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U.S.-RUSSIA REPORTER ROUNDTABLE

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RUSSIA-2013/08/29

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## P R O C E E D I N G S

MS. TRENKNER: Welcome to today's roundtable on U.S.-Russia relations. My name is Tina Trenkner, communications coordinator for the Foreign Policy program at Brookings. We have three great experts who I will introduce briefly:

Steven Pifer is director of the Arms Control Initiative, and senior fellow with the Center for 21<sup>st</sup> Century Security and Intelligence and the Center for the United States and Europe at Brookings. His recent book is *The Opportunity: Next Steps in Reducing Nuclear Arms*, co-authored with Michael O'Hanlon.

Clifford Gaddy is a senior fellow with the Foreign Policy and Global Economy and Development programs at Brookings. He is co-author of *Mr. Putin: Operative in the Kremlin*, co-authored with Fiona Hill, director of the Center on the United States and Europe at Brookings.

Angela Stent is a nonresident senior fellow in Foreign Policy, and director of the Center for

RUSSIA-2013/08/29

Eurasian, Russian and East European Studies at Georgetown.

Each will give about five minutes of remarks and then at about 12:45, 12:50, I will open up for questions. For those of you on line, please mute your phones so we can reduce the number of feedback.

I will have Steve give a couple of quick remarks, if you don't mind.

MR. PIFER: Sure. Maybe I'll start with three or four just general points, or three general points, and then one Syria point.

The first general point would be the U.S.-Russia relationship currently is pretty rocky, but it's important not to overlook, you know, that there are all sorts of positives, there's cooperation going on. And I'd go back to the resetting in 2009.

And I think people now see the reset as a failure. I actually think the reset succeeded, because the goal was not to get us to Nirvana with Russia, but to lift us out of the hole that we found ourselves in in 2008. And so, I think the progress,

RUSSIA-2013/08/29

the new START Treaty which is being implemented, by all accounts, fairly smoothly -- you know, the Russians actually have been helpful in the last couple of years on that -- Iran, and on logistics on Afghanistan. So, there's been some positives that sometimes, I think, get obscured when people focus on Snowden, and Syria, and democracy in Russia.

The second point I'd make, which is related, is that although I think there's some (inaudible) the relationship as bad as it's ever been since the collapse of the Soviet Union in 1981, I just think that's silly. Go back five years and a couple of weeks to 2008, and the aftermath of the Russian-Georgia conflict, and at that time, in 2008, START-I, we had another year left. There was no prospect of the Bush administration negotiating a follow-on treaty with the Russians. We didn't have the degree of cooperation on Iran and Afghanistan. There was a lot of tension over states, in the post-Soviet states, like Ukraine, whether Ukraine was going to go to the West or Russia. And you had the Russia-Georgia

RUSSIA-2013/08/29

conflict, which I think demonstrated that, again, that United States really had very little influence over Russia. I remember talking to colleagues in the aftermath of the conflict, and they were trying to find some way to stop the Russian military action and get them to withdraw. And there were very few levers. The two levers they pulled was they withdrew from consideration a civil nuclear cooperation agreement and they told the Russian, well, we're not going to help you get another get another WTL. And the Russians kind of said, "So what?"

And the other -- I mean, there are reports that at one point, apparently, people were advocating to the President that he conduct air strikes against the Roki Tunnel in South Ossetia, which would have meant American war planes bombing Russian troops.

So, as rocky as things seem now, five years ago, I think, was a lot worse.

The third point I'd make is I think U.S.-Russia engagement continues. You had the two-plus-two meeting. But I think the White House has concluded

that, you know, Vladimir Putin, at least at this point, is not worth the President's time.

And I would go back to June, when you talked to people in the administration, what were your expectations for the September summit, and they were very hopeful about something on new, further nuclear reductions. And then the President made his speech in Berlin and called for a one-third cut in New START. On missile defense, you know, although in March, when they canceled phase IV of the European Missile Defense Plan, they said that was not related to Russia, it was driven by cost considerations and technical questions, you know, that also did remove the (inaudible) missile defense that the Russians had been griping the most about for the last two years. And then in April, they offered a plan on information-sharing regarding missile defense plans that would allow the other side basically to be in a position to say is this a real problem or not?

And the Russians did not respond either to the Berlin speech -- the Russians did not respond in

RUSSIA-2013/08/29

any way on the missile defense side. And so they saw no real prospects in those areas. And then on the trade and investment, another thing they talked about -- again, no real traction with the Russians.

So, I think they concluded that the summit was not going to yield anything of substantive value. And they set that against the cost that they would pay for going. And I think there was a domestic political price. They were certainly going to be criticized on the Hill, and by others, for going to meeting Putin unless they had something to show for it.

Now, I think that could change. I mean, I don't exclude -- although I think it's probably unlikely there will be a major Obama-Putin in the next several years. If the Russians are prepared to engage, and they get a sense that the summit might do something, I think the attitude might change. But that rests on Putin.

I guess the last point, just on Syria -- and maybe I, I mean, the timing, in some ways, is exquisitely bad for Putin, because he has this big



show in his hometown of St. Petersburg, designed to showcase Russian leadership on the world stage. And there's, I guess, a fairly good possibility that three or four days before that the United States, Britain, and France, you know, may be dropping bombs on Syria.

And it will be interesting to see how he plays that. He could soft-pedal it. Or does he sort of use it to blow up this party that he's been building to the last year?

And I'm not sure. I tend to think that he may -- there will be a rhetorical response, but, in the end, it may be quite measured, because does he really want to make St. Petersburg about Syria? Which sort of highlights the fact that, despite the Russian cautions against military action, that a number of countries who would basically ignore the Russian position and gone ahead.

So -- opening points.

MS. TREKNER: Cliff?

MR. GADDY: Well, let me do it as engaging in a dialogue with Steve, because I know you have your

RUSSIA-2013/08/29

own questions you want to ask, so I don't want to take a lot of time in laying out something with Steve.

Steve has said that the relations are not as bad, are at their worst since, you know, the fall of communism. I would probably say they probably are as bad.

Now, what I mean is the baseline relationship, and the ability to talk to each other, and solve problems in the future -- obviously, if there's a war going on, that's a special case. The fact that someone on the U.S. side talked about bombing Russian troops doesn't speak to me to the relationship between the two countries. It just says something about the state of the U.S. security establishment, not about the relationship.

I think the relationship now is really very bad. And I think the way to gauge it is in terms of what are the prospects for dealing with major issues that still remain between the two countries and that may emerge. And I think it's very poor, because we simply don't have any sense of trust in the

RUSSIA-2013/08/29

relationship, especially at the highest level, which is the most important, between the two presidents, and very little else.

So I think that, as Steve said, the fact that you can cancel a summit because you don't see anything, any prospects for solving issues, speaks to me as -- it's a bad relationship, and I think it will probably get worse.

I, just on the Syria think, I don't think that there's anything that Putin will try to do. He may not even, at the summit, engage in any major rhetorical condemnation of this. I think he may just let it, let the events speak for themselves. I mean, if I were Putin, I would, you know, think, "What should I do? I should probably find something that would make the U.S. look weak and ineffectual, and increase U.S. popularity in the world." You know, "Oh, wait -- the U.S. already did those things."

So, I don't think he has to do anything. And I don't think he will -- it's not Russian obstruction that was overcome by bombing of Syria, it

RUSSIA-2013/08/29

was that the U.S. has failed to get -- as far as I know -- the populations of a single country in the world to be in favor of this, and that the leaders that have decided to join him are themselves facing popular opposition at home. The bombing is not likely to accomplish anything in terms of changing the situation in Syria. So my guess is that Putin, a man who likes to just keep his options open and see how things play out, will just try to keep it low.

I would be surprised. He may decide to do something with it, but I would be highly surprised if he does. And, of course, there's no -- as I said yesterday in a press conference we had here -- there's no possibility that Russia would do anything militarily or serious, in terms of retaliation against the U.S., because what's important to realize is that Putin's whole position about Syria has been that U.S./Western actions in Syria, as in all these other preceding cases, threaten Russia, because they threaten fallout from, especially, Islamic extremism, and the destabilization of the region that's fairly

close to Russian. That's why he is a status quo-preserving -- that's his foreign policy is based on preserving the status quo. And, therefore, to go in and further roil up the waters would be contradictory to the logic of his position to begin with.

MS. TRENKNER: Angela?

MS. STENT: Okay, well, I'll take up from that. Tina did not mention my book, but I do want to show you the photo. I have a book on U.S.-Russian relations coming out in a couple of months, called *The Limits of Partnership*: -- here, you can also see the wary body language between Presidents Obama and Putin -- *U.S.-Russian Relations in the 21st Century*.

So, my first point is just, we've had these cycles since the Soviet Union collapsed, of presidents coming in -- and this applies to President Bill Clinton and George W. Bush -- and believing in their first terms that they could really find a better way to engage with Russia, having high expectations. They didn't call it "reset," but really reaching out to Russia. And by the end of their second terms, the

RUSSIA-2013/08/29

relationships had really run afoul of a variety of tensions. Steve was already comparing it to 2008. In 1999, of course, the relationship finally collapsed when we bombed Serbia over the Kosovo issue. It collapsed over the Georgia war, where we cut off all relations with Russia -- I guess, above the deputy assistant secretary level. And I think in both cases, the relationship was worse than it is now.

But what's happened, I think, in the Obama administration is that this deterioration, the decline, has set in much earlier in the second term.

I also think it's important to remember that the reset, and what it accomplished, was when President Obama was dealing with President Medvedev. Now, we can say that President Medvedev couldn't have done anything major without Mr. Putin's support -- he was then prime minister. We can all agree on that. But, nevertheless, he was the interlocutor. And he and President Obama apparently established a good personal relationship. They were the same generation.

And Medvedev did, apparently, believe in bringing Russia more into the modern age.

And now you have Mr. Putin back in the Kremlin, and you know, if we look at past history, the Soviet era and the post-Soviet era, not very much gets done in U.S.-Russian relations unless it's done at the highest level. And that's because we really don't have that many stakeholders in this relationship, not that many groups who propel us forward. We don't have an important economic relationship with Russia, for instance, as a country like Germany has.

And so, again, I think the fact that so much depends on the relationship between the leaders is also a factor in this deteriorating relationship.

Now, we do, of course, face common problems. It's not only Syria, it's Iran, it's post-2014 Afghanistan, it's counterterrorism since the Boston bombings. But, increasingly, we've seen, since Putin's back in the Kremlin, diverging views on how you approach these problems.

RUSSIA-2013/08/29

And what's clear now has become clear again this week with Syria, is that the Kremlin, the leadership in Russia, has put forward a different ideological view about how you deal with global problems. And that's the principle of absolute sovereignty, non-interference in the domestic affairs of other countries, and rejecting ideas such as responsibility to protect and humanitarian intervention, because -- and claiming that these are excuses for the United States and some of its allies to interfere in other countries and produce regime change.

And as Steve has said, the threat that Russia sees from getting rid of Assad in Syria is regional destabilization and the impact on Russia itself. If Islamist governments, or more extremist elements were to come to power, Russia has a restive Islamic population. It's the only part of the population that's really growing in Russia, and this is, they see, a direct domestic relationship between



RUSSIA-2013/08/29

what's happening in Syria and what's happening in Russia itself.

And so the Russians will say, you know, they prefer -- they focus on stability, and they basically prefer secular, authoritarian governments in this part of the world than, you know, the threat of Islamists coming to power there.

And, again, just to reiterate what Steve said, I mean, the summit was called off because there was a belief in the White House, even before Mr. Snowden landed in Moscow, that the Russians weren't responding to the proposals for the summit. So I would just point to the fact that, you know, we talk about dysfunction in our government, and we can -- this isn't the subject of this meeting -- but there's a lot of dysfunction within the Russian system, in terms of who's making decisions on these issues, which groups are the ones that would be proponents of a summit, a better relationship with the United States. Who were the ones who were urging, you know, the granting of political asylum, temporary asylum, to

RUSSIA-2013/08/29

Snowden, full well knowing that this could jeopardize the summit?

And so I think that's another reason, I think, why the White House has decided it's so difficult to deal with this system that you step back and you wait and see, you know, what might emerge there.

So -- and I think the final point, just to reiterate what was said -- it's not clear what the U.S.-Russian agenda is, going forward. The things we would like to accomplish -- more arms control, an agreement on missile defense, even, you know, more U.S. investment in Russia -- the Russians don't seem to be interesting in responding. We do need to work together -- and we will, still, on post-2014 Afghanistan, on Iran -- but it's really unclear what an agenda would be going forward.

And so I think we'll continue to see clearly, working with Russia at the cabinet level or below, but it's very doubtful that you would have

RUSSIA-2013/08/29

another high-level meeting during the rest of President Obama's second term.

MS. TRENKNER: All right. Do you mind if we open it up for questions?

Let's take two from the room first, and then I'll come to the phones.

Anyone in the room? Kindly introduce yourself before you do your questions. Thank you.

MR. NICHOLAS: Peter Nicholas, *The Wall Street Journal*.

So, could you talk about the human dynamics here. The President canceled his summit meeting with Putin in Moscow, but he's going to be seeing Putin in St. Petersburg.

Do you see any chance or opportunity for the President to have a pull-aside with Putin in St. Petersburg?

And, also, would you expect that that's just going to be a very awkward interaction between the two men, given Obama just took this unusual step of canceling a summit in Moscow?

RUSSIA-2013/08/29

MR. PIFER: As far as I know, as of now, there's no bilateral schedule (inaudible). But Obama's going to meet Putin. I mean, run into him at a dinner, things like that. And I don't think they're going to be rude to each other.

But, again, I think the White House is sending a message that they don't see any usable business coming out of the meeting, so they're not prepared to invest the President's time on that.

MS. STENT: I mean, it's really not clear what they would discuss, you know, in a pull-aside, unless they maybe need to talk about Syria. So it's possible.

MR. GADDY: And, I mean, I think the positive dynamic between Obama and Medvedev helped with the reset. And it's pretty clear that there's not that kind of chemistry between Obama and Putin. But I think it's important not to overrate personal chemistry. I mean, if you go back to the previous administration, by all appearances there was great personal chemistry between George W. Bush and Putin,

RUSSIA-2013/08/29

and that didn't do a thing to arrest the steady deterioration in the relationship from 2003 down to 2008.

MR. NICHOLAS: And then just a quick follow-up on Syria -- would you expect that -- the President will be there with 20, well, counterparts from around the world. Would you expect that he'll use that as an opportunity to build support for his position on Syria, and try to sort of gain an international consensus on it?

MR. PIFER: Well, the 20 will be there -- okay? The British, the French --

SPEAKER: Who we already have --

MR. PIFER: The Germans, who rhetorically (inaudible) support them. Saudi Arabia -- I'm not sure if the set-up is the right one, in terms of having the right countries that would -- you know, would be there. And that might be kind of a real thumb in the eye to say, "Excuse me, Vladimir, I need to have this side meeting here where we're organizing..." -- you know, my sense is that they

RUSSIA-2013/08/29

would probably be a little bit sensitive of that, the optics of that.

MS. STENT: I mean, these summits are rather pro forma -- right? I mean, and I guess the agenda is an economic one, and it has to do with corruption and other things.

MS. THOMAS: Well, so, what kind of questions, from an American perspective, would you ask, like if we were to get interviews with Medvedev, or Lavrov, or we put in a request for Putin, but I'm not holding my breath on that one.

What kind of questions should we be asking them?

MS. TREKNER: Shawna, could I have you just introduce yourself?

MS. THOMAS: Sorry, this is Shawna Thomas from NBC News.

MS. STENT: Well, I think -- I'll start off with Medvedev, I mean, since he's the prime minister and, technically, his responsibility is really for economic questions. I mean, he's the person to ask

about his modernization plans and what happened to them, to see what he tells you. So those would be largely economic questions. I would suspect that he would not really want to talk about foreign policy. I mean, it might be interesting to ask. You know, this is the man who, when he was president, supported abstaining from the United Nations Security Council resolution on intervention in Libya. And then, since, of course, then the Russians have said that this was a mistake. I mean, you could ask him a question like that. But I think he would mainly want to talk about some of the economic issues that are being discussed.

MR. PIFER: With Lavrov, I think you have somebody who is, first of all, a very experienced and very professional diplomat. But in some cases, I think, there's a certain -- he's not, by nature, well disposed towards the United States.

But a question you might ask him, in terms of (inaudible) the strategy that the Russians have used in terms of the Security Council basically, in the end, devalues the Security Council -- because at

RUSSIA-2013/08/29

least in the case of Syria, the West will go around it.

So, have they thought about how they can -- you know, they would really like to have the Security Council be the arbiter, or the institution that would authorize any military action short of your right for self defense. But have they thought about -- would a more sophisticated way of using the Council, in fact, enhance its ability? But that means the Russians need to be sometimes less obstinate. And Lavrov, having spent all those years at the U.N. might have interesting take on that.

MS. TRENNER: Any other questions?

MR. HORSLEY: Hi. Scott Horsley, from NPR.

You know, the White House also always sort of tries to steer us away from focusing on interpersonal relationships. And in his news conference a couple of weeks ago, the President said pay no attention to that awkward body language. I know Putin looks like a bored schoolboy in the back of the class, but we actually get a lot of stuff done.



RUSSIA-2013/08/29

Is that understating the importance of the relationship? Especially in the sense, as you say, there are not a lot of other constituencies out there to push things along?

MS. STENT: Well, I would start off by saying, I mean, one of the issues is Putin, ever since there were demonstrations in December of 2011 against the Duma parliamentary elections -- and Putin, I think, was very much taken aback by that -- he has personally blamed the United States, and blamed Secretary of State Hillary Clinton, for paying demonstrators. So you have had a steady rhetoric from Putin of criticism of the United States -- not President Obama, but of the United States, and "sinister forces." You know, you never had that from Medvedev.

So, of course, President Obama can deal with President Putin, and has to, and they can get stuff done. But there is an element that's kind of -- public anti-Americanism that we hear emanates from Putin himself, and not from some of the other

politicians. So that cannot, I would assume, but have an impact, at least, on the broader framework, and the atmosphere in which these discussions are conducted.

MR. PIFER: And we've talked about this, but I think Cliff and I might disagree on whether Putin personally has an anti-American) or not. But I think we would agree that Putin, the conservative, (inaudible) Russian constituency, there is a lingering anti-American sentiment, and I think Putin has played to that since the end of 2011. And he's come to a calculation that sort of portraying the United States as the adversary, he's standing up to the Americans, serves him well domestically with that constituency that he's seeking to appeal to.

The problem that he has is, in this global, interconnected world, you can't isolate what you say to your domestic audience from what the rest of the world hears. And I've just been struck, in a couple conversations with people in the administration, just how much irritation we hear about, you know, Putin never misses an opportunity to kind of take a swipe at

RUSSIA-2013/08/29

us. I mean, that's caused some frustration here, over and above the differences on substantive issues.

MR. HORSLEY: I'm sorry -- so are you saying you think it's more Putin playing to that crowd, and maybe -- do you think he actually has that strain of anti-Americanism, or is that (inaudible).

MR. PIFER: I think, coming from the KGB, that he probably has a certain anti-American bent. I think Cliff would disagree. But I think we both agree that there is, within the broader Russian society, there is an anti-American sentiment which is in play.

MS. TRENKNER: Any questions from the conference side?

MS. CLARK: Yes, this is Lesley Clark with McClatchy Newspapers.

I was just wondering if you think -- what the role -- I mean, I realize that nobody knows whether or not the two presidents are going to circle each other warily, or what, but the NSA revelations that -- I mean, how does that color the meeting, as

RUSSIA-2013/08/29

well, with Putin having this, you know, big meeting in his country?

MS. STENT: Well, I guess the NSA revelations have already caused some problems with some of our allies -- for instance, Germany, where there's an election coming up soon. But that's -- I would think the Russians have already indirectly benefitted from all of that, just by allowing the revelation.

So my sense is, I mean, that Putin, having granted the political asylum to Mr. Snowden, may now want to downplay that at this summit, to appear to be statesmanlike, you know, with it. Other people agree with that?

MR. PIFER: I would guess that the Russians assume that the NSA was doing, or was trying to do what was revealed. And probably, for many Russians in the government, the main reaction would be envy. You know, I think they wish that they could do that, that they had those capabilities. And I think, in many ways, they probably do have those same capabilities.

RUSSIA-2013/08/29

I'd just make a comment on the Snowden affair. I think the Russians kind of want to put it behind them. I think the U.S. government mishandled Snowden. I think it was a mistake when Secretary Kerry went out the day after he arrived in Moscow and asked for him back. It was a mistake then to be using communications with the Russians, saying, well, we're not going to give him the death penalty, but send him back.

I mean, however people in the West look at Snowden, the Russians saw him as a defector. And the rules of the game are, you don't return defectors.

And I think it was a dubious diplomatic practice for Washington to ask Moscow something that, A, we knew the Russians were going to say no to, and, B, we knew that if the situation was reversed, we'd say no. I mean, if the Russians asked us to return Colonel Poteyev, the defector who apparently was the source who revealed Anna Chapman and the nine secret agents in 2010, you know, we'll (inaudible) and say, you know, "Go away."

RUSSIA-2013/08/29

MS. STENT: But I would say there's some -- I want to ask you something -- but this, maybe not to get sidetracked -- but, I mean, the difference is that this was so public -- right? In previous cases, when you've had people defecting, it's usually done very quietly, right? But this -- I mean, this was splashed all over the internet all over the world. So, in a sense, there had to be some response.

MR. PIFER: Oh, no, I think there had to -- but I think it could have been more measured. And I think, in some ways, the administration created an expectation that they could get him back -- which is then why you had Senators McCain and Graham, and all of a sudden the return of Snowden became the yardstick by which we measured the U.S.-Russia relationship -- which is just silly.

And so I think Snowden ought to fade out. He's going to have an interesting time in Russia for the next 10 or 20 or 30 or 40 years. I don't envy him.

RUSSIA-2013/08/29

MR. NICHOLAS: After the G-8 summit in Northern Ireland, administration officials were telling us, the press, that they thought some progress had been made with Putin on Syria. They thought that they were hearing some kind of commitment from Putin to a political solution, and maybe (inaudible) Geneva II. So that was in June, or whenever that was.

Has all that collapsed? I mean, are we as - - is Russia now -- where is Russia, in terms of helping forge a political solution on Syria?

MS. STENT: I mean, I think, officially, they're still committed to a Geneva II. But the problem is, who's going to attend -- right? And so we have somewhat different ideas about -- well, I mean, we agree that all sides should attend. But then you have to get into who represents, then, the opposition.

So I think that's still the official Russian position.

MR. GADDY: Yes, I think so, although, I mean, to the extent that the Russians see Assad as

RUSSIA-2013/08/29

having more staying power, their sense of urgency of having a Geneva II may be less than it was.

And I think everything gets tossed over if, again, there's a cruise missile strike on Syria. That's going to put everything (inaudible), presumably, for a bit of time before they can get back to diplomacy.

MS. THOMAS: Would you expect there to be any demonstrations while we're in St. Petersburg, especially around homosexuality, the upcoming Olympics? Like, should he -- or will Putin put the kibosh on that? Can we expect anything like that?

SPEAKER: You're asking will Obama kiss Putin?

MS. THOMAS: Yes. Which -- you know. I'd like a camera in the room for that.

MS. STENT: Well, the calculation for the Russians is, on the one hand, they'd prefer to be no demonstrations -- right? On the other hand, they don't want to appear as if they're not allowing any.



RUSSIA-2013/08/29

But I would think they would try and minimize that. Maybe it would be off in some remote part of the city that you'd have to go to to see it.

MR. PIFER: Yes, they'll probably authorize a demonstration, but it will be a, you know --

MS. STENT: It will be a long way away.  
Yes.

MR. HALL: An economic question -- Kevin Hall, with McClatchy. I'm the economics correspondent, that's why we have two of us on the phone. I'm interested more in the economic relationship.

And I think most Americans would be quite surprised at how little commerce there is between two nations that, arguably, divided up the world at one point.

The U.S. energy boom has a lot of implications for Russia, particularly in natural gas. Do you see any movement on the Russians' -- I mean, the Russians don't seem to have a lot of room. It

RUSSIA-2013/08/29

seems to have taken a big club away from them, lower natural gas prices.

I'm wondering how you see that playing out in the next several years.

MR. GADDY: Yes. Good question. Everybody asks that, including Putin and the Russians. They're trying to figure it out.

And, of course, they are very, very divergent views, even among experts, about what the implications of the shale means globally -- as opposed, of course, to the U.S. situation, where we are producing more of our own oil, and gas. But how will that affect the global situation -- that means Europe and Russia?

If you look at the forecast of oil prices, you know, for the next -- 2020, and you're getting everything from \$90 a barrel to \$180 a barrel, of so-called, you know, real experts, from, like Reuters' monthly survey.

And that's really reflecting, in very large part, what we think the potential of the whole

RUSSIA-2013/08/29

unconventional oil and gas -- you know, to the extent that gas replaces oil.

So, the Russians' dilemma has always been that as huge producers who can't easily just adjust their production the way the Saudi's can, the way even Canadian tar sands -- if the price goes up or down, you can start producing more or less fairly easily. The Russians can't do that. And so they have to be very cautious about making commitments that lock them in, one way or the other, for the long term.

But also, let's get back to Putin, personally. You can never depend on what he says, because his whole persona, his whole identity, is this KGB agent who gives our disinformation. He'll lead you to believe that he thinks, or is about to do one thing, and then he goes and does the other.

So, I've seen, and I've been at meetings when he pooh-poohed completely the whole prospects of shale gas in the United States, and pretended like it was not important. But behind the scenes, I happen to know that he was asking people, including some top

private oil and gas people in Russia, to go out and figure out for him what was really going on, and get the truth.

He's not so dumb as to think that just his own prejudices or his own limited knowledge about these subjects is adequate to deal with something that's so vital for the whole country. But he also has this notion of being risk-averse, of keeping his options open, of thinking about the way situations change, and being flexible enough to adapt to them.

So, he's trying figure out -- bottom line is he's trying to figure this out as much as anybody. And they do know that it's very -- it has serious implications, could be quite serious. But on the other hand, "Don't panic, don't overreact..." -- don't assume that all of this is going to be a disaster scenario for Russia.

And so the basic policies will continue to be the same, you know: build up these reserves, keep these various kinds of stabilization reserve funds, putting some of your money in there for the rainy day,

and figure out ways to build up the reserves for the future, see what happens, find out what's happening in the shale gas (inaudible).

And then there's a lot of flexibility and a lot of question marks about how Putin wants to deal with Gazprom, the big gas monopoly. He's clearly not very happy with the way they've been able to deal, just as a corporation, with a lot of things that have been happening.

And will there be some kind of a reorganization, if you like, of the gas industry in Russia? That's very possible. But he keeps his cards so close to his chest, you just never know what he's got planned.

But it would be dangerous to underestimate him. Many people say, "Oh, Putin doesn't see this," or "What Putin doesn't realize..." is this, or this.

I always assume that, you know, you probably should assume he's thought of that. If you can think of it, I bet you anything he's thought of it. Now, he may not come up with the right answer, but the idea

RUSSIA-2013/08/29

that he's somehow blind to issues that have to do, especially, with oil and gas, I think is dangerous to think that.

MR. HALL: Is it already translating, though, to lost influence in Europe, with the natural gas prices so low for so long?

MR. GADDY: Yes -- well, and a lot of it has to do with expectations about the future. So, even if there's no immediate, or less immediate effect than there might be, the expectation that this is going to really shift the supply of gas to Western Europe means, of course, that the Europeans are thinking through how they're going to react. And they believe that they'll have more leverage against Russia.

Of course, you know, this is all marginal, because Russia's leverage is still huge. I mean, it's still a huge supplier to these countries, and still, you know, Gazprom still plays this enormous role there. So, marginally, you'll reduce it -- as they have been doing, you know, for years and years,

RUSSIA-2013/08/29

they've been trying to figure out ways to get out from that dependency on Russia. So this plays into that.

But it's not as if just everything has changed overnight, and still questions remain.

MR. HORSLEY: I'm sorry -- why is Russia's production less scalable, say, than the (inaudible) --

MR. GADDY: Because they're, especially when it comes -- it's because of the geology and geography. It's, you know -- one of the guys who expressed it most clearly, of all people, was Mikhail Gorokhovski, here in Washington, at one time, when someone asked him about, you know, can you join OPEC, or can you be a part of this turning up and down production in order to manipulate prices. And he said, "No, we can't. If you turn off an oil well in Siberia, where we have our oil, it freezes, and you'll never start it up again."

And it's not just that, it's also the whole new -- if you like, the whole new era of Russian oil is out, way out in the east, which means very, very remote and very cold, or it's in the Arctic offshore, for the most part. This is very difficult to get.

RUSSIA-2013/08/29

And the infrastructure, in particular, is it's a non-incremental kind of investment that has to be made. You can't just say, oh, let's give it a shot, let's try a little bit. You really have to make a big commitment for it. I would be something as if, you know, the Apollo moon-landing scale of something -- a giant national project that could just go bust. Suppose oil prices were to go back to historical levels of under \$30 a barrel, you know, right at the time your oil started coming on line. It would be the biggest fiasco ever. So they have to be cautious about that.

The solution, of course, the efficient solution, is risk-sharing. They would, in a normal world, with normal relationships, you would invite in international companies, non-Russian companies, and invite them to share part of the risk and part of the rewards. And you would therefore really reduce your risk.

But, for the very reasons we've been discussing, about their mistrust of the outside world,



RUSSIA-2013/08/29

and other things related to that, they are willing to let some big players in, as we know -- you know, BP, and Exxon-Mobil, and so forth -- but just on a limited scale. They would really have to do it on a very large scale to make it effective.

But that door is not shut, either. I mean, I think, for sure, Putin always is thinking about what might be in the future.

But, yeah, it's non-incremental. That's the main factor there.

MS. TRENKNER: Any questions from the phone lines?

MS. HENNESSEY: Yes, this is Kathleen Hennessey, from the *LA Times*.

I just wanted to hear some assessment of Obama's nuclear arms (inaudible). You know, Berlin was not so long ago, but I know it wasn't, obviously, well received in Moscow.

But is there any movement to note on that front? And has Snowden and the rest of it sort of frozen that for now?

RUSSIA-2013/08/29

MR. PIFER: Well, I think it -- again, I would separate it completely out from Snowden. But, you know, Obama called for two things in Berlin. One was for a one-third reduction in the New START level of 1,550 deployed strategic warheads. And then he called for undefined but bold reductions in tactical nuclear weapons in Europe.

And, as far as I've heard, you know, the Russians have just not responded on either count. There's been either no response to that, or no other Russian proposal for further reductions. And the Russians right now appear to be, you know, content with the New START levels.

And so, you know, my impression is that the administration is going to leave the door open. I think Obama would like to do more than just New START, but, obviously, to do it in a reciprocal way, he has to have a Russian partner that's prepared to engage.

And the question is, you know, might the Russian position come around? And, at this point, it's uncertain, at best.

RUSSIA-2013/08/29

SPEAKER: Was that foreseeable? I mean, is this kind of nuts, to even roll this out in Germany? Or --

MR. PIFER: No, I --

SPEAKER: Was there reason to think that the Russians would (inaudible)?

MR. PIFER: Well, there was a couple of reasons that I thought the Russians might engage. Cliff points out that one of my arguments may have been flawed.

I mean, the two reasons that I felt that the Russians would want to engage on further strategic weapons cuts was, one, the administration was willing, in the right context, to put on the table limits on reserves of strategic weapons, because New START only covers deployed weapons. If we take a warhead off of a missile, for purposes of the New START treaty, that warhead just disappeared. And so, New START actually covers maybe about 30 percent of the nuclear weapons in the U.S. stockpile.

RUSSIA-2013/08/29

The U.S. has a large advantage, it's believed, in reserve strategic weapons -- in part, because the U.S. military is very conservative. They want to have -- basically, it's a hedge against geopolitical surprise, but also they basically keep one warhead in reserve for every deployed warhead, just in case there's a type problem in a class of warheads, they can switch them out.

Now, the Russians, moreover, in the way (inaudible) under the New START Treaty, the Russians appear to take missiles out of service, but the missiles that they keep in the force still have full warhead sets. What the U.S. military is doing is a process called "downloading." It's taking lots of warheads off the missiles, but keeping the warheads in service.

So, the Trident (inaudible) missile can carry eight warheads. Under New START, the average Trident missile can carry about four-and-a-half. The Minuteman, which can carry three, will only carry one.

All those extra warheads are going to sitting in reserve for a number of years. So if the treaty were ever to break down, the U.S. could add probably about a thousand warheads to its force, and the Russians couldn't. And I think the Russian military is not happy about that. And, quite frankly, had I been in the Russian Duma back in 2010, when then considered the New START Treaty, that would have been my biggest objection to the treaty, is the Americans have this very large breakout capability, which the Russians can't match. So I thought it as one more incentive.

The other incentive, I would argue, which Cliff has tried to disabuse me of, with some success, was that if you look at the numbers, the Russians are still on kind of a downward trajectory. They're already below the New START limit, and they're going down because they're retiring older missiles that are past their shelf-date faster than they're building new missiles. And so they're having to make an investment to modernize their force. But I always, I thought that

maybe the Russians considered making, if they wanted to save money on their missile investments, instead of putting a lot of money in, coming down to a thousand warheads, bringing the Americans down, you know, would require less expenditure on strategic forces when, if you go back and you look at Putin's campaign in 2011, he outlined a lot of social needs he wants to meet.

Now, Cliff makes the very good point that it's not about nuclear weapons, it's basically about keeping jobs in old factories -- right? Is that a fair point?

MR. GADDY: Not only about --

MR. PIFER: I'll let you undercut my argument here --

MR. GADDY: Yes, the defense spending plan is much bigger than just nuclear weapons.

MR. PIFER: Sure.

MR. GADDY: So, you're probably -- you know, your argument, I don't think, is invalid.

RUSSIA-2013/08/29

MR. PIFER: But the point is that the defense modernization is as much about keeping people working as it is about defense modernization.

MR. GADDY: Yes.

MR. PIFER: And so that may undercut the value of going to Russia and saying, hey, we can save you some money.

MR. GADDY: Obviously. Yes.

MS. STENT: I mean, these are very rational arguments, but I would just say that since the New START treaty was signed, a number of Russian experts - - I'm not talking about the actual people in the military, but experts who look at this -- were saying Russia is not interested in further, you know, nuclear arms cuts because, A, you know, their own military modernization program, in terms of their conventional weaponry -- I mean, this is a very complicated issue. You've had the last minister of defense fired for various reasons -- and that nuclear weapons, you know, that's still the basis of Russia's role, you know, as a great power in the world, -- right? -- and that

RUSSIA-2013/08/29

therefore there are -- I mean, apart from the, again, the rational technical and military reasons why they should be interested in this, from a geopolitical or domestic political perspective, I think there is a reluctance in Russia to further cut back on, you know, their nuclear weapons stockpile, at least for the moment.

MR. PIFER: (Inaudible) -- to the Russians is, you know, you could still -- you could cut the U.S. and Russian stockpiles in half, and you'd still be eight times larger than anybody else.

But I think Angela's right, and that there is this attachment to nuclear weapons as really the strongest claim that Russia, or that Moscow has, to the superpower status it enjoyed during the Cold War. So there is that psychological element above and beyond what I would call sort of the rational arms control arguments.

MR. NICHOLAS: Could I go back to something you mentioned in your opening presentation about the state of our overall broader relationship with Russia?



RUSSIA-2013/08/29

Do you think that the Obama administration miscalculated in thinking that we could achieve more with the reset? Did the Obama administration misread Putin, or misread Medvedev, or misunderstand, you know, the nature of that system? That they thought more was achievable?

MR. GADDY: Well -- yes, in the following way: I think that, in addition to the substantive part of the reset, there's a whole story about how the idea of having a "reset" as some very well formulated policy to present to Obama from the very beginning, even before he took office, was to capture his attention, get him focused on a foreign policy issue, and the idea is "here's something that can be presented as a foreign policy success, and here's a list of issues that are important, and that we ought to tackle."

And Steve has explained that that part of it shouldn't be considered a failure. It actually worked. There were some really important issues that

RUSSIA-2013/08/29

were solved between the United States and Russia as part of that.

But implicit -- not obviously, as a formal part of the reset, but as part of the thinking behind it -- was the idea that Dmitry Medvedev was -- the possibility, not the likelihood, not the strong probability, but there was a possibility -- that Dmitry Medvedev, despite the fact, despite the awareness on the part of the U.S. security team looking at Russia, that he was the instrument of Vladimir Putin, he was, if you like, a puppet, in a sense of Vladimir Putin, he was empowered by Vladimir Putin -- nevertheless, there was the possibility that he could become his own man, that he could set in motion processes that he couldn't control, and nobody can control.

And the historical precedent was Mikhail Gorbachev, put in office by guys like -- beginning with Andropov, he was a protege of Andropov. And the purpose of putting this young, dynamic leader in this circle of old guys was he could tweak the system,

change it to save it -- change it to save it, change it to keep it under control, and ensure the survival of the whole Soviet system, and therefore, that whole nomenklatura, that whole establishment. And we know what happened with Gorbachev.

So that was the idea. And, by the way, many, many people shared this view inside of Russia. Many people in the intelligentsia, many people in these activist circles were not naive about Medvedev. They didn't think he was, you know, going to overthrow or fire Putin. But they did think -- and they saw -- he has a space. There's a space now that we can throw out ideas that we otherwise couldn't do.

But there was that idea that maybe this would, you know, really pay off big time. And there was a real focus on the good relationship between Obama and Medvedev, all of that worked well.

The problem, I think, was that it was also - - at least in the minds of some of the people on the U.S. administration side -- was that there was an active anti-Putin aspect of that. It was literally

RUSSIA-2013/08/29

said, "We want to make sure..." -- a statement of real arrogance about U.S. influence -- "...that we don't do anything to empower Vladimir Putin." So everything we do with Medvedev, it's all very calculated. I think at that point it started to get kind of dangerous.

The worse thing was, not that you have this goal, or this aspiration that Medvedev might really become a new Gorbachev, but there was no fallback, there was no Plan B here. There was no -- even though you recognize this is not necessarily, it's a longshot bet, you didn't have, okay, what happens if it doesn't work? How do we, you know, think about a longer-term relationship with Russia if, you know, this goes bust?

And they hung on too long to the idea that Medvedev was more than he was, partly just to save face, I guess. And it carried over into the Putin administration. I won't go into, you know, all the names and details and everything of people. It was pretty obvious that you get off, then, to a really bad footing with Putin. And maybe that was inevitable, and maybe it has nothing to do with, you know, with

RUSSIA-2013/08/29

what the U.S. was doing, it was going to happen anyway. I think a lot of it, you know, has to do with the way Putin has responded to what's happened domestically after the demonstrations that, I guess, Angela or Steve mentioned, after the vote fraud and so forth with the Duma election at the end of 2011, and, of course, with Putin's announcement -- the way he announced it, right? The way he just assumed that everybody would accept this notion that he should return, and would be happy that he returned as president to take over again, and bewildered that people didn't immediately, you know, come out and cheer him -- at least not in Moscow. They do the opposite.

And I think that he has increasingly, then, as we've said, tried to blame this on Western powers, the United States -- literally, Hillary Clinton. I think, ultimately, he has a more profound understanding that it's bigger, much bigger, than anything the U.S. is doing. This is a real social phenomenon inside of Russia that he needs to devote a

RUSSIA-2013/08/29

lot of attention to. And politically, a lot of what he's doing, both foreign policy even, and especially in relation to the U.S., is the fear that this group that was so active, and that he has, at least for the time being, successfully suppressed since the end of 2011 and beginning of 2012, still has viability, may arise at any time, may infect the rest of the Russian population. And this has caused him, you know, to really take action to close down NGOs, cut off their foreign contacts, launch this big campaign for Russian ideas, Russian values -- and clearly saying that it's the U.S. that stands for the opposite, the U.S.'s insistence on universal values, all the human rights, and democracy, and so forth -- this is a real threat to Russia.

What I mean by saying that I don't think Putin is anti-American -- I mean, that's a matter of semantics -- but he has nothing against the U.S. system, U.S. values per se: "They're fine for Americans, just don't bring them here."

And I think that's a difference. It's not like he thinks, you know, anything -- he very rarely, almost never, has ever talked about America as a society, as a culture, as a country. He talks about policy all the time, of course. One rare time that he did it -- and I would recommend that you go back and look at it -- was the interview that "Russia Today" did with him in their studio, I guess it was before the G-8 Summit, right? -- they brought him into the studio, and he talked for a long time.

And like he often does in these interviews, he talks ad lib, he just goes on. And at the end of it, he started talking about the United States. And he went into this thing, just almost, you know -- "The U.S. -- look, we're just different. We just have different value systems. The United States is all about materialism." He says, "I remember that scene in *Gone With the Wind*..." -- and, you know, he just talked about Scarlett O'Hara saying, I -- whatever she says, "I swear to God, I will never go hungry again," or something like that. And he said that's the way

RUSSIA-2013/08/29

Americans think. We Russians are more spiritual. I think it's something about God. You know, he goes on. So he's musing, you know, about this difference between Americans.

But he almost never has, you know, talked about what he thinks about America. And Fiona Hill and I we discussed this recently, that there's just no evidence that his guy has ever shown any real interest in the United States, in America. He's never had that little flash of fascination the way Khrushchev did, you remember, when he comes to the cornfields, or Andropov allegedly did about reading novels, and crime novels, or whatever. Putin is, you know, he's focused on Germany, he thinks he knows Germany. Of course the Germans say he doesn't know Germany, either.

But the main thing is, he doesn't know, he doesn't seem to really care about people, populations, and cultures -- but he is definitely persuaded that the United States, for whatever reason, has a set of values that are the antithesis, in some ways, of what he considers to be Russian values, and that he wants



RUSSIA-2013/08/29

to build his new Russia around. It's not communism, not that -- although it does have elements of collectivism, and solidarity, and so forth.

But, there is a real -- so there's a fundamental divide. And it's like these two worlds will kind of never meet. And don't you come in here and try to impose these values on us.

MS. STENT: Could I just come back and say a couple of things?

The reset, from the Russian point of view was an American policy. The Russians have never bought into it. And if you read -- they have a lot of statements saying this is an American construct. You realized the error of your ways after the Georgia war, it's fine --

SPEAKER: (Inaudible) that red button with Hillary Clinton (inaudible)?

MS. STENT: Right -- and then it was mistranslated --

SPEAKER: It didn't say "reset" on it.

MS. STENT: Yes, that actually said (inaudible). So that was our fault, because the person who translated it mistranslated, but we won't go into that.

But, so they have always thought this was an American course correction. And so I think it's very important to understand that they never have used those words, or said they think this is a great idea. It's "you saw the error of your ways."

And I think the second thing is that, consistently in the last 20 years, the United States, we have overestimated our ability to influence domestic developments in Russia. It happened during the Clinton administration, to some extent I think it happened during the Bush administration. And I think, coming back to this question that we thought that we could somehow make a difference and empower Medvedev, or bolster his chances of then winning a second term, and really being the president, this is a miscalculation. And I think one thing we have learned -- and hopefully we've learned -- is we have minimal

influence over what happens in Russia. Maybe at the margins we do, but not in terms of leadership change.

And I agree with Cliff that we were unprepared for this sudden switch, the castling move on September 24, 2011. And we've been trying to play catch-up since then, and it hasn't gone well.

MR. PIFER: I'm going to actually -- can I just push it back just a little bit, both (inaudible).

I mean, I know, I think you're right. I think the administration was very much hoping that Medvedev would continue, and he would be the interlocutor. But I think that they were more realistic about their ability to affect that. And, in fact, you know, even when, in 2010, I mean, there were invitations extended quietly for Putin to come to the United States. I mean, they wanted to find a way to engage Putin.

And Putin basically didn't come. And, I mean, I even talked to a senior Russian who said that he was trying to encourage Putin to come, and Putin didn't come.

RUSSIA-2013/08/29

Now, part of that was, I think, you know, Putin decided (inaudible). My impression is, Putin doesn't like meeting lots of leaders, and that kind of crowds his day. I mean, as prime minister, he didn't really travel very much, and didn't have a lot of foreign engagement.

But I think that the administration did try to build that contact and, you know, there was no willingness on the Russian side to pick it up.

MS. TREKNER: Let's do two more questions, we'll do one from the room, I'll let Kevin do it, and then we'll go one more from the phone line.

Kevin?

MR. HALL: I'm curious about what this Russia -- this strain with Russia over Syria, what it does to the Iran question. It seems like this is also driving the Russians and the Iranians, the newly elected Iranian government, does it change the dynamic in terms of being able to work with the government?

RUSSIA-2013/08/29

It's kind of seen as some glimmer of hope that maybe there's a thaw. Does this pretty much cement that not happening?

MS. STENT: You mean from the U.S. point of view.

MR. HALL: Does it leave Iran very little room for any sort of reversion at this point?

MR. PIFER: Well, I don't think, since 2010, when the Russians agreed to the Security resolution that imposed the arms embargo on Iran, I think that was about as far as you were going to get Russia to go in terms of additional sanctions. And the Russians have been very unhappy about the fact that, since then, the United States, Europe, and others, have imposed additional sanctions outside the Security Council -- in part, because the Russians see that as going around the Security Council, where they have a key say.

So, I don't think you can get the Russians to do -- there is no chance we could get the Russians to apply more pressure. But, on the flip side, I'm

RUSSIA-2013/08/29

not sure that the Russians have an incentive to blow up the process. I mean, the 5-plus-1 process -- I mean, there may be an opportunity here. And trying to think through -- and there are probably some in Moscow who would say, yeah, I mean, having an American military conflict is a good thing. It will raise oil and energy prices and, you know, we'll benefit from that. But it also would be another demonstration of, really, Russian impotence if, you know, (inaudible).

So --

MR. HALL: I was thinking more along the lines of the Iranians. Does it limit their ability? And there's a question as to how much the new leadership really wants to engage also.

But does this kind of close some doors for them?

MS. STENT: Well, I think if there's a military strike, at least in the short run, of course it would. Because they've already said -- I mean, different parts of (inaudible) have said if this happens, they're going to attack Israel or whatever.

RUSSIA-2013/08/29

I mean, this may be just rhetoric -- but, sure, it does in the short run. It depends. You know, in the longer run, it could change.

You know, Iran isn't run by the new reformist president.

MR. HALL: Right.

MS. STENT: So, you have to remember that.

MS. TRENKNER: Let's take one more question.

Leslie or Kathleen, you have one last question?

MS. HENNESSEY: This is Kathleen.

We touched on the protests about the gay rights issues, and I'm wondering if you expect the President to comment on it while he's there, and how that would be received by Putin? Could it, you know (inaudible) even further, and it doesn't matter.

MS. STENT: I would have thought, at this point, and given the state of U.S.-Russian relationship, it's probably better not to say too much unless there's, you know, some provocation. I don't think it's going to get anyone anywhere to do it.

RUSSIA-2013/08/29

MR. PIFER: Well, you know, I don't think he'll venture anything. But if one of you asks him the question --

(Crosstalking)

MR. PIFER: Sorry?

SPEAKER: It could come up.

MS. STENT: It could come up at the press conference. Oh, yes -- it could. In which case, the leaders will have to address it. Yes.

MS. HENNESSEY: Well, I wonder, how would that comment be received? And does it matter at this point?

MS. STENT: Well, in Russia, I mean, they've already said that -- I mean, it comes back to what we've already discussed. Putin and others have said Russia has a unique and different civilization and different values, and they're equally valid to, you know, American and European values. And they do not believe in what they call "homosexual propaganda" -- right? And they've also made it quite clear that at Sochi -- or some of them have made it clear -- that if



there are any demonstrations, that those people -- and they believe it's transgressed, you know, what's allowed in Russia, those people could face, you know, consequences and prosecution. So it's actually a rather serious issue.

But I'm assuming this will, they will keep raising this before the Sochi Olympics, and try and get greater clarity.

But I wouldn't be surprised if foreign reporters raise the issue with Mr. Putin.

RUSSIA-2013/08/29

MR. PIFER: They'll have to figure out, I think, how they handle it at Sochi. Because I think this is not just, I think, an issue in America, it's an issue in most European countries. And it's going arise somehow in Sochi -- I don't know how, in what form -- and the Russians, I think, have to figure out a way to handle it where, on the one hand, they respect their law and their domestic constituencies, but also, you know, don't offend the world community, which will be watching very carefully.

That's going to be, I think, a very thin line to walk.

MS. HENNESSEY: Just one other thing -- what do you think Russian reporters would ask President Obama -- and Putin, for that matter, if Putin does a press conference (inaudible).

MS. STENT: Well, I'm sure that some of the Russian reporters, particular those from the state-run media will be very critical of the whole NSA issue. I'm sure they're going to ask President Obama questions about that, and I'm sure, about Syria, too.

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RUSSIA-2013/08/29

MR. PIFER: Yes, I think NSA and Syria are going to be issues that they would hit upon -- yes.

MS. TREKNER: Angela, Cliff, Steven -- any last words before we wrap up?

I'm seeing shakes of heads of "no."

MS. STENT: Well, I would just say one thing. I think when Russia -- remember, it's going to have the G-8 next June in St. Petersburg. It's got the G-20 now. I guess when they planned to do this, the idea was this again presents Russia as a major global player, it's the beautiful, you know, St. Petersburg. It reinforces Russia's standing in the world.

I think we're now in a rather -- the situation is a little bit different from what Putin might have envisaged, so he may not get quite what he wanted from the summit, in terms of his own domestic population.

MR. PIFER: Which gets back, I think to the question -- I mean, it will be interesting to see if there is a military strike in the next five days, how

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RUSSIA-2013/08/29

does he play it there. I mean, does he want to blow up his own summit. I don't think he does.

MS. TRENKNER: All right. Well, with that, let's wrap up today's roundtable.

Many thanks to Angela, Steve, and Cliff for speaking to us today.

Thank you for listening in and visiting Brookings today.

On behalf of the Communications team, Gail Chalef, Rebecca White, and myself, we will follow up with a transcript of this conversation in the next couple of days. And feel free to reach out to any one of us at Foreign Policy at Brookings communications team, for any interviews, backgrounders, whatever we can do to help.

Thank you all, and have a great day.

MR. PIFER: And when you send around the transcript, you'll append our email addresses.

MS. TRENKNER: We will add your email addresses to that email, absolutely.

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