 2008, while patrolling the Gulf of Aden, an Indian navy warship sank a Somali pirate ship. Free passage of ships through the Suez Canal is a security priority for India.

In recent years, the Arab world has also gained importance for India as critical suppliers of essentials for its agriculture. Countries like Jordan, Nigeria, Morocco, and Tunisia are important for India as sources of rock phosphate, phosphoric acid, and potash as fertilizers for Indian farmers. India is the largest buyer of phosphates from Morocco, importing nearly 50 percent of Morocco's phosphoric acid. For their part, Arab countries hope to gain from India's experience and expertise in institutional capacity building, governance, science and technology, information technology (IT), biotechnology, healthcare, and higher education. Indian leaders recognize that they have not accorded the Arab world, including North Africa, the importance that is needed if these opportunities are to be seized instead of being left to competitors, particularly arch-rival China. For its part, India seeks to attract investment from oil-rich Arab states as it seeks to make major investment in such long-neglected sectors as infrastructure.⁷⁰

India's ties with Egypt are very old. During the 1930s and '40s, Indian leaders like Nehru built

close ties with Egyptian political leaders in their fight for independence from colonial Britain. These ties continued in later decades with India and Egypt (along with Yugoslavia) being the founding members of the Non-Aligned Movement (N.A.M.). India is Egypt's fourth-largest trading partner, and Egypt is one of India's most important trading partners on the African continent. The India-Egypt Bilateral Trade Agreement has been in operation since 1978, and bilateral trade between the two countries stood at around \$3 billion in 2007. India is the 12th-largest investor in Egypt with an investment of \$800 million in more than 200 companies.⁷¹ India has also invested in the oil and gas industry in Egypt. Gas Authority of India Limited (GAIL) has equity and management stakes in two gas distribution ventures in Fayoum and Cairo and in Natgas. Indian OVL (ONGC Videsh Limited) and its partner IPR Red Sea Inc. recently announced two oil field discoveries in the North Ramadan Concession in the Gulf of Suez.

India has also ramped up its diplomatic and economic efforts elsewhere in North Africa. Since the 1990s, India and Tunisia have started building economic ties. Since 2006, India and Tunisia have signed a number of MoUs in various fields, especially information technology. India, Libya, and Algeria are fellow members of the Non-Aligned Movement. However, it is only from the 1990s that India developed economic ties with Libya. Moreover, it is only since 2002 that economic activity gained momentum. In 2002, India's OVL signed an agreement with the Turkish Petroleum Overseas Company to buy a 49-percent stake in two on-land oil and gas exploration blocks in Libya.⁷² Libya, as an oil producing country that requires labor in various sectors, is the ideal

⁷⁰ Pranay Sharma, "Arabic Lessons: N-Deal Done, India Re-Engages Arab World for Fuels, Funds, and Friendships," *Outlook*, November 24, 2008, at <http://www.outlookindia.com/article.aspx?238997>.

⁷¹ "India-Egypt Economic and Commercial Relations," FICCI.

⁷² "India, Libya to boost bilateral trade, Silicon India," October 9, 2002.

country for Indian-trained manpower and Indian entrepreneurs. The hurdle here is that Libya does not allow foreign residents to repatriate more than 50 percent of their earnings. For this reason, the number of Indians working in Libya is not as large as in the Gulf.

In 2001, Algerian President Abdelaziz Bouteflika was the first Arab head of state to be received by India as its chief guest for India's Republic Day celebrations. Reflecting India's policy to build close ties with modern (read: secular) Muslim countries, the two countries signed a partnership declaration. Algeria, like India, is a victim of terrorism, and the countries share a common goal in fighting this problem. In 2003, bilateral trade between India and Algeria exceeded \$92 million.⁷³ An oil producer since 1956, Algeria is considered to be underexplored. There is a high potential of future participation for Indian companies in oil and gas exploration and the modernization of Algeria's hydrocarbon industry. Algeria is Africa's largest importer of medicines and to date imports most of these medicines at high cost from Europe. In recent years, the government decided to promote local production, especially of generic medicines. In this arena as well, joint ventures with the Indian pharmaceutical industry would be attractive for Algerian pharmaceutical companies. The IT sector is still undeveloped in Algeria, and Indian IT companies have opportunities in banking and telecom sectors.

India-Israel security condominium

India and Israel have old historical and cultural ties, with India being home to a small but ancient Jewish community. One of the oldest synagogues in the world is in southern India. However, modern India did not establish formal diplomatic

⁷³ "India Algeria Economic and Commercial Relations," FICCI Press Release

relations with Israel until 1992. Within a decade, this relationship evolved into a robust military and defense relationship that today includes continuous military-to-military contacts, intelligence sharing, and counterterrorism coordination.⁷⁴ Jerusalem has also become an important player in a number of prominent Indian defense projects, ranging from aircraft upgrades to the development of the Arjun main battle tank. This cooperation is geared toward providing both countries with an expanded military and strategic deterrent either would find difficult to achieve on its own.

For India, Israel provides the technology needed to upgrade its military systems as well as important anti-terrorism experience. In the past, India has sent large numbers of soldiers for anti-insurgency training in Israel before deploying in Kashmir and other high-risk areas. The two cooperate closely in military and intelligence exercises, and Israel has become India's second largest source of military equipment after Russia. The systems India has purchased from Israel include sophisticated missile radars, border-monitoring equipment, night vision devices, and upgrades for its Soviet-era aircraft. Plans are also in the works for the co-production of military equipment. Israel, which sold India \$5 billion in military equipment and arms between 2002–2007, already has become, in a short time, India's second-largest supplier of military hardware and software. And, while the figure seems overly optimistic and is better interpreted as a commentary on expectations, India's Associated

⁷⁴ For the substance, opportunities, and uncertainties in the India-Israel alignment, see Rajan Menon and Swati Pandey, "An Axis of Democracy? The Uncertain Future of Israeli-Indian Relations," *National Interest* (Summer 2005). For the historical background, see P.R. Kumaraswamy, "India and Israel: Evolving Strategic Partnership," *Middle East Security and Policy Studies*, No. 40 (September 1998), at <http://www.biu.ac.il/Besa/publications/40pub.html>.

Chambers of Commerce projects that the cumulative total could reach \$30 billion by 2012.⁷⁵

For Israel, India is a large partner with growing resources and a similar commitment to democracy and a stable Middle East. India is Israel's largest market for arms sales, and also offers some space-launch capabilities that Israel lacks. For example, in 2008 India launched the Israeli-built Tecsar, or

⁷⁵ Siddharth Srivastava, "India Embraces US, Israeli Arms," AsiaTimes Online, July 27, 2007, at http://www.atimes.com/atimes/South_Asia/IG27Df01.html.

Polaris, satellite, one of the most advanced space systems in the world. Polaris is a spy satellite equipped with a powerful camera for monitoring Iran's nuclear program and movements within that country. Israeli strategists have acknowledged the importance of the Indian Ocean as a critical area for their own national security and power projection, including the ability to move through Indian waters to threaten Iran and the Gulf states, operations that require India's approval.

5 OTHER EMERGING ACTORS

Japan

Most of Japan's investment in Europe is in the rich and northern regions rather than in southern Europe and the Mediterranean area. In 2006, Western Europe was Japan's largest recipient of FDI, however, that money was concentrated in developed, non-Mediterranean economies, specifically the United Kingdom, the Netherlands, and Germany. In recent years, Japanese companies have begun investing in the North African states of the Maghreb. Several companies have shifted factories from Eastern Europe to Tunisia, Algeria, and Morocco. In terms of Japan's larger European investments, this is pretty small change.

The one area in which Japan has shown an abiding and consistent interest in the Mediterranean is its supply of bluefin tuna. The Japanese had traditionally imported southern bluefin tuna from the waters off the coast of Australia. When that market collapsed from overfishing, the Japanese switched to Atlantic bluefin from the Mediterranean. Japan is now importing 80 percent of the world's bluefin tuna catch, mainly from the Mediterranean.

As the third-largest oil consumer in the world, Japan depends on the Gulf Arab countries for most of its oil. But, like China and India, in recent years Japan has also invested in the Maghreb region as a way of diversifying its energy sources. Joint ventures between Japanese companies and those states with significant energy reserves are prominent. For example, the Japanese engineering firm JGC has signed a \$1.42 billion contract for the construction, procurement, and engineering of facilities in the Gassi Touil gas fields in southern Algeria.⁷⁶

⁷⁶ "Japanese, European firms ink gas deal with Algeria," ChannelNewsAsia.com, June 8, 2009, at http://www.channelnewsasia.com/stories/afp_world_business/view/434459/1/.html.

Brazil

As one of the countries comprising BRIC (Brazil, Russia, India and China), Brazil is an emerging power that aims to build ties with countries outside of the Americas. Brazil's economic and diplomatic engagement with countries in the Mediterranean and Maghreb is part of this larger strategy of building alliances around the world. Like India, Brazil, too, is a contender for a seat on the United Nations Security Council and would like the support of countries in different parts of the world. Though a net oil exporter, Brazil is among the top oil consumers, and thus ties with countries in the Maghreb and Arab world are crucial. We should not be surprised to see Brazil build its energy and security ties with Turkey, Egypt, Tunisia, Morocco, Algeria, and Libya in the future. On the other hand, Brazil's emergence as an energy producer could also threaten some Mediterranean exporters like Algeria and Libya.

Acknowledging their similar status as regional powers and emerging economies, Brazil and Turkey are seeking to increase cooperation in the areas of trade, investment, and energy. In May 2009, Brazilian President Luiz Inacio Lula da Silva paid a visit to Ankara to discuss bilateral relations with Turkish Prime Minister Recep Tayyip Erdogan. The most tangible result of the meeting was the announcement of a joint venture between Brazil's Petrobras and Turkey's TPAO for oil exploration in the Black Sea reportedly worth \$800 million.⁷⁷ In order to diversify their sources of energy, Turkey is also looking to gain from Brazilian expertise in biodiesel and ethanol-based fuels. Brazil in turn is hoping to collaborate with Turkish companies in the manufacture and sale of jet airplanes.

⁷⁷ Saban Kardas, "Turkey and Brazil to Explore Oil in the Black Sea," *Eurasia Daily Monitor*, Vol. 6, No. 100 (May 26 2009); "Turkey and Brazil to Jointly Explore for Petroleum in Black Sea," *Today's Zaman*, January 2, 2010, at <http://www.todayszaman.com/tz-web/detaylar.do?load=detay&link=176099>.

Finally, Turkey has long wished to draft a free-trade agreement with Mercosur in order to gain access to the South American market. With Brazil's influence, this could become a reality in the future.

Brazil has a growing trade relationship with Egypt, as bilateral trade between the two countries reached \$1.6 billion in 2008. In the area of energy, Egypt has expressed an interest in Brazil's expertise in biofuels, particularly from ethanol. Brazil has been working with biofuels and producing ethanol from sugarcane for more than three decades while increasing food production at the same time. Egypt has also expressed interest in a joint venture with Brazil's Petrobras for oil and gas exploration in the Mediterranean. Cairo is specifically interested in Brazil's advanced technology in deep-water drilling. And following Egypt's example, countries from across the Maghreb are approaching Brazil for closer cooperation in trade, investment, and scientific expertise. Morocco, Algeria, Libya, and Tunisia, have all made overtures in an attempt to attract Brazilian capital and expertise, as well as access to the lucrative Mercosur market.

Brazil has long been a leading importer of Moroccan phosphate.

Despite its participation in the UN peacekeeping mission in Haiti, Brazil tends to support security initiatives through diplomacy and "soft" power. Unlike other emerging powers such as China, India, and Russia, Brazil's growth on the international scene has not yet come with a commensurate growth in military expenditure. Brazil currently represents no more than 1 percent of world military expenditure, and since 2000 has contributed no more than 1.5 percent of GDP to military expenditures.⁷⁸ That said, though it prefers to work through development cooperation and regional integration initiatives, Brazil does represent one-third of South America's military spending, with the United States, France, Germany, Spain, Italy, Canada, and Israel being its main suppliers.

⁷⁸ Sarah-Lea John de Sousa. "Brazil as an Emerging Security Actor and its Relations with EU," *European Security Review*. No. 43 (March 2009), pp. 1-5.

6 CONCLUSIONS

The emerging strategic landscape in the Mediterranean is being constantly reshaped by the entry of new players—China, India, Brazil—with strategies that reflect their special economic and security concerns and the re-entry of some old ones—e.g., Russia—with historic objectives and vintage strategies. We have tried to capture the key forces animating these actors in this analysis, but it must be said that this is just a snapshot in time. In reality, the landscape is changing rapidly, the dynamics of the individual actors and of their possible combinations are fluid, and the trajectories of their strategies are far from clear to us, and perhaps to them. The number of scenarios one might assess as plausible, possible, or probable that could emerge from the interaction of the forces, strategies, and dynamics we have discussed in this analysis is substantial. Much is in motion. Nonetheless, some of the new features and patterns of the Mediterranean strategic landscape can be identified with confidence. We believe that our analysis warrants at least the following six conclusions.

First, competition for energy that has defined the strategies of Asia's largest consumers—especially China and India, but also Japan—for the last decade, particularly with respect to their competitive positions in the Middle East and Persian Gulf, is being transported to the Mediterranean. All of the new key players in the Mediterranean view the acquisition of additional supplies of energy from Mediterranean states as both necessary and possible, and they are designing strategies to this end. While supplies are abundant, transport is unimpaired, and comity reigns among them, the Mediterranean's energy market will likely work efficiently enough as part of a global market that determines who gets how much and at what price. But any hiccup in the larger global energy supply system—or worse, if one can imagine destabilizing political turmoil in Saudi Arabia or

the collapse of the Iranian theocracy—will bring a heightened level of competition, probably including military competition, among non-Mediterranean states and actors in the Mediterranean region itself to adjudicate how energy is produced, sold, and transported. In this sense, the Mediterranean basin has become an important section of the energy security umbilical cord linking Asia's dynamic economies to the global energy marketplace.

Second, energy competition will certainly lead the Mediterranean's new players to pursue competitive and cost-imposing strategies directed at their rivals. Energy delivered from long distance offers adversaries a rich menu of mischievous options for raising competitors' costs in ways that might alter their behavior, either in the Mediterranean or elsewhere. In this sense, the Mediterranean's seeming isolation from larger competitions taking place in the Middle East, the Indian Ocean, East Asia, Eurasia, and even Latin America will diminish.

Third, while Russia benefits from close proximity to the Mediterranean competition because of its physical connections to both Europe and the Black Sea, the new actor with the greatest potential to alter the strategic landscape may well be India. Its potent and growing strategic alliance with Israel and its longer-term security cooperation with Turkey—both buttressed more or less by the United States—are likely to cast India as an increasingly powerful Mediterranean actor. Add to this India's strong economic, commercial, and energy interests in the Maghreb and in Europe's Mediterranean states, as well as the well-lubricated movement of Indian workers and professionals into labor-short markets like Europe, suggest that India's presence on the new Mediterranean landscape is better rooted and more organic than either China's or Russia's. That said, in comparison to its rival, China, India's policy is currently one more of aspirations than of achievements.

Fourth, Turkey's shifting strategic priorities—toward Russia and the Middle East, and away from Israel, Europe, and the United States—could foretell the beginnings of a period of more general strategic recalibration around the Mediterranean in which the movement of new actors alters or upsets existing political and security balances while coincidentally opening opportunities for new coalitions and relationships. Turkey is in many respects the fulcrum around which other actors' strategies are likely to pivot. This is particularly the case for Russia. Without some kind of strategic understanding with Turkey, it is difficult to conceive of Russia as more than a troublemaker in the Mediterranean, as it has neither the economic nor military resources to promote its larger historic vision of itself as a powerful player in the Mediterranean and Middle East—at least not for now. India, too, will be discomfited should Turkey turn away from the United States and Israel in any lasting way. A Turkey that breaks dramatically from its past attachments would likely be the catalyst for a fundamental strategic reordering in the Mediterranean regions—a reordering in which the new actors would figure prominently.

Fifth, China's growing presence in the Mediterranean appears to be driven by a combination of converging influences. Access to more sources of energy is certainly one. China's voracious appetite for energy makes it vulnerable so long as its energy must be imported from long distances along insecure sea and land transport routes. Grand strategy, in which energy security figures prominently, may be another. China is quietly creating a global energy footprint across the energy world: Eurasia, Southeast Asia, the Middle East, Africa, North America, Latin America, and now the Mediterranean basin. It may decide that relying on the United States and its allies to police the sea lanes through which so much of China's energy travels is not a sustainable long-term

security strategy and eventually China will have to become more directly involved in the security scene in and around the Mediterranean. Certainly China's rush to build a blue-water navy bears the imprint of such a conclusion. Its positions in places like Myanmar, Kazakhstan, Sudan, and Algeria—usually accompanied by large numbers of Chinese workers and agents, including security personnel—suggest that China views its overseas activities as more than economic opportunities to be explored, exploited, and abandoned. Where China goes, it appears poised to stay, a feature of Chinese engagement not lost on long-term competitors like India and Russia.

Sixth and finally, can the United States remain the strategic constant in the Mediterranean that informs and shapes the strategies of nearly everyone else? Put another way, will the United States continue by its presence to enforce a kind of strategic equilibrium among other Mediterranean actors, especially the newer ones whose relationships with the United States are mostly formed by issues far from the Mediterranean theater? This appears increasingly unlikely. The reasons go deeper than “strategic fatigue” caused by fighting costly wars in different parts of the world with declining public support. With regard to its ability to project power into the Mediterranean, the United States remains unsurpassed today, yet the longer-term picture is less clear. As noted earlier, America's navy is in decline, at least in numerical terms, and the trend cannot be reversed quickly. The idea that through its widely dispersed navy American presence is a constant visible reminder of America's power is surely fanciful as the number of its visible assets plummets. Its diplomacy appears no more adept. Even while supporting Turkey's aspirations to become part of Europe, America's standing among Turks remains low for a variety of reasons. Long a key American ally, Turkey sits on the brink of becoming strategically unanchored

from the United States. So, too, has America's much-vaunted new relationship with India become clouded on account of neglect, whether witting or unwitting. America's "reset" of relations with Russia, which presumably was intended to curb some of the latter's baser expansionist inclinations, has yet to bear results even vaguely resembling its intent. America's China policy, if not adrift, is distinctly unsettled.

The United States by itself will not determine the future dynamics of the increasingly complex

Mediterranean region. But it will be a powerful influence on the strategies of everyone else, including the distant actors discussed in this analysis. Failing to have a clear strategy of its own will likely lead other actors, especially the new actors, to take risks that an articulated American position might forestall, and to miscalculate in ways that could challenge the Mediterranean's impressive stability. In any event, the Mediterranean's strategic tempo will increase markedly as the number of moving parts increases.

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