

**U.S.-RUSSIA RELATIONS:
POLICY CHALLENGES FOR THE CONGRESS**

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Rapporteur's Summary

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The 35th seminar of the Aspen Institute's Congressional Program on Russia convened in Madrid, February 15-21. Thirteen senators and congressional representatives met with ten scholars, four of them from Russia, to discuss the broad theme of "U.S.-Russia Relations: Policy Challenges for the Congress." Thirteen months into the Obama administration, the meeting offered a good opportunity to assess the progress achieved in reversing the distinctly sour course of the relationship in recent years as well as to explore the challenge that lies ahead. The agenda was designed both to cover critical dimensions of U.S.-Russian relations—from nuclear arms control to tensions over U.S.-Russian interaction in the post-Soviet space—and to highlight areas where Congress' role will be particularly important.

Hence, the seminar opened with an overarching assessment of the relationship and what has been accomplished since Presidents Medvedev and Obama laid out their ambitious agenda in London in April 2009. Thomas Graham, former senior director of Russian affairs at the National Security Council, led the session. He struck three themes that stirred debate and shadowed the discussion over the next three days. First, he argued that the United States not only faces a Russia that is fundamentally different from the Russia of the 1990s, but does so in a larger geopolitical context also much changed. Russia is no longer prostrate, a supplicant for Western assistance, and eager to be in and like the

West. It, notwithstanding the buffeting from the 2008 economic crisis, sees itself as a major player, wants its voice heard, and means to assert itself in a world viewed as highly competitive. Simultaneously, the broader geopolitical landscape no longer encourages notions of a United States standing astride the international order, solving problems alone or with a few willing partners. Rather it is a world increasingly marked by great upheaval, shifting power balances, and uncertain outcomes—a world of intricate challenges exceeding the capacity of any state, however powerful, to resolve alone.

Second, Graham stressed the importance of Russia to the United States—an importance often underestimated. If one agrees that U.S. vital interests are containing nuclear proliferation, revitalizing the global economy, stabilizing the broader Middle East, securing energy supplies, coping with the rise of China, and repairing relations with Europe, in roughly that order, then Russia matters, because it figures significantly in all of these categories, with the possible exception of the second.

Then and later members of the group were not totally convinced. Some wondered why, if Russia is so important, it seems so low a priority in U.S. policy. Others acknowledged Russia's centrality in controlling nuclear weapons and preventing their proliferation and its prominence as an energy exporter, but questioned either its capacity or readiness to deliver in other spheres, including the nuclear stand-

off with Iran and the war in Afghanistan. As the week wore on and the relationship was explored in greater depth, some of this skepticism dissipated, only to be replaced by resignation among more than one congressional member over Congress's inability to focus on a U.S.-Russian agenda framed in complex terms.

Graham's third theme generated still more discussion. Given his first two points, he argued that the United States needed to approach Russia differently from in the past. For all the seeming contrasts in the policies of the two countries and notwithstanding the deep distrust built up over the prior decade, nothing in the way Russia views itself or the outside world precludes cooperation on issues of highest priority for the United States. But to realize this potential the United States will have to deal with the agenda Russia has, not the one we would like it to have. Others took the point further, suggesting that, if Russia is critical to success in areas of high priority to the United States, then Washington should take a harder look at the tradeoffs it is willing to make in order to secure Russian support.

This line of argument produced three challenges. First, one member asked what the Obama administration's new Russia policy had achieved—implicitly suggesting that, if not much, then the policy approach advocated held limited promise. It was a genuine, not a rhetorical question, and the answer—a START I follow-on agreement if reached and greater U.S.-Russian consensus on the Iran nuclear issue were not a bad year's work—seemed to resonate. The second challenge came from the Russian side, and was not so much a refutation as a complication. Russia, said one Russian scholar, poses a hard challenge, particularly, when preventing further NATO enlargement matters far more to its leaders than tightening the nuclear non-proliferation regime; when its new military doctrine privileges limiting the U.S. unilateral use of force over the struggle against terrorism. Another noted the problem raised by the widespread perception in the

United States of Russia as a declining power matched on the Russian side by an increasing tendency to see the United States as a power in decline as a consequence of the policy failures of the last decade, a view that adds to uncertainty in Moscow as it tries to come to terms with the rise of China.

A third Russian noted that these points, while valid, did not necessarily discredit the Obama administration's effort to re-engage with Russia; they only underscored that the path will not be easy. Instead it becomes increasingly obvious that the United States needs more partners that are strong and independent—and Russia is stronger and "virulently independent." To succeed, however, the United States needs to embrace a new, more subtle narrative for Russia—one that recognizes a Russia that in its nature is ever "more Western," while in its policy becoming ever "less pro-Western."

The third challenge was more fundamental, and reflected a concern among some congressional members. What if, they asked, rather than a self-confident, albeit assertive Russia, ready to cooperate with the United States, the Russia likely to emerge is sliding into serious trouble, threatened by a demographic crisis, plagued by corruption, unable to move forward with reform, and vulnerable to future economic shocks? Presumably this would require a different U.S. policy response—one marked by greater reserve and caution. The question left the issue unifying the morning's discussion still more at the center of things. Throughout the discussion, both U.S. and Russian scholars had underscored that a critical moment in Russia's development had arrived, driven in part by the effects of the recent economic crisis and the harsh realization of what it meant to be dependent on resource exports: Russia's elite, across the political spectrum, now realizes that modernization, the goal articulated by President Medvedev, can no longer be postponed. The problem arises, however, in the divisions over how this is to be accomplished.

Day Two: The Nuclear Dimension

Steven Miller, the director of the International Security Program at the Belfer Center for Science and International Affairs at Harvard's Kennedy School of Government, led the second session, an exploration of the critical U.S.-Russian nuclear dimension. Consistent with the general thrust of Graham's argument on the first day, Miller—with little resistance from the group—emphasized Russia's centrality in each of the three areas of concern to the United States: managing the nuclear relationship with Russia (key because the two countries have more than 90 percent of the world's nuclear weapons); preserving and then strengthening the nuclear non-proliferation regime, including addressing the Iranian and North Korean challenge; and guarding against nuclear terrorism.

When thinking about the role of nuclear weapons in U.S.-Russian relations, he said, the two countries are still operating with not only hardware from the Cold War but also its "software"—that is, its mental frameworks. Moreover, over the last decade, the system slowly constructed in the last years of the Cold War for managing this relationship has largely collapsed. Whether it should be reconstituted, and whether—were an interim follow-on agreement to the now expired START I agreement to be achieved—a new more ambitious round of strategic arms control negotiations should be launched raises legitimate questions. Is a negotiated strategic nuclear arms control regime necessary, given the natural constraints leading to the attrition of Russian forces? Is it worth the inevitable complications and frictions that long negotiations and the perils of ratification entail? Miller answered his own questions by citing four potential benefits from a mutually acceptable legal framework: (a) increased predictability in each side's nuclear activities; (b) increased transparency concerning each side's arsenal; (c) an increased ability to shape future developments; and (d) increased credibility attached to the U.S. and Russian commitment under Article VI of the Non-Proliferation

Treaty to pursue nuclear disarmament in return for other states forgoing the development of nuclear weapons.

The discussion that followed focused on the prospects for a post-START I agreement. Although the consensus seemed to be that an agreement was likely—not least, because, as one U.S. participant put it, it preserves the super-power nuclear status of both countries—one well-informed Russian warned that opposition to the treaty was building in hard-line Russian circles. Nor was it assumed that ratification in the U.S. Senate would be easy or swift. The history of strategic arms control agreements is of a long and slow ratification process involving years not months. In this case, however, as several participants cautioned, significant delay would severely cripple efforts to put the U.S.-Russian relationship on a more positive track.

Not surprisingly, the bulk of the conversation turned on Iran and the threat its nuclear program posed for the non-proliferation regime. Miller began by stressing the looming threat posed by the exploding interest in domestic nuclear power in many parts of the world. Preventing this "nuclear renaissance" from producing a surge of countries with the capacity to build a nuclear weapon, he noted, will require great effort both to strengthen the non-proliferation regime and to fashion good practices among nuclear-power exporting manufacturers. Russia will be critical to achieving both.

On Iran, attention shifted to Russia's willingness—and, if willing, capacity—to influence the outcome. Russia, most agreed, does not want a nuclear-armed Iran, but, because it has a much broader array of stakes than the United States in its relationship with Iran, it has not given the nuclear issue the same priority nor has it been willing to apply the same pressure on Iran as the United States. That may be changing, as Russia's relationship with Iran grows rockier and its willingness to entertain the idea of stricter sanctions appears to be increasing. Still, several members of Congress concluded that real cooperation between Russia and the

United States on the Iran problem was unlikely in the absence of progress on a broader and more constructive U.S.-Russian agenda.

The more dramatic proposition came from both a Russian and a U.S. expert. Each implied that the problem itself had been miscast: that the best had been made the enemy of the good. By focusing on a maximum objective—rolling back Iran’s enrichment program—the more pertinent objective of blocking the weaponization of nuclear material was endangered. They recommended instead a considerable strengthening of International Atomic Energy Agency (IAEA) mechanisms for policing any sign of weaponization along with far stiffer penalties under Article 10 of the Nuclear Non-Proliferation Treaty (NPT) for withdrawal from the treaty. The idea passed without much reaction from members of Congress.

Day Three: Energy, the Environment, and Climate Change

Angela Stent, professor of government and director of the Center for Eurasian, Russian and East European Studies at Georgetown University, began the session by reminding people that U.S. concern over excessive European dependency on Russian energy had a long history tracing back to the Kennedy administration’s discontent over the 1963 Druzhba oil pipeline. Energy, she noted, plays a complex role in the U.S.-Russia relationship, only partially captured by sensational episodes such as the recent gas and oil cutoffs to Russia’s neighbors during price disputes. For Russia, the importance of oil and gas revenue to the national economy is a two-edged sword, permitting economic growth and foreign policy confidence when prices are high, raising the specter of social instability and underscoring Russia’s essential weakness when they are low. And, even as Russia moves to strengthen exclusive control over transit to Europe by building the Nord and South Stream pipelines, it suddenly finds itself with uncertain demand as the development of shale gas in Europe and North America and the flow of

liquefied natural gas (LNG) from North Africa begin to alter the energy equation.

While in the abstract one would think that the world’s largest exporter of energy and the world’s largest importer of energy would have natural grounds for cooperation, Stent explained why reality is often different. At root the two countries have sharply contrasting notions of energy security: The United States cares most about security of supply for itself and allies; Russia, the security of demand. The United States works to promote the diversification of suppliers and supply routes; Russia, their monopolization. Add to this the Russian tendency to favor non-transparent deals and the primacy of state over commercial interests, and the obstacles to cooperation become more understandable.

The initial part of the discussion then turned to the basic question of whether Russia’s great reserves of oil and gas are a curse or a blessing. While some of the Russian participants suggested that on balance, whether right or wrong, the Russian leadership clearly sees these resources as an advantage and one to be exploited to the greatest extent possible, others maintained that there is no simple answer. Oil at prices too low raises political risks within society; too high and they become an obstacle to economic reform and compensation for the absence of democracy.

On the issue of Russian energy leverage over Europe, the Russian participants introduced several nuances beyond the obvious point that Europe’s supply dependency is partially offset by Russia’s market dependency (more than 80 percent of Russian oil and gas exports flow to the European market and through pipeline infrastructure that cannot be easily re-routed to other destinations). For example, third parties, such as Azerbaijan, Turkmenistan, and Kazakhstan, use energy for their own political purposes, and are not merely pawns in a Russian game. Second, the more Russia forces countries, such as Ukraine and Belarus, to pay world market prices for oil and gas, the more it

strengthens the independence of these states, and even more so, if the pressure leads them to strive for greater energy efficiency. Third, it is difficult to imagine what a generalized European energy dependency means when different parts of Europe depend in such varying degree on Russian gas and oil.

Turning to the issue of U.S.-Russian energy cooperation, a Russian participant insisted that the starting point should be the de-politicization of energy issues by all sides, followed by a serious effort to fashion a regime designed to protect the interests of consumers, producers, and transit countries, not simply the interests of one segment. The problem, another Russia participant said, is that too many influential Russians believe that the United States wants to keep Russia a raw-material exporter—that it does not want Russia as a high-tech competitor. They assume, therefore, that they might as well do as they please at home and with their neighbors, counting on the West's need for Russian oil and gas to temper its reaction. Hence, it is important that U.S. officials and congressional representatives, when meeting with Russian parliamentarians, journalists, and business people, convey the stake the United States has in a modernized Russia with high-tech capabilities; but, at the same time, that they make plain what Russia must do to reduce the impediments on foreign investment.

And, indeed, among congressional members a readiness to think of ways the United States and Russia could cooperate in high-tech areas was instantly apparent. Similarly so was enthusiasm for pushing cooperation in promoting energy efficiency in the two societies, an idea now receiving attention in the new U.S.-Russia Binational Presidential Commission. Among congressional members with the deepest knowledge on energy issues, there was, in fact, puzzlement over why Russia is not straining to attract industry from abroad that would find low-cost energy a major incentive to invest in Russia. On the other hand, as some congressional representatives noted, cooperation should be a two-way street, and, hence, the United States

needs to eliminate obstacles limiting Russian investment in U.S. energy projects. They also recognized that delaying the re-submission of the U.S.-Russian agreement under section 123 of the Atomic Energy Act adds an unnecessary obstacle to bilateral cooperation in the nuclear energy field.

The goal of this session, however, was not to treat the energy dimension in isolation, but to link it with the collateral issue of climate change. Here, too, Stent noted that the picture is mixed. Although Russia is the world's third largest emitter of greenhouse gases, after the United States and China, and, therefore, needs to be part of the solution, until recently Russian leaders have shown little willingness to exercise leadership in this area. Part of the reason may be that the effects of global warming are seen to cut two ways: on the one hand, temperature increases may open new areas to agriculture in Russia's north, but, on the other, they will also likely thaw the permafrost, and, hence, disrupt energy infrastructure, while releasing large quantities of methane gas.

As a result, and the point was underscored by members of Congress, while espousing support for a stricter regime at the Copenhagen UN Conference on Climate Change last December, Russia's representatives insisted on preserving quotas that would, in fact, allow Russia to increase emissions. That noted, other congressional members argued that, if as a consequence of Copenhagen's failure, new international forums emerge to deal with the problem of climate change, Russia would have to be treated as an important participant in them. Stent, in her paper, reviews aspects of an evolving Russian approach to climate change that hold some promise for U.S.-Russian cooperation in this area.

Stent also addressed an issue where energy, climate change, and security intersect: control over the rich hydrocarbon reserves in the Arctic. Global warming, if it continues at the present pace, will open the region to mineral exploration and exploitation within a matter

of decades, and already the states bordering it are staking their claims, and backing them up with military planning. Hence, this is an area where the United States and Russia have good reason to pursue cooperation, building on what they have achieved in the Arctic Council, rather than allow events to descend into competition and friction. Stent also reminded congressional members that the United States' long-standing refusal to ratify the 1982 UN Convention on the Law of the Sea seriously weakens Washington's ability to make legal claims to Arctic resources beyond its exclusive (200-mile) economic zone.

Day Four: U.S.-Russian Interaction in the Post-Soviet Space

The seminar wound up by focusing on arguably the most vexing and contentious dimension of U.S.-Russian relations—the interaction of the two countries in and among the states of the former Soviet Union. Steven Pifer, senior fellow at the Brookings Institution and former U.S. ambassador to Ukraine, launched the discussion. He offered as a starting proposition that, at its core, the problem inheres in the fundamentally conflicting approaches of the two countries to the region. Russia believes that to preserve and enhance its great-power status it must maintain its position within the post-Soviet space. It does not aspire to re-create the Soviet empire, but it does seek neighbors deferential to Russian concerns, friendly governments open to Russian investment, and a veto over basic choices by them seen as inimical to Moscow's interests. The United States, in contrast, while wanting to build a constructive relationship with Russia, also wishes to see Russia surrounded by strong, independent, democratically-oriented states, and strives to fashion a policy geared to this end. This often leaves the U.S. struggling to square a circle. Never is this clearer than in the case of NATO and its potential role with Ukraine and Georgia. The United States' intentions on this score are not anti-Russian, but Washington has no way of persuading Moscow that this is so.

Pifer, however, went on to argue that, whatever are Russian aims, policy results to this point have been far from satisfying. On the contrary, often Russian actions have had the effect of antagonizing or frightening its neighbors, and, as a result, pushing them away from Russia. Not just Ukraine or Georgia, but recently a naturally allied state like Belarus has sought to create more space for itself in its relationship with Russia. The reaction of Russian participants was more an elaboration than refutation of Pifer's point. Said one, "Empires don't go away overnight." Adjusting to the loss of large parts of the Russian and Soviet empire has been emotionally and politically far more wrenching than the collapse of Soviet power in Eastern Europe. Many of the new states are also going through a post-imperial transition, struggling to assert their identity, a process that often involves differentiating—and at times distancing—themselves from Russia. Another Russian made the point more sharply saying that a number of the post-Soviet states have chosen to fan an anti-Russian nationalism, which is then reciprocated by the Russian side.

Still, as one Russian participant put it, those determining the fate of these states will not be Russia or the United States, but these states themselves. Hence, much of the focus on U.S. and Russian jockeying in the region and much of the talk of "zones of influence" are throwbacks to another era—archaic echoes of a "great game." Rather it is these countries that will decide for themselves with whom they will identify. A U.S. expert agreed. Too much thinking, he said, is still within a Cold War paradigm, treating developments in the post-Soviet space as a zero-sum geopolitical competition. This is bad for the United States and Russia, because it allows third parties to exploit this mindset to their advantage and to U.S. disadvantage. It also leaves Washington and Moscow oblivious to how dramatically the broader international context has changed, including the growing influence of other outside powers in the post-Soviet space, most notably China.

Pifer took a somewhat more equanimous view of the challenge. For the moment, he argued, the most acute source of tension has eased. The NATO question has been defused by the outcome of the recent Ukrainian elections, which placed in power a Ukrainian leader opposed to Ukrainian NATO membership, and before that by the effects of the Russian-Georgian war, which for the foreseeable future had disqualified Georgia. In an area like Central Asia, the key dynamic now features Russia and China, leaving the United States with a lower profile and the potentially positive role of a mild balancer between the two. In these circumstances, the chief objective of U.S. policy in the post-Soviet space should be what Pifer called “three noes:” no war in or between these states; no failed or failing states; and no Russian domination over any of these states. And the path forward should focus on, first, simply managing the U.S.-Russian interaction, working to minimize competitive tendencies and a misreading of one another’s intentions; second, on developing a direct dialogue between the two governments on these issues—but a dialogue that is transparent to all the states concerned; and, third, exploring ideas, including those advanced by the Russian leadership, for enhancing Europe’s security architecture in ways that mitigate the security weaknesses in the post-Soviet space.

Where are the United States and Russia really headed in their relationship? What are the priorities on which the United States should focus when dealing with Russia? How should China be factored into the relationship? And how is one to assess the internal challenges facing Russia, including the demographic crisis?

Others had grown more convinced that the United States had a real stake in seeing Russia successfully navigate this passage in its history, and, therefore, sensed a need for the United States to think more carefully and creatively about ways in which it could be helpful. For some this included being true to core U.S. values, insisting before Russian listeners that the prosperity enjoyed by the United States owed much to our respect for civil liberties, property rights, and the rule of law.

Still others worried that policymakers and politicians were too stuck on “looking down narrow pipes,” when they needed a broader prism. Rather than concentrating on the problems in U.S.-Russian relations, we would be better off concentrating on problems where U.S.-Russian cooperation is essential. Rather than framing issues always in bilateral terms, we should focus more on fitting the relationship into a multi-dimensional view of a world populated by multiple players. Said one congressional member, “We need a larger palette” when painting Russia’s place in U.S. foreign policy. The point echoed something Thomas Graham had said in the opening session: It is very difficult to draw into a single, coherent Russia policy fragments of concern that are scattered across a wide range of issue areas, each the concern of policymakers with different geographical and thematic preoccupations. No longer is Russia what the Soviet Union once was, a point of departure on almost all key issues. Rather it is a factor, often an important factor, but only a factor in many different areas; and designing a policy capable of mastering a Russia agenda as elusive as it is important is not easy.

Russia Back at the Center of U.S. Foreign Policy

Thomas Graham, Ph.D.

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Russia is one of the most consequential countries in the world today, given its massive nuclear arsenal and expertise in nuclear energy; vast energy reserves and other natural resources; geopolitical position astride Europe, the broader Middle East, and East Asia; UN Security Council veto; and scientific prowess. And it will remain so, whether it is strong and can mobilize those resources for its own purposes, or it is weak and stronger powers and more agile transnational actors (such as terrorists) exploit them for their own ends. Since the breakup of the Soviet Union nearly twenty years ago, Russia's cooperation has helped the United States achieve our strategic goals, while its opposition has complicated the challenges we face.

For that reason, the United States has sought constructive relations with post-Soviet Russia—so far with little enduring success. The Clinton Administration's ambitions to facilitate Russia's transformation into a pro-Western free-market democracy collapsed in the wake of Russia's financial meltdown in 1998 and growing acrimony over NATO expansion. The Bush Administration's effort to build a strategic partnership quickly ran afoul of competition in the former Soviet space and American concerns about Russia's authoritarian path.

President Obama's decision to "reset" relations marks the beginning of the third attempt at enduring constructive relations, one focused pragmatically on advancing our strategic inter-

ests and less concerned by Russia's domestic developments. Although the atmosphere has improved greatly during the past year, and Presidents Obama and Medvedev have laid out an ambitious agenda of cooperation, mutually beneficial cooperation on concrete matters has proved elusive, as the extended endgame in negotiations of the START follow-on treaty has demonstrated.

The Russia We Face

The counterpart in this third attempt is not the Russia the Clinton or Bush Administration faced. It has recovered its pride after the deep national humiliation of the 1990s, and the rapid economic recovery during Putin's presidency elevated its global standing and provided levers for advancing its strategic interests. Although much Western commentary raises alarm about a return to Soviet attitudes and behavior, Russia bears greater similarities to 18th- and 19th-century Imperial Russia. Like the elites of that period, today's approach international affairs from a realist, not an ideological, perspective. They start from the following assumptions:

- Global affairs are fundamentally competitive (although not necessarily zero-sum), with the great powers seeking advantage and lesser states adapting to great-power arrangements. The goal of foreign policy is to advance interests, not to spread values, and Russia should be pragmatic—

some would say deeply cynical—in the pursuit of its interests.

- Russia is a great power and should be respected as such. “Russia can exist as a strong state, as a global player, or it will not exist at all,” Medvedev has noted.
- The former Soviet space—which is also the former Imperial Russian space—is essential to Russia’s great-power status. Primacy in that region gives Russia geopolitical heft and is critical to its security and well-being.
- A centralized, tightly controlled domestic political process is crucial to maintaining domestic order and protecting and advancing Russia’s strategic interests.

Despite a remarkable recovery under Putin, Russia faces formidable challenges to sustaining sufficient economic growth—quantitative and qualitative—to back up its great-power aspirations. The global economic crisis drove that point home: In 2009, Russia was among the worst performing economies in the G-20. The focus now is on modernization: infrastructure renewal, diversification away from an excessive reliance on commodities, mastery of cutting-edge technologies, and creation of an innovation society. Moscow knows that Russia cannot manage this task on its own. It needs investment, technology, and know-how from abroad. Although China might be able to provide some of the investment, only the West can provide the needed technology and know-how. That recognition lies behind efforts to rebuild relations with Europe and the United States after the near-total breakdown in the wake of the war with Georgia in 2008.

Moscow, nevertheless, remains deeply suspicious of U.S. motives and still sees the United States as the primary foreign threat to Russia’s great-power status. Vice President Biden’s comments last summer about Russia’s decline, even though disowned by President Obama, raised doubts that the Administration was willing to treat Russia as a major power and reinforced concerns that the United States’ ultimate goal

was global hegemony, which by definition would deny Russia great-power status. More worrisome to Moscow has been what it sees as an active U.S. effort to erode Russian power, first of all by expanding NATO and supporting anti-Russian leaders in the former Soviet space. The 2004 Orange Revolution in Ukraine, viewed by the Kremlin as a U.S.-instigated dress rehearsal for regime change in Russia, effectively put an end to any hopes of strategic partnership during the Bush Administration.

For those reasons, Moscow wants to constrain the United States. It seeks to do this in three ways: by forming anti-American coalitions in fact if not in name (e.g., the Shanghai Cooperation Organization, which includes China and several Central Asian states, as a means to limit American influence in Central Asia); by enhancing the role of the UN Security Council in global affairs, because Russia can veto American initiatives; and by reaching legally and politically binding agreements with the United States that limit our options and make our behavior more predictable.

Moscow also considers the moment opportune to rein in the United States. While it still sees the U.S. as the dominant world power, it believes the U.S. is in decline, a consequence of the failed foreign policies of the Bush Administration, the ongoing financial crisis, and the damage both of those have done to our confidence and our reputation for competence. In this view, the Obama Administration needs the “reset” more than Moscow does, and Moscow can still squeeze out concessions before reciprocating in a serious way.

The New Geopolitical Context

If the Obama Administration faces a changed Russia, it also faces a new geopolitical context. Simply put, not only is the Cold War history, so is the post-Cold War world. The dominant American view of a generation ago, that the United States would lead the world as free-market democracy ineluctably spread across the globe, no longer describes current realities or

the immediate future. Rather, the world has entered a period of great upheaval of uncertain duration until a new global equilibrium emerges.

While the character of that new equilibrium is unclear, the trends shaping it have been evident for some time. Global dynamism is shifting from Europe and the Atlantic region to East Asia and the Pacific region. The Middle East lies in the midst of an historic struggle between the forces of tradition and modernity, which is spawning violent extremism with global ambitions. The dark side of globalization presents a set of challenges—the proliferation of weapons of mass destruction, international terrorism, unregulated global financial flows, transnational crime, pandemic diseases, and climate change—that are beyond the capacity of any single state to master and for which leading international institutions have proved inadequate. The nation-state, the fundamental unit of the international order since the Peace of Westphalia in 1648, is under pressure from supranational, sub-national, and transnational entities, while the vast increase in the number of states since the Second World War militates against effective international cooperation and action.

Can We Work with Russia to Advance Our Interests?

What do the new Russia and geopolitical context mean for U.S.-Russian relations? That there is, to be sure, no easy path to constructive relations, particularly given the deep distrust that has grown over the past two decades and the complexity of the challenges we face. Nevertheless, it is also true that nothing in the way Russia defines itself precludes cooperation on issues of high priority to the United States, while the new geopolitical context presents common challenges that could provide the basis for productive interaction, if we pursue our Russia policy with a clear sense of our own interests and Russia's and with patience and skill. Five considerations should shape our approach.

First, common challenges do not necessarily translate into common interests, and even where interests are shared, they often rank differently in each country's priorities.

- Iran provides an apt illustration. Russia shares the American interest in preventing Iran from developing nuclear weapons, but not our sense of urgency. At the same time, it fears an American or Israeli military strike that would further destabilize the region along Russia's southern border, and it is concerned that tough sanctions are a path to a military strike (as was the case with Iraq). While it supports American engagement with Iran, it is concerned that normalization of relations would jeopardize Russia's own commercial relations with that country and could turn it into a strong competitor in European gas markets, where Russia earns a considerable share of its state revenues. Obtaining Russian support for our approach on the nuclear issue will require taking into account Russia's full range of interests in Iran, as well as other matters (see the next point).

Second, building cooperation will require trade-offs. As much as we would like to work on discrete issues on their merits, for Moscow everything is linked. We will not persuade it to help us on our priorities, unless we are prepared to help it achieve its goals (or, at a minimum, not obstruct its efforts). This will require some tough choices.

- The former Soviet space presents perhaps the greatest challenge because there is a fundamental conflict in interests. Reasserting authority across that region, in which Medvedev has indicated Russia has "privileged interests," is a top Russian priority, which entails constraining American influence. The war against Georgia was intended to send the clear message that Moscow could and would use force to defend its interests, if necessary. The United States, however, refuses to acknowl-

edge a Russian sphere of influence or privileged interests and sees strategic benefit in strengthening ties with, in particular, Ukraine, Georgia, and Kazakhstan. The urgent task is to define clearly our vital interests in this region and then balance our policies toward Russia and the other former Soviet states in a way that advances those interests, while minimizing the damage U.S.-Russian rivalry in the region does to overall relations, including cooperation on our top priorities, such as Iran.

Third, Russia will demand, if not real equality and reciprocity, at least the convincing appearance of such.

- For this reason, strategic arms control, nonproliferation, and civil nuclear energy provide promising grounds for cooperation: They are among the few areas of common interest in which the United States and Russia can come together as genuine equals and credibly present themselves as global leaders. Previous administrations have already laid a foundation, which includes the Nunn-Lugar Cooperative Threat Reduction program, the Megatons to Megawatts program (which uses down-blended highly-enriched uranium from dismantled Soviet nuclear weapons for power generation in American civil nuclear reactors), and the U.S.-Russian-led Global Initiative to Combat Nuclear Terrorism. Further cooperation will depend on Senate action on a START¹ follow-on treaty—once that has been negotiated—and Congressional action on the “123 Agreement”² on bilateral civil nuclear cooperation, which the Bush Administration withdrew from consideration after the Russo-Georgian war and which the Obama Administration needs to resubmit.
- There are also ample opportunities in broader energy-related cooperation. U.S. firms have the technology and management skills Russia needs to develop its gas

and oil resources, increasingly located in difficult geological and climatic zones, while the United States has an interest in bringing greater volumes of oil and gas to global markets. The issue of equality and reciprocity involves the willingness of the United States to permit Russian equity participation in U.S. energy infrastructure. Moscow wants guaranteed access to U.S. markets for its (often state-owned) firms in exchange for expanded access to its markets for American firms. Thus far, Moscow believes we have unfairly restricted access to our markets for political purposes.

- Moscow sees our failure to graduate Russia from the Jackson-Vanik Amendment³ as evidence of a fundamental unwillingness to respect it as an equal and a major power.

Fourth, more often than not, we will be dealing with Russia in a multilateral context. We need to ensure that its voice is heard, but we also need to demonstrate that we can and will proceed with others should Russia seek to obstruct progress.

- Two broad issues illustrate this point. On most global economic issues, the contribution Russia can make lags far behind that not only of the G-7, but also of China and India, and those countries will be our primary interlocutors and determine the range of possible action and the limits of cooperation. We need, nevertheless, to ensure that Russia has a seat at the table to encourage responsible behavior. On European security issues, we need to engage seriously on Medvedev’s call for a review of architecture and take account of Russian concerns as a sign of respect—and because we need to rethink European security in the new geopolitical context for our own purposes. But we also need to be prepared to work separately with our European allies and partners, should Russia prove unconstructive.

Fifth, presidential engagement is critical to success. Only that will demonstrate to the Russians the respect and seriousness of purpose they believe is their due; only the president can set the priorities, make the trade-offs, and energize and discipline the bureaucracy to implement his preferred course of action. Absent presidential engagement, relations will drift and, if history is a guide, not in a positive direction.

- The Bilateral Presidential Commission coordinated by Secretary of State Clinton and Foreign Minister Lavrov provides a framework for productive interaction, although it still needs to demonstrate its worth in practice. Congressional engagement with Russian parliamentarians provides an additional and valuable channel of communication. Those channels can amplify President Obama's engagement but they cannot substitute for it. In 2010, he will decide in a practical way, by the way he apportions his time, how much of a priority Russia really is, compared to all the other challenges, domestic and foreign, that are competing for his attention.

References

- 1 The Strategic Arms Reduction Treaty between the U.S. and the former Soviet Union, instituted in 1994 to limit the number of nuclear warheads each country possesses, expired on December 5, 2009, but remains in force pending a successor agreement.
- 2 A "123 Agreement" is an agreement between the U.S. and a foreign country on the peaceful use of nuclear energy, which is lacking between the U.S. and Russia.
- 3 "Jackson-Vanik" is an amendment contained in the 1974 Trade Act that effectively denies unconditional normal trade relations to certain countries, including Russia, that had non-market economies and that restricted emigration rights. Normal trade relations may be extended, on a conditional basis, to a country subject to the law only if the President determines that it complies with the freedom of emigration requirements of the amendment. Since 1994, Russia has been found in compliance with the freedom of emigration requirements. It continues to be subject to semi-annual compliance reviews. Ending the application of the Jackson-Vanik provisions to Russia requires legislation by Congress.

Russia and American Nuclear Interests

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Russia is crucial to the pursuit of America's nuclear interests. It is centrally connected to three contexts in which potential nuclear threats to the United States arise: in the bilateral nuclear relationship with Russia, which encompasses more than 90% of the nuclear weapons that presently exist; in the realm of nuclear proliferation, where the spread of nuclear weapons to hostile states can jeopardize American security and interests while also undermining the nonproliferation regime; and in connection with nuclear terrorism, which will be an all too plausible (and frightening) possibility if nuclear weapons or weapons-usable materials were to leak into a nuclear black market. Russia is a critical player in each of these contexts. Consequently, Russian participation and cooperation is a necessary component of any efforts to effectively manage or resolve the nuclear problems on the U.S. policy agenda. Without some degree of common cause with Russia, it will not be possible to minimize the nuclear threats to the United States. Russia must be part of the solution or it will be part of the problem.

The record of U.S.-Russian nuclear diplomacy in recent years, however, is mixed—marked as much by friction, disagreement, suspicion and acrimony as by common interest and collaborative action. Some of the difficulties in this relationship reflect the reality that these two powers will never have identical interests even if in many respects their nuclear prefer-

ences are compatible. But from the perspective of American policy the much more important point is that interaction between the United States and Russia on nuclear issues is inevitably linked to and influenced by the wider political relationship between the two powers. Unfortunately, the story line here has been disappointing. The high hopes in the early post-Cold War years for robust strategic partnership between Moscow and Washington and high degrees of harmony in their interests and policies have not been realized. Instead, there has been bickering over the Balkans in the 1990s, Russian anger over the progression of NATO enlargement, American anger over the Russian opposition to the Iraq war, competition for influence and energy in the Caucasus and Central Asia, strong Russian objection to U.S. missile defense policies, American frustration at the evolution of Russia's internal political and economic system, Russian frustration at Washington's criticisms of Russia's internal affairs, and—far from least—severe mutual recriminations over the Russian intervention in Georgia. Over a two-decade period, the cumulative effect of these bruising collisions has been to produce a substantial retreat by Moscow from the conciliatory pro-American posture it adopted in the early post-Cold War period, a growing estrangement from the United States within the Russian political elite, a rising suspicion in Moscow of Washington's motives, and an increasing tendency on the part of Russia's

policymakers to resist American pressure and diverge from Washington's policies. Russian rhetoric about the United States is now sometimes shockingly harsh, and an undertone of rivalry can be detected in American and Russian perceptions of one another (coexisting with persistent rhetoric about partnership). The Obama Administration came to power proclaiming the need to improve relations with Russia and famously called for hitting the "reset button." How easy it will be to overcome the accumulated frustrations and grievances of two decades remains to be seen.

Can the United States effectively pursue its nuclear interests while relations with Moscow are deteriorating? Are there significant tradeoffs in relations with Russia between the nuclear portfolio and other contentious issues on the U.S.-Russia agenda? Has Washington given sufficient weight to the possible costs in the nuclear realm of antagonizing Russia in other policy areas? Such questions have enormous implications because major nuclear issues are at play in U.S.-Russian relations.

Russia and the Management of the Strategic Nuclear Balance

The bilateral nuclear relationship between Moscow and Washington is unsettled. No longer bitter enemies but not quite reliable friends, Russia and the United States find their nuclear arsenals sitting uneasily in the middle of their relationship. They have neither eliminated nuclear threats as a factor in their relationship nor found some reassuring new framework for governing their post-Cold War nuclear interactions.

This matters for one very simple but compelling reason: very substantial nuclear weapons capability still exists in the U.S.-Russian nuclear context. The intense and prodigious nuclear rivalry that marked the Cold War is thankfully consigned to history but a substantial residue of nuclear weapons capability remains. It is of course true that Moscow no longer commands several tens of thousands of nuclear weapons,

as it did at the peak of the Soviet-American nuclear competition. However, estimates of the current Russian nuclear weapons stockpile suggest that thousands of nuclear weapons remain in its arsenal. According to one recent assessment, for example, Russia has approximately 5,000 deployed nuclear weapons and another 8,000 in reserve or awaiting dismantlement.¹ *This arsenal remains the single largest physical threat to American security.* Further, Russian nuclear weapons policy is still at least partially driven by residual concerns about the United States (much as U.S. nuclear weapons policy is still influenced by a perceived need to "hedge" against a possible Russian nuclear threat). Despite the end of the Cold War and the passage of nearly two decades, Moscow and Washington have not succeeded in escaping the deterrence framework in their nuclear relationship. Thus, though the nuclear danger is not perceived to be as grave as it once was due to the altered political context, in a physical sense Russia and the United States continue to pose an enormous potential threat to one another. For a protracted period, the U.S.-Russia nuclear relationship has persisted in this odd limbo, no longer fierce enemies but still committed at least to some extent to the logic of deterrence. Both sides appear to harbor some concern that a more hostile—and hence more dangerous—nuclear relationship could recur. The restoration of more open and intense nuclear hostility (and with it the possible revival of nuclear arms racing) in a relationship that still involves nuclear weapons in the thousands is obviously undesirable from the perspective of minimizing nuclear threats to the United States. This leads to the conclusion that U.S. nuclear interests are best served by measures that dampen nuclear hostility, constrain or reduce the nuclear forces on both sides, and provide some collaborative bilateral management of the U.S.-Russian nuclear relationship.

That broad proposition, however, does not map easily onto the current diplomatic reality. The arms control framework built up over several decades to shape and manage

the nuclear postures of the two sides and the nuclear interactions between them has weakened significantly. The ABM Treaty, negotiated in 1972 by President Nixon, was intended to prevent defensive deployments on one side from driving the other to ever larger and more capable offensive forces, thus avoiding a so-called offense-defense arms race. But the ABM Treaty no longer exists because in 2002 the United States exercised its (legal) right to withdraw. The START II agreement, signed in 1993 by Presidents Bush and Yeltsin, mandated significant cuts in strategic nuclear forces and banned multiple warhead missiles, a step that was regarded as significantly buttressing to the stability of the nuclear balance. However, START II never entered into force because Russian ratification of the agreement included conditions that the United States never met. In June, 2002, Russia renounced START II in response to the U.S. withdrawal from the ABM Treaty, which violated one of the Russian conditions for ratification. Thus two of the major products of Cold War nuclear arms control have been eliminated.

Further, the 1991 START I agreement, which has been the basic governing document in the U.S.-Russian nuclear relationship for the past two decades, and which contained all the verification provisions associated with strategic arms control, expired on December 5, 2009. Negotiations for a follow-on agreement have been under way for the past year and are reported to be nearing completion, but for the moment there is no legally binding verification regime in place (and the negotiations have been longer and more difficult than expected). The only bilateral strategic nuclear treaty in force today is the 2002 Moscow Treaty, a document of less than one page that was meant as an addendum to START I for the purpose of reducing overall numbers of deployed strategic warheads. Much criticized for drafting errors, the Moscow Treaty contains no verification provisions and expires at exactly the same moment that it takes effect on December 31, 2012. It is not a document that can bear the

full weight of the U.S.-Russian nuclear relationship. Moreover, the summit at which the Moscow Treaty was signed brought to a stop for half a decade the strategic arms control process between the United States and Russia. After 2002, for the first time in nearly a quarter of a century, there were no negotiations ongoing and none desired or anticipated.

Thus, Moscow and Washington have neither a settled nuclear relationship nor an established and intact negotiated framework and mechanism for managing their nuclear affairs. The current negotiations for a follow-on to START I represent a step in the direction of trying to redefine the nuclear relationship and rebuild the diplomatic framework governing their nuclear affairs. As this exercise evolves beyond the immediate issue of replacing START I, it will necessarily have to confront a number of fundamental issues, most of which have not yet been addressed in any conclusive fashion.

- The role of deterrence: Is deterrence a desirable, necessary, or inescapable component of the U.S.-Russian relationship? If not, what conceptual framework should replace it?
- The role of arms control: Should arms control remain at the center of the U.S.-Russian nuclear relationship? How much does it matter if a negotiated framework is lacking? Some in the United States believe that it is no longer necessary—a relic of the past. Nuclear arsenals are dramatically reduced and will be cut further due to political and financial factors; Moscow and Washington are no longer enemies and do not need to engage in a laborious nuclear arms control process. Others believe that it is essential to create a transparent, verified, negotiated regulatory framework to govern U.S.-Russian nuclear relations to avoid undesirable developments down the road and to signal restraint to the wider world (which matters in the context of Article VI disarmament obligations under the NPT). This debate will be consequen-

tial when Washington considers future treaties.

- The role of verification: How much verification is enough? This has become an issue in the current START I follow-on negotiations.
- The limits of force reductions: How low can we go? What are the criteria? Can strategic stability be maintained at low numbers? At what point will other nuclear powers need to be brought into the negotiations?
- The role of missile defenses: Now that the ABM Treaty has been abandoned, how will missile defenses fit into the U.S.-Russian nuclear relationship? Russia clearly finds them objectionable and to some extent threatening. Standard arguments against missile defense still need to be confronted: they can easily be negated by the deployment of much cheaper offensive forces, producing outcomes that provide little effective defense while provoking larger offensive threats; missile defense systems are self protecting and fail catastrophically if opponents attack them at their weak points (notably ground-based radars and space-based sensors). Russia has proposed collaborative pursuit of missile defenses; under what circumstances would this be acceptable to the United States? Many big questions are begging for answers.
- Conventional threats to nuclear forces: This is an asymmetric issue, of considerable concern to Russia and much less worrisome to the United States, which appears to be moving steadily in the direction of acquiring such capabilities.² Moscow fears that very precise missiles armed with specialized conventional ordinance will be capable of destroying its nuclear assets. It therefore insists that these conventional threats be addressed in the nuclear negotiations. Even if this issue is finessed in the START I follow-on agreement, it will

almost certainly have to be addressed in future negotiations down the road. How can this issue be handled? Will the United States be prepared to accept limits on conventional deployments? Will it be prepared to let this issue stymie nuclear negotiations? Are there solutions that Moscow will find acceptable?

The nuclear order in which the United States must function will be to a large extent determined by the nuclear relationship it works out with Russia. We are at a juncture where many basic issues are beginning to be addressed and the answers that prevail will shape the nuclear future. This is an issue that deserves to be at the center of U.S. policy, that should garner high priority among decision-makers on both sides, and that should play a prominent role in the formation of U.S. policy toward Russia. Today this set of issues is competing with many other serious problems and does not always seem to make its way onto the high-level agenda. Careless or inattentive treatment of the U.S.-Russian nuclear relationship could produce an outcome we regret.

Russia and the Management of the Nuclear Nonproliferation Regime

Every American president since the end of the Cold War has proclaimed nuclear proliferation to be the gravest threat to U.S. security. The United States and its international interests can be seriously jeopardized if nuclear weapons should somehow spread to the hands of hostile, irresponsible states or to terrorists. Accordingly, preventing the spread of nuclear weapons has been one of the highest priorities in American security policy—a proposition generally accepted by both political parties and by both sides of the political spectrum. Few objectives are more important.

In this context, too, Russia is a critical player. It is a leading exporter of nuclear technology—including most recently the signing of a huge nuclear deal with India involving many billions of dollars and more than a dozen nuclear

power reactors. It is a key player in the international diplomacy associated with the nuclear nonproliferation regime. It is inconceivable, for example, that desired reforms and strengthenings of the NPT regime can be achieved without Russian support. Russia is a core member of the Six-Party Talks on the North Korean nuclear program; China is more important in that context but Russia plays an influential role in one of the ongoing preoccupying nuclear crises of great concern to the United States.

The centrality of Russia to the management of the nuclear nonproliferation regime is illustrated in two contexts. First, it is an absolutely pivotal player in the protracted nuclear confrontation with Iran. This crisis has long been an issue of great concern to Washington, and strenuous exertions have been made over many years to try to stop Iran's nuclear progress. Russia built Iran's Bushehr reactor (and there are rumors of discussion between Iran and Russia over the construction of a second large power reactor at Bushehr). Russia announced in January 2010 that it will commence the operation of the Bushehr reactor in this calendar year. Russia has supplied the initial fuel for the Iranian reactor and holds the long-term fuel supply contract for the life of the reactor. Indeed, Iran views Moscow as its primary long-term partner in the realm of nuclear technology. Despite serious pressure from the United States, Russia has been reluctant to support even relatively mild sanctions against Iran (though it has done so) and has refused to support strong, aggressive, or so-called crippling sanctions. Russia is a significant arms supplier to Iran, including the provision of air defense equipment that could complicate the option of seeking to eliminate Iranian nuclear facilities by the use of force. Some Russian arms deliveries to Tehran have continued during the period in which Iran has been subjected to UN sanctions. More broadly, Russia is one of Iran's important trade partners—with trade amounting to more than \$2 billion annually—and they share common economic interests in other significant spheres of economic activity such as natural gas

development and energy pipelines. All things considered, Russia is clearly one of the decisive players—if not the decisive player—in dealing with the Iran crisis and it is hard to see how the United States achieves its objectives vis-à-vis Iran without substantial cooperation from Russia.

Russia and the United States generally share the goal of preventing nuclear proliferation; neither power sees its interests advanced by the spread of nuclear weapons. This fundamental convergence of interests establishes the basis for collaboration in managing the nonproliferation regime. What the Iran crisis shows, however, is that in particular nonproliferation settings the broad aim of preventing the spread of nuclear weapons does not guarantee the alignment of U.S. and Russian policy. Russia does not agree with the U.S. characterization of the Iranian regime as an extremist rogue state that poses enormous threats. It does not appear to share the extreme fear of Iran's nuclear program or to assume that Iran is on the track to nuclear weapons. It is clearly uncomfortable with the American instinct to punish and coerce Iran in an effort to curtail its nuclear activities. Russia has been outspoken in its opposition to the consideration of the use of force against Iran's nuclear facilities. Moscow, in short, does not fully accept Washington's diagnosis of the problem or its preferred remedies. Hence, while there has been lots of discussion of Iran between Moscow and Washington and some Russian cooperation with international efforts to address the challenge of Iran's nuclear program, there has never been full accord between the two powers about what to do and never full collaboration between them to effectively confront Tehran over its nuclear program. It is not surprising then, that U.S. policy has so far failed to stop Iran's nuclear program. Without much more collaboration with Russia, it is likely impossible to succeed.

Second, Russia is central to efforts to prevent nuclear terrorism by ensuring that nuclear weapons and weapons-usable materials (that is, plutonium and highly-enriched uranium) are kept securely out of illicit (black) markets.

When the Soviet Union collapsed, it left behind a vast nuclear empire including tens of thousands of nuclear weapons and vast quantities of weapons-usable materials. In the internal tumult and instability that followed the disintegration of the Soviet state, there was grave concern that Moscow's nuclear assets were not securely held. A rupture in its nuclear custodial system could result in a well-provisioned nuclear black market in which weapons or weapons-related materials could be available to any party—states, terrorists, even criminal syndicates—that had the financial resources to buy them. The United States launched (as a Congressional initiative) what came to be known as the Nunn-Lugar program (created initially by the Soviet Nuclear Threat Reduction Act of 1991) which involved the expenditure of U.S. funds to help improve the security of Russian nuclear assets. This program involved U.S.-Russian collaboration to use U.S. funds for the purpose of improving the security at Russia's nuclear facilities. The pace and character of the program was determined to a large extent by the extent of Russia's cooperation in allowing the United States to be involved in Moscow's (still sensitive) nuclear empire. Though there have been many difficulties and numerous setbacks along the way, there was sufficient cooperation over nearly twenty years to allow steady progress in bringing nuclear security in Russia to more reassuring standards. Moreover, cooperation on this set of issues has remained relatively buffered from ups and downs in U.S.-Russian relations, so that practical collaborative steps continued even when broader relations were testy. Though the pace was sometimes distressingly slow, the security of Russia's still vast nuclear assets is much better than it was some twenty years ago.

Russia remains, however, the single largest reservoir of nuclear technology and material.

The security of its nuclear facilities, though greatly improved, is not as good as it could be; work remains to be done.³ Equally important, security improvements must be maintained if they are to protect against risks in the future. Experience has shown that achieving *sustainable nuclear security* is a significant challenge. It remains as true today as it was twenty years ago that leakage of weapons or materials from the Russian nuclear complex would be a nonproliferation disaster. Russia is not the only concern—Pakistan and North Korea, among others, are firmly on the list of worries—but it still occupies a central place in efforts to lock down the world's weapons-usable nuclear materials. In addition, in the context of global efforts to combat the threat of nuclear terrorism, Russia can be an affirmative partner with the United States. Here is an area where interests are compatible and many desired steps do not infringe other major interests of either power.

Conclusion

American leaders often say that nuclear threats—from Iran or North Korea or terrorists—pose the greatest threat to the United States. If they really believe this proposition, then it should have profound implications for U.S.-Russian relations. Russian cooperation is essential if nuclear threats to the United States are to be minimized and if U.S. nuclear interests—both in the strategic relationship and in the context of nuclear proliferation—are to be protected and advanced. It is worth debating what price Washington pays in terms of its nuclear policies for making choices that anger and alienate Moscow. Maybe it is possible to challenge Moscow in some domains of policy while still gaining needed cooperation in the nuclear realm. Maybe Moscow would not be more cooperative on some nuclear issues even

if U.S.-Russian relations were much better. Maybe Washington values other issues more than it values nuclear cooperation with Russia. Those are legitimate positions to consider. But it is at least worth asking, for example, whether it makes sense to pursue over many years a set of policies—from NATO enlargement to missile defense to support of Georgia—that are certain to produce dismay and recrimination in Moscow and then to adopt policies toward Iran that depend utterly on cooperation from Russia. What is certain is that the failure to achieve requisite nuclear cooperation with Moscow will, in several important nuclear contexts, cause damage to American interests.

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U.S.-Russian Relations: The Energy Dimension

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If you put together Russia's energy potential in all areas, oil, gas and nuclear, our country is unquestionably the world's leader.¹

Vladimir Putin, 2006.

What is the Issue?

On the face of it, energy is an issue where the United States and Russia should be able to cooperate quite effectively. America imports very little Russian energy and it supports diversification of global energy supplies. Russia, the world's largest producer and exporter of oil, with the world's largest gas reserves, is a welcome alternative to Middle Eastern oil and gas. Moreover, both countries must deal with the common challenges of global climate change. Once again, there is talk of a new U.S.-Russian energy dialogue. Yet energy has become an increasingly fractious issue in U.S.-Russian relations for two reasons: Russian gas cutoffs to Ukraine in 2006 and 2008 that affected our European allies in the depths of winter and Moscow's opposition to the U.S.-backed oil and gas pipelines in Eurasia that bypass Russia and transport Central Asian hydrocarbons, whose transit to Europe Russia seeks to monopolize. Behind these issues lies a larger question: the substantial role of Russian natural gas in Europe and the political implications of this reality.

The U.S. and Europe have argued that Russia seeks to use "soft" energy power much as it sought to use "hard" military power during the cold war—namely to intimidate its neigh-

bors and increase its influence in Europe and Eurasia. Russia has responded that it is entitled to a sphere of "privileged" interests in the former Soviet space, one that should guarantee access to Central Asian oil and gas, and that its western neighbors, who were also once part of the USSR and who transport oil and gas to Europe, have been unwilling to pay a fair market price for Russian hydrocarbons. The global financial crisis has significantly altered the picture and defused tensions—European gas demand is down and gas prices have fallen. Nevertheless, even as the Obama administration's bilateral U.S.-Russian energy dialogue gets underway, questions of supply, price, and alternative pipelines remain contentious. What is the way forward?

An important starting point is that the United States and Russia define energy security in fundamentally different ways. For America, the focus is security of supply and guaranteed access to hydrocarbons. For Russia the preoccupation is with security of demand, especially for long-term (30-year) natural gas contracts with Europe, which currently purchases 82% of all Russian gas exports—representing 40% of Europe's gas imports. Washington has supported diversification of energy supplies in Eurasia

by promoting the construction of pipelines that bypass Russia, such as the Baku-Tbilisi-Ceyhan pipeline that opened in 2006. Moscow, on the other hand, has sought to increase its energy security by preventing the construction of any more oil and gas pipelines that bypass Russia. It is also committed to lessening its dependence on third country transit—especially Ukraine and Belarus—for its access to the European market and to constructing underwater pipelines that avoid transit countries. Under the Obama administration, as during the Bush administration, competing American and Russian pipeline projects continue alongside a new commitment on the part of Washington to cooperate with Russia on civilian nuclear energy, new energy technologies and, possibly, on Arctic resources.

America and Russia also view the question of energy cartels very differently. In 2009, Russia made a move to join the Organization of the Petroleum Exporting Countries (OPEC)—it offered to cut its oil production by 300,000 barrels a day, but the offer was apparently rejected and Russia did not join OPEC, to Washington's relief. However, in 2009 Russia and the other major gas exporting countries—Algeria and Qatar—joined together to form “GOPEC”—a gas exporters' cartel. From the U.S. point of view, a gas cartel that could restrict global supplies is an unwelcome development, but it remains to be seen how successful this new organization will be or indeed whether it will even work. The high capital costs of gas projects and the high interdependence make the idea of coordinating production among producers quite problematic. The major energy story of 2009 is the political “discovery” of unconventional gas from shale rock formations, which might offer a major alternative to Russian gas, although the full implications of this new source of energy remain to be determined. A related story is the greater amount of Liquefied Natural Gas (LNG) available to Europe because of reduced demand for it in the United States, owing to the surge of domestically-produced shale gas.

As the United States moves forward on the

energy front, it needs to understand the centrality of energy both for the Russian domestic system and for Russia's foreign policy. Hydrocarbons have been the key to Russia's return to the world stage after the decline of the 1990s, resulting in its emergence as an energy superpower. High oil prices fueled Russia's impressive economic growth from 2000-2008, and energy exports enabled Russia to reassert regional and global influence. Moreover, control over energy resources has played a major role in the creation of Russia's current domestic political configuration—known as “Russia Inc”. In this system, those who manage the affairs of state also largely control the state's economic assets. Under Putin, the state recaptured the commanding heights of the economy, most vividly illustrated by the 2003 arrest and imprisonment of Mikhail Khodorkovsky, CEO of the private oil company Yukos, and the subsequent destruction of the company and its takeover by Rosneft, whose chairman, First Deputy Prime Minister Igor Sechin, is a key Putin political ally and Russia's energy czar. This symbiotic relationship between political and business elites makes it difficult to determine where politics begins and commerce ends. Nowhere is this more evident than in the actions of the behemoth Gazprom, which controls 80% of Russia's gas supplies and whose former chairman, Dimitry Medvedev, is now Russia's president. Nevertheless, the United States should be wary of assuming that Russian oil and gas policy is primarily politically motivated. Commercial factors are often paramount in Russia's energy decision-making. Indeed, some Westerners had criticized Russia for selling gas too cheaply to Ukraine, in effect subsidizing Ukraine's continuing inefficient use of energy.

Hydrocarbons have also become a source of domestic debate. Economic liberals understand that, if Russia continues to rely on energy exports and fails to diversify its economy, it will never be able to modernize and reach its full economic and societal potential. Recently, President Medvedev has criticized Russia's

excessive reliance on oil and gas exports, saying that he does not want his son to grow up in a country dominated by the energy industry and the corruption it has engendered. Prime Minister Putin, by contrast, has praised “the existing model of development, which hinges on high commodity prices.” Nevertheless, for the foreseeable future, oil and gas will continue to drive the Russian economy and much of Russian foreign policy.

Energy Security and Competing Pipelines

Europe

Russia has been exporting oil to Europe since the nineteenth century, and its natural gas deliveries to Western Europe began in 1970. The United States has intermittently expressed concern about its allies’ dependence on Russian gas and twice during the Cold War unsuccessfully sought to prevent the construction of Soviet pipelines to Western Europe—in 1963 it was the Druzhba oil pipeline and in 1982 the Yamal natural gas pipeline.² The historical record shows that the USSR was a reliable supplier to Western Europe, and fluctuations in supply were usually a function of weather conditions.

Since the Soviet collapse, 80% of Russian gas exports to Europe have been transported through Ukraine, with Belarus as the major oil transit country. Central Europe and the Baltic states (as well as Finland, which imports all of its gas from Russia) are more dependent on Russian energy supplies than are the Western European countries, but it is important to understand that this a relationship of interdependence—Europeans need Russian oil and gas, but Russia needs hydrocarbon revenues, especially in difficult economic times. By and large, both sides are comfortable with this relationship. The two gas cutoffs to Ukraine and the oil cutoffs to Belarus—the latest in January 2010—have caused concerns in the European Union (EU). While Russia certainly made a

political point when it cut off the gas, it also has legitimate commercial interests. Ukraine until recently paid below European market prices and was also siphoning off Russian gas for its own use.

Russia’s response to the uncertainties of relying on the former Soviet states as transit countries has been to build alternative pipelines. After many delays, the Nord Stream pipeline is under construction. This project, whose advisory board is headed by former German Chancellor Gerhard Schroeder, will transport gas overland from Russia to the Baltic Sea and then underwater to Germany, thus bypassing Ukraine, the Baltic states and Central Europe. The second Russian project—South Stream—will transport gas under the Black Sea to southeastern Europe, the Balkans and Italy. The successful completion of these pipelines will also depend on whether Gazprom can meet the needs both of rising domestic demand and of its existing and future foreign customers. So far, it has not invested enough in developing new sources of gas to meet these demands. However, in 2009, European gas demand fell by 30% and this reality, plus the promise of shale gas, could present new challenges for Gazprom.

Dueling Pipelines

Since the 1990s, the United States has actively encouraged the construction of pipelines that transport oil and gas to Europe bypassing Russia. In retrospect, the Baku-Tbilisi-Ceyhan pipeline—which took heroic efforts to complete—may be the only successful U.S.-backed pipeline project in the former Soviet space that does not go through Russia. Moscow is determined not to see another pipeline that bypasses Russia completed. The United States has encouraged the EU to move ahead with the Nabucco pipeline—once that competes directly with South Stream—which would transport gas from the Caspian or Northern Iraq to Southeastern Europe. However, it is unclear whose gas would fill the pipeline. The EU is in dialogue with Turkmenistan but, given the

recent Turkmen-Chinese deal, it is unclear whether this is a feasible option. In December 2009, the first of two pipelines transporting Central Asian—mainly Turkmen—gas to China was inaugurated. Iranian gas would be a possibility, but this is not an option from the U.S. point of view. Russian gas could also fill Nabucco, but this would require a significant change in both U.S. and EU policy, since Nabucco is currently designed to avoid Russia. Under current circumstances, it seems unlikely that Nabucco will go ahead. Even if it were constructed, it would only marginally impact Europe's dependence on Russian gas. Given economic pressures and geographic realities, the United States should reevaluate the current policy—more muted than it was in the Bush administration—of pushing for alternative pipelines in the post-Soviet space. With new sources of energy and falling European gas demand, the American focus could shift to other ways of enhancing energy security.

The Asian Dimension

The exponential growth in Chinese energy demand is also changing the Eurasian energy landscape. China and Russia are competitors for Central Asian energy. China is also interested in importing more Russian oil and gas. Despite numerous delays in construction, in late December Putin opened the new East Siberia-Pacific Ocean oil export terminal, part of a larger \$12 billion project to transport Russian oil to China and possibly Japan. Moscow has frequently said that Asia is an alternative to Europe and that Russia could switch its exports east. However, this would require sustained pipeline construction and exploitation of new energy sources that are still years away from development.

The Arctic

On August 2, 2007, the Kremlin dispatched a nuclear-powered icebreaker and two submarines to plant the Russian flag on the floor for the North Pole's sea—an act made possible by

the warming of the Arctic icecap, which has been melting for some time (summer ice cover could completely vanish in 30 years). Professor Artur Chilingarov, explorer and member of the Duma representing the ruling United Russia party declared, after he planted the Russian tricolor, "The Arctic is ours and we should manifest our presence."³ A few days later, Russia ordered strategic bomber flights over the Arctic Ocean for the first time since the Cold War, prompting the Canadian Foreign Minister to retort "Look, this isn't the 15th century. You can't go around the world and plant flags and say "We're claiming this territory." Is there a new "Scramble for the Arctic"?

The potential stakes are high. According to the U.S. Geological Survey, the Arctic holds as much as one-quarter of the world's remaining undiscovered oil and gas deposits, as well as diamonds, gold, platinum, tin, manganese, nickel and lead. If Arctic melting proceeds at its current pace, major parts of the Arctic Ocean will be ice-free in a couple of decades, greatly facilitating seabed mineral resource extraction. For the United States, Russia, and the other Arctic littoral states (Canada, Norway and Denmark) the Arctic involves core national security issues: territorial control, access to energy resources and accessible transportation. Russia's major Arctic policy objective so far has been to promote and protect its claims to continental shelf territories beyond the 200 nautical mile economic exclusion zone provided by the U.N. Convention, in order to exploit the natural resources located there. The majority of the Arctic's energy reserves lie within Russia's zone.

The United States is the only Arctic country not to have ratified the 1982 United Nations Convention of the Law of the Sea, despite many requests to the Senate to do so, most recently from the Bush administration. Without ratification, Washington lacks an international legal basis for its territorial claims in the Arctic beyond its exclusion zone. According to the Convention, the subarctic countries in the region own exclusive economic zones (up to 200 miles in width) and the continental shelf

(up to 350 miles) within which they have the sovereign right to develop mineral resources.⁴ Thus, ratification would facilitate America's ability to assert its sovereignty over both territory and resources. North Pole warming and its impact on both indigenous Arctic people and the Arctic ecosystem have added an element of urgency to these complex issues.

As Russia continues to claim that the Arctic seabed's underwater ridges are an extension of Russia's own continental shelf and other Arctic nations dispute these exclusive territorial claims, the United States and its partners, including Russia, should continue to work within the Arctic Council (founded in 1996) to promote greater cooperation in the area. Given the high stakes and the imperative of better multilateral cooperation on these issues, a Senate ratification of the Law of the Sea Convention would strengthen Washington's bargaining power.

Climate Change

Vladimir Putin has on several occasions remarked that global warming is good for Russia since it will be two or three degrees warmer in Siberia—indeed Russia both benefits from and is adversely affected by the impact of climate change. President Medvedev's remarks at the Copenhagen conference and his promise that Russia would cut emissions by 25% from 1990 levels through 2020 indicate that the Russian leadership now takes climate change more seriously than previously. Is this an issue on which Russia and the United States can cooperate? After all, Russia is the third largest emitter of carbon dioxide after the United States and China, ahead of India.

Experts agree that there is considerable variability in the impact of global warming on Russia—the largest country on earth with very varied climate and topography—but its long-term consequences could be quite serious.⁵ On the one hand, a warming climate will open up new areas for agricultural cultivation in northern Russia and will reduce and shorten the heating season, thereby reducing energy

demand. On the other hand, the melting of the permafrost in Siberia will place extra strains on Russia's aging energy and transportation infrastructure. Given Russia's reliance on fossil fuel exports to sustain its economic growth, and the adverse impact of climate change on its energy sector, there are significant incentives for Moscow to join with the United States, China and India to reduce carbon emissions.

As was clear at December's Copenhagen Conference, Russia does not see itself as a leader in combating climate change, nor has it played a major role on the issue until now. Nevertheless, Medvedev's remarks indicate that Russia is willing to support further global negotiations. In November, Putin gave tentative backing to a Danish initiative on emissions that would replace the Kyoto Protocol, as long as it took Russia's interests into account, particularly its huge CO₂-absorbing forests. Given Russia's stated commitment to cooperation, the United States could reach out to Russia to work on questions of emission reduction and carbon trading, an issue for which major Russian enterprises—such as the Rosneft—have expressed support. This can be part of the broader U.S.-Russian energy dialogue.

Prospects for U.S.-Russian Energy Cooperation

The first U.S.-Russian bilateral energy dialogue, which began after 9/11 during the brief era when Moscow and Washington cooperated closely on unseating the Taliban in Afghanistan, produced very modest results. A key reason was the lack of projects that were of interest to both sides, particularly after Khodorkovsky's arrest—the Yukos CEO had been interested in building a commercial pipeline to Murmansk that would have transported oil destined for the United States. Since the July 2009 Obama-Medvedev summit, a U.S.-Russian energy dialogue is being established within the Clinton-Lavrov bilateral commission, to be headed by Energy Secretary Steven Chu and Energy Minister Sergei Shmatko. It is intended to cover issues such as energy efficiency, new technologies like clean coal and smart grids, cli-

mate change and nuclear energy. Congress can play a central role in facilitating this dialogue, for instance by revisiting the 123 legislation⁶ that could facilitate U.S.-Russian cooperation on nuclear energy, one of the more promising avenues for reducing dependence on hydrocarbons. This dialogue will require hard work and perseverance. As in all the other areas of U.S.-Russian dialogue, beginning with limited, practical projects is usually most effective. However, a major asymmetry remains. U.S. energy companies are in private hands and Russian energy companies are by and large state-dominated, with the exception of a handful of privately-owned companies such as Lukoil, of which ConocoPhillips owns 20%. Thus, a successful U.S.-Russian energy dialogue will have to devise creative ways of transcending current structural impediments.

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Squaring U.S. Policy Toward Russia with U.S. Interests in the Larger Post-Soviet Space

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Introduction

In February 2009, the Obama administration announced its intention to “reset” relations with Russia, which in 2008 had fallen to their lowest point since the Soviet Union collapsed in 1991. There has been progress over the past 11 months, prompted in part by renewed strategic arms negotiations and Washington’s decision to reconfigure its missile defense plans for Europe. Moscow has adopted a rhetorically tougher position on Iran’s nuclear program, though it remains uncertain how far the Russians are prepared to go if new sanctions become necessary against Tehran.

U.S. and Russian interactions with other states in the post-Soviet space could pose the most contentious issues on the U.S.-Russian agenda. These include U.S. relations with states such as Ukraine and Georgia, those countries’ aspirations to integrate into the West and energy questions. Such questions lie at the crux of U.S.-Russian relations, affecting many other dimensions of the relationship, including the broader issue of European security, Moscow’s readiness to cooperate with NATO, and Russian willingness to work with Washington on problems further afield, such as Iran and Afghanistan. This paper examines what Moscow wants in the post-Soviet space, U.S. interests and key regional issues that could prove fractious between Washington and Moscow.

What Does Russia Want in the Post-Soviet Space?

Since Vladimir Putin’s advent to power at the end of the 1990s, Moscow has pursued a policy aimed at regaining a measure of the great power status it enjoyed during the Cold War. A central piece of this is maintaining influence in the post-Soviet space. Moscow does not seek to recreate the Soviet Union and understands that it cannot exclude other powers from the region; indeed, the United States, European Union, Turkey and China increasingly “intrude.” But the Russians want deference from their neighbors on political, economic and security issues that matter to Moscow, and they seek the ability to veto strategic choices by neighbors that Moscow deems inimical to Russian interests.

The Russians employ various ways to encourage this deference: diplomatic pressure; acquisition of key economic assets in neighboring states; control of energy transit routes; manipulation of energy prices; “peacekeeping” forces that perpetuate more than contribute to resolution of disputes; and military action. Russia also seeks to influence its neighbors’ internal politics. Overall, Moscow’s policy appears to have had limited success: the neighbors, including states such as Belarus, seek ways to decrease their vulnerability to Russian leverage and increase their freedom of maneuver.

Russian policy contributes to the weakness of several neighboring states. In some cases,

Russia appears to want weak, even unstable, neighbors, believing they will be more amenable to Moscow's policy preferences. To be fair, the weakness of neighboring states often results equally, if not more, from their failure to take needed political and economic reform measures as from Russian actions.

Moscow opposes further NATO enlargement into the post-Soviet space, especially for Ukraine and Georgia. While Russian policy previously had been ambiguous, Moscow made clear in 2009 that it also opposes European Union enlargement and the EU's Eastern Partnership, designed to facilitate and expand EU relations with Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine.

Maintaining sway over neighboring states may become more difficult for Moscow in the longer term, for several reasons. The global economic crisis showed the vulnerability of its economic model that is heavily dependent on energy exports. Russia's demographic decline will soon impact the labor force and military. The northern Caucasus remains restive. And the Russian government does not respond agilely to unexpected situations.

That said, there is little reason to expect Moscow's desire to maintain major influence in the region to change in the near term. Consensus among the foreign policy elite favors this, and Putin remains at the center of Russian power. (Russian think tank experts have even suggested that Moscow insist on U.S. acceptance of Russian primacy in the post-Soviet space as the price for cooperation on issues of interest to Washington. The Russian government has not framed its policy in such bald terms). While domestic challenges might lead Moscow to downsize its "near abroad" objectives, it is just as possible that Russia will continue to pursue an assertive foreign policy despite those challenges, perhaps aimed to distract the Russian populace from domestic problems.

U.S. Interests in the Region

The United States has an interest in a more constructive and sustainable relationship with Russia. Specific goals for U.S. policy include reducing nuclear arms; securing Russian support for nonproliferation, both in strengthening the general nonproliferation regime and in the specific case of Iran; and gaining greater Russian assistance on Afghanistan. Washington would like to see an increasingly democratic and pluralistic political process in Russia, but it has little real leverage to advance this objective.

U.S. policy since the end of the Soviet Union has also aimed to support the development of stable, independent, democratic states throughout the post-Soviet space. These goals sometimes conflict, e.g., the desire to press democratic reform in Central Asia vs. the need to secure access routes to Afghanistan. U.S. policy has devoted particular attention to Ukraine and Georgia, reflecting those countries' strategic position, their democratic progress and the appeal of particular leaders. Washington has supported expanded links between such states and NATO and the European Union, with the goal of promoting a broader and more stable Europe. U.S. policy has supported the development of multiple routes to bring Caspian and Central Asian energy to global markets in order to diversify global market supply. Finally, the United States seeks stability in Central Asia, in part to reduce the vulnerability of those states to radical Islamist tendencies.

Pursuing U.S. policy in the post-Soviet space requires sustained, high-level and resourced engagement, at a time when Washington is preoccupied with Afghanistan/Pakistan, Iraq, Iran and North Korea. As a practical matter, the states on Russia's periphery will receive less attention than needed. Washington thus must define priorities and look for ways, such as partnering with the European Union, to maintain Western influence. At the risk of oversimplification, U.S. objectives with regard to relations between Russia and its neighbors might be

defined in terms of three “no’s”: no wars in the region, e.g., no repetition of Russia-Georgia in 2008; no failed states, particularly states near Afghanistan; and no Russian dominance over its neighbors.

The last point bears elaboration. Russia has legitimate interests in the post-Soviet space and will have influence with its neighbors. But that should not mean that Moscow has a right to veto choices by sovereign states. For example, Russia should not be able to block a decision by Kyiv to join NATO but should be able to expect that the Alliance would take account of its concerns regarding the possible deployment of NATO military infrastructure on Ukrainian territory. Many in the Russian foreign policy elite, however, would disagree with this; getting into what does and does not constitute a “legitimate” Russian interest would be a difficult discussion. But differing U.S. and Russian perceptions on this point will often lie at the heart of their differences in the region.

Key Friction Points in the Post-Soviet Space

Better U.S.-Russian relations should make it easier to manage differences regarding the post-Soviet states. Improved relations may also serve as a constraining factor on Russian behavior. In 2008, U.S.-Russian relations were so thin that Moscow simply did not care about the impact of its actions against Georgia on relations with Washington. Today, bad Russian behavior could risk things of interest to Moscow, such as strategic arms cuts. This may not be enough to dissuade Moscow, but it means a different dynamic than was the case in 2008. (Interestingly, post-Soviet space issues did not turn out to be as difficult on the U.S.-Russia agenda in 2009 as many anticipated at the beginning of the year).

To some extent, U.S. policy seeks to have its cake and eat it, too. When describing the “reset” policy, senior U.S. officials said that it

would not come at the expense of third countries; the United States would not recognize a Russian sphere of influence and would support the right of Russia’s neighbors to determine their own foreign policy course. Striking the balance on particular issues will likely pose challenges for Washington policymakers. What are the key potential friction points with Moscow?

Ukraine. Owing to its size, strategic location and historical and cultural links, Ukraine remains the key regional state in Russian eyes. Moscow has sought to cajole, influence and threaten Kyiv toward a more Russia-friendly policy. Ukrainian-Russian relations deteriorated sharply following the Orange Revolution and Victor Yushchenko’s election as president, with disputes over issues such as energy, Kyiv’s interest in NATO, the Black Sea Fleet and Crimea topping a difficult and increasingly strained agenda.

For its part, the United States has since the early 1990s attached great importance to Ukraine, wanting to see it develop as a stable, independent, democratic state with a robust market economy and growing links to the West. Such a Ukraine would contribute to a more stable Europe and prove more capable of resisting Russian pressure.

All polls suggest that, following the February 7 run-off in the Ukrainian presidential election, either Prime Minister Yuliya Tymoshenko or Regions Party leader Victor Yanukovich will be the new president. Either as president will pursue policies less provocative in Moscow’s eyes than those of Yushchenko. The NATO issue will recede to the backburner, though Kyiv will remain interested in drawing closer to Europe and the European Union.

While continuing to support NATO’s “open door” policy, Washington should not press Ukraine to go further with the Alliance than it is prepared to go. Washington should encourage Brussels to be proactive and conclude the

EU-Ukraine association agreement and free trade arrangement now under negotiation. As Ukraine's weakness vis-à-vis Russia stems more from the failures of Kyiv's leadership, Washington should urge Kyiv to get Ukraine's house in order on critical issues such as energy security. Such a Ukraine will be a stronger state, regardless of the foreign policy course it chooses.

Georgia. Georgia epitomizes the neighbor that Moscow seeks to keep off balance. Russian policy used the South Ossetian and Abkhazian disputes as levers with Tbilisi and Mikhail Saakashvili. In the aftermath of the 2008 conflict, the Russians expected Saakashvili's ouster, as did many in the Georgian opposition. He appears instead to have stabilized his position, but the Georgian-Russian relationship remains tense.

Washington wants to assist Georgia's recovery and has committed serious resources to help. Tbilisi's democratic crackdown in 2007 and the 2008 conflict with Russia, however, caused many in Europe to lose confidence in Saakashvili. In this context, Washington should encourage Tbilisi to adopt reforms and practical actions that will strengthen Georgia and bring it closer to NATO and EU standards, while recognizing that Georgia will, for the foreseeable future, receive at best a cool embrace.

Washington will want to carefully weigh the pros and cons of military assistance to Georgia. Funding for military assistance would lessen the funding for needed political and economic reforms that would foster a stronger Georgian state. While the United States has every right to assist Georgia militarily, no conceivable amount of aid will provide Georgia the ability to defend itself against Russia. Washington should ensure Saakashvili understands—as he may not have in 2008—the limits on American support.

Energy Security and Energy Transit. Moscow has played the energy card against its energy-dependent neighbors. Some disputes have had com-

mercial conflicts at their core, e.g., Gazprom's understandable desire to stop subsidizing gas sales. Others have appeared motivated by Russian desires to advance political objectives, while a mixture of commercial and political motives has driven other disputes.

Moscow has sought to exercise control over the transit of Caspian energy by locking up contracts that move gas and oil to European or global markets via Russia. Gazprom has often purchased most of the export gas from Central Asian states, facilitated by the fact that, until recently, Turkmenistan, Kazakhstan and Uzbekistan lacked alternate routes for exporting major energy volumes. Moscow has also proposed new gas pipelines—e.g., Nordstream under the Baltic Sea and South Stream under the Black Sea—to reduce Russian dependency on transit through Ukraine (currently, 80 percent of the gas that Russia exports to Europe moves via Ukrainian pipelines).

U.S. policy since the mid-1990s has sought to encourage multiple pipelines for moving Caspian gas and oil to global markets. The Baku-Tbilisi-Ceyhan oil pipeline represents the principal victory for this policy. Washington currently supports the Nabucco pipeline, which would move gas from the Caspian or Iraq to Europe via Turkey. Moscow sees this as a challenge to its energy pipeline policy.

China's emergence as a Central Asia player has begun to erode Russia's energy position in the region. In December 2009, Turkmenistan opened a gas pipeline to China (in addition to a smaller gas pipeline to Iran). The Chinese have contracted for gas from Kazakhstan as well and are interested in importing oil from Kazakh fields on the Caspian. Such arrangements will allow Central Asian states to diversify their markets and develop alternatives to Russia. Moscow has little leverage to block this.

While not lobbying against Russian-proposed pipelines, U.S. policy should continue to support multiple energy transit routes. Washington should coordinate with the European Union on energy policy, as Europe remains the destination for much of Russian and Caspian energy.

As with the Baku-Tbilisi-Ceyhan route, new pipelines such as Nabucco will be built only when commercial interests align with geopolitical considerations.

Central Asia. Moscow seeks to maintain its influence in Central Asia, where it must deal with several states that are already fragile. The China factor complicates Russia's pursuit of its goals. While Beijing shares an interest in limiting American influence in the region, which Moscow welcomes, China is making major investments and offers an alternative market for gas and oil. These steps undermine Russia's general influence and its specific efforts to lock up control of energy resources. There is thus a potential for tension between Moscow and Beijing, though it is not clear how Washington might be able to exploit that to better its own position—or whether it would be advisable to try.

U.S. engagement in Central Asia is complicated by distance, Russian and Chinese efforts to contain American influence, the reluctance of local leaders to adopt meaningful political and economic reforms, and the priority of securing transit routes to supply U.S./NATO forces in Afghanistan. It is difficult now to see near-term prospects to advance the sorts of reforms, including democracy, that would strengthen the stability of Central Asian states over the longer term. Washington lacks the resources, both in terms of high-level attention and assistance funding, to pursue such goals.

This leaves the U.S. government with limited policy options. It should continue to encourage multiple pipelines to move Caspian energy to global markets, either to China or via a trans-Caspian route to Europe. Such routes will reduce the dependence of states such as Kazakhstan and Turkmenistan on Moscow. There may be other ways that an adroit U.S. policy could play on possible Russian and Chinese differences over the region to increase the Central Asian states' room for maneuver. It may also make sense for Washington to encourage other peripheral states, such as India, to take

a greater interest in the region (though this would have to be done with care, so as not to feed Pakistani suspicions about Indian policy toward Afghanistan).

The most challenging scenario for U.S. interests in Central Asia would be the collapse or potential collapse of one of the states and potential rise of Islamist militant forces to power. In such a case, U.S. and Russian interests would coincide. The Russians, perhaps under a Collective Security Treaty Organization umbrella, might be prepared to deploy military forces to bolster the regime in question. As unpalatable as that may be, the U.S. military will have few resources. China would not be willing to act militarily and might suspect Russian intentions, but the Russian military could be the only answer.

Bridging Differences

As noted, U.S. and Russian objectives and policies regarding states in the post-Soviet space contradict one another, and there are multiple potential friction points. Bridging the differences will prove a challenge for the bilateral agenda. To the extent that the broader relationship continues to develop in a positive direction, managing differences on these issues should be easier. Likewise, if renewed NATO-Russia contacts promote more cooperative and constructive relations, Moscow may become less concerned about NATO relations with other post-Soviet states.

A candid and regularized dialogue between Washington and Moscow regarding issues and countries in the post-Soviet region and their respective policies in the area may facilitate understanding between the two capitals. It may also help avoid surprises and reduce exaggerated suspicions about the other's intent. A dialogue is unlikely, however, to produce a common view. To avoid creating an impression that Washington and Moscow are negotiating over the heads of Russia's neighbors, U.S. officials should be transparent with those countries on the content and tenor of discussions with Moscow.

Improved U.S.-Russian relations, more robust NATO-Russia cooperation and a candid dialogue on the post-Soviet space can lower tensions between Washington and Moscow over the region. But differing agendas regarding countries in the region mean that this will remain a delicate subject, one with the potential for exploding in a way that would damage the broader U.S.-Russian relationship. While seeking better relations with Moscow and balancing the U.S. approach toward Russia with that toward Russia's neighbors, U.S. policymakers should be clear-eyed on this risk.

U.S.-Russia Relations: Policy Challenges for the Congress

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February 15-21, 2010

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U.S.-Russia Relations: Policy Challenges for the Congress

CONFERENCE AGENDA

Madrid, Spain
February 15-21, 2010

Russia Back at the Center of U.S. Foreign Policy

Thomas Graham, Former Senior Director of Russian Affairs, National Security Council

A careful examination of the stakes the United States has in relations with Russia, the challenges Russia poses for U.S. policy, and both the chance for and obstacles to a closer and more constructive relationship between the two countries. Where do things stand with the agenda the two presidents set nine months ago at the London G-20 summit, and what items on it will require congressional attention over the next several months?

Addressing the Nuclear Threat: Russia, Part of the Solution or Part of the Problem?

Steven Miller, Harvard University

A broad-scope consideration of the fundamental issues raised by the next phase of strategic nuclear arms control negotiations, assuming a successfully concluded follow-on framework agreement to START I—including the relationship of offensive to defensive systems (i.e., the role of ballistic missile defense). That is one half of the challenge. The other, more imminent issue is salvaging and then strengthening the nuclear nonproliferation regime on the road to the 2010 NPT Review Conference, including the prevention of a nuclear Iran and North Korea. Russia and the United States are the two key players in both realms. To what extent are they playing together or against one another?

U.S.–Russia Relations: Addressing the Linked Challenges of Energy Security and Climate Change

Angela Stent, Georgetown University

There are three large, tightly-linked issue areas that are at a critical stage and that need to be given a fresh and far-reaching look. In all three areas U.S.-Russia cooperation is crucial. They are:

(1) energy security (whether the interaction between the United States and Russia over gas and oil in the post-Soviet space, including over pipelines, is going to be competitive or cooperative);

- (2) the development of hydrocarbons in the Arctic (as much as 20% of world reserves) and whether the disputed claims to them can be mitigated and a cooperative approach developed; and
- (3) climate change (cooperation among the U.S.-China-Russia, the three countries responsible for 45% of greenhouse emissions, in dealing with climate change, and review results of the Copenhagen UN Conference on Climate Change in December 2009 to ascertain whether that is possible).

Squaring U.S. Policy Toward Russia With U.S. Interests in the Larger Post-Soviet Space

Steven Pifer, Brookings Institution

How can U.S. efforts to put the U.S.-Russian relationship on a different and more positive basis be reconciled with U.S. efforts to address Georgian and Ukrainian security concerns, to develop extensive energy partnerships with Russia's neighbors, and to provide material and technical assistance to democratic institution building in the region? A number of issues in which members of Congress and their constituents will have an interest (e.g., dealing with the political and economic gridlock in Ukraine; providing assistance, including military assistance, to postwar Georgia; promoting alternative pipeline routes out of the Caspian region, etc.) will continue to plague the relationship. How should they be addressed?

