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# Reversing the Decline:

An Agenda for U.S.-Russian  
Relations in 2009

STEVEN PIFER





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# INTRODUCTION AND SUMMARY

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As the Bush administration comes to a close, U.S.-Russian relations have fallen to their lowest level since the Soviet Union collapsed in 1991. Unresolved and problematic issues dominate the agenda, little confidence exists between Washington and Moscow, and the shrill tone of official rhetoric approaches that of the Cold War.

This state of affairs is a far cry from what Presidents George Bush and Vladimir Putin envisaged in 2002, when they defined a framework for a qualitatively different U.S.-Russian relationship. Both sides bear responsibility for the failure to realize that vision.

As President Barack Obama takes charge of the Oval Office, he confronts a wary and assertive Russia among the many foreign policy challenges in his inbox. Moscow desires to reclaim “great power” status, an ambition fueled over the past five years by hundreds of billions of dollars in energy revenues. Its desires are colored by a bitter perception that the West took advantage of Russian weakness in the 1990s and that Washington has failed to take serious account of Moscow’s interests. Building a more sustainable relationship with Russia will not prove easy.

Securing Russian help in controlling nuclear materials, pressuring Iran not to acquire nuclear arms, and countering international terrorism is very much in the U.S. interest. Getting Russia right, however, will require a carefully considered, focused and sustained Russia policy, not just treating Russia as a function of the U.S. approach to other issues. Washington should seek to put U.S.-Russian relations on a more solid footing.

Building areas of cooperation not only can advance specific U.S. goals, it can reduce frictions on other issues. Further, the more there is to the bilateral relationship, the greater the interest it will hold for Russia, and the greater the leverage Washington will have with Moscow. The thin state of U.S.-Russian relations in August gave the Kremlin little reason for pause before answering the Georgian military incursion into South Ossetia with a large and disproportionate response. Washington should strive to build a relationship so that, should a similar crisis arise in the future, Russian concern about damaging relations with the United States would exercise a restraining influence.

The Obama administration should aim for a balance in its approach toward Russia, making clear the unacceptability of Russian actions that violate international norms while encouraging cooperation and integration that will make Russia a stakeholder in existing international institutions. The new administration can offer initiatives in several areas to test Moscow’s readiness for cooperation on issues of interest to Washington:

- A revived nuclear arms control dialogue could lower the number of nuclear weapons capable of striking the United States while exerting a positive influence on the broader relationship. The Obama administration should propose reducing each side to no more than 1,000 strategic nuclear warheads, with ancillary limits on strategic nuclear delivery vehicles (missiles and bombers).
- Different timelines for Iran’s missile development and for U.S. missile defense deployment

in Central Europe offer a possibility to defuse the missile defense issue. The Obama administration should impose a two- or three-year moratorium on the construction of missile defense facilities in Central Europe and inform the Russians that the moratorium could be extended if the Iranian missile program slows or stops.

- Expanding commercial links would add economic ballast that could cushion the overall relationship against differences on other issues. Specific steps include bringing Russia into the World Trade Organization, moving forward with the agreement on civil nuclear cooperation, and conferring permanent normal trade relations status on Russia by graduating it from the Jackson-Vanik Amendment.
- Greater creativity in the NATO-Russia channel could, over the longer term, reshape how Moscow views the Alliance and European

security. This should include new areas for NATO-Russia cooperation, such as counter-piracy operations, and greater transparency about NATO plans.

Transnational challenges may offer other areas for U.S.-Russian cooperation. Proposing new ideas to develop better relations with Moscow does not mean overlooking unacceptable Russian behavior or areas of difference, and differences will remain, even in an improved relationship. For example, the United States will continue to have concerns about the course of democracy within Russia. These questions should be addressed candidly and clearly. But the Obama administration should seek a different way to conduct the dialogue from that of the past five years, which has not worked.

This paper reviews how U.S.-Russian relations went off course. It looks at what Moscow wants. It offers policy recommendations for the Obama administration and concludes with suggestions on tactics and a notional calendar for engaging Russia in 2009.

# THE DECLINE IN U.S.-RUSSIAN RELATIONS

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## THE MAY 2002 HIGH POINT

The Moscow summit in May 2002 represented the high-point in U.S.-Russian relations during the Bush administration. Although President Putin was not happy with President Bush's unilateral decision to withdraw from the 1972 Anti-Ballistic Missile Treaty, communicated in December 2001, he chose not to make it an issue. U.S.-Russian relations, spurred by cooperation against international terrorism in the aftermath of the September 11 attacks, projected an optimistic future.

The summit produced the Strategic Offensive Reductions Treaty, which lowered the number of strategic nuclear warheads on each side to 1700-2200, though it lacked verification provisions, left a large breakout potential, and by its terms will expire on the date that the sides are required to reach the aggregate warhead limits. The presidents issued a declaration on a new strategic partnership between the United States and Russia. Accompanying joint statements promised broader cooperation in varied areas such as energy development, missile defense, and people-to-people exchanges.<sup>1</sup>

Officials on both sides spoke of the possibility to change the relationship qualitatively, to one marked by cooperation, partnership and, on some issues, alliance. Bush told the press in Moscow, "We are going to cast aside all doubts and suspicions and welcome a new era of relations," while Putin stated, "Today we may say we are creating qualitatively new relations."<sup>2</sup>

## FOLLOWED BY DRIFT

Unfortunately, the two countries failed to realize this potential. Part of the failure can be attributed to the fact that the presidents got distracted with other issues. After the May 2002 meeting, Bush became increasingly preoccupied with Saddam Hussein and Iraq, while Putin focused his energies on ensuring Kremlin control over key levers of domestic power and cultivating relations with Europe. The bilateral relationship with Moscow is one of the most demanding that Washington has in terms of requiring firm and focused guidance from the highest level. It did not get it.

Although candidate Bush spoke of the need to manage relationships with the major powers, the Bush administration lacked an overall Russia policy. Russia instead was treated as a derivative of the U.S. approach on other issues, such as Iran, NATO enlargement or missile defense. Russia came to be seen as not all that relevant for the administration's key policy priorities.

As presidential attention turned elsewhere, the National Security Council and its counterpart on the Russian side failed to press their respective bureaucracies to implement presidential commitments. For example:

- neither the Pentagon nor the Russian Ministry of Defense showed much interest in missile defense cooperation, regardless of what the presidents had agreed;

- despite promises to Putin, the White House made only half-hearted efforts in 2002 and 2003 to persuade Congress to graduate Russia from the provisions of the Jackson-Vanik Amendment, an especially sore point in Moscow;
- although the presidents launched a high-level commercial energy dialogue with some fanfare, Moscow showed little interest in the conclusion of specific agreements that would have allowed American companies to invest in developing Russian oil and natural gas resources and realize the dialogue's potential; and
- rather than expanding people-to-people contacts, funding for U.S.-sponsored exchange programs was slashed, while the Russians ordered all Peace Corps volunteers to depart.

The presidents established in 2002 the Consultative Group on Strategic Security to be “the principal mechanism through which the sides strengthen mutual confidence, expand transparency, share information and plans and discuss strategic issues of mutual interest.”<sup>3</sup> Comprised of Secretaries Colin Powell and Donald Rumsfeld plus their Russian counterparts, Foreign Minister Igor Ivanov and Defense Minister Sergey Ivanov, the group met once, in September 2002. It then went into a long period of dormancy. The missile defense issue revived the mechanism in 2007, though with little effect.

Iraq posed a difficult issue in 2003 but caused less damage to bilateral relations than might have been thought. While disapproving of the prospect of U.S. military action, in bilateral discussions Moscow focused on parochial questions about post-Saddam Iraq: equitable treatment for Iraqi debt owed to Russia and access for Russian energy companies to participate in developing Iraqi oil resources. As the Europeans divided over what to do about Iraq, with Britain backing the United States, and France and Germany opposing American military action, Russia sided with the latter, though it did not seem particularly happy with having to make the choice. Washington chose not to make differences over Iraq a big issue. As then-

National Security Adviser Condoleezza Rice reportedly said following the toppling of Saddam, “punish France, ignore Germany, forgive Russia.”

Meeting at Camp David in September 2003, the presidents announced that “they issued specific instructions to their respective governments identifying tasks to be undertaken by the appropriate agencies and specifying timelines for doing so, and they underscored their shared intention to monitor these tasks.”<sup>4</sup> The “action checklist” was intended to ensure follow-up, but many if not most deadlines passed with tasks unresolved. Building a qualitatively new relationship required that the sides compromise and let the other “win” on some issues, but both Washington and Moscow appeared increasingly unready to make such compromises as an investment for a better relationship.

## THEN DECLINE

Drift turned into decline in 2004, as the extent of Russia's democratic rollback became apparent. The October 2003 arrest of Mikhail Khodorkovskiy and subsequent dismantlement of his Yukos empire spotlighted already growing questions about Moscow's commitment to economic reform, the rule of law and integration, as well as its readiness to tolerate internal opposition. The 2003 Rose and 2004 Orange revolutions in Georgia and Ukraine triggered new anxieties in the Kremlin, which regarded those upheavals not as genuine manifestations of democratic unrest but as U.S.-organized special operations to hem Russia in and perhaps to prepare for a color revolution in Russia itself.<sup>5</sup> At the same time, Moscow's more assertive policy in the former Soviet space raised alarm in Washington regarding Russia's intentions towards its neighbors.<sup>6</sup>

Bush and Putin continued to meet on a regular basis. Their February 2005 meeting in Bratislava produced several joint statements that largely repeated commitments made three years earlier, many of which had gone unfulfilled.<sup>7</sup> Asked why the commitments were more likely to be implemented in 2005 than in 2002, a senior administration official suggested that, with Iraq in the past, Washington and Moscow could work more closely together.

Instead, however, difficult problems piled up on the agenda, with no resolution. Iran continued to press forward its effort to enrich uranium. Russia agreed to modest sanctions but frustrated U.S. officials by resisting the imposition of more severe penalties. When the United States and many European countries decided in February 2008 to recognize Kosovo's independence, Moscow condemned the move for taking place against Belgrade's wishes and without UN Security Council sanction (the Russians asserted that this created a precedent, which they later invoked with regard to South Ossetia and Abkhazia).<sup>8</sup> NATO's outreach to Ukraine and Georgia increasingly alarmed Moscow, particularly when the two countries sought membership action plans.<sup>9</sup>

Arms control provided another set of problems. Prospective U.S. missile defense deployments in Poland and the Czech Republic prompted a sharp Russian reaction; two years of talks have failed to allay Moscow's concerns. Russia instead threatened to deploy tactical missiles on Poland's border. The fate of the Strategic Arms Reductions Treaty (START), on which the Strategic Offensive Reductions Treaty (SORT) depends for monitoring and verification measures, became an increasingly urgent matter as its December 2009 expiration date draws near. Negotiations on strategic arms produced no new agreement. Russian unhappiness grew over NATO members' refusal to ratify the 1999 adapted Conventional Forces in Europe (CFE) Treaty to replace the original 1991 CFE Treaty. Moscow rejected NATO complaints that the Russians had failed to live up to commitments that they had undertaken with regard to the 1999 treaty and, at the end of 2007, suspended observance of the 1991 agreement.

Meeting in Sochi in April 2008, Bush had his last meeting with Putin as president (the month before, Dmitriy Medvedev had been elected president of Russia; he took office in May and immediately ap-

pointed Putin prime minister). They issued a "U.S.-Russia Strategic Framework Declaration."<sup>10</sup> It was a curious document on which to close out seven years of Bush-Putin meetings. It summarized the range of issues on the bilateral agenda and recorded some accomplishments, such as the Global Initiative to Combat Nuclear Terrorism and their joint efforts to facilitate civil nuclear power for third countries abiding by the Non-Proliferation Treaty. Mostly, however, the declaration presented an agenda of commitments to reach future agreement and unfilled ambitions. It did not describe anything like the relationship that the presidents had projected in 2002.

The result of this badly deteriorated state of affairs hit home in Washington when the Georgia crisis erupted four months later. As U.S. policymakers frantically searched for levers to affect Russian behavior, it quickly became apparent that, with a military response not in the cards, the U.S. government had little that it could threaten about which Russian decision-makers much cared.

Secretary Rice painted a somber picture of U.S.-Russian relations in her September 18 speech at the German Marshall Fund:

"What is more disturbing about Russia's actions is that they fit into a worsening pattern of behavior over several years now. I'm referring, among other things, to Russia's intimidation of its sovereign neighbors, its use of oil and gas as a political weapon, its unilateral suspension of the CFE Treaty, its threat to target peaceful nations with nuclear weapons, its arms sales to states and groups that threaten international security, and its persecution—and worse—of Russian journalists, and dissidents and others. The picture emerging from this pattern of behavior is that of a Russia increasingly authoritative at home and aggressive abroad."<sup>11</sup>



# WHAT DOES RUSSIA WANT?

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## RUSSIA'S REBOUND

In the aftermath of the Soviet Union's fall in 1991, the Russian people had to cope with the loss of empire, an economic collapse worse than the Great Depression, and a political system that, while incorporating democratic practices, often appeared chaotic and corrupt. The nadir came in 1998 when an enfeebled President Boris Yeltsin led an unstable government, economic crisis struck, and the financial system disintegrated.

After 1999, however, Russia experienced a remarkable economic resurgence and demonstrated that 1990s' assumptions about its long-term weakness lacked foundation. The recovery began when oil prices were still low, but Russia had begun adopting a strong set of economic policies and reforms. The huge boost came after 2003, when dramatically rising prices for natural gas and oil exports fueled an economic boom. By 2008, Russia's gross domestic product topped \$1.3 trillion, four times the level in 1998. Russia's international reserves had peaked at close to \$600 billion, and the Kremlin had established stabilization and national wealth funds exceeding \$160 billion. Living standards rose accordingly, and Putin achieved stunning public approval numbers.

As Russia acquired greater economic wherewithal, Moscow's foreign policy adopted an increasingly assertive tone. Putin made clear that restoring Russia's "great power" status topped his agenda, and given a widely shared perception among Russians that the West had taken advantage of their weakness in the 1990s, Russia returned with a chip on its shoulder.

That perception had little basis in reality. Russia's economic downturn in the 1990s was typical of the decline that every former communist country experienced when transitioning to market economy mechanisms. The institutional enlargement of NATO and the European Union was not motivated by concerns about Russia but by desires to broaden Europe. Still, the perception remains strong among Russians that the United States wants to keep Russia down.

## SOME SPECIFIC DESIRES

Russia does not appear to have a coherent, articulated vision of its own place in the global order. In the early 1990s, Yeltsin sought to integrate Russia into the Euro-Atlantic community, but that vision soon soured. Moscow has not replaced that with an alternate. Understanding this is important from a policy perspective. If Russia has an aggressive vision of its place in the world, that means a more dangerous Russia. If the Russians instead are making tactical decisions as they go along or acting out of frustration over U.S. policy, they can still make considerable trouble, especially if "tactical" decisions get out of control, but Washington may find greater room for compromise and turning the U.S.-Russia relationship in a more positive direction.

While Moscow's overarching vision remains unclear, some of its specific desires are apparent.

***Russia wants to develop its own political and economic model, free of criticism from the West.*** As the Russians struggled in the 1990s to transform their political institutions, they welcomed democracy pro-

motion assistance from the West. But, for many Russians today, the 1990s experience with democracy evokes bad memories: chaos, corruption, economic uncertainty and economic collapse.

Thus, when Putin began to reverse the democratic advances of the previous decade, he faced little push-back from a population that first and foremost valued economic security. Relatively few Russians protested the roll-back which included eliminating the direct election of regional governors; turning the Duma (federal assembly) into a virtual rubber-stamp body; and bringing the major television networks under Kremlin control.

To be sure, Russian citizens today enjoy more individual liberties than during Soviet times. But by any objective measure, democracy is significantly weaker than it was ten years ago. The 1996 Russian presidential ballot in which Yeltsin won re-election was flawed but competitive, and there was uncertainty about the outcome. Constraints on possible opposition candidates and a strongly biased national media meant that there was no uncertainty when Putin ran for re-election in 2004, or when Medvedev, Putin's designated successor, ran for president in 2008.

In the early Putin years, Kremlin pundits spoke of "managed democracy" and later talked of "sovereign democracy." Its key feature appears to be that it is solely up to Russia's leaders to decide the country's form of government. The leadership wants no lectures, no advice and no criticism from the outside about how they structure their internal institutions.

***Russia wants the role and the influence of the United States reduced.*** Putin has made clear his desire to change what he termed the world's unipolar nature, one thoroughly unsatisfying from Moscow's viewpoint. Speaking at a Munich security policy conference on February 10, 2007, he delivered a sharp attack on American policy:

"Today we are witnessing an almost uncontained hyper use of force—military force—in international relations, force that is plunging

the world into an abyss of permanent conflicts. ... We are seeing a greater and greater disdain for the basic principles of international law. And independent legal norms are, as a matter of fact, coming increasingly closer to one state's legal system. One state, and, of course, first and foremost the United States, has overstepped its national bounds in every way."<sup>12</sup>

Medvedev picked up this point in his August 31, 2008 interview on Russian television. Laying out five key principles for Russian foreign policy, he stated as one:

"The world should be multi-polar. A single-pole world is unacceptable. Domination is something we cannot allow. We cannot accept a world order in which one country makes all the decisions, even as serious and influential a country as the United States of America. Such a world is unstable and threatened by conflict."<sup>13</sup>

***Russia wants a sphere of influence—or of "privileged interests"—in the former Soviet space.*** As Russia regained its strength, it escalated its expectations regarding its neighbors' policies and behavior. Moscow does not seek to recreate the Soviet Union—doing so would prove an immensely expensive undertaking.

What Moscow does seek is special deference from states in the former Soviet space to what it defines as its vital interests. In his August 31 interview, Medvedev cited a sphere of "privileged interests" as another key foreign policy principle. Neither Medvedev nor senior Kremlin officials have defined exactly what "privileged interests" means, and in particular, how much sovereignty in foreign policy does Moscow expect its neighbors to sacrifice in order to accommodate Russian interests? Do the Russians seek special investment privileges that would allow them to wield significant economic and political leverage in neighboring states?

Russia's stance appears most pointed with regard to how it views the relationships between its neighbors

and NATO. Although the Ukrainian government has sought constructive relations with Moscow in parallel with its Euro-Atlantic course, Putin responded to Kyiv's desire for a membership action plan with a threat to target nuclear missiles on Ukraine. The Russians appear to insist that the Ukrainians make a choice: either NATO and Europe or good relations with Moscow.

Although Moscow's ire appears to be focused on NATO, Medvedev's point on a sphere of "privileged interests" would appear to have broader ramifications. The European Union thus far has precluded a membership perspective for Ukraine, and the Kremlin understands that. Were a membership perspective to emerge, stiff Russian opposition would likely emerge as well. A Ukraine that is a member of the European Union would be just as much, perhaps more so, out of Moscow's geopolitical orbit as a Ukraine that is a member of NATO.

Russia should have influence with its neighbors, and they with Russia. The problem is that Russia seems to see influence by others in zero-sum terms: Moscow regards steps by Ukraine, Georgia or other neighbors to draw closer to Europe, and by Western states or institutions to engage these countries as a threat to Russian interests.

***Russia wants a seat and to have its views accommodated when major European or global issues are being decided.*** Russia insists on a seat almost regardless of whether or not it can bring something to the table to facilitate resolution of the problem.

Indeed, Moscow has not always been a helpful participant. On Kosovo, Russia rejected the proposal advanced by the United Nations point-man. In the subsequent EU-U.S.-Russian mediation attempt, the Russians put forward no new or creative ideas but instead slavishly backed Serbia's refusal to concede independence. Moscow stands today the most important player in the effort to persuade Iran to desist from its effort to acquire nuclear weapons, but Russian diplomats seem to spend as much time resisting serious UN sanctions against Iran as they do pressuring Tehran.

Russian leaders regularly assert that no world problem can be resolved without Russia's participation. Simply being there appears important to Moscow, part of Russia's due as a recovered "great power."

***Russia does not seek isolation but wants better relations with Europe and the United States on its terms.*** The Russians would like better relations with the West, but they insist that that be on Russia's terms. This appears to include recognition of a Russian sphere of "privileged interests." In late August, Foreign Minister Sergey Lavrov made this point explicitly. He said the United States and the West must choose between support for Georgia and good relations with Russia.

Russians often seem to measure their country by comparison to the United States, the acknowledged superpower. The result can be a mixture of envy, frustration and anger. As one Moscow-based U.S. diplomat observed after the U.S. presidential election in November, public discussions of foreign policy pay little attention to Europe, China, Japan or India; it is almost entirely all about the United States. And, in large part due to official government criticism of the United States and its policies, which are mirrored in the state-dominated broadcast media, those discussions are negative in tone. (The Russians are not unique in their disapproval of U.S. foreign policy; as Pew polls have shown, most of the world has soured on the United States over the past five years, particularly on Washington's perceived readiness to pursue unilateral approaches.)

The picture carefully cultivated in Russia the past several years of the United States as an adversary raises the question of the importance of the "enemy image" to the Kremlin. The notion of a foreign adversary has often been used in Russian and Soviet history to rally the populace to support the leadership in difficult times and to distract it from domestic shortcomings. Facing the uncertain ramifications of the global financial crisis for the Russian economy, Putin and Medvedev may see value in maintaining the "enemy image." The unknown for U.S.-Russian relations is how this might influence Russian responses to gestures or new proposals from the Obama administration.

## DO NOT OVERESTIMATE RUSSIAN STRENGTH

One of Washington's mistakes at the turn of the century was to misunderstand Russian weakness. The political, economic and military decline of the 1990s, in the eyes of many in the Bush administration, left Russia in a position to exercise only marginal influence on critical U.S. priorities. Russia's surprisingly fast economic resurgence empowered the Kremlin to adopt a more assertive foreign policy. Moscow made itself matter.

It is important now, however, not to overestimate Russia's strength. Although the economy has grown remarkably, the country faces major vulnerabilities:

- Whereas Moscow implemented serious economic reforms in 2001-2003, little was done in the succeeding five years as the economy became dependent on energy exports and commodity prices. Growth will be substantially down, and Russia may face recession in 2009. If energy prices stay down and as the ramifications of the global financial crisis work their way through the economy, will the non-energy sectors of Russia's economy be able to take up some of the slack? How will the Russian populace react to an economic slowdown following ten years of dramatic growth?
- Russia's infrastructure is in abysmal shape, decaying and not receiving the investment it needs. Can this infrastructure support the needs of a modern economy, or will it impose bottlenecks that retard overall economic development?

- Russia faces a frightening demographic decline. The United Nations projects that the current population of 143 million will fall to 107 million by 2050.<sup>14</sup> In the nearer term, the number of Russian males reaching draft age in 2017 will be 650,000.<sup>15</sup> That is about half the number as in 2006. How will Russia sustain its army, find the labor force it needs, and support an increasingly aging population?
- Although Chechen separatism appears dormant for now, tensions remain palpable throughout the northern Caucasus. Russia's decision to recognize South Ossetia and Abkhazia may have set a precedent that some inside the country will seek to exploit. How would Russia cope with growing separatist tensions or a renewed insurgency?

These are serious problems, and Russia's leadership has yet to lay out plausible ideas for coping with them. These challenges will absorb an increasing amount of the leadership's time and energy. How they will shape Russian foreign policy remains to be seen. One possibility is that they will feed the need for an "enemy image" in order to distract the populace from deepening domestic difficulties; Medvedev and Putin already fix the blame for the global financial crisis entirely on the United States. Alternatively, these challenges could prompt the Russian leadership to conclude that a more cooperative international context would allow it to focus better on resolving internal troubles. The leadership needs to ask itself whether it can meet the economic and other challenges it faces on its own, or whether it needs international cooperation.

# AN AGENDA FOR ENGAGING RUSSIA IN 2009

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## U.S. INTERESTS

The Obama administration has an interest in exploring whether U.S.-Russian relations can be put on a more solid footing. Securing Russian help in controlling nuclear materials, pressuring Iran not to acquire nuclear arms, and countering international terrorism is very much in the U.S. interest. Even if Washington remains unhappy with Russia over Georgia, it makes no sense to ignore these vital interests.

Building areas of cooperation not only can advance specific U.S. goals, it can reduce frictions on other issues. U.S. and NATO relations with Ukraine and Georgia in 2008 provoked concerns in the Kremlin, particularly in light of the Ukrainian and Georgian requests for NATO membership action plans. A more positive U.S.-Russian relationship and more robust NATO-Russia relationship would put these Russian concerns in a different context and might alleviate them. If Russia's relationship with NATO increasingly becomes one of cooperation and partnership, should Moscow worry that much if the Alliance enlarges?

Further, the more there is to the bilateral relationship, the greater the interest it will hold for Russia, and the greater the leverage Washington will have with Moscow. The thin state of U.S.-Russian relations in August gave the Kremlin little reason for pause before deciding to answer the Georgian military incursion into South Ossetia with a large-scale and disproportionate response. Washington should aim to build a relationship so that, in any similar case in the future, Russian concern about damaging relations with the United States would exercise a restraining influence.

As the United States copes with complex problems that increasingly demand multilateral responses, it should test Russia's readiness to be a partner. Ultimately, it makes sense to have Russia in institutions such as the World Trade Organization and the Organization for Economic Cooperation and Development, as that will encourage Moscow to play by rules that have served the United States and West well. Likewise, as Washington works with others to deal with problems such as international terrorism, climate change and the global financial crisis, it should be inclusive. Having Russia at the table in a cooperative frame of mind is vastly preferable to a truculent Russia that seeks to undermine U.S.-preferred institutions and initiatives or create alternatives.

The Obama administration should seek a balance in its Russia policy, making clear the unacceptability of Russian actions that violate international norms and rules while encouraging cooperation and integration that make Russia a stakeholder in existing international institutions. A broader, more positive relationship with Russia would benefit the United States.

The Obama administration will want to continue ongoing areas of cooperation, such as efforts to enhance the protection, control and accounting of nuclear materials; prevent nuclear proliferation to rogue states or non-state actors; and counter international terrorism. It also should offer initiatives to test Moscow's willingness to put relations on a more even keel. Those initiatives should include a renewed nuclear arms control dialogue, a more forthcoming approach on missile defense, efforts to broaden commercial relations, and a wide-ranging dialogue on European security issues.

Georgia and the Russia-Georgia conflict strongly influenced U.S.-Russian relations during the last five months of 2008. Support for international sanctions, however, appears to be fading. The European Union and NATO are already moving to restore channels with Russia that they suspended in the aftermath of the August conflict. The Obama administration should maintain robust support for Georgia; press for Russia's full implementation of the Sarkozy-Medvedev ceasefire agreement, particularly for full withdrawal of Russian forces from undisputed Georgian territory; and continue its policy of non-recognition of South Ossetia and Abkhazia. At the same time, the administration should caution the Georgian leadership to avoid actions that could provoke Russia.

## A RETURN TO NUCLEAR ARMS CONTROL

As an early step, President Obama should resurrect the bilateral nuclear arms reductions process. Doing so will have a positive impact on the broader relationship. The Russians value an ongoing nuclear arms dialogue with Washington, if for no other reason than it explicitly acknowledges their place as a nuclear superpower on par with the United States. The president should take advantage of this.

President Ronald Reagan and Secretary of State George Shultz skillfully made arms control a central element of a broader U.S.-Soviet agenda in the 1980s, recognizing that Moscow's interest in arms control created diplomatic space to pursue other issues of interest to Washington, including human rights. Their strategy succeeded. As Reagan and Mikhail Gorbachev signed the treaty banning U.S. and Russian medium-range missiles, agreed on monitoring one another's nuclear tests, and narrowed differences over strategic weapons, parallel discussions made progress on human rights issues, including winning exit permission for Soviet dissidents, and secured more helpful Soviet approaches to problems such as Angola and the Middle East peace process.

Presidents George H. W. Bush and Bill Clinton likewise gave arms control special attention in their dealings with Gorbachev and Yeltsin, producing the START Treaty and the de-nuclearization of Ukraine,

Belarus and Kazakhstan. Arms control progress contributed to a positive relationship, with significant pay-offs for other U.S. foreign policy goals: Russia went along with German reunification; withdrew its military forces from Central Europe; lent diplomatic support to the United States during the 1990-91 Gulf crisis; cooperated with the United States and NATO in ending the Bosnia conflict; and acquiesced in NATO enlargement.

By contrast, the Bush administration saw little value to arms control after it withdrew from the Anti-Ballistic Missile Treaty and signed the SORT Treaty in 2002, preferring flexibility with regard to U.S. force structure to limitation and predictability. That came at a price: decreased leverage on other issues with Russia. The Obama administration can regain this advantage by restoring the arms control dialogue, as he suggested he would during the presidential campaign.<sup>16</sup>

The Russians want further nuclear arms cuts, in part because maintaining SORT levels will require significant investments. Most Russian strategic warheads sit atop SS-18, SS-19 and SS-24 intercontinental ballistic missiles (ICBMs), all of which are at or nearing the end of their service life. Russia has begun revitalizing its missile force, but at a measured pace. By further cutting numbers, a new strategic arms accord would reduce the arms burden for the Kremlin leadership.

Linking strategic arms reductions directly to Russian concessions on specific issues would likely fail. A deft and sophisticated diplomacy, however, could use the restored nuclear arms dialogue to give the broader relationship a more positive tenor, reduce friction and carve out space to move forward on other questions.

Beyond giving a needed impulse to the bilateral relationship, an arms control dialogue is in the U.S. interest. SORT, which continues in force only through 2012, allows each side to deploy up to 2200 strategic warheads. Such levels make no sense today. U.S. security would be enhanced by reducing the number of nuclear weapons capable of reaching America. Moreover, given its imposing conventional force capabilities, the United States has every incentive to deemphasize the role of nuclear weapons.

The Obama administration thus should propose to the Russians negotiating a legally-binding treaty under which each side would reduce and limit the number of its strategic nuclear warheads to no more than 1,000. Other elements of the treaty should include:

- limits on the numbers of strategic nuclear delivery vehicles (missiles and bombers), at levels well below those in START, which allows each side to deploy up to 1600 ICBMs, submarine-launched ballistic missiles (SLBMs) and strategic bombers;
- provisions for maintaining a small—but limited—number of spare warheads beyond the 1,000 allowed, under stringent monitoring requirements, with excess warheads to be dismantled and eliminated; and
- provisions for “downloading” missile-carrying submarines, with appropriate monitoring and verification mechanisms. (START already permits “downloading” ICBMs and SLBMs, i.e., the missiles carry—and are counted as carrying—fewer warheads than the number with which they have been tested. Missile-carrying submarines could be “downloaded” as well; some missile tubes could be filled with concrete ballast and/or some other obstruction to reduce the number of missiles that the submarines could carry.) Absent such a “downloading” provision, the U.S. and Russian navies could be forced into a potentially destabilizing situation in which they would have to concentrate warheads on a few submarines.

Such a package would interest the Russians. Building upon and ultimately replacing the SORT and START agreements, negotiation should be relatively straightforward. The principal challenge would be designing monitoring rules that would give each side confidence that warheads had been reduced and eliminated.

The Obama administration could frame this as a first step. It should also seek Senate ratification of the Comprehensive Test Ban Treaty. Subsequent steps could include:

- further U.S. and Russian strategic arms reductions, in the context of a multilateral negotiation that would bring in the other nations that possess strategic nuclear forces;
- negotiations to reduce U.S. and Russian tactical nuclear weapons (cutting the large number of Russian tactical nuclear warheads is in the U.S. and NATO’s interest, though it will require a readiness to discuss limitations on the deployment of U.S. tactical nuclear weapons outside of the United States); and
- negotiation of a fissile material cut-off treaty.

One nuclear arms control question must be dealt with as a matter of urgency. SORT depends entirely on START for its monitoring and verification regime, but START by its terms expires in December 2009. The breakdown of the entire strategic arms control regime would leave significant gaps in U.S. confidence in monitoring Russian strategic forces. It could also derail efforts to strengthen the nuclear Non-Proliferation Treaty (NPT), as civil nuclear power states would question why they should adopt measures to limit proliferation if the two largest nuclear powers no longer were constrained in their nuclear forces. The administration thus should propose quick negotiation of an extension of START for one or two years, to allow time for completion of the new strategic nuclear arms reductions accord. The START Treaty contains a provision allowing for five-year extensions; a shorter extension could introduce a deadline that would drive completion of the negotiation to produce a new strategic arms accord.

A renewed U.S. effort to cut strategic nuclear arsenals would restore American credibility and leadership in the nuclear non-proliferation area, particularly as the NPT review conference approaches in May 2010. U.S.-Russian negotiations and an agreement on further strategic nuclear reductions would reaffirm their commitment to meet their obligations under Article VI of the NPT and could restore vitality to the broader NPT process. Time will be short, especially as the preparatory conference will take place in May 2009, but a combination of U.S.-Russian readiness to

resume strategic arms reductions and facilitate provision of nuclear fuel, waste storage and reprocessing services to third countries could create a foundation for global leadership that could bring in the European Union, China, Brazil and perhaps even India.<sup>17</sup>

## U.S.-RUSSIAN RELATIONS, IRAN'S NUCLEAR PROGRAM AND MISSILE DEFENSE

One goal of Obama administration policy with Russia will understandably be to secure greater assistance in persuading Iran to abandon its nuclear enrichment program. The Russians have been somewhat helpful in the P5-plus-1 process (the United States, Russia, China, Britain, France and Germany). They have gone along with some sanctions in the UN Security Council but resisted penalties that would have real bite and continued negotiations on conventional arms sales to Iran.

In parallel with more forthcoming approaches on nuclear arms control and missile defense (as described below), the administration should seek a more robust Russian approach on Iran. The U.S. government needs to participate directly in the negotiating process with Iran and make clear the steps it would be prepared to take in moving toward more normal U.S.-Iranian relations if Iran halted its nuclear enrichment program; Russia needs to do its part by beefing up the costs to Iran of continuing the program, including by forgoing the sale to Iran of advanced S-300 anti-aircraft missile systems. The goal should be to make the choice before the Iranian leadership as stark as possible.

That said, Moscow has a variety of interests in Iran that it will not want to abandon. Iran is Russia's main gateway to the Persian Gulf; the geopolitics will make Moscow reluctant to sacrifice that interest. Second, with tensions still plaguing the north Caucasus, Russia wants to stay on Tehran's good side and not have it promoting Islamist extremism. Third, the Russians have economic interests with Iran. They hope to follow the nuclear reactor they built at Bushehr with additional reactors, create opportunities for Russian companies to develop Iran's energy resources, and protect their arms market.

Moscow, moreover, does not think the Iranian program is as far along as U.S. experts believe. (Part of this may be self-delusion: it is easier to justify continuing the Bushehr program if one does not believe Iran is close to a nuclear weapon.) More importantly, although Russia does not want a nuclear-armed Iran, that prospect does not present the nightmare scenario for Moscow that it does for Washington. For Russia it would be something akin to Pakistan's 1998 nuclear weapon tests—a bad thing, but a problem that could be managed. American diplomacy should seek to persuade Russia to be more helpful in dealing with Iran, particularly by agreeing to more stringent sanctions should Iran press forward. But Washington should be realistic in its expectations. Moscow probably will never be as helpful as Washington would like.

U.S. plans to deploy a ballistic missile radar in the Czech Republic and ten silo-based interceptor missiles in Poland have become one of the most contentious issues on the U.S.-Russian agenda. The Bush administration linked this deployment to Iran's efforts to develop a long-range ballistic missile and nuclear weapons: an Iranian ICBM fired at New York or Washington would pass directly over Poland.

The Russians strongly object and in response have threatened to deploy tactical missiles on Poland's border as well as target nuclear weapons against both Poland and the Czech Republic. Moscow asserts that Iran remains years away from having a ballistic missile that could reach all of Europe, let alone the United States, and attributes the planned system to other motives, including use against Russian missiles. Whether or not the U.S. interceptors could have any meaningful capability against Russian ICBMs, the prospect of U.S. military infrastructure on the territory of recently-admitted NATO members and closer to Russian borders clearly upsets Moscow.

The Bush administration has proposed confidence-building measures, including opportunities for the Russians to inspect the missile defense sites. It pocketed Putin's 2007 offer to allow use of Russian-operated ballistic missile radars in Russia and Azerbaijan but doggedly resisted any proposal that would hinder its goal of deploying as quickly as possible a missile defense system in Central Europe.

Differing timelines for the U.S. missile defense system and the development of an Iranian ICBM offer the Obama administration an opportunity to find a way forward. Current U.S. plans are to complete and make the sites in Poland and the Czech Republic operational in 2012. The Iranians appear to need more time to develop a long-range missile. In an October 2007 speech at the National Defense University, Bush stated “Our intelligence community assesses that, with continued foreign assistance, Iran could develop an intercontinental ballistic missile capable of reaching the United States and all of Europe before 2015.”<sup>18</sup> Other analysts believe 2015 is unrealistic.

As candidate, Obama expressed support for missile defense in general but insisted that it be workable. Following his election and assertions by Polish officials that the president-elect had given his support for the missile defense deployment in Central Europe, an Obama advisor immediately set the record straight: “President-elect Obama made no commitment on it. His position is as it was throughout the campaign, that he supports deploying a missile defense system when the technology is proved to be workable.”<sup>19</sup>

The Obama administration should adopt a two or three year moratorium on construction of the missile defense sites in Poland and the Czech Republic. Procurement of long-term lead items could go forward, as could negotiation of any implementing agreements with the Polish and Czech governments, but the moratorium would mean no construction, no digging silos, no pouring concrete, etc.

Washington should inform the Russian government that, if credible information were to emerge that the Iranian missile development program and/or Iranian nuclear program had been abandoned or otherwise slowed, the moratorium could be extended. (It is the combination of a long-range ballistic missile and a nuclear warhead that poses the main threat.) This would give Moscow, which has far more influence in Tehran than does Washington, an incentive to press the Iranians to stop their long-range missile program as well as an added incentive to ratchet up pressure on Iran’s nuclear enrichment program.

The odds that Moscow would be inclined to lean hard on Tehran, or that the Iranians would take heed were the Russians to do so, might be low. But the moratorium would clearly tie U.S. plans for missile defense in Central Europe to an Iranian threat. It would defuse missile defense as a problem issue on the U.S.-Russia agenda. And, if the Iranians in the end went forward and developed an ICBM, the moratorium would not prevent the United States from having a timely response.

Given the relationship between strategic offensive forces and strategic missile defense, Russia could ultimately seek to address missile defense in the context of negotiations on strategic arms reductions. The moratorium approach would not preclude that. However, achieving an agreement on reductions to 1,000 strategic warheads on each side without an accompanying agreement on missile defense should be possible if the Obama administration does not seek to expand U.S. missile defense efforts.

## BROADENING COMMERCIAL RELATIONS

The Obama administration should seek to broaden trade and investment links with Russia. This would benefit U.S. companies by increasing access to a \$1.3 trillion economy. It would also add economic ballast that could cushion the overall relationship against the unpredictable swings caused by political differences.

Anemic U.S.-Russian commercial relations fall well below their potential. In 2007, two-way trade totaled \$27 billion. While growing, American exports to Russia were about \$7.5 billion, making Russia the thirtieth largest market for U.S. exports.<sup>20</sup> Total U.S. foreign direct investment in Russia came to only \$7 billion. These numbers create little incentive for Moscow or Washington to adopt more measured stances when political differences arise.

Consider the U.S.-Chinese relationship by contrast. Two-way trade totaled almost \$387 billion in 2007. U.S. exports to China were more than \$65 billion, making China America’s third largest export market.<sup>21</sup> U.S. foreign direct investment in China exceeded \$22 billion. Or consider the EU-Russia trade

relationship, in which two-way trade in goods and services in 2007 totaled 262 billion Euros (approximately \$364 billion).<sup>22</sup> This is real money, which factors into the calculations of political leaders as they manage the overall relationship.

While the Kremlin keeps close tabs on foreign investment and, in some areas, imposes significant restrictions, it recognizes that foreign investment can perpetuate economic growth and contribute to rising living standards. The U.S. government cannot force business into Russia. But the Obama administration, in concert with the European Union (which will have greater leverage by virtue of its stronger economic links with Moscow), should work with the Russian government to shape a more predictable and welcoming investment climate that will increase confidence among American and other Western companies that they can operate more “normally” in the Russian market. Among other things, this means addressing barriers such as corruption, massive red tape and arbitrary customs and tax rules. Strengthening the rule of law and effective contract enforcement mechanisms are particularly important for American and European business.

Two issues could improve commercial relations but will involve reversing decisions taken in the aftermath of the conflict between Russia and Georgia. The precise timing of when to move will have to take account of both Russian actions and domestic politics.

The first is helping to get Russia into the World Trade Organization (WTO). U.S. officials in September indicated that the U.S. government would not press for Russia’s WTO accession. Ultimately, however, bringing Russia into the WTO makes sense in that it will require that Russia play by global trade rules that have served U.S. interests well.

The second question involves the fate of the U.S.-Russian peaceful nuclear cooperation agreement, often called the 123 agreement, referring to the relevant section of the Atomic Energy Act. In the aftermath of the conflict between Russia and Georgia, the Bush administration withdrew the 123 agreement from Congressional consideration.

Approval of the agreement will be necessary if U.S. companies are to engage in civil nuclear projects in Russia, as their European competitors already do. It will also be necessary if RosAtom, the Russian atomic energy agency, is to go forward with its plan to store nuclear waste from third-country reactors. RosAtom sees this as an activity worth tens of billions of dollars in a world in which most would prefer that nuclear waste be stored far from their backyard. Much of the nuclear waste that interests RosAtom would come from U.S.-origin nuclear fuel, provided to third countries under agreements by which the U.S. government must approve where the waste gets stored.

The 123 agreement would provide a framework; Washington would still have to provide approval on a case-by-case basis of requests from third countries to have RosAtom store waste from U.S.-origin nuclear fuel. While not the primary reason to move forward, having this system in place would give the U.S. government some added leverage with Moscow in the form of the ability to block approval of deals that would be significant revenue-earners for a Russian state business.

Deepening commercial relations will mean new business for American companies and a stabilizing element in the broader bilateral relationship. The sub-cabinet dialogue on economic relations launched in April 2008 is a start, but it will need a senior-level push to make real progress. This means attention from the president. It may benefit from relaunching a high-level business dialogue, led on the U.S. side by the secretary of commerce. If oil prices stay low and Russian interest in joint projects to develop new Russian energy fields grows, this might justify renewal of a high-level commercial energy dialogue.

The Jackson-Vanik Amendment is another trade issue with Russia. Originally enacted in 1974, the primary purpose of Jackson-Vanik was to encourage the free emigration of religious minorities, particularly Soviet Jews. Jackson-Vanik prohibited the USSR (or its successor states) from receiving permanent normal trade relations status until it had opened up its emigration regime.

In the 1990s, Russia relaxed its exit rules and allowed hundreds of thousands of Jews to emigrate. Only a handful encountered problems, primarily individuals who had to delay their emigration given their previous access to state secrets. The Clinton administration recognized this progress in 1994 and found Russia in full compliance with Jackson-Vanik, a view reaffirmed by the Bush administration. The remaining step is to confer permanent normal trade relations status by graduating (removing) Russia from the amendment's provisions, which requires a Congressional vote. Preparatory work was done with Congress in 2002 and 2003, but the Bush White House failed to secure the needed legislation.

Finally graduating Russia from Jackson-Vanik would be an important symbolic step for the Russians, who regard its continued application to them as an unfair and outdated stigma of the Cold War. It would win the Obama administration considerable credibility with the Kremlin. Graduation should not be seen as concession to Russia: it is something that Moscow earned long ago by doing the right thing on emigration.

## A WIDE-RANGING DIALOGUE ON EUROPEAN SECURITY ISSUES

U.S. policy has long supported the goal of widening the circle of European integration and the Euro-Atlantic community, including by enfolding former states of the Warsaw Pact. That stems from a belief that a wider, more stable and secure Europe is in the U.S. interest. Institutionally, this has involved the questions of integration into the European Union and NATO.

The Obama administration should prepare for a wide-ranging dialogue with the Russians on European security issues. This should cover NATO-Russia relations, NATO's relations with Ukraine and Georgia, Medvedev's proposal for a European security conference, and the future of the Conventional Forces in Europe Treaty.

NATO poses a neuralgic issue for the Russians, who now consider its enlargement one cost of Rus-

sian weakness in the 1990s. The desires of Ukraine and Georgia to draw closer to the Alliance and have membership action plans (MAPs) provoked particular concern in Moscow, which sees enlargement as directed against Russia. The motivations for NATO's post-Cold War enlargements, however, have been very different: to underpin the difficult democratic and economic transformations made by countries on the Alliance's eastern flank and to foster a wider, more stable and secure Europe.

NATO should not succumb to Russian pressure tactics on its relations with countries such as Ukraine and Georgia. Neither the administration nor the Alliance should acquiesce to Russian efforts to fence Ukraine and Georgia off from Europe and the Euro-Atlantic community. The Alliance should continue to keep an open door and work with those countries as they prepare themselves for possible membership. MAPs and membership must remain subjects for decision between NATO and the countries involved. That said, gaining allied approval for MAPs for Ukraine or Georgia in 2009 will be all but impossible. The December NATO foreign ministers' meeting stressed annual national programs as mechanisms for Ukraine and Georgia to develop their relationships with NATO. The Obama administration can work with Kyiv, Tbilisi and NATO so that those countries' annual national programs incorporate all or most of the content of a MAP—without the heat and friction that have come to surround MAPs.

The Obama administration should be prepared for a full discussion of these issues with Moscow. It should lay out its rationale for supporting Ukraine and Georgia and their integration into NATO.

Ultimately, if the circle is to be squared so that NATO enlargement can proceed and NATO have positive relations with Russia, Moscow has to come to see that NATO is not a threat but increasingly a partner. This will require greater creativity in broadening NATO-Russia cooperation. One area should be missile defense (NATO-Russia cooperation on this will be easier if missile defense is defused on the U.S.-Russia agenda). Another area, with American, British, Russian and other NATO warships off the

Somalian coast at the end of 2008, should be combined operations to counter piracy. Realizing the full potential for NATO-Russia cooperation will ultimately require accepting joint decision-making on some questions. While difficult to envisage in the near term, step-by-step development of a truly cooperative relationship will at some point require that level of confidence.

NATO might also offer to make more concrete the assurances that were offered Russia regarding restraint in the deployment of NATO forces on the territory of new NATO members. The Alliance stated in 1997 that there would be no “permanent stationing of substantial combat forces” in new member states, but it never defined what constituted “substantial combat forces.”

Ending the perception of NATO as a threat will take time and considerable work. Moscow regards Article V of the North Atlantic treaty—under which NATO members regard an attack against one as an attack against all—as directed against Russia. The Obama administration should not underestimate the difficulty in reconciling this with achieving a more positive NATO-Russia relationship. Washington should be prepared for some hard bumps in the road.

Ending the perception will also require that Moscow not ignore the dramatic changes of the past 20 years in NATO’s force structure and missions. Russians all too often overlook the Alliance’s transformation; it is almost as if they prefer the NATO of the Cold War years—an adversary. At the same time, the Obama administration should be more sensitive than its predecessor to appearances: while the U.S. missile defense planned for Central Europe is aimed at Iran, not Russia, and the establishment of U.S. brigade headquarters in Bulgaria and Romania was driven by Middle East requirements, not Russia, Moscow perceives things differently. Moscow sees U.S. flags going up in new NATO member states, ever closer to Russian borders. Washington needs to understand this better and should consider ways, such as greater transparency regarding, or perhaps even some constraints on, such deployments in order to alleviate legitimate Russian concerns.

Part of the problem also is Moscow’s fear that, as Europe is being redesigned institutionally, Russia lacks a seat at the main table. The Russians partly have themselves to blame. They have not used the NATO-Russia channel particularly well and have devalued the Organization on Security and Cooperation in Europe (OSCE).

Speaking to German political and civic leaders on June 5, Medvedev proposed “a general European summit to start the drafting” of an accord “to achieve a comprehensive resolution of the security indivisibility and arms control issues in Europe.”<sup>23</sup> Senior Russian officials regularly allude to this idea and call for a European security conference, offering a few principles but little in the way of specifics.<sup>24</sup> Suspicion has arisen in Washington and European capitals that the Russian goal is to create a system that would unduly constrain NATO’s freedom of action, secure for Moscow a veto over major European security developments, or freeze a status quo that would block Ukraine and Georgia’s integration into NATO.

Skepticism is justified. An array of structures already exist that deal with European security questions, including NATO, the NATO-Russia Council, the European Union and its common foreign and security policy, OSCE and the CFE Treaty. Unfortunately, OSCE has become a much less effective organization, in large measure due to Russian efforts to undermine certain of its activities, and Moscow has suspended its observance of the CFE Treaty. The NATO-Russia Council, whose meetings were suspended following the Russia-Georgia conflict, began gradually resuming its work in December.

Still, the Obama administration should not dismiss the Medvedev proposal out of hand. It should instead challenge the Russians to flesh out their proposal with greater detail and to explain what this concept would accomplish that existing European and Euro-Atlantic institutions cannot do. It should consult with allies on whether the Russian ideas are manageable or useful, and on possible counterproposals. In the end, Washington should not fear a conference. U.S. positions and preferences are likely to have greater support than bad Russian ideas, not just from NATO al-

lies but also from countries such as Sweden, Finland, Ukraine, Georgia and Azerbaijan. Well-managed diplomacy will avoid undesirable outcomes and could produce positive results, for example, by securing new commitments on territorial integrity and democratic values. Washington should lead in shaping a Western response; it would not want to be left on the sidelines if the Europeans decide to engage on their own.

Russia suspended its observation of the Conventional Forces in Europe Treaty at the end of 2007, in protest at the failure to bring into force the Adapted CFE Treaty. NATO countries have not ratified the adapted treaty due to Russia's failure to fully live up to commitments it made to withdraw forces from Georgia and Moldova (Russia denies it agreed to any such conditionality). The dramatic reductions in almost all European militaries and the U.S. presence in Europe since 1991 mean that signatories are well below the limitations that CFE applied to tanks, armored personnel carriers and other treaty-limited equipment. The main loss from Russia's suspension has been the confidence created by regularized data exchanges, notifications and inspections.

The Bush administration has suggested parallel actions, that is, a plan of steps that NATO would take with regard to ratifying the adapted treaty, lowering equipment limits, and bringing the Baltic states into the CFE regime in parallel with Russian steps regarding Moldova and Georgia. The latter will be complicated by the aftermath of the Russia-Georgia conflict, but the Obama administration should continue to pursue the parallel actions plan. If other new U.S. proposals have resonance in Moscow, the Russians may give this idea greater attention. Alternatively, NATO countries could seek to fold the parallel actions plan—or resumption of data exchanges, notifications and inspections—into a package involving agreement to Medvedev's proposal for a European security conference.

## GLOBAL ISSUES

Washington should add transnational issues such as climate change, biological threats and the risk of pandemic, and regional economic instability to the

U.S.-Russian agenda, which already includes nuclear security and countering international terrorism. Successful strategies for coping with these challenges will require multilateral efforts, something the Russians have said they want to make a key part of their foreign policy approach. The United States and Russia have few inherent conflicts of interest on these questions. They might find that they could work together to forge common strategies and jointly take a leading role in broader multilateral efforts.<sup>25</sup>

The Global Initiative to Combat Nuclear Terrorism, which now has 67 participating states, offers a good example of successful cooperation between Washington and Moscow to develop a multilateral approach. This could be expanded in the nuclear security area; Russia has made clear its readiness to supply and reprocess nuclear fuel. The United States should work with Russia to explore how this can facilitate the use of nuclear power globally without spreading nuclear enrichment and reprocessing capabilities to third countries that would greatly raise the overall risks of nuclear proliferation. This could tie into a joint effort to prepare for the 2010 NPT review conference.

## DEMOCRACY

Democracy is a touchy question with Moscow. Russians today enjoy more individual freedoms than they did during Soviet times, but the Putin era has brought a significant rollback in democratic liberties and checks and balances compared to the situation in the 1990s. While the United States has little real leverage to affect Russian internal politics, the U.S. president cannot ignore serious democracy problems and will want to help create space for Russians to determine a more democratic course. The president should address U.S. concerns in private discussions with Russian leaders and on occasion in public. This can be done tactfully, but it has to be done even if little result is likely.

The United States should not break faith with those in Russia who seek to promote a more democratic future for the Russian people. While they have been marginalized by Putin's "managed democracy," they may regain influence at some future point. In the

long run, a Russia with real democracy and accountable leaders will be one in which Washington has confidence as a reliable partner. It will also be a Russia that is viewed by its neighbors as a more predictable and less threatening state.

The new administration should bear in mind the need for consistency in how it talks about democracy and

human rights problems around the world. If Washington publicly takes Moscow to task on democracy while ignoring similar (or worse) problems in Central Asia or in oil-rich friends in the Middle East, it should not be a surprise if the Kremlin concludes that the goal is embarrassing Russia rather than promoting democratic norms.

# IMPLEMENTING THE AGENDA

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## PREPARING THE WAY

Implementing this agenda will require careful preparation in Washington and with European allies. First, the administration needs to get in place its people and establish an interagency process to manage the Russia agenda. Given the broad range of issues on the U.S.-Russia agenda, issues that affect the equities of many departments and agencies, the interagency group that oversees Russia should be chaired by a senior director on the National Security Council (NSC) staff.

The NSC needs a process to ensure follow-up to any agreements reached between the president and his Russian counterpart. Nothing takes the gloss off of a summit more quickly than the sense that the other side failed to carry out commitments. This has been one of the problems of the past six years. As the president will not have time to check, he has to have confidence that the NSC will pay attention to implementing summit understandings, including, as necessary, calling recalcitrant agencies on the carpet.

One other problem on the American side complicated the Bush administration's management of U.S.-Russian relations. While bureaucratic in nature, it had strategic ramifications. Key questions on the U.S.-Russia agenda—such as nuclear arms reductions, missile defense, NATO, Iran's nuclear ambitions and counterterrorism—were handled by different interagency groups. Each group naturally sought positions to maximize U.S. interests. But the NSC lacked a structure to overcome this stove-piping and review the overall U.S.-Russia relationship.

The Obama administration needs to have an explicit Russia policy—one that is carefully considered, focused and sustained—if it wishes to get Russia right. If it leaves Russia as a function of U.S. policies on other issues, it should be prepared for a continued rocky relationship with Moscow.

The Obama NSC should have such a structure to take an overall look at the broad U.S.-Russia agenda, set priorities and identify for senior policy-makers possible trade-offs. Building a successful U.S.-Russian relationship, one in which cooperative issues increasingly outnumber problem areas and in which Russian help can be secured on questions of key interest to Washington, requires letting Moscow sometimes “win.” If the U.S. government pursues a maximum position on every question, it will not improve overall relations. Obviously, issues on which to let Russia “win” need to be chosen with care, but investing in a long-term relationship will require that the administration on occasion scale back its goals to accommodate solutions of interest to Moscow.

As it formulates its approach, the Obama administration should consult early and regularly with Europe—NATO, the European Union and key European countries. Many of the major issues on the U.S.-Russian agenda affect important European equities. The consultation process can be cumbersome; “Europe” often needs time to find its voice. Washington, however, will find its bargaining position with Moscow strengthened if it has robust European support. The April NATO summit offers the president an early opportunity to consult directly with his European counterparts on Russia and policy toward Russia.

## ENGAGEMENT AT THE HIGHEST LEVELS

A successful U.S.-Russian relationship is labor-intensive at the highest level. The presidents do not just set the overall tone; they often must resolve substantive differences that other bilateral relationships manage to settle at lower levels. While Obama will have many pressing demands on his time, he should return to the Reagan, Bush 41 and Clinton models for engaging Russian leaders.

Summits between Reagan and Gorbachev, between George H. W. Bush and Gorbachev and Yeltsin, and between Clinton and Yeltsin allowed plenty of time for presidential discussions. They typically lasted two days, including two or three working sessions, each ranging up to three hours in length. This schedule ensured that the presidents addressed not only the burning problems at the top of the agenda but the broad range of issues. While Bush and Putin met far more frequently than did their predecessors—nearly 30 times over seven years—their meetings usually comprised a single, relatively short working session. Certain issues had to be discussed at every meeting, so time limitations meant that other questions received no or, at best, cursory attention.

Devoting time to detailed talks with the Russian president and senior Russian officials on the full agenda will increase the prospect of improving the relationship. For example, during their March 1997 meeting in Helsinki, after long discussions covering arms control, economic and other issues, Clinton spent nearly two hours with Yeltsin talking about NATO-Russia relations and NATO enlargement, including the possibility that enlargement might shortly include the Baltic states. Yeltsin did not emerge a supporter of NATO enlargement, but he left the meeting with a feel for the motivations behind U.S. policy and a certain confidence that Clinton's motivations were not anti-Russian. Gaining that kind of confidence is important, but it takes time.

Obama might also consider a mechanism similar to the binational commission established between Vice President Al Gore and Prime Minister Victor Chernomyrdin. The commission, which operated

from 1993-99, provided a senior political forum for resolving problems that defied settlement at lower levels. The commission also ensured that eight U.S. cabinet officers and agency heads sat down once or twice a year with their Russian counterparts—a broad range of contacts with senior Russian officials that has not been duplicated since. Such a commission could offer particularly interesting possibilities with Putin as prime minister.

## A NOTIONAL CALENDAR

New administrations typically need months to get their people and policies in place. The Obama administration should aim to use the first six months of 2009 to set the stage for a major summit with the Russian president in the summer. A calendar for the first half of 2009 might look something like the following:

- January-February: conduct a Russia policy review; get people in place or at least nominate those requiring Senate confirmation
- March: send an interagency team to Moscow to begin discussing the U.S.-Russia agenda
- April: use the NATO summit—and, if it is held, a U.S.-EU meeting—in part to consult with the Europeans on approaches toward Russia; hold the first Obama-Medvedev meeting (a short session) on the margins of the G-20 financial summit in London; the secretary of state should make a first visit to Moscow to discuss the U.S.-Russia agenda
- May: the national security adviser or secretary of state should deliver a major speech in Washington outlining the administration's Russia policy; the administration should, in particular, articulate the direction of its nuclear arms control policy prior to the NPT preparatory conference in order to set a positive context
- June: the Russian foreign minister should visit Washington; use the U.S.-EU summit to further align U.S. and European approaches toward Russia

- July: G-8 summit (which will most likely be expanded beyond eight) hosted by Italy; the first major Obama summit with the Russian president

The purpose of this calendar should be to ensure that the first major encounter between the two presidents in July is well-prepared and will produce concrete deliverables, as well as a road-map and structure for further developing the relationship.

## A FINAL WORD

The ideas put forward in this paper proceed from a supposition that a large part of the problem in the U.S.-Russian relationship over the last two-thirds of the Bush administration has been the perception in Moscow that Washington has not taken serious account of its interests. If true, then with new substantive proposals, the Obama administration should

find a Kremlin that itself is prepared to work in a more cooperative way, and not only will accept more forthcoming U.S. proposals but offer more forward-leaning ideas of its own.

One objective of the Obama administration's early engagement with Russia should be to test Moscow's readiness to respond in kind. The proposals outlined in this paper would advance U.S. security and economic interests in a manner that addresses at least some stated Russian concerns. If Washington tries but is rebuffed, the United States would not be disadvantaged. It would at the least have greater credibility with its European allies for having made the effort. That could translate into support for a sterner Western approach, should hard-line Russian positions require that. The hope, however, is that a more creative and forthcoming approach can reverse the decline in the U.S.-Russian relationship and move it to a more positive and sustainable basis.



# ENDNOTES

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- 1 In addition to the Strategic Offensive Reductions Treaty, the presidents released a joint declaration on a new strategic relationship and joint statements on the Middle East, developments in the economic relationship, a new energy dialogue, counterterrorism cooperation and people-to-people contacts. These documents laid out a broad framework for U.S.-Russian relations and set a number of specific goals for expanded cooperation.
- 2 Steve Holland, "Putin, Bush Sign Landmark Nuclear Arms Treaty," Reuters, May 24, 2002, as reported in Johnson's Russia List, #6268, May 24, 2002, <http://www.cdi.org/russia/johnson/6268.htm>.
- 3 Office of the White House Press Secretary, "Text of Joint Declaration on a New Strategic Relationship," May 24, 2002.
- 4 Office of the White House Press Secretary, "Joint Statement between the United States of America and the Russian Federation," September 27, 2003.
- 5 Andrei Vladimirov, writing in the Russian weekly *Itogi*, seemed to capture the concern in Moscow with an article entitled "The Day Before Yesterday: Belgrade. Yesterday: Tbilisi. Today: Kyiv. Tomorrow: Moscow."
- 6 Washington closely followed Russian-Georgian tensions, which regularly flared, including when the occasional Russian air incursion into Georgian airspace occurred. The unilateral Russian decision in October 2003 to construct a causeway to Tuzla Island, long settled as part of Ukraine, triggered a mini-crisis between Kyiv and Moscow and caused concern in Washington about Russian motivations.
- 7 For example, in Bratislava the presidents issued a joint statement on energy cooperation as they had in Moscow in May 2002. The presidents stated in Bratislava that "we will work further to realize the vision for our energy cooperation" and "we have instructed our ministers to continue their energy dialogue," even though senior U.S. officials had by then concluded there was little chance the dialogue would produce specific deals. A Bratislava joint statement on nuclear security cooperation expressed the presidents' intention "to expand and deepen cooperation on nuclear security," mirroring the May 2002 joint declaration's commitment "to continue cooperative threat reduction programs and expand efforts to reduce weapons-usable fissile material." In fact, differences over relatively minor technical questions had stalled conclusion of an agreement on plutonium disposition. The White House's Bratislava summit fact sheet noted the presidents' commitment "to strengthening contacts between our societies." People-to-people contacts had been the subject of a separate joint statement three years earlier; in the intervening time, U.S. official exchange programs had been cut and the Peace Corps thrown out of Russia. Texts from the Office of the White House Press Secretary.
- 8 There was a major difference, however. The decision by Western countries to recognize Kosovo came after a long effort, first by the United Nations, then by a U.S.-EU-Russian trilateral team, to find a mutually acceptable solution. In the case of South Ossetia and Abkhazia, Russia simply recognized the two.
- 9 Moscow's reaction became increasingly sharp. For example, standing alongside Ukrainian President Yushchenko at a February 12 press conference in Moscow, Putin threatened to target nuclear missiles on Ukraine. Meeting with NATO leaders in Bucharest in April, Putin implied that Ukraine's entry into the Alliance would cause its territorial integrity to come into doubt.
- 10 For the text of the Sochi declaration, see the Office of the White House Press Secretary, "U.S.-Russia Strategic Framework Declaration," April 6, 2008, <http://www.whitehouse.gov/news/releases/2008/04/20080406-4.html>.
- 11 Department of State, "Secretary Rice Addresses U.S.-Russia Relations at the German Marshall Fund," September 18, 2008, <http://www.state.gov/secretary/rm/2008/09/109954.htm>. This was Rice's second major address on Russia during the Bush administration; the tone of her first speech, made as national security advisor on October 4, 2001, conveyed a much more positive tone, citing the "spirit of possibilities of a new U.S.-Russian relationship."
- 12 Vladimir Putin, "Speech at the 43rd Munich Conference on Security Policy," February 10, 2007, <http://www.securityconference.de/konferenzen/rede.php?sprache=en&id=179>.

- 13 President of Russia website, "Interview Given to Channel One, Rossia, NTV," August 31, 2008, [http://www.president.kremlin.ru/eng/speeches/2008/08/31/1850\\_type82912type82916\\_206003.shtml](http://www.president.kremlin.ru/eng/speeches/2008/08/31/1850_type82912type82916_206003.shtml).
- 14 Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, *World Population Prospects: The 2006 Revision and World Urbanization Prospects: The 2005 Revision*, <http://esa.un.org/unpp>.
- 15 Andrew Kuchins, *Alternative Futures for Russia to 2017*, Center for Strategic & International Studies, November 2007.
- 16 In a September 10, 2008 interview, Obama laid out the basics of his approach to nuclear arms control. He endorsed the goal put forward by former Secretaries of State George Shultz and Henry Kissinger, former Secretary of Defense William Perry and former Senator Sam Nunn, of working to eliminate all nuclear weapons. As nearer term goals, Obama said he would not authorize the development of new nuclear weapons, would seek verifiable cuts in U.S. and Russian nuclear weapons, both deployed and nondeployed, and would seek to extend the monitoring and verification provisions of the Strategic Arms Reductions Treaty. He also called for ratification of the Comprehensive Test Ban Treaty. *Arms Control Today*, "Arms Control and the 2008 Election," September 10, 2008, <http://www.armscontrol.org/2008election>.
- 17 For a more detailed timeline on managing the run-up to the NPT, see Managing Global Insecurity, "A Plan for Action: A New Era of International Cooperation for a Changed World: 2009, 2010 and Beyond," Co-Directors Bruce Jones, Carlos Pascual and Stephen John Stedman, September 2008, The Brookings Institution.
- 18 Office of the White House Press Secretary, "President Bush Visits National Defense University, Discusses Global War on Terror," October 23, 2007, <http://www.whitehouse.gov/news/releases/2007/10/20071023-3.html>.
- 19 Associated Press, "Obama Offers Poland No Commitment on Missile Plan," November 8, 2008, <http://ap.google.com/article/ALeqM5iD0B9EaDhMzfQNaSEtf08T8OkL-gD94B8QT81>.
- 20 U.S. Census Bureau, Foreign Trade Statistics, Russia, 2007, <http://www.census.gov/foreign-trade/statistics/product/enduse/imports/index.html#C>.
- 21 U.S. Census Bureau, Foreign Trade Statistics, China, 2007, <http://www.census.gov/foreign-trade/statistics/product/enduse/imports/index.html#C>.
- 22 European Commission website, "Bilateral Trade Relations – Russia," [http://ec.europa.eu/trade/issues/bilateral/countries/russia/index\\_en.htm](http://ec.europa.eu/trade/issues/bilateral/countries/russia/index_en.htm).
- 23 President of Russia website, "Speech at Meeting with German Political, Parliamentary and Civic Leaders," June 5, 2008, [http://www.president.kremlin.ru/eng/speeches/2008/06/05/2203\\_type82912type82914type84779\\_202153.shtml](http://www.president.kremlin.ru/eng/speeches/2008/06/05/2203_type82912type82914type84779_202153.shtml).
- 24 Addressing an international conference in St. Petersburg, Putin suggested three principles: no nation's security should be strengthened at the expense of another nation; no actions by alliances or coalitions should weaken common security in the European area; and no military alliances should expand or develop in a manner detrimental to other countries (a clear allusion to NATO enlargement). Kommersant, "Putin Voiced Three Principles of Europe's Security," November 24, 2008, [http://www.kommersant.com/p-13631/Putin\\_security/](http://www.kommersant.com/p-13631/Putin_security/).
- 25 For a discussion of other transnational challenges that might benefit from U.S.-Russian cooperation, see Managing Global Insecurity, "A Plan for Action."

## ABOUT THE AUTHOR

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**STEVEN PIFER** is a visiting fellow in the Center on the United States and Europe at Brookings. A retired Foreign Service officer, Pifer served more than 25 years with the U.S. State Department. His assignments included deputy assistant secretary of state with responsibility for Russia and Ukraine, ambassador to Ukraine, and special assistant to the president and National Security Council senior director for Russia, Ukraine and Eurasia. He also served at the U.S. embassies in London, Moscow and Warsaw as well as in Geneva with the U.S. delegation to the negotiations on intermediate-range nuclear forces.





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1775 MASSACHUSETTS AVE., NW  
WASHINGTON, D.C. 20036  
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