



AP PHOTO/CHARLES DRAHAPAK

After the “Reset”

A strategy and new agenda for U.S. Russia policy

Samuel Charap with Laura Conley, Peter Juul, Andrew Light, and Julian Wong

July 2009

Center for American Progress



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Executive summary

The U.S.-Russia relationship was in tatters when President George W. Bush left office. Disagreements had spiraled out of control and the most basic issues could not be discussed. Many in both Moscow and Washington spoke of a new Cold War.

The Obama administration has begun the process of rebuilding U.S.-Russia relations. Administration officials launched an effort in the early months of the new presidency to improve the toxic atmosphere of the relationship—what they called “pressing the reset button.”

The reset button was a successful opening tactic. Presidents Barack Obama and Dmitri Medvedev met for the first time in April before the G-20 meeting in London and released an ambitious joint statement outlining more than 20 areas of cooperation. The presidents will follow up with a summit in Moscow on July 6-8.

This is a constructive start. The two countries are now able to discuss issues of mutual concern and manage their disagreements. But more is needed if the United States is to have a substantive and stable relationship with Russia.

The Obama administration now must move beyond the reset and adopt a comprehensive strategy for its Russia policy. The following six long-term goals constitute a strategic approach that can guide day-to-day decisions and help prevent the relationship from returning to its late-2008 nadir:

- **Building a stable partnership with Russia to address issues of shared interest.** Challenges such as arms control, instability in Afghanistan, and the proliferation of weapons of mass destruction affect both the United States and Russia, and Moscow has the potential to be a key partner in addressing them.
- **Preparing for challenges presented by Russia.** The United States must be ready for a variety of scenarios for Russia’s development and changes in its foreign policy. We should be prepared both to defend our national interests using diplomatic, military, and economic tools when challenged by Russia, and to manage potential risks associated with a worsening of its socioeconomic problems.

- **Facilitating Russia's integration into the international community and global economy.** The United States should facilitate Russia's integration into Western and other international institutions. Integration into these structures, rather than isolation, will require greater accountability and could address the weakness of the rule of law and democratic practices in Russia by creating incentives to adhere to norms and enforcing rules of behavior.
- **Creating a stable environment in the former Soviet region.** The United States should work to ensure stability and security in the former Soviet region. We must uphold international law and respect for sovereignty and territorial integrity, and prevent more subtle threats to the independence of Russia's neighbors. Moscow's long history of meddling in these countries' affairs demands that the United States take a leadership role. We must also work proactively to solve regional conflicts.
- **Bolstering our energy security and that of our allies.** U.S. Russia policy must reflect a broad energy security strategy, including securing stable and diverse supplies of natural gas for our European allies, increasing Russia's energy efficiency, and jointly developing alternative and renewable technologies.
- **Supporting democratic development and human rights.** The United States should promote the development of a democratic Russia that observes universal values of human rights, political pluralism, and the rule of law. This goal both reflects our fundamental values and furthers our interests, since the emergence of a full-fledged democracy in Russia can only be to our benefit.

These six goals constitute a progressive strategy for Russia policy. Such a strategy upholds progressive values and the need to protect U.S. security, while acknowledging that these objectives are interlinked—that there is no conflict between our ideals and our interests.

The Obama administration can use this strategic framework to create innovative policies that build on and expand the proposals in the London statement. The administration should consider the following nine recommendations as it prepares the agenda for the Moscow summit and in the months thereafter.

- **Reviving negotiations on the Conventional Forces in Europe Treaty.** CFE was a cornerstone of European security until the Russians pulled out in 2007. The administration should try to revive negotiations.
- **Cooperating with Russia on climate change and energy efficiency.** The Obama administration should pursue a proactive stance on these issues, since Russia is the third largest emitter and one of the most energy-intensive economies in the world. We should more actively engage Russia on the successor to the Kyoto climate agreement and related carbon trading issues, and work with Russian scientists and the Russian government on energy efficiency.

- **Demonstrating commitment to Ukraine and Georgia.** The Obama administration should complement the “reset button” with a “recommit button” in our relations with Russia’s neighbors, particularly Ukraine and Georgia. The administration should demonstrate, with specific, concrete steps, that a better relationship with Moscow does not entail abandoning our partners in the region.
- **Facilitating Russia’s accession to the Organization for Economic Cooperation and Development.** The administration should assist Moscow’s OECD membership bid. Russia’s integration into this international organization is likely to strengthen the rule of law and create incentives for reform.
- **Forging a new democracy and human rights agenda.** The democracy and human rights agenda in U.S. Russia policy has reached a dead-end. Yet we should not give up on promoting our fundamental values. The administration should work with the Russian government on its recent anticorruption and rule-of-law initiatives, promote linkages between civil society groups in both countries, and find the right balance between public and private diplomacy.
- **Finding ways to cooperate with Russia in the former Soviet region.** The Obama administration should seek to work with Russia in the region and demonstrate to policymakers in Moscow that U.S.-Russia interaction there need not be a zero-sum game. The Obama administration can help mitigate this perceived competition dynamic and further its goal of bolstering stability in Afghanistan by applying for “dialogue partner” status in the Shanghai Cooperation Organization—a regional grouping that includes Russia, several Central Asian states and China.
- **Developing solutions to Arctic-related challenges.** The Arctic is emerging as a key locus of both potential competition and cooperation between Russia and the United States. The administration should ensure that the United States can effectively compete in the region and create avenues for bilateral cooperation on scientific exploration and environmental issues.
- **Engaging directly with Russian society.** The United States should counter anti-Americanism and misperceptions about U.S. intentions. President Obama can begin this process by conducting a town hall-style meeting during his July visit to Moscow along the lines of his appearance in Strasbourg, France in April. Obama’s personal diplomacy has a major effect on popular attitudes toward the United States, as the Strasbourg event and his speech in Cairo have demonstrated.
- **Building a legislative compromise to repeal the Jackson-Vanik amendment.** This legislation was originally intended to support freedom of emigration from the Soviet Union and was an important policy tool when it passed in 1975. But now it serves little purpose and is a significant irritant in bilateral relations. Its repeal would allow the

United States and Russia to focus on critical issues such as arms control, nonproliferation, and Iran instead of rehashing Cold War-era disputes.

U.S.-Russia relations are at a turning point. The Obama administration now has the opportunity to consolidate the improvements that resulted from the reset and decrease the chances that this key relationship will revert to the dangerous state it was in during the Bush administration's final months. To do so it should adopt a comprehensive strategy and broaden the bilateral agenda. But a more effective U.S. policy is not enough to create a strong relationship between the two countries. Russia's troubling policies, both toward the West and its neighbors, need to change as well.

Russia today

“Russia is a country that no matter what you say about it, it’s true.”

— Will Rogers, *social commentator and actor*, 1934

Rogers’s comment, made over 70 years ago, is still relevant today. Russia’s political, social, and economic dynamics are highly complex, contradictory, and nonlinear.

The political system

Many Western commentators and analysts are quick to call Russia an autocracy or even a dictatorship. But these labels are too simplistic. Russia is best classified as a hybrid regime, one that demonstrates many authoritarian characteristics but still features some democratic elements. On the one hand, the system is marked by a distinct lack of political pluralism. The state tightly controls the national television networks; the parliament is largely a rubber stamp; the political opposition has been decimated; and electoral competition has been reduced to a minimum. On the other hand, certain newspapers, radio, and much of the Internet remain relatively free from interference from the authorities and Russians can travel abroad freely.

Putin’s rule

Former President Vladimir Putin instituted major changes in Russia’s politics that his successor, Dmitri Medvedev, has largely continued. These shifts can be best described as authoritarianization—not democratization or the rollback of democracy—since Russia was not

a fully functioning democracy under Putin’s predecessor, Boris Yeltsin. In other words, under Putin, “the country moved from one type of nondemocratic equilibrium to another.”¹

Putin set out to severely limit the political pluralism that flourished under Yeltsin, which he saw as a threat to Russia’s stability. He also sought to strengthen the state, which became highly fragmented in the 1990s. He succeeded in accomplishing the former task, but failed on the latter. He did centralize political power, but made no attempt to forge robust links to civil society and create democratic accountability—key aspects of a strong state. As New York University School of Law Professor Stephen Holmes writes, “Yeltsin’s Russia was marked by the fragmentation and decentralization of unaccountable power. Putin’s state-building project [was] focused on recentralizing this unaccountable and unrepresentative power, not making it more accountable.”² Putin relied instead on sky-high approval ratings and growing economic prosperity as the basis of his authority. As a result, the Russian state—and thus its political system—remains fundamentally brittle.

Tandemocracy

In March 2008, Putin anointed then-First Deputy Prime Minister Medvedev as his successor. Medvedev sailed to an easy victory in the presidential elections and upon assuming office nominated Putin to be prime minister, who was swiftly confirmed by a pliant parliament. Since then, Russia has lived under what has been called a “tandemocracy.”



Key Russian policymakers



Dmitri Medvedev
President

Dmitri Medvedev is the third President of the Russian Federation. He was trained as a lawyer and in the 1990s was a professor of law, a legal counsel at a major paper producer, and an advisor to Putin, who was then a high-ranking official in the St. Petersburg city government. Medvedev was tapped as Putin's deputy chief of staff after Putin became acting president in 1999 and ran his presidential campaign. He was promoted to chief of staff of the presidential administration in 2003, a powerful position in the Russian government. And from 2002 to 2008, he was chair of Gazprom, the Russian gas monopoly. In 2005, he was appointed first deputy prime minister in charge of four social policy projects—including housing and education—which significantly increased his public profile. Putin endorsed him as his successor in December 2007, and Medvedev won the March 2008 election with 70 percent of the vote. Many view Medvedev as Putin's subordinate, but he has recently asserted his authority over certain issues. Unlike many in Putin's circle, Medvedev did not serve in the Russian security services.



Vladimir Putin
Prime minister

Vladimir Putin was Russia's second president, serving in that office from 2000 to 2008. His career began in the KGB, where he worked from 1975 to 1990, including a stint in Dresden in the late 1980s. He entered politics in his hometown of St. Petersburg after leaving the KGB, serving in the administration of Anatoly Sobchak, the liberal politician who was elected mayor in 1991. In Sobchak's office, Putin was the head of the Committee on External Relations, deputy mayor, and later first deputy mayor. Putin moved to Moscow when Sobchak lost his reelection campaign in 1996. He held a variety of posts, including Yeltsin's deputy chief of staff, the head of the Federal Security Service—the domestic successor to the KGB—and secretary of the Security Council before being appointed Prime Minister in 1999. When Yeltsin stepped down from the presidency in December of that year, Putin became acting president and received Yeltsin's endorsement as his successor. Putin proceeded to win the 2000 election with 53 percent of the vote. His policies, the improved economic situation, and his populist image gained him sky-high approval ratings and he easily won reelection in 2004. Putin obeyed the constitutional two-term limit in 2008 and endorsed his longtime colleague and friend Dmitri Medvedev for the presidency. After Medvedev's victory, Putin was quickly nominated and confirmed as prime minister. He remains the most powerful politician in Russia.



Aleksei Kudrin
Deputy prime minister and finance minister

Aleksei Kudrin is one of the most prominent liberal figures in Putin's inner circle. He was named minister of finance in 2000 and has served in that post since then. He was promoted to deputy prime minister in 2007 while still retaining his ministerial portfolio. Kudrin is known as a fiscal conservative and inflation hawk. He was the primary force behind the creation of the stabilization fund in 2002, which he used to prevent the revenues from skyrocketing oil prices from creating runaway inflation and to prepare for the day when prices would drop. When the financial crisis began in late 2008, he aggressively pushed for spending cuts and budgetary discipline. He promotes Russia's integration into the global economy and is reportedly a major behind-the-scenes advocate of improved relations with the United States.



Igor Shuvalov
First deputy prime minister

Shuvalov was trained as a lawyer and began his career in the upper echelons of the executive branch in 1997. He was appointed head of the Government Staff Office, the huge central bureaucracy that supervises the ministries, when President Putin took office in 2000. He moved to the presidential administration in 2003, rising to the level of deputy chief of staff and becoming the "sherpa" for Russia in the G-8. When Putin was confirmed as prime minister in May 2008, Shuvalov was appointed his first deputy and gained a huge portfolio, ranging from trade policy to antitrust regulation. His public profile grew significantly after he was made chair of a government commission charged with combating the economic crisis in December 2008. Shuvalov is one of the more liberal members of the ruling elite and a critic of Russia's reliance on energy revenues. He has expressed a desire to use the economic crisis as an opportunity to diversify and modernize the Russian economy.



Igor Sechin
Deputy prime minister

Igor Sechin is among Vladimir Putin's closest confidants and is the government's most powerful hardliner. Like Putin, he began his career in the KGB. Sechin first met the future president in 1990 and soon after became Putin's aide in the St. Petersburg city government; he has essentially played that role ever since. He was appointed deputy chief of staff of the presidential administration the day Putin became acting president. He has been known since then as the "grey cardinal" in the Russian government, wielding massive power from behind the scenes, especially in the energy sector. Sechin is widely believed to be the driving force behind the Yukos affair, in which the government arrested managers of the country's then-largest oil company and gradually dismantled and sold it to state-controlled firms. In 2004, Sechin became—and still remains—the chair of one of these firms, Rosneft. In his current role as deputy prime minister, Sechin is tasked with overseeing policy on energy and industry. His statist views and resource nationalism bring him into frequent conflict with Shuvalov and Kudrin.

Medvedev has been Putin's colleague and close confidant for more than a decade; the two men now consult with each other before taking important decisions. The president has yet to match Putin's popularity and political authority, but in recent months he appears to be gaining more authority and has carved out niches in which he appears to take the lead, including economic modernization and anticorruption measures.

Medvedev's style differs significantly from Putin's. For example, he granted his first print interview to a paper, *Novaya Gazeta*, known for its highly critical views of the government, and he met with civil society activists in the Kremlin. But he has yet to make a substantive departure from his predecessor's policies.

The Western press tends to focus on alleged fissures between Medvedev and Putin or between their "teams," but these claims are often exaggerated. There are differences of opinion within the government, but they are managed by the president and prime minister, who clearly agree on the vast majority of policy questions, and have not destabilized the political system. But this stability could be undermined if the economic crisis worsens or Medvedev seeks to assert more authority.

Foreign policy

Russian foreign policy today demonstrates a number of *realpolitik* qualities—a major departure from the idealistic agenda of full integration with the West characteristic of the early 1990s. Decisions are made based on three criteria: perceptions of interests, especially economic interests; a notion of balance of power; and a general understanding of international relations as a zero-sum game. Ideas and values are largely irrelevant for Russian policymakers.

There are five main priorities in Russian foreign policy. First, Russia seeks to establish a "sphere of privileged interests" along its borders. Second, Russia wants a say in all major decisions made in international politics. Third, Russia wants to foster a "multipolar" international order, which essentially means a reduced role for the United States. Fourth, furthering commercial and economic objectives is central to Russian foreign policy—a goal that manifests itself in two forms. Russia seeks both to protect its major companies' interests internationally and to use foreign policy as a means to modernize its economy. This latter point relates to a fifth priority: The Kremlin does prefer integration and better relations with the West over isolation, but only on its own terms.

Economy

The Russian economy has experienced unprecedented growth in the years since its 1998 default on foreign debt and simultaneous devaluation of the ruble. It grew by an average annual rate of 7 percent from 1999 to 2007, while nominal gross domestic product skyrocketed from approximately \$200 billion to \$2 trillion, and per capita GDP increased fourfold. Russia had accumulated nearly \$600 billion in reserves by August 2008 and was the sixth largest economy when measured by purchasing power parity. Yet this growth rested on shaky foundations because the economic boom was largely a function of skyrocketing prices for Russia's main export commodities—particularly hydrocarbons.

Russia was hit hard by the global economic crisis that came on the heels of this period of heady growth. Unemployment for 2009 is expected to rise to double digits, and the economy is likely to contract by over 7 percent. For the first time in a decade, Russia's budget will be in deficit this year—by over 7 percent of GDP. And substantive economic reform has stagnated since 2003 despite policymakers' rhetorical emphasis on modernization and innovation.

Even before the crisis hit, growth had already come under threat from two related phenomena in Russia's political economy: corruption and state control. Russia is one of the world's most corrupt countries: It ranked 147 out of 180 in the Transparency International Corruption Perceptions Index for 2008. According to one Russian think tank, 80 percent of all Russian businesses pay bribes and "the corruption market" could be as large as \$300 billion.³ This pervasive graft has distorted Russia's economy by allowing well-connected firms to dominate markets, and it has retarded growth by drastically raising the cost of doing business. Foreign firms are particularly prone to abuse at the hands of the authorities. In June 2009, for example, IKEA announced that it plans to halt further investment in Russia because of unending demands for bribes and kick-backs.

The problem of corruption has been compounded by the state's increasing role in the Russian economy. The Yukos affair—the arrest, prosecution, and conviction of the president of Russia's largest oil company and its sale to state-controlled firms that began in 2003—marked the initiation of the Kremlin's campaign to assert itself in Russia's private sector. Since then multiple foreign oil companies have been pressured into selling their stakes in major projects to state-controlled firms. And the government created a number of "state corporations" that further

Selected statistics

POPULATION

Now: 140 million
Projected 2025: 121–136 million

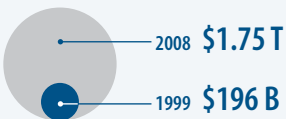


LIFE EXPECTANCY

66.03 years



NOMINAL GDP



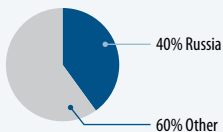
Average GDP growth 1998–2007 **+7%**

IMF forecast for drop in 2009 **-6%**

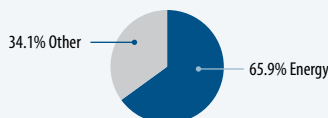
NUMBER OF BILLIONAIRES

2008 **110** 2009 **32**

EUROPEAN GAS IMPORTS



PROPORTION OF ENERGY IN RUSSIAN EXPORTS

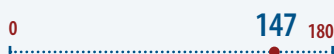


LITERACY RATE
99.4%

INTERNET USERS
21%



TRANSPARENCY INTERNATIONAL CORRUPTION PERCEPTIONS INDEX



increased the role of the state in the economy. One of these firms—Rostekhnologii—is led by Putin's former KGB colleague Sergei Chemezov and has taken control over a wide range of seemingly unrelated private businesses from an auto manufacturer to a titanium producer.

Defense policy

Russia's armed forces have begun to recover from the bare-bones budgets and degradation of the 1990s. Defense outlays have significantly risen in recent years—25 percent in 2008 alone—and this spending has increased the army's conventional capabilities.

Moscow continues to view its nuclear weapons as the “guarantor of its strategic independence and sovereignty.”⁴ But it is also placing a new emphasis on counterterrorism, separatism, and conflicts on Russia's borders. These threat perceptions have created a Russian military with a substantial nuclear strike force, a bloated and relatively weak conventional army, and an increasing capability for counterterrorism and counterinsurgency. Long-awaited reforms, such as moving the primary unit of action from the division level to the brigade level to increase the coherence of the command structure, have finally begun during the past year.

Society

Russia faces an impending demographic catastrophe. Its population began declining in 1992 and the trend shows no signs of abating; it is expected to fall from around 141 million today to between 121 and 136 million by 2025. This swift population decline is largely a function of poor health and a low fertility rate. The country's average life expectancy is 66.03 years, the lowest of any G-8 country. The demographic challenge will limit the human capital Russia can draw on in order to grow and diversify its economy, and could compel an opening to foreign labor, which could produce a nationalist backlash. The government has begun to take measures to address the demographic threat, but most experts agree that these steps are inadequate to change the trend lines.

At the same time, integration into the international community and recent prosperity has produced a growing population of middle-income and business-oriented Russians. This middle class—estimated at 20 to 25 percent of the Russian population—is generally supportive of openness to the outside world and at least a degree of liberalization, especially in the economic sphere. This section of society could become an engine for change in the long term.

The Obama administration's inheritance

Former President George W. Bush left his successor a U.S.-Russia relationship at its post-Cold War nadir. The former Soviet region was as unstable as it had been at any point since 1991, Russia had become progressively more authoritarian, and the two countries were incapable of discussing critical issues.

Moscow's actions played a major role in this deterioration. Following the Yukos affair, the Kremlin began to take greater control of the energy sector, often pushing out U.S. and other Western investors. In the former Soviet Union, Russia's August 2008 invasion of Georgia was only the most egregious example of Moscow's retrograde policies toward its neighbors. Russia meddled in Ukraine's 2004 presidential elections and cut off gas supplies twice. The cut-off in January 2009 led to decreased supplies to EU countries and left many Europeans without heat.

The Bush administration's neglect of its Russia policy was also a key factor in the decline. Administration officials saw Russia as relevant only insofar as it could help advance their agenda on issues such as Afghanistan or Iran. U.S.-Russia relations in themselves were an afterthought, and the Bush administration therefore saw no need for a comprehensive policy strategy.

The Bush administration not only neglected Russia policy, but it also failed to create an institutional underpinning for the relationship, dismantling the bilateral commission established in the 1990s and replacing it with largely ineffective lower-level mechanisms. Relations hinged on the rapport between Bush and Putin, which proved to be an insufficient foundation for creating a stable and substantive partnership.

The lack of a Russia policy and the overpersonalization of the relationship were major factors in the administration's failure to consolidate improvements in bilateral relations that followed the terrorist attacks of 9/11. After the attacks, Putin backed the United States in its military response against the Taliban regime in Afghanistan. He opened Russian airspace to U.S. military flights, increased assistance to the anti-Taliban Northern Alliance, and did not object to Washington's establishing supply bases in two former Soviet Central Asian republics.

In the ensuing months, the countries did not let disagreements unravel the relationship. For example, when President Bush withdrew the United States from the Anti-Ballistic Missile Treaty in December 2001, Putin expressed his dissatisfaction, but did so in measured tone. The high point of the relationship under Bush occurred in May 2002, when the president traveled to Moscow to sign the Strategic Offensive Reductions Treaty. Both Bush and Putin expressed hope for a reinvigorated U.S.-Russia relationship.

Yet the relationship quickly deteriorated despite these signs of improvement, and outright hostility became the norm by 2006. Former Vice President Dick Cheney's speech in May of that year in Vilnius, Lithuania, captured the trend. He called the Baltic region "the very front lines of freedom in the modern world," implying both that Russia was not at all free and that there was some sort of new iron curtain separating Russia and the rest of Europe. The Kremlin called the broadside "completely incomprehensible."⁵ Putin in turn harshly decried U.S. policies in a now infamous speech at the Munich Security Conference in 2007.⁶

The Bush administration began formal discussions with Poland and the Czech Republic to install ballistic missile defense components on their territory in 2007 with little prior consultation with Moscow. Russia vehemently objected and threatened to withdraw from the Intermediate Nuclear Forces Treaty and later said it would deploy tactical ballistic missiles in Kaliningrad. Moscow suspended its participation in the Conventional Forces in Europe Treaty—a cornerstone of Euro-Atlantic security—later that year.

Timeline: U.S.-Russian relations since 2001

The decline under Bush and Obama's "reset"



Bush's endorsement of NATO membership for Ukraine and Georgia further strained the relationship. When Putin met with Bush at the NATO-Russia Council following the Bucharest NATO summit in April 2008—the meeting when Kyiv and Tbilisi made (unsuccessful) bids for membership action plans—he allegedly told him that Ukraine was “not a real nation” and would “cease to exist as a state” if it were to join the alliance.⁷

This mutual distrust and hostility created a toxic atmosphere between the two countries. There was an attempt to paper over differences in April 2008, when the two sides signed the U.S.-Russia Strategic Framework Declaration, but the document's ambitious agenda remained largely on paper.

The relationship completely unraveled in the aftermath of Moscow's August 2008 invasion of Georgia. Moscow later recognized the independence of Georgia's breakaway regions—Abkhazia and South Ossetia—and announced plans to build military bases there. In response, the United States withdrew the U.S.-Russia Civil Nuclear Agreement—also known as the 123 Agreement—from consideration in Congress, supported the suspension of the NATO-Russia Council, and cut off all bilateral military ties.

This degraded, contentious relationship was Obama's inheritance.



The Obama administration's “reset button”—an opening tactic

The Obama administration's approach to Russia has thus far been encapsulated in a catch phrase: the “reset button.” The reset button has been interpreted to mean many different things: everything from appeasement of an increasingly assertive Russia to an offer of strategic partnership. Some have savaged it, calling it a “carrots-and-cakes”⁸ approach or a “deeply misleading, even vapid, metaphor for diplomatic relations.”⁹

These characterizations miss the point. The “reset” is not a Russia policy, let alone a strategy. It was an opening tactic—an attempt to improve the relationship's then-toxic atmosphere. The Obama administration was determined to ratchet down the tension and create an environment in which the two countries could discuss issues of shared interest and manage disagreements.

The reset button appears to have succeeded in creating such an atmospheric change. It spurred a sober examination of many important issues, allowing policymakers on both sides to determine where they can cooperate and where they have to agree to disagree. The joint statement that the U.S. and Russian presidents signed during their first meeting in April before the G-20 meeting in London demonstrated this progress.

The joint statement (see Appendix for a summary) was a major step forward in U.S.-Russia relations given the depths to which they had sunk in the final months of the Bush administration. The document outlines more than 20 areas of cooperation or specific policy initiatives, including finding a solution to the Iranian nuclear issue, cooperating on Afghanistan, preparing for the NPT conference in 2010, discussing regional conflict resolution, and seeking ways to work together on missile defense. The United States committed to push ahead on ratification of the Comprehensive Test Ban Treaty and the 123 Agreement.

The presidents also issued a set of directives (see sidebar) to their negotiators on concluding a replacement for the Strategic Arms Reduction Treaty before its expiration on December 5 of this year, which is clearly the main priority in U.S.-Russia relations in the short term.

The ambitious agenda outlined in the joint statement is an excellent beginning for a new Russia policy. The administration has correctly emphasized the need to move quickly to conclude a replacement for START, which is the cornerstone of the international arms control regime. It will be difficult for the negotiators to draw up a new agreement before the treaty's expiration, but this should be the U.S. objective.

Text of the U.S.-Russia Statement Regarding Negotiations on Further Reductions in Strategic Offensive Arms, April 1, 2009

Presidents Obama and Medvedev noted that the Treaty on the Reduction and Limitation of Strategic Offensive Arms, or the START Treaty, which expires in December 2009, has completely fulfilled its intended purpose and that the maximum levels for strategic offensive arms recorded in the Treaty were reached long ago. They have therefore decided to move further along the path of reducing and limiting strategic offensive arms in accordance with U.S. and Russian obligations under Article VI of the Treaty on the Non-Proliferation of Nuclear Weapons.

The presidents decided to begin bilateral intergovernmental negotiations to work out a new, comprehensive, legally binding agreement on reducing and limiting strategic offensive arms to replace the START Treaty. The United States and the Russian Federation intend to conclude this agreement before the treaty expires in December. In this connection, they instructed their delegations at the negotiations to proceed on basis of the following:

- The subject of the new agreement will be the reduction and limitation of strategic offensive arms.
- In the future agreement the parties will seek to record levels of reductions in strategic offensive arms that will be lower than those in the 2002 Moscow Treaty on Strategic Offensive Reductions, which is currently in effect.
- The new agreement will mutually enhance the security of the parties and predictability and stability in strategic offensive forces, and will include effective verification measures drawn from the experience of the parties in implementing the START Treaty.

They directed their negotiators to report on progress achieved in working out the new agreement by July 2009.

The presidents' call for cooperation on the question of how to jointly address Iran's nuclear ambitions is also a positive step. The London statement included a number of initiatives in this vein, including a demand that Iran cooperate fully with resolutions passed by the U.N. Security Council and the IAEA, and support for ensuring that all states ratify the IAEA additional protocol.¹⁰ The language was tougher than what Russia has agreed to in the past.¹¹

The administration should continue these efforts to make Russia a partner on the Iran issue, since Moscow could play an important role in its resolution. But policymakers must be aware that this process will be difficult because some factions in the Russian government believe that a U.S.-Iran rapprochement is not in Russia's interests and others continue to disagree with the U.S. threat assessment.

Even if Russia does cooperate, historical mistrust between Moscow and Tehran combined with Russia's relatively weak economic leverage—its trade and investments in Iran are dwarfed by France and Germany's—may limit its ability to change Iranian calculations and convince it to return to the negotiating table. Nevertheless, the United States should move forward with the objectives contained in the London statement and encourage Russia to use its influence to the greatest extent possible.

The Obama administration's stance on ballistic missile defense—specifically its position on the installations in Poland and the Czech Republic—is also a step in the right direction. Administration officials have clearly stated that they will not move forward on building the system until it is proven effective and cost-efficient, and capable of addressing an imminent threat.¹² Ballistic missile defense in Europe will not be in the United States' interests until it meets these conditions.

The administration's attempts to incorporate Russia in plans for European missile defense represent a productive approach to this issue.¹³ Cooperation with the Russians on important security issues can build confidence on both sides and diminish Russian fears of U.S. military encroachment.

Why the United States needs a comprehensive Russia strategy

The United States needs a comprehensive strategy that can act as an anchor for its Russia policy. Improving the atmosphere and beginning to cooperate on important issues represent a major step forward, given the depths to which the relationship had sunk in late 2008, but the Obama administration could repeat Bush-era mistakes if it does not specify strategic goals to guide day-to-day decisions. The administration should adopt a comprehensive, progressive approach to Russia to help prevent another decline in the bilateral relationship.

A successful Russia strategy should prioritize the following six goals:

- Building a stable partnership with Russia to address issues of shared interest.
- Preparing for challenges presented by Russia.
- Facilitating Russia's integration into the international community and global economy.
- Creating a stable environment in the post-Soviet region.
- Bolstering our energy security and that of our allies.
- Supporting democratic development and human rights.

Building a stable partnership with Russia

The first component of U.S. strategy should be to forge a partnership with Russia to jointly address issues of shared interest. Russia can be an important part of the solution to a wide range of shared foreign policy challenges, most prominently arms control and proliferation threats—Iran's nuclear program in particular.

But these are far from the only areas where Moscow can be critical to solving difficult problems in the international system. Others include achieving stability in Afghanistan, addressing climate change, and countering transnational threats, to name just a few. The issues on the agenda will inevitably change over time, but the goal of being able to work with Russia to solve them will not.

Establishing a true strategic partnership is of course a desirable objective. But Russia remains a difficult partner for the United States. Its foreign policy often raises questions about its capacity to be a responsible stakeholder in the international community. And its domestic political developments demonstrate a “values gap” between our countries.¹⁴

But it is realistic to work toward building a stable partnership that allows the United States and Russia to jointly address issues of mutual concern. Realizing even this objective will not be easy given the differences in outlook and values between the two countries, but we must nonetheless pursue it. The gravity of the threats facing the United States—and Russia’s potential to play a positive role—make it essential.

Preparing for challenges

The United States must be prepared for a variety of scenarios for Russia’s internal development and changes in its external posture. Social, economic, and political trends in Russia are highly volatile and have been for the past 20 years, and this volatility is likely to continue for the foreseeable future. The most desirable outcome of post-Soviet change is certainly a democratic, stable, prosperous, secure, and friendly Russia. But the United States must be prepared to muster the necessary diplomatic, military, and economic tools to respond to all potential scenarios.

Recent history demonstrates the need for strategic preparedness. Until the economic crisis hit in the late summer of 2008, we faced a resurgent Russia with a booming economy, tightly controlled political system, huge increases in military spending, and an assertive foreign policy that often conflicted with our own. We must be able to respond effectively under such circumstances when Russia’s actions run counter to our interests.

Russia’s economic boom was impressive, but the foundations of its resurgence were weak. Its military remains for the most part unreformed and dysfunctional; its economy is largely dependent on natural resource exports; a growing Islamist insurgency threatens stability in the North Caucasus region; governance is poor, allowing for widespread corruption; and the demographic catastrophe that began in the early 1990s continues largely unabated.

These socioeconomic challenges have the potential to destabilize Russia in the medium to long term. We must be prepared for this scenario and all its possible implications, ranging from a power vacuum in Central Asia to a failure to secure weapons materials. In short, we should be ready both to deal with challenges to our national interests presented by an assertive Russia and to manage potential risks associated with challenges to its stability.

Facilitating Russia’s international integration

The United States should facilitate Russia’s integration into the global economy and the international community. The notion of Russia becoming a full-fledged member of the Euro-Atlantic community is far-fetched at this time given current political realities. But our policies should nonetheless be guided by the long-term goal of integrating Russia into Western and other international institutions that promote prosperity, democracy, and security by embedding norms, enforcing rules of behavior,¹⁵ and deepening economic ties.

Such institutions include the World Trade Organization, the Organization for Economic Cooperation and Development, and the NATO-Russia Council, among others.

Even this modest agenda can only be realized in the long term, since today's Russian leadership does not consistently demonstrate interest in integration—at least on terms that are acceptable to most Western partners. Yet we should still pursue it since it is in the U.S. national interest that Russia be prosperous and secure and that its policies, both foreign and domestic, accord with internationally accepted norms. An integrated Russia is likely to be a more consistent partner and a better neighbor in the former Soviet region, and could help facilitate our own economic growth through increased trade ties and an improved investment climate.

Creating stability in the region

It is in the U. S. interest to ensure stability and security in the former Soviet region. We must uphold international law and respect for sovereignty and territorial integrity, and prevent more subtle threats to the independence of Russia's neighbors. Moscow's behavior toward the former Soviet republics has demonstrated that the United States cannot treat these issues in isolation from its Russia policy.

Russian heavy armored vehicles head toward the Georgian border in August 2008.



U.S. policymakers must reject the Russian notion that the region represents its “sphere of privileged interests” and take actions to demonstrate a commitment to creating a more secure environment there. Russia will always play a major role in this part of the world, but the United States should ensure that it does so while treating its neighbors as fully independent states that control their own domestic politics and foreign policy choices.

The August 2008 invasion of Georgia is far from the only time that Russia has not done so. The latest gas war with Ukraine in 2008-2009 that resulted in major cut-offs across Europe and pressure on the Kyrgyz government to close the U.S. air base at Manas demonstrate that Russian actions in the region not only threaten the security and sovereignty of its neighbors, but often represent a direct challenge to the interests of the United States and its allies. Russia appears determined to maintain political and economic dominance in the region.

An effective approach to stability should also address regional conflicts. The war between Georgia and Russia was a direct result of the failure to find a solution to the dispute between the central Georgian government and the two breakaway regions of Abkhazia and South Ossetia.

Abkhazia and South Ossetia are but two of the four so-called “frozen conflicts” in the former Soviet region. The United States must continue to engage in active preventative diplomacy to ensure that the two remaining unsettled disputes, in Moldova (Transnistria) and between Armenia and Azerbaijan (Nagorno-Karabakh), are resolved.

Bolstering energy security

Russia is the world’s largest hydrocarbon exporter and dominates European and Eurasian energy markets. It is also the world’s third-largest energy consumer and one of the most energy-intensive economies. U.S. Russia policy must therefore reflect a broad energy security strategy. We should seek to help secure stable and diverse supplies of natural gas for our European allies, help Russia improve its energy efficiency, and prioritize joint development of alternative and renewable technologies.

We should cooperate with Russia on these issues when possible. There are significant opportunities for U.S. companies to invest in the Russian energy sector and there are also future possibilities for Russia to increase direct delivery of liquefied natural gas to the United States. There are productive discussions that U.S. officials can have with their Russian counterparts on policy issues that could lead to an improved investment environment, gains in energy efficiency, and growth in use of alternatives and renewables in Russia.

But we must also directly engage with other suppliers and transit countries in the region, as well as our European allies. Recent history has demonstrated that Russia sees its position



in world energy markets as a tool in advancing its foreign policy agenda. The gas wars with Ukraine were the most striking examples of this trend. We must therefore seek to diversify transit routes and assist Europe in reducing its dependence on Russian gas.

A worker stands near an oil field outside the Siberian city of Surgut, about 1,350 miles east of Moscow.

Supporting democratic development and human rights

A final aspect of a Russia strategy should be to work to facilitate the development of a democratic Russia that observes the universal values of human rights, political pluralism, and the rule of law. And we must do so with respect for Russia's distinctive history and culture.

It is also important to take into account the impact of our actions and words. The United States should never stay mum on human rights abuses, but finger-wagging and public lecturing are generally counterproductive. We must find an appropriate balance between public and private diplomacy, and develop effective assistance programs that respond to the interests of the Russian people.

This enterprise will be extremely difficult given the legacy of the 1990s, when the word “democracy” gained a negative connotation among the Russian population, and the current Russian government’s categorical rejection of any foreign influence on its political life and sometimes hysterical reaction to criticism on these issues. Furthermore, the Bush administration’s human rights record has deprived the United States of the moral high ground.

Encouraging Russia's democratic development is nonetheless critically important—both because we must be faithful to our values and because the emergence of a democracy in Russia is in the U.S. interest. A strategic partnership is highly unlikely given the “values gap” that exists between the two countries today. There is a far greater chance that such a partnership can materialize if we bridge this gap.

Conclusions

Several of these six goals are mutually reinforcing. A Russia that is more integrated and embedded in the international system, for example, is also likely to become more democratic. And a democratic Russia will likely be a more reliable partner in addressing issues of shared interest.

These six strategic goals constitute a progressive framework for Russia's policy. Such a strategy remains true to fundamental American values and the need to protect U.S. security, while acknowledging that these objectives are interlinked—that there is no conflict between our ideals and our interests.

Conservatives' and realists' flawed approaches to Russia

The conservative approach versus the progressive strategy

There are three major distinctions between the conservative approach to Russia, as outlined by certain legislators, pundits, think tankers, and right-oriented media, and the progressive strategy described above.¹⁶

First, some conservatives argue that isolating Russia—rather than integrating it into the international system—best serves U.S. interests. They believe that Russia should be punished for its assertive policies abroad and limitations on political freedoms at home by being kept out of Western institutions or kicked out of those in which it already participates. This approach to Russia is best captured by the proposal to exclude Russia from the G-8.

This tactic has the appeal of seeming “tough on Russia.” In reality, it is likely to worsen the very trends that both conservatives and progressives find objectionable. Isolating Russia could make the Kremlin less likely to cooperate with the United States on critical issues, undermine those in Russia who wish to increase dialogue with the West, and empower the reactionary hawks in the political establishment who prefer a “fortress Russia” model with tight political controls, a closed economy, domination in the former Soviet region, and greater confrontation and competition with the West. The effect of suspending the NATO-Russia Council in the aftermath of the Georgia war is an apt example. Isolation could eliminate external leverage or incentives for positive change.

A Russia integrated into the international system is a Russia that would be more likely to behave according to internationally accepted norms of behavior. This could mean both a loosening of restrictions at home and a more cooperative approach abroad. Of course, this link is by no means guaranteed, especially in the short term. But it is more likely that integration, rather than isolation, can over time promote positive social, economic, and political change in Russia.

A second difference between conservatives and progressives relates to values and their promotion. Many conservatives tend to reduce the task of promoting democratic values to verbal assaults, regularly blasting any perceived departures from democratic principles in Russia. They cast their statements in harsh language and engage in a good deal of finger-wagging about how the Russians should behave.¹⁷ Vice President Cheney's May

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2006 speech in Vilnius best captures this tendency. Such “megaphone diplomacy”¹⁸ often backfires in the Russian case, making cooperation less likely and empowering Kremlin hardliners.

The progressive alternative calls for an integrated mix of assistance and diplomacy—both public and private—that is true to our values while being cognizant of the impact of U.S. actions and words. It entails using the policy tools that are most likely to effect the desired outcome, not score political points. Progressives, while not hesitating to speak out against rights abuses, see the objective of promoting American values as being about far more than speechifying.

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A third distinction is that conservatives often think it is unnecessary to make Russia part of the solution to our major foreign policy challenges. Instead, as in other areas of foreign policy, they favor a go-it-alone approach. In the Russian case, this is best reflected in the Bush administration’s decision to present the Russians with a *fait accompli* on missile defense in Europe rather than offering to work with them. Maximizing freedom of maneuver in our foreign policy has a surface appeal, but engagement and cooperation are much more likely to produce sustainable outcomes. The history of START, for example, demonstrates that negotiating robust arms control agreements with the Russians provides strategic stability for the rest of the world.

Conservatives paint progressives as being “soft” on Russia and claim that their promotion of integration of Russia over its isolation, distaste for verbal broadsides, and preference to cooperate with the Russians to solve international problems somehow undermine U.S. national security. According to this argument, progressives are overly willing to work with an unfriendly state and unwilling to publicly denounce it as such.

Progressives must not be afraid to counter this line of attack by pointing out that being “tough” on Russia as the conservatives understand it is profoundly counterproductive, often producing outcomes that are not in the national interest of the United States. The progressive strategy on Russia is smart, not soft.

Realist versus progressive strategies

The progressive strategy also differs from the so-called realist approach to Russia. According to the realists, the United States has primary and secondary interests in its relationship with Russia. Primary interests are, for example, enlisting Russian assistance in countering Iran’s nuclear program, cooperating on arms control, and managing the conflict in Afghanistan. Realists consider NATO membership for Georgia and Ukraine and supporting democratic development in Russia secondary concerns.

They argue that we should downplay these secondary interests in order to ensure Russian cooperation on the primary objectives. They also contend that we must respect Russian interests and avoid challenging them. As Nicholas Gvosdev puts it, “The United States has two options. It can forgo the possibility of Russian assistance in achieving its key foreign policy priorities in an effort to retain complete freedom of action vis-à-vis Moscow. Or it can prioritize its objectives and negotiate a series of quid pro quos with Russia.”¹⁹

The realist strategy rests on two false assumptions. First, “grand bargains” or quid pro quos may seem attractive, but diplomacy generally does not work that way. Rarely if ever has recent history seen a case where the United States engages in a direct trade-off or quid pro quo of the kind the realists advocate. As Stephen Sestanovich, former ambassador-at-large for the Newly Independent States and Council on Foreign Relations senior fellow, writes, “Diplomats are widely thought to be negotiating such deals all the time, but it is in fact very rare that any large problem is solved because representatives of two great powers trade completely unrelated assets. The ‘grand bargains’ favored by amateur diplomats are almost never consummated.”²⁰

Second, the realist argument assumes that Russia itself will engage in grand bargains. There is little evidence to suggest that it will. For example, Medvedev himself recently rejected what he (falsely) perceived as a U.S. offer to reverse its plans for BMD in Europe in return for Russian pressure on Iran. Russian leaders as a rule make decisions based on their perceptions of Russia’s national interest, not as favors to the United States.

Progressives reject the realists’ implicit argument that there is a contradiction between pursuing our values and upholding our interests. The realists seem content to abandon fundamental principles of U.S. foreign policy in the cases of denying Georgia and Ukraine’s Euro-Atlantic aspirations and of giving up on the promotion of democracy in Russia. The first instance would require the United States to ignore the principle that countries have the right to choose their own alliances and foreign policy trajectories; the second would require us to give up on the basic American value that all peoples deserve a say in how they are governed.

Progressives do not accept the notion that our enduring principles are somehow in contradiction to our interests. As Vice President Joe Biden put it, “There is no conflict between our security and our ideals. They are mutually reinforcing.”²¹

The United States should be capable of forging a Russia policy that allows us to pursue multiple objectives simultaneously. There is no reason to assume, for example, that we cannot pursue an agenda of supporting the development of democracy in Russia without sacrificing U.S.-Russia cooperation on Iran.

The progressive
strategy on Russia
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Progressives also reject the notion that we should avoid challenging Russian interests in order to achieve greater cooperation on other issues. Of course, policymakers must understand Russian interests and take them into account when making decisions. But U.S. foreign policy should be based on a determination of the United States' best interests, even if these happen to conflict with Russian interests.

The realists generally use the “acknowledge Russian interests” maxim to oppose NATO enlargement in the former Soviet region. It is indeed not the time to enlarge NATO to include Georgia and Ukraine, but the realist reasoning for doing so is flawed. Enlargement is not currently in the U.S. interest because Ukraine and Georgia are not fully prepared for NATO membership. Their militaries do not meet NATO standards and ongoing domestic political instability in both countries calls into question their readiness for membership. But that does not mean we should deny these states' long-term Euro-Atlantic aspirations simply because it irks Moscow.

Policy recommendations

The next clear opportunity to move the U.S.-Russia relationship forward will be the July 6-8 summit in Moscow between Presidents Obama and Medvedev. The following sections outline nine policy areas that the Obama administration should consider as it prepares its agenda for the summit. The list builds on some of the initiatives laid out in the London statement and offers new proposals on areas where there is untapped or overlooked potential for collaboration between the two countries.

Reviving negotiations on the Conventional Forces in Europe Treaty

The Obama administration should take steps to revive negotiations on the Conventional Forces in Europe Treaty, which have been frozen since the Russians suspended their participation in 2007. The CFE can still be a cornerstone of stability in the Euro-Atlantic region, and it is critical to begin the process of bringing it back into force.

The CFE Treaty—signed in November 1990—restricts the number of conventional forces between the Atlantic Ocean and the Ural mountain range, thus ensuring a strategic balance in Europe. It also mandates confidence and security building measures, such as allowing signatory countries to send military inspectors to other states and compelling disclosure of military capabilities. All Euro-Atlantic states benefited from the stability that these arrangements created.

Reforms to the CFE were negotiated in Istanbul in 1999 at an Organization for Security and Cooperation in Europe meeting, which produced what is known as the Adapted CFE. Changes in the new agreement included implementing arms ceilings based on individual nations instead of blocs and opening the CFE regime to other European states. The changes to the treaty were intertwined with a number of other stipulations, including Russia withdrawing its treaty-limited weapons and military forces from the separatist regions of Abkhazia and South Ossetia in Georgia, and from Moldova's breakaway province of Transnistria. These measures became known as the Istanbul Commitments.

Russia had its own view of the Istanbul Commitments: It argued that complete withdrawal from Georgia and Moldova was not a prerequisite for the other parties to adopt the Adapted CFE. NATO countries disagreed, and thus refused to sign.

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The Kremlin became increasingly frustrated at the lack of movement. The status of the Baltic States as non-parties to the Treaty also alarmed Russia as this could theoretically allow NATO to station an unregulated number of forces on their territory.

The Russians convened an Extraordinary Conference of the states party to the CFE in June 2007 to try once again to convince other signatories to ratify the Adapted CFE, but they did not succeed. Russia's frustrations finally led it to suspend its involvement in the CFE in December 2007.

The United States proposed the Parallel Actions initiative in fall 2007 to break the impasse. Parallel Actions would have led to the Adapted Treaty entering into force by the summer of 2008 while Russia would simultaneously follow through on the Istanbul Commitments.²² This policy was logical but was not implemented by either side.

The Russian invasion of Georgia put in doubt the survival of the CFE in any form. The invasion was a direct violation of the withdrawal promised in the Istanbul Commitments as well as some provisions of both the original and Adapted CFE Treaties.²³ Russia's non-compliance hardened NATO member-states' opposition to adoption of the Adapted Treaty and its recognition of South Ossetia and Abkhazia only stiffened their resistance.²⁴

Revival of the CFE will clearly require much effort, but it is still possible and necessary. Ensuring that future arms buildups in Europe do not occur is vital to security in the region. The Treaty can still be a cornerstone of stability in Europe and a means of involving the Russians in a Euro-Atlantic security framework.²⁵

If the CFE can be saved, then now is the time to do it. The Russian government, despite its actions in Georgia, has recently signaled its interest in new negotiations.²⁶ The United States should take the lead in reviving this key treaty in close coordination with our NATO allies.

The Obama administration's first move should be to return to the Parallel Actions proposal, since simultaneous actions are most likely to succeed. This round of Parallel Actions must take into account the new realities of the European security landscape. For the United States and NATO, this means an initial focus on Russian withdrawal from Moldova. The Russian military presence in Abkhazia and South Ossetia is a major challenge to European security, but it is a much more intractable issue, primarily because Russia recognized both breakaway regions and subsequently signed agreements to install permanent military bases on their territory.²⁷ This issue should be discussed within the negotiations on the CFE treaty, as well as through the Geneva process and other multilateral forums, but it should not prevent negotiations from proceeding.

The administration should also work with NATO allies and Russia to try to restart the confidence and security building measures in some form, even if Moscow does not immediately end its formal moratorium on the CFE. The Russians ceased participation

in the CSBMs following their suspension of the treaty, but it is nonetheless worth trying to revive these measures. They provide transparency, ease tensions, and encourage joint problem solving.

The administration should also use the CFE “superstructure” in its high-level consultations with Russia and European allies on building a new Euro-Atlantic security architecture.²⁸ A proposal to create such a structure has been one of President Medvedev’s central foreign policy initiatives and the United States and Russia committed to consultations on the idea in the London joint statement. CFE negotiations bring together all NATO member-states, Russia, and many of the former Soviet countries, including Ukraine and Georgia. They therefore provide a potentially productive venue for exploring this important issue.

Cooperating on global warming and energy efficiency

Enhancing cooperation on energy efficiency and climate change should be a major plank of U.S. Russia policy. Russia is a significant contributor to global warming—if the European Union is disaggregated, then it is the third largest emitter behind the United States and China and ahead of India—and will therefore play a key role in discussions on the post-Kyoto climate agreement. Russia is also the third largest consumer of energy and one of world’s most energy-intensive economies.

Making Russia a partner on these issues can contribute to the Obama administration’s climate-change agenda and enhance the energy security of our European allies by eventually making more Russian natural gas available for export.

Cooperation on Copenhagen

The United States should directly engage Russia on reaching a new international climate change agreement. An extension or successor to the Kyoto treaty will be negotiated at the U.N. climate talks in Copenhagen at the end of this year. The buildup to that meeting is bringing into focus the need for broad-based involvement from all countries—especially the developed countries and major emerging economies in the developing world—to create a consensus on global climate change action. There is insufficient attention being paid to the role that Russia will play in a new agreement given its status as a major contributor to the problem of global warming and the fact that it is a signatory of the Kyoto Protocol.

The likely structure of the Copenhagen treaty makes Russia one of the unacknowledged keys to success. The Kyoto agreement could not have been enacted unless at least 55 countries representing at least 55 percent of global carbon emissions signed and ratified it. The signatories at the time did not meet the latter criterion, and it would therefore

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not have gone into effect if then-President Putin had not signed the treaty in November 2004. We can expect a similar proviso in the post-Kyoto treaty, and a Russian signature will likely again be critical.

The Russians are likely to be opposed to stronger caps on emissions and domestic mitigation mechanisms in a new treaty, since those in the Kyoto Protocol will not require them to make emissions cuts until around 2020.²⁹ Yet without more stringent caps the goal of cutting global emissions in half by 2050—which is necessary to avoid the worst consequences of climate change—will be significantly harder to achieve.

We therefore need to bring Russia on board in order to avoid a deadlock in international climate negotiations. The administration should work with the Russians to demonstrate that emissions caps further economic modernization—one of the Kremlin's oft-repeated goals—and sustain growth and thus are in their long-term economic interest.

Immediate bilateral engagement is key to making Russia a partner in addressing climate change. It is not in the U.S. interest for Russia to be a reluctant participant or a spoiler. We must listen and not lecture, since a finger-wagging approach will only backfire in the Russian context.

Cooperation with Russia does face significant challenges. There are some in the Russian political establishment who believe that the effects of climate change will be positive for their country. Many Russian policymakers tend to view climate agreements in exclusively economic, and not environmental, terms. They, like their Chinese counterparts, emphasize that any emissions caps should not threaten economic development. There are some recent positive signs, however; a draft climate doctrine and a new National Security Strategy—both released earlier this year—acknowledge the threat posed by global warming. This new interest from the Russians and the impending Copenhagen meeting make immediate bilateral engagement a necessity.

Cooperation on carbon trading

A second avenue for bilateral cooperation is working with Russia to find a way to capitalize on the substantial amounts of emission credits it possesses under the Kyoto scheme with the ultimate goal of reducing emissions. Russia is not linked to any existing emissions trading system, such as the European Trading Scheme, and it lacks the institutional capacity and know-how to participate in such a system.

The administration should offer capacity-building expertise to Russia for establishing an emissions trading market. The United States has extensive experience in establishing such systems, most notably the highly successful sulfur dioxide trading scheme in the 1990s and regional carbon emissions trading initiatives.

The administration should also provide support to these trading centers to embark on collaborative efforts with possible counterparts in the Russian private sector, such as launching a pilot emissions trading scheme in one or more of Russia's heavy industry sectors. Such efforts can include guidance on how to set up inventory systems for tracking greenhouse gas sources and sinks, and help in establishing the architecture and infrastructure for trading emission credits with the long-term goal of linking Russia (or specific sectors or regions) into our trading systems.

Developing Russia's capacity in emissions trading will also help put Russia in a better position to join a large trading scheme as a full participant when and if it is required to begin the process of stemming its current emissions. Major Russian enterprises—including the state-controlled oil company Rosneft, which has demonstrated interest in related emissions trading projects—are likely to support this proposal.³⁰

Cooperation on energy efficiency

A third aspect of a bilateral cooperation agenda should be collaboration on improving Russia's energy efficiency. One of the most striking features of Russia's energy profile is its energy intensity—a measure of a country's energy efficiency calculated by units of energy per unit of GDP—which is higher than any of the world's 10 largest energy consuming countries, 3.1 times greater than the European Union, and more than twice that of the United States. This massive potential for improvement makes working with the Russians to increase their energy efficiency the most effective short-term way to help them reduce emissions.

The Russian government has recently shown an interest in increasing energy efficiency for the first time. President Medvedev signed a decree in June 2008 that includes measures aimed at reducing Russia's energy intensity by at least 40 percent compared to 2007 levels by 2020.³¹ Medvedev has also on several occasions publicly acknowledged the economic benefits of energy efficiency for Russia's economy.



Natural gas that is produced during the drilling process is flared at an oil field. Gas flaring, which is rampant in Russia, emits high levels of carbon dioxide into the atmosphere.

The United States' experience in collaborating with China on industrial energy efficiency can serve as a model for U.S.-Russia collaboration. The Lawrence Livermore Berkeley National Laboratory, a research institution supported by the U.S. Department of Energy, has worked with Chinese scientists and the Chinese government to establish an industrial energy efficiency program that benchmarks China's major energy-consuming industries to world best practices.

The Obama administration should propose a similar type of program that targets Russia's industrial sectors, utilizing the experience gained from U.S.-China cooperation. Funding for such a project would come from both the U.S. and Russian governments, and the two countries would share the new energy-saving technologies that could emerge from this collaboration. This project should be framed as an opportunity for scientists from the two countries to work together on advancing Russian economic modernization given the sensitivity associated with U.S. involvement in the Russian economy.

The United States can also play a role in increasing efficiency by helping to build capacity for energy conservation at Russia's end-user level. The United States has had considerable success with the Energy Star domestic energy efficiency program, which adopts the public-private partnership model—a concept gaining traction in Russia—by pairing with businesses to develop energy efficiency benchmarks for buildings, facilities, and over 60 product categories, such as home appliances, office equipment, lighting, and home electronics.³²

The United States can utilize the Energy Star experience to assist Russia in developing institutional capacity for establishing best practices, setting energy performance standards, and monitoring energy consumption across a wide range of end uses in Russia.

Recommitting to our regional partners

Some in Washington and the capitals of the former Soviet states—in particular Kyiv and Tbilisi—have voiced fears that the Obama administration's intention to improve relations with Moscow amounts to a “Russia-first” policy in the region and that it is willing to abandon past commitments to Ukraine and Georgia as part of the “reset.” Some even allege that a “grand bargain” is in the works, whereby the United States sacrifices our partners in the region in order to gain Russian cooperation on the Iranian nuclear issue.³³ The logic goes that abandoning our close relations with Georgia and Ukraine that irritate Moscow would allow us to gain the Russians' goodwill on Iran.

In fact, the administration has made clear its commitment to Ukraine and Georgia. Vice President Biden said that, “The United States will not recognize Abkhazia and South Ossetia as independent states. We will not recognize a sphere of influence. It will remain our view that sovereign states have the right to make their own decisions and choose their own alliances.”³⁴

Administration officials have continued to assure critics at home and those in these two countries that the United States has no intention of going back on previous commitments. Deputy Secretary of State James Steinberg visited Kyiv in April and restated the administration's commitment to the U.S.-Ukraine Charter on Strategic Partnership.³⁵ He said in a recent interview that, "No countries are a bargaining chip. We have a very strong commitment that Ukraine should be free to make its own decisions. We would never make a decision regarding one country at the expense of another."³⁶ And Vice President Biden called Georgian President Mikheil Saakashvili in May to express "unwavering" U.S. support for Georgia's sovereignty and territorial integrity.³⁷

These high-level contacts are a good start, but the administration now needs to take concrete steps to push the "recommit button" with Georgia and Ukraine and show that it intends to maintain strong ties with these states. Doing so would not only assuage fears about the reset with Russia, but also bolster stability in the region.

Work with allies on Euro-Atlantic integration

The United States should work with the European Union and NATO member states to help Georgia and Ukraine achieve security and prosperity. We will be more effective if we work multilaterally with our allies because Euro-Atlantic institutions have the tools and experience to make assistance to these countries lasting and substantive.

The administration should take an active role in promoting the modernization and democratization of Georgia and Ukraine through robust participation in the new NATO Annual National Programs. The ANP outline goals and activities intended to advance internal reforms in these two countries. Creation of the ANP took Membership Action Plans off the table for Georgia and Ukraine in the medium term and therefore defused some of the tension with Russia over NATO cooperation with both countries. The word "membership" in MAP caused a harsh reaction in Moscow; ANP allowed NATO to achieve MAP's substance without the controversy. NATO member-states will be able to increase the substance of Euro-Atlantic integration—defense modernization, political transformation, rule of law, and social reforms—with less negative impact on our relations with Moscow. Once NATO approves the ANP later this year, the United States should take a leadership role in ensuring their effective implementation.

Assist reform

We can also effectively demonstrate our commitment to Georgia and Ukraine by directly assisting their governments to make critical reforms. The main issue for Ukraine is energy sector reform, as Brookings scholar Jonathan Elkind and Center on Strategic and International Studies Fellow Edward Chow have rightly noted.³⁸ They write that "If

The administration now needs to take concrete steps to push the "recommit button" with Georgia and Ukraine and show that it intends to maintain strong ties with these states.

Ukraine fails to modernize its energy sector practices, the sector will continue to undermine Ukrainian politics, economy, and energy security.”³⁹ The United States should work together with the European Union to push Ukraine to transition to a rational pricing system for its domestic market and provide technical assistance to achieve this objective. We should also encourage Ukraine to reform its gas monopoly, Naftohaz.

The United States should also revive the bilateral commission that President George W. Bush effectively disbanded so that we can create a framework to ensure effective implementation of reform.⁴⁰ The commission that Vice President Al Gore and President Leonid Kuchma chaired in the 1990s was downgraded by the Bush administration in 2001, leaving the working groups that operated under its aegis in place. This move eliminated effective oversight of mid-level bureaucratic processes, and many initiatives fell between the cracks as a result.

The current political turmoil in Ukraine will make it difficult to determine the appropriate counterpart, but the Obama administration should nonetheless revive the commission in some form. Regular high-level involvement is key both to demonstrate our commitment to relations with Ukraine and to ensure implementation of reforms.

An effective next step for assisting reform in Georgia would be signing a free trade agreement, as Sen. John F. Kerry (D-MA) and Rep. David Dreier (R-MO) have advocated.⁴¹ The negotiations for such an agreement would compel Tbilisi to pursue improvements in governance and the rule of law, as has been the case with Ukraine’s talks with the European Union on a free trade agreement and with Washington on a bilateral WTO accession protocol. These are critical aspects of Georgia’s continued democratization process. Pursuing a free trade agreement with Georgia should be a higher priority than increasing direct aid to Tbilisi, since the United States has already given \$1 billion to help Georgia rebuild following the war with Russia. We should be especially hesitant to ramp up military aid given the continuing tensions with Russia.

The administration can also ensure the future of these two countries by increasing the number of scholarships available for students to study here. Existing programs, such as the Muskie fellowship, should be expanded. Bringing young Ukrainians and Georgians to the United States will help create a new generation of Western-oriented leaders.

Encourage Russia to adhere to its commitments

The administration should demonstrate its commitment to Ukraine and Georgia’s independence by encouraging Russia to live up to its obligations. In the Georgian case, this means adherence to the terms of the ceasefire agreement that ended the war in August 2008 and monitoring potential provocations. For Ukraine, the United States should monitor closely any potential Russian interference in that country’s domestic politics, especially during the run-up to the critical presidential elections in early 2010. The administration

should also hold Moscow to its commitments under the 1994 Budapest memorandum, which was signed by Russia, the United Kingdom, and the United States, and affirms Ukraine's territorial integrity and sovereignty.

Facilitating Russia's accession to the Organization for Economic Cooperation and Development

The Obama administration should facilitate Russia's membership in the Organization for Economic Cooperation and Development. The OECD was founded in 1961 to offer a forum in which developed countries can compare economic and development policy, identify best practices, seek solutions to common problems, and coordinate international action. It has a membership of 30 countries primarily located in Europe, North America, and East Asia.

Membership in the OECD could serve as a strong stimulus for economic reform and the development of the rule of law in Russia. The accession process would embed internationally accepted norms and standards across a wide array of policy areas, such as corruption, competition, and fiscal policy. The legal requirements undertaken by members would make such changes difficult to reverse, and therefore accession also offers the prospect of a more stable investment climate.⁴² It is in the U.S. interest for Russia to become a rule-abiding member of the OECD.

Russia originally submitted its membership application in 1996, although formal talks did not begin until December 2007, when the OECD released a "roadmap" for Russia's accession process.⁴³ Moscow has stated that it will submit an initial memorandum that will form the basis for membership discussions in late June 2009.⁴⁴ Top Russian policymakers, including Foreign Minister Sergei Lavrov, have indicated that OECD membership is a priority.⁴⁵

Although the OECD operates on consensus, the United States can take a leading role within the organization in facilitating Russia's membership.

Assistance during the accession process

The United States can provide expert assistance to help Russia meet the criteria set out in the roadmap. The accession process is highly technical and elaborate. It involves an extensive evaluation of Russia's economic policies by 22 OECD committees and will require Russia to implement legislative changes and provide detailed information on its current practices and their correspondence with the organization's standards, which are set out in approximately 160 legal documents. The Obama administration should facilitate engagement between mid-level U.S. economic policymakers and their Russian counterparts in order to build institutional capacity—which is currently sorely lacking⁴⁶—and facilitate knowledge transfer in order to assist Moscow's efforts to meet this challenge.

Membership in the OECD could serve as a strong stimulus for economic reform and the development of the rule of law in Russia.

Flexibility on the most stringent conditions

The United States should also work with other OECD member-states to demonstrate some flexibility on the most stringent conditions outlined in the roadmap that could produce a deadlock over Russia's membership. We should in no way exempt Russia from the requirements of the accession process, or let Moscow dictate its terms. But where appropriate the administration should seek grace periods or flexibility.

The WTO-membership requirement

Once Russia meets all the other requirements for accession, the administration should encourage its partners in the OECD to reconsider the requirement that Russia be in the WTO before it becomes an OECD member. While there is no precedent for a non-WTO member to join the organization and there is a specific provision in the roadmap that Russia be a WTO member first, this condition is not enshrined in any other OECD legal document.

Russia's WTO membership prospects are currently uncertain, especially now that it has indicated its intention to begin negotiations anew as a bloc with Belarus and Kazakhstan. It might be several years before WTO membership becomes a realistic possibility were it to go ahead with these plans.

Russia has a long way to go to fulfill the technical requirements for OECD membership, but it is possible that it might do so before it becomes a WTO member. If Russia were to meet all the criteria for OECD membership except being a WTO member, the United States should, in concert with other member-states, reconsider this requirement.

Forging a new democracy and human rights agenda

The Obama administration should find new and innovative ways to advance the strategic goal of supporting the emergence of a democratic Russia. It will face major challenges in this effort. The first is a general problem affecting U.S. policy vis-à-vis all countries: the legacy of Bush administration policies. The abuses at Abu Ghraib and Guantánamo Bay, as well as the CIA's secret prison facilities, made any U.S. advocacy of human rights standards appear hypocritical and harmed our ability to influence other countries' behavior.

Second, the word "democracy" in Russia has been tainted by the early years of the transition from communism, when widespread poverty combined with political chaos "gave rise to a deep-rooted mistrust of both liberal democracy and the West."⁴⁷ Third, the United States' past efforts at democracy assistance and human rights promotion

in Russia policy have had mixed results. Despite the tens of millions of dollars spent on assistance programs, U.S. efforts in Russia largely did not have the desired effect. Finally, the current Russian government is extremely wary of any foreign involvement in Russia's domestic politics.⁴⁸

The Obama administration must forge a new agenda to overcome these challenges. The administration can make headway if it works with the Russian government, facilitates linkages with Russian civil society, and finds the correct balance between public and private diplomacy.

Cooperate with the Russian government

The United States should avoid creating new assistance programs based solely on concepts devised in Washington and instead should investigate possibilities for cooperation on the priorities that we share with the Russian government. We can be far more effective if we work on issues that resonate with the Russian leadership.

The Obama administration should offer to assist President Medvedev's efforts to fight corruption and improve the rule of law. He has been very active on these issues, for example by proposing to give judges more independence from the executive and to require officials to reveal their incomes. The United States should see if there is interest in the Russian government for technical assistance to advance the anticorruption and rule-of-law agenda.

The administration should also expand existing exchange programs in which Russian judges can visit the United States to meet with their American counterparts, share advice and best practices, and see firsthand how our justice system operates.⁴⁹ Such initiatives allow Russia's judges to better understand our system and will help build a class of legal professionals who value the rule of law and judicial independence.

The administration should also increase professional exchange programs to offer training to Russian executives in U.S. business best practices, with a focus on corporate social responsibility—another declared priority of the Russian government. These exchanges will enable business leaders to improve the working environment for their employees and build responsible partnerships with government agencies and local communities.

Finally, the administration should reach out to Russia's human rights ombudsman, Vladimir Lukin, a former ambassador to the United States. He has recently focused his attention on abuses in Russian prisons and hazing in the army. The United States could offer to bring leading U.S. experts and NGO representatives on these issues to Moscow to consult with his staff.

Facilitate linkages between civil society groups

The administration should facilitate broad civil society engagement between the United States and Russia. Cooperation between organizations in both countries offers the potential to strengthen Russia's civil society through knowledge transfer and sharing of best practices.

Center for Strategic and International Studies Senior Fellow Sarah Mendelson suggests allowing these relationships to evolve organically, according to the needs of parties on both sides.⁵⁰ She advocates facilitating meetings between, *inter alia*, environmental groups, veterans associations, and public health organizations from both countries. The United States should also include U.S. and Russian anticorruption and government accountability groups in these events. The Obama administration should provide the funding and facilitate the issuance of visas to these groups in order to get these programs off the ground as soon as possible.

The United States should seek to further expand these meetings to include organizations from other countries. Their inclusion could mitigate the negative effects of the troubled history associated with U.S. efforts to work with Russian civil society. The United States could invite civil society groups from the world's other vibrant democracies, including countries like Brazil and India, as well as our European allies.

Balance public and private diplomacy

The administration should strive to find the right balance between public and private diplomacy on democracy and human rights issues. The hectoring and finger-wagging characteristic of the conservative approach to Russia only embolden hardliners in Russia and create backlash among the political elite. But rights advocates and democratic activists feel abandoned when we are silent about efforts to restrict political activity or media freedoms.

The administration should always speak out against gross violations of human rights and democratic principles. But harsh public condemnations by top officials such as the president and secretary of state are best reserved for the most egregious abuses. The administration should also use its public diplomacy to acknowledge positive changes in Russia, such as the revival of the Presidential Council for Assistance of Civil Society Development and Human Rights and the formation of a working group to review a restrictive law on non-governmental organizations.

Human rights violations are best addressed through private diplomacy during meetings between our top officials, including the presidents. The administration has apparently already adopted this approach, as demonstrated by Obama's expression of concern during his private meeting with President Medvedev in April about the beating of a human rights activist. Senior administration officials briefed the press on background on this exchange—thus providing for some public accountability while avoiding the appearance of lecturing.

The administration can also address abuses multilaterally through international institutions. For example, the U.N. Human Rights Council's Universal Periodic Review process reviews all member states' human rights records every four years and issues recommendations for improvements. The review for Russia was issued in February 2009.⁵¹ And the United States is in a much stronger position to press for implementation of recommendations that emerged from that review after its recent election to the council.

Finding ways to cooperate with Russia in the former -Soviet region

The Obama administration faces a dilemma in its relations with Russia's neighbors. On the one hand, the United States has enduring economic and strategic interests in the region. On the other, a U.S. presence in Russia's "near abroad" produces hysterical reactions in Moscow that damage the bilateral relationship. Russia considers practically any U.S. involvement in the region a threat to its interests and often structures its policy agenda for the region as a zero-sum game. The result is that the region has become a locus for competition between the two countries.

Our relationship with Russia will never determine the nature of our ties with its neighbors. But the administration should attempt to mitigate the competition dynamic in the region and demonstrate to Moscow that cooperation and win-win solutions are possible on certain issues.

Former Soviet Republics



Seek dialogue partner status in the Shanghai Cooperation Organization

A first step toward developing a cooperative dynamic in the region is to seek “dialogue partner” status in the Shanghai Cooperation Organization,⁵² which brings together China, Russia, and the Central Asian states of Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. This move will give the United States a chance to institutionalize ties between our country and these states and further our efforts to ensure stability in Afghanistan, which shares a border with China, Tajikistan, and Uzbekistan. It will also have the auxiliary benefits of opening a new diplomatic channel with China—one of the SCO’s most powerful members—and with Iran, which participates in the SCO as an observer state.

The SCO’s mission centers on coordination to confront emerging threats and instability, as well as cooperation in trade, technology, and law enforcement.⁵³ The SCO holds regular meetings between top government officials, as well as yearly summits among member countries’ heads of state. The organization has a permanent subagency, the Regional Anti-Terrorist Structure, to coordinate member actions to counter terrorism, extremism, and separatism, with a focus on information sharing and analysis.⁵⁴

The SCO charter outlines two paths for nonmember states to associate themselves with the organization—observer status and dialogue partner.⁵⁵ The United States allegedly informally inquired about applying for observer status in 2006, but the Kremlin reportedly discouraged U.S. officials from making a formal bid.⁵⁶ With new presidents in Washington and Moscow committed to improving relations, now is the time to approach the Kremlin informally again, this time about dialogue partner status, which was not created until two years after the alleged first attempt.⁵⁷ Although Russia does not formally control the SCO, it wields great sway within the organization, and it would therefore be prudent to consult with Moscow before making a public application so as to avoid a diplomatic scandal.

Official SCO documents state that dialogue partners may request to target their cooperation to certain issues or committees within the SCO. This is the ideal option for the United States, as it will allow the Obama administration to begin cooperation slowly, and only in areas of mutual interest. The United States must be mindful that opacity is still very much a hallmark of the SCO, but this should not be a barrier to cooperation.⁵⁸ Rather, the United States should take advantage of the SCO’s institutional fluidity to define the role that best meets its needs and best facilitates cooperation with the member-states.

The United States’ role in the SCO

If accepted as a dialogue partner by the SCO, the United States should begin its relationship with the organization through the Regional Anti-Terrorist Structure. Engagement with RATS has the potential to bolster U.S. counterterrorism operations in Afghanistan. The United States and SCO have already established their mutual interest in stability

in Afghanistan—the one official U.S. contact with the SCO occurred when Deputy Assistant Secretary of State Patrick Moon attended the organization’s conference on Afghanistan in March 2009.⁵⁹

The United States should also consider engaging the SCO on counter-narcotics operations in Central Asia. The SCO and Afghanistan signed an action plan at the March 2009 meeting in which they committed to cooperation on such issues as drug and precursor trafficking, training anti-drug personnel, and interagency information exchanges.⁶⁰ This could be a potential second area of involvement for the administration to consider.⁶¹

Cooperation with the organization will benefit the United States’ relationship with Russia in addition to the practical gains that could be achieved on enhancing security in Afghanistan and the broader Central Asian region. Working with Russia under the aegis of the SCO will foster a greater institutionalization of the bilateral relationship. The United States should not expect this to resolve Russia’s concerns about U.S. operations in the former Soviet region, but building a pattern of regular interaction in a multilateral forum could ease tensions by making such relationships more transparent to Moscow.

Applying for dialogue partner status in the SCO would also have significant symbolic value, which could yield long-term, practical progress for U.S. relationships in the region. It would demonstrate that the United States is willing to enter an organization where Moscow’s power outweighs its own and thus counter Russia’s narrative of regional politics as a zero-sum game, in which the United States’ gains must be Russia’s losses. It could also limit the extent to which Central Asian states will consider better relations with the United States as coming at the expense of their ties with Russia.

Possible complications

The SCO has often been cited as an anti-Western or anti-American alliance. The group’s ultimate goals remain somewhat unclear, but the SCO is mainly structured to confront internal rather than external threats. Moreover, the organization lacks the internal cohesion to become truly anti-Western or anti-American. Russia and China, the SCO’s power centers, have very different relationships with the United States, and the organization has done little to actively oppose U.S. interests.⁶² However, if and when the Obama administration inquires about applying for dialogue partner status, it should not assume that Russia will readily agree.

Developing solutions to Arctic-related challenges

The Arctic is emerging as a key locus of both competition and cooperation between Russia and the United States. The reduction in the ice cap creates new possibilities for sustainable resource extraction and shipping while at the same time posing vexing environmental and governance questions.

Applying for dialogue partner status in the SCO would also have significant symbolic value, which could yield long-term, practical progress for U.S. relationships in the region.



AP PHOTO/ASSOCIATION OF RUSSIAN POLAR EXPLORERS

A titanium capsule with the Russian flag after it was planted in August 2007 by a submarine on the Arctic Ocean seabed under the North Pole.

Russia's primary Arctic policy objective has thus far been to promote and protect its claims to continental shelf territories beyond the 200 nautical mile economic exclusion zone provided by the U.N. Convention on the Law of the Sea, which governs such claims, in order to exploit the potential natural resources located there.

Explorer and Duma deputy Artur Chilingarov's 2007 planting of the Russian flag on the North Pole seabed served to symbolically reinforce Russia's claims to the area. Russia has since continued to gather data to support its claims and made noises that it is preparing to defend them militarily.⁶³ However, Foreign Minister Lavrov later walked back these statements, insisting Russia was "not planning to increase [its] armed forces' presence in the Arctic."⁶⁴

For now, Russia is moving forward with the claims process created by UNCLOS.⁶⁵ Contrary to public perceptions of a Russian grab for Arctic riches (created largely by the Chilingarov expedition), Russia appears to be working within the established international framework for resolving Arctic disputes.

The United States must be ready to defend its interests in the region, but it should simultaneously pursue new modes of cooperation with the four other circumpolar states—Russia,

Canada, Denmark, and Norway. As part of this effort, the administration should intensify its bilateral cooperation with Russia on a range of Arctic issues.

Ratify the U.N. Convention on the Law of the Sea

The United States, as a non-signatory to UNCLOS, cannot participate in the legal deliberations determining Arctic governance. Secretary of State Clinton has committed to persuading the Senate to consent to ratification of UNCLOS,⁶⁶ and the administration should make this a priority. Doing so will allow the United States to voice its objections to what it considers the excessive claims of other nations, including Russia, as well as make its own claims.

Recapitalize the icebreaker fleet

The U.S. government's icebreaking fleet consists of three Coast Guard icebreakers, only two of which—the *Polar Star* and the *Polar Sea*—are designed to break heavy ice. By contrast, Russia has four nuclear-powered icebreakers, one new-build and three of which have been recently refit, in addition to two smaller river icebreakers. The United States needs to recapitalize its aging icebreaking fleet in order to maintain access to the Arctic. And given its role at both poles, it should in the long term attempt to match the Russian fleet of four ships. U.S. icebreakers should remain under control of the Coast Guard in order to prevent militarization of Arctic operations.

Engage Russia in collaborative exploration expeditions

Surprisingly little is known about the Arctic and the impact climate change will have on it.⁶⁷ Acquiring scientific knowledge about the Arctic should be a priority for the United States and a point of cooperation with Russia. The United States and Russia should launch a program of scientific discovery in the Arctic in the same way we have cooperated on efforts in space. Joint U.S.-Russia expeditions could yield valuable ecological and navigational information for use in preserving the Arctic in the face of climate change and developing it without damaging the ecosystem. Other circumpolar nations should be invited to join these efforts, as well.

Continue and intensify environmental cooperation

The U.S. Environmental Protection Agency currently cooperates with Russia on reducing stocks of pesticides, mercury, and other environmentally hazardous materials via the Arctic Contaminants Action Program of the Arctic Council.⁶⁸ The EPA has also worked

with the U.S. Department of Defense and the Russian Ministry of Defense since 2006 to establish a mercury recycling system for the Russian Navy's old mercury lamps, thus reducing the potential for future mercury release into the Arctic.⁶⁹

The administration should continue these programs and initiate a broad-based Arctic environmental dialogue with Moscow. We should engage with Moscow on issues including creating Arctic shipping standards, in particular regulating “black carbon” and other pollutant emissions from Arctic-going vessels;⁷⁰ limiting fishing in international waters; and ensuring environmentally safe natural resource extraction. Furthering bilateral environmental cooperation with Russia could help lay the foundation for an Arctic-wide environmental governance regime.

Create a jointly managed international park

The United States and Russia operate two national parks/nature preserves on opposite sides of the Bering Strait: the Beringia Nature Ethnic Park in Russia and the Bering Land Bridge National Preserve in Alaska. Despite an agreement in 1990 between Soviet President Mikhail Gorbachev and U.S. President George H.W. Bush to establish an international nature preserve and national park in the Bering Strait, this idea has not advanced beyond the concept phase.

The Obama administration should revive this proposal and work toward the establishment of a joint heritage and natural preservation park in the Bering Sea region. The bilateral administration of such a park could help regulate practices harmful to the Arctic environment such as overfishing; serve as a means for further U.S.-Russia cooperation in the Arctic; and preserve the rich cultural and natural heritage of the Bering region.

Engaging directly with Russian society

Many Russians are profoundly wary of U.S. intentions and often subscribe to myths about American society and foreign policy. Anti-Americanism—which is both a result of Bush administration policies and the Russian government's propaganda—has unfortunately become prevalent.

A January 2009 BBC poll found that only 7 percent of Russians think the United States is a “mainly positive” influence in international affairs, while 65 percent think the United States has a “mainly negative” influence.⁷¹ The Russian state media reinforces these attitudes. For example, Russia's largest national television station, state-owned Channel One, broadcast a program in 2007 claiming that 9/11 was an “inside job.”⁷² And the news programs label the Georgian and Ukrainian presidents as American puppets, especially when they make statements perceived as “anti-Russian.” At the same time, Russians appear to be cautiously open to the prospect of better relations with the

United States—47 percent of Russians said they believe President Obama will improve the United States’ relations with the rest of the world.⁷³

The Russian leadership often ignores public opinion, but it can affect policy on the margins. The impact of societal attitudes is currently amplified by the leadership’s fears of popular unrest that could result from the economic crisis. Antagonism toward the United States in Russian society could therefore make it more difficult to forge a lasting, substantive relationship with Moscow, while a more balanced view of American policies and society could prove an important ballast for improved bilateral relations.

The administration should engage Russian society directly to counter anti-Americanism and misperceptions about U.S. intentions, particularly the notion that we seek to encircle and weaken Russia. President Obama should begin this process while in Russia for the July summit by holding a town hall meeting similar to the one he conducted in Strasbourg, France, during the NATO summit in April.⁷⁴

A town hall meeting would allow President Obama to speak directly with the Russian people, providing him an opportunity to debunk some of the myths about the United States and its policies. As with his speech in Cairo in June, he can also use the example of his own life story to demonstrate the vibrancy of American democracy.

President Obama’s town hall at Strasbourg provides a model that would be effective for engaging with Russian society—a primary focus on questions from the audience following very brief opening remarks. University students—including ones from outside of Moscow—should be invited to the meeting, as was the case in Strasbourg. And Russian media should be encouraged to carry the town hall live, or at least to rebroadcast the president’s opening remarks. The president’s unique ability to level with foreign audiences about how the United States sees the world and how the world sees the United States could help “reset” the Russian mind-set.

President Obama can use his opening remarks to make the case that we need a strong Russia as our partner in order to dispel the notion that the United States conspires to keep Russia weak. He should make it clear that the United States does not seek to encircle Russia through its policies in the former Soviet region.

President Obama should also make an effort to acknowledge American mistakes—both on living up to our own ideals (for example, the abuses at Abu Ghraib) and in our Russia policy, including practical failures such as the continuing difficulties that Russians face in obtaining U.S. visas and the humiliation involved in the process.

One town hall will not radically change Russian society’s attitudes, but it would be a good start in a broader effort to engage Russians directly. The U.S. long-term goal should be to try to have the Russian people be a supporting foundation for better relations between our countries.

Building a legislative compromise to repeal Jackson-Vanik

The Obama administration should “graduate” (exclude) Russia from the Jackson-Vanik amendment to the Trade Act of 1974 and grant it Permanent Normal Trade Relations, or PNTR.⁷⁵ The Jackson-Vanik amendment forces the president to renew annually a certification issued in 1992 that states there are no restrictions on freedom of emigration in order to grant Russia normal trade relations.⁷⁶ The legislation’s original intention was to put pressure on the Soviet Union to provide the right of free emigration to its citizens, in particular to allow Soviet Jews to leave the country. Jackson-Vanik now has little practical impact because of the annual exemption, but it is still a symbolic issue of U.S. unwillingness to let go of the past.

Repealing the Jackson-Vanik amendment would allow the United States and Russia to focus on the present, instead of rehashing a Cold War-era dispute.

Repealing the amendment would eliminate a long-time irritant in the relationship and improve the atmosphere for bilateral relations by demonstrating goodwill. It would allow the two countries to focus on the present, instead of rehashing a Cold War-era dispute.

The United States stands to lose nothing from repealing Jackson-Vanik; doing so would simply make permanent the status quo. Former Presidents Clinton and George W. Bush both promised to graduate Russia from the amendment, but they made little progress in pushing the relevant legislation through Congress, in large part because members believe that it provides them with leverage over the Russians. Despite this perception, Jackson-Vanik in fact provides no leverage over Russian actions.

The Obama administration will need to address Congress’ concerns if it moves to graduate Russia from the amendment. These concerns are important, but they are outweighed by the prospect of improved relations and can be more effectively addressed in other forums.

Trade issues

Many in Congress have concerns about Russia’s trade policies and its implementation of the bilateral protocol on Russia’s WTO accession. The protocol, signed in 2006, granted U.S. approval for Russia’s membership in the organization in return for certain concessions and guarantees. Congress has focused on enforcement of intellectual property rights protections and agricultural issues.

A bill introduced in 2003 to repeal Jackson-Vanik that was sponsored by Sen. Max Baucus (D-MT) and Congressman Charles Rangel (D-NY)—who chair the committees that have jurisdiction over the issue—offers a way to address these trade issues.⁷⁷ It applies to Russia a provision in the law granting PNTR to China for protecting U.S. industries against import surges. This provision could be expanded to provide similar protections if Russia

were to violate provisions of the WTO accession protocol or other bilateral agreements. The administration could also include in the legislation a mandate that the executive submit an annual report on Russia's trade policies.

Human rights

Some members of Congress are concerned about Russia's human rights record. They argue that Jackson-Vanik should not be repealed until these issues are addressed since the amendment concerns a human rights issue relevant to the time when it was passed. However, discussion of human rights within the context of Jackson-Vanik is no longer effective, as many rights advocates have acknowledged. Further, as Stephen Sestanovich notes, "Leaving this symbol of long-gone issues on the books keeps us from thinking clearly about today's concerns."⁷⁸

Yet Congress's concern about human rights is legitimate, and the Obama administration should propose other forums and mechanisms to provide ways of addressing these concerns. The administration should include in its proposal the measures in the 2003 Baucus-Rangel legislation that would require the executive branch submit to Congress extensive annual reports on a range of human rights issues in addition to those it already compiles. It should also propose a provision to create a new government body exclusively devoted to these issues, such as the Congressional-Executive Commission on China, which monitors human rights and the development of the rule of law.⁷⁹

The Schneerson Collection

The Chabad-Lubavitch Hasidic Orthodox Jewish movement seeks to use the Jackson-Vanik amendment as leverage to push the Russians to return a collection of books and archival materials considered sacred by members of the group. The collection, known as the Schneerson Collection for the Rabbi to whom it belonged, was seized by the Soviets, who took the books following the Bolshevik Revolution and the archive after World War II. Chabad has sought to have the materials returned since the early 1990s, and has successfully lobbied the executive and legislative branches of the U.S. government to support its cause.

Chabad members and their supporters in Congress see the Schneerson collection's return as being in the spirit of Jackson-Vanik, interpreting the amendment's "freedom of emigration" provisions to apply to Jewish holy texts in addition to human beings. But the Russians claim that returning the materials would violate their laws and set a dangerous precedent, allowing any foreign diaspora group to demand that certain books and archives be returned.

The administration should include provisions to create an interagency Task Force to pursue this issue with the Russian government and help find a solution satisfactory to both sides.⁸⁰ The bill should also require the Task Force to report to Congress about its activities.

WTO membership precedent

Finally, there is a precedent that countries are generally not graduated from Jackson-Vanik—the amendment was applied to all former Soviet republics after 1991⁸¹—until they are either in the WTO or on the cusp of membership.⁸² If the United States does not have PNTR with a WTO member, we do not enjoy any of the benefits of the organization vis-à-vis that country, such as access to dispute resolution mechanisms, and the member is under no obligation to comply with WTO rules or the bilateral accession protocol, thus hurting U.S. businesses. In other words, only when a country is in the WTO does Congress have a major incentive to lift Jackson-Vanik. Because Russia's membership seems a distant possibility, many in Congress see no need to act.

But there was one exception to the linkage between the timing of WTO accession and Jackson-Vanik: Ukraine. Congress graduated Ukraine from the provision two years before the country became a WTO member. This step was taken in response to the Orange Revolution and the perception that Ukraine had taken strides towards democracy.⁸³

Although the circumstances are very different from the Ukrainian case, lifting Jackson-Vanik before Russia's WTO accession is important. It would improve the atmosphere of the relationship and thus make it easier for the United States to cooperate with Russia on issues such as Iran and Afghanistan that are critical to our national security.

Conclusion

It is critical to U.S. national security to have a productive, stable, and substantive relationship with Moscow. Russia is our only peer in terms of weapons of mass destruction and therefore our most important partner on controlling their numbers and preventing their proliferation. It plays a major role in many regions that are strategically important to the United States—from the Arctic to the Middle East. It is also the world's largest exporter of hydrocarbons and the third largest consumer of energy and is a key actor in the future of the international climate regime. It is a member of many international bodies that are critical for realizing our broader foreign policy goals, including the UN Security Council, the G-20, the G-8, the Six-Party Talks, and the Middle East Quartet.

It would have been highly damaging to our national interests to permit the tension that characterized bilateral relations in the final months of the Bush administration to continue. Obama administration officials recognized this and moved quickly to improve the atmosphere of the relationship, or, as they called it, to “press the reset button.”

The administration's efforts have been largely successful thus far. Discussions on issues of mutual concern are underway and disagreements are being managed. The ambitious agenda outlined in the London statement demonstrated this progress.

The reset is a good start. But the administration should now articulate a strategy in order to ground its agenda in a broader framework, ensure more coherent decisions and avoid its predecessor's mistake of neglecting Russia policy.

Of the three possible strategies for U.S. Russia policy—progressive, conservative, and realist—the administration should adopt the progressive approach since it offers the best prospect for creating a stable and substantive relationship between our two countries. In adopting the progressive strategy, the administration should vigorously reject the inevitable criticism of being “soft” on Russia; the progressive strategy is smart, not soft.

The United States must also broaden and deepen its Russia's policy agenda. Both at the July summit between Presidents Obama and Medvedev and beyond, the administration should adopt the recommendations outlined in this report, which cover often overlooked issues

such as climate change and the Arctic. U.S. officials should also expand upon activities already underway, such as renewing our commitment to partners in the former Soviet region.

The success of these proposals depends to a great extent on the Russian side's willingness to work together with the United States. And there is no guarantee that it will, especially given Moscow's recent assertiveness in its foreign policy and its history of attempts to thwart U.S. initiatives. Russia under the Putin-Medvedev tandem is likely to remain a difficult partner even if relations continue to improve.

But failure to act would be a mistake. The Obama administration should now move beyond the reset to ensure that our relationship with this key partner continues to improve.

Appendix

Summary of the U.S.-Russia Joint Statement Issued in London on April 1, 2009

- Discussed measures to overcome the global economic crisis.
- Agreed to pursue immediately a successor to START.
- Discussed mutual cooperation on missile defense and the relationship between offensive and defensive arms.
- Announced intention to bolster the NPT.
- Expressed support for the IAEA and stressed the need for universal adherence to IAEA comprehensive safeguards system and the Additional Protocol.
- Agreed to deepen cooperation on combating nuclear terrorism.
- Expressed support for negotiating a treaty to end the production of fissile materials.
- Confirmed President Obama's commitment to work toward U.S. ratification of the Comprehensive Nuclear Test Ban Treaty and the 123 Agreement.
- Expressed intent to continue collaboration to "improve and sustain" nuclear security.
- Declared goal of implementing U.N. Security Council Resolution 1540 to prevent non-state actors from acquiring nuclear weapons.
- Agreed to work bilaterally and at international forums to resolve regional conflicts.
- Agreed that Al Qaeda and other terrorist groups in Afghanistan and Pakistan pose a common threat and that the United States and Russia should pursue a new international response to Al Qaeda and other non-state actors.
- Agreed that international measures are needed to develop new methods to promote stability, reconstruction, and development in Afghanistan and to counter the narcotics trade there.
- Reiterated support for the Six-Party Talks and the need to pursue denuclearization of the Korean Peninsula.
- Agreed that Iran has a right to peaceful nuclear power but no right to nuclear weapons and needs to "restore confidence" in its program's peaceful nature.
- Called on Iran to implement relevant UNSC and IAEA resolutions and reiterated support for a diplomatic solution.
- Agreed to continue efforts toward a "peaceful and lasting solution" to conflict in Georgia.
- Welcomed the resumption of activities of the NATO-Russia Council and U.S. participation in the Shanghai Cooperation Organization's March 2009 Conference on Afghanistan.
- Discussed Euro-Atlantic and European security including framework proposals made by Medvedev in June 2008.
- Agreed that future bilateral meetings should include discussion of transnational threats such as terrorism, organized crime, corruption, and narcotics.
- Agreed to establish a bilateral intergovernmental commission on trade and economic cooperation.
- Pledged to finalize Russia's WTO accession as soon as possible.
- Pledged to promote the implementation of the 2006 Global Energy Security Principles.
- Affirmed the need for more structured bilateral government-to-government contacts.
- Expressed a desire for greater cooperation on scientific research, more educational and cultural exchanges, and increased cooperation between NGOs.

Full text available at <http://www.state.gov/p/eur/rls/wh/121291.htm>

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- 75 Technically, to grant Russia PNTR Congress would have to terminate the applicability of all requirements of Title IV of the Trade Act of 1974, not just the ones imposed by the Jackson-Vanik amendment. In practice, however, both have been done simultaneously.
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- 81 The Baltic States were graduated in 1991.
- 82 This was the case with Georgia, Kyrgyzstan and Armenia.
- 83 "Beyond any benefits to our bilateral trading relationship," McCain said, "lifting Jackson-Vanik for Ukraine constitutes an important symbol of Ukraine's new democracy and its relationship with the United States." For more information, see http://mccain.senate.gov/public/index.cfm?FuseAction=PressOffice.PressReleases&ContentRecord_id=2288f064-135d-4064-b6c4-fd843864df81&Region_id=&Issue_id=

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