

U.S.-Russia Relations: Elections Bring Tensions

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On the surface, U.S.-Russian relations continued the downward spiral that marked the chilly fall months. Bush administration and U.S. government criticism of Russia's March 14 presidential elections was thinly veiled, and the international press had a field day decrying both the electoral process and the outcome. In spite of this heightened friction, structural factors continue to keep the two countries' relations from plummeting to extreme depths. Although energy cooperation has eased to some extent, the all-important war on terrorism, and the drive against the proliferation of weapons of mass destruction (WMD) are issues of great importance to both nations, and a successful prosecution of both struggles is a goal shared by both Moscow and Washington. Ironically, democratic elections can prove divisive in diplomatic relations as the most recent one in Russia demonstrated. With an upcoming presidential election in the United States, Russia could again become a whipping post for the U.S.

Putin's uncontested election

Putin's re-election on March 14 with more than 70 percent of the popular vote came as no surprise to observers. The elections themselves were carried out fairly, but the run-up to the election attracted criticism. Last fall, Putin jailed perhaps the most viable opposition candidate (at least the one with the deepest pockets), Yukos CEO Mikhail Khodorkovsky. The Kremlin has also muzzled the media, especially the television stations, which have become the most accessible source of information for the majority of Russians. By the time of the elections, Putin was opposed by a relatively unknown communist candidate (who garnered a surprising number of votes), and by a liberal candidate whose popularity has never been widespread. In the run-up to the election, U.S. Secretary of State Colin Powell questioned the Kremlin (and hence Putin's) tactics in an op-ed piece in the Russian daily *Izvestia*. Attempting to soften what was in essence a critical piece, Powell wondered why the Kremlin went to such great lengths to assure media and print control when Putin was actually quite popular in the first place. The White House and the State Department have continued to speak about the questionable electoral tactics of the Kremlin in the weeks following the election.

Undaunted, Putin has made a series of bold political moves to put his personal imprimatur on his second term of office. Among these were the sacking of the entire Cabinet two weeks prior to the election and the hiring of a prime minister with both a police and a liberal economic background. The general reaction of the Western press to Mikhail Fradkov's appointment was guarded optimism: he is a competent man without

some of the seamier qualities associated with his successor, Mikhail Kasyanov. *The New York Times* stated that Fradkov was “a promising choice” for the Kremlin, and that his appointment “points in a promising direction.” Additionally, Putin’s appointment of Sergei Lavrov to head the Foreign Ministry was also met with grudging respect in the West, particularly in New York where Lavrov had headed the Russian UN delegation for the better part of 10 years. Both men have long experience working in Western Europe or the United States and are seen as both reasonable and earnest, if somewhat (in the case of Lavrov) opinionated. In an op-ed in the *Wall Street Journal*, Lavrov set a positive tone and called for Moscow and Washington to continue building on the strategic partnership in spite of differences in certain areas: “tactical differences...are far less important for us than the convergence of Russia and the U.S.’s strategic interests.”

Cold War hangover

Nevertheless, the general tone in the U.S.-Russian bilateral relationship in the winter months was as frigid as the weather. The term “new Cold War” appeared with increasing frequency in the U.S. and Russian press. The Russian centrist weekly journal *Kommersant-Vlast* suggested that the Russian-American “strategic partnership” is becoming nothing more than a “covert form of rivalry.” At issue are problems that are quite familiar to cold warriors, including conventional and nuclear forces, military exercises, alliances, and verbal barbs.

Moscow is concerned with NATO’s recent expansion to include seven more former socialist states (and in the case of the Baltics, three former Soviet republics) – Bulgaria, Estonia, Latvia, Lithuania, Slovakia, Slovenia, and Romania. Two of these countries share a common border with Russia. Furthermore, NATO already has plans to include the Baltic Republics within the overflight area of alliance aircraft. The U.S. also has plans to establish a number of military bases in Romania and Bulgaria, bordering the Black Sea. Russian Defense Minister Sergei Ivanov questioned NATO’s plans and asked of the new facilities being planned in Eastern Europe, “What purpose do they serve?” He went on to warn that Moscow might be forced to boost its military presence in the Kaliningrad enclave, situated between Poland and the Baltic republics.

Moscow responded in part by staging large military maneuvers based on its still potent nuclear force. The maneuvers, described by Russian media as the largest show of military might since Soviet times, were conducted in the Barents Sea, north of Murmansk. Vladimir Putin personally observed the maneuvers from the bridge of a nuclear submarine. Several of the staged ballistic missile launches, however, resulted in failure, which must have been a great embarrassment for Putin. All the more so since these were the waters where the nuclear submarine *Kursk* sank after a mysterious explosion in August 2000, also while participating in a large exercise. Respected Moscow military analyst Alexei Arbatov lamented the new muscle flexing of both sides, suggesting that 90 percent of the military budget of each country is still directed toward each other, when they should both be focusing on the common terrorist threat.

In another echo of the Cold War, Russia and the U.S. have been engaged in competition in the international arms market, particularly in Asia. In 2003, Russian arms sales passed

the \$5 billion threshold for the first time since the collapse of the Soviet Union. During that period Russia sold to India 12 *Su-30MKIs* and to China 19 *Su-30MKKs*. Russia has also been aggressively pushing arms sales in Southeast Asia. As pointed out in this column last quarter (and before), over the past year Russia has completed sales (of planes and other arms) to Indonesia, Malaysia, and Vietnam. Most notably, in January, Russian Defense Minister Sergei Ivanov visited India to put the final touches on a deal transferring the aircraft carrier *Admiral Gorshkov* to India for \$1.5 billion.

Meanwhile, energy cooperation took a step backward, when the Russian government informed Exxon-Mobil executives that the tender their firm took out on the *Sakhalin-3* project in 1993 is no longer valid. There are signs that the Russian government has begun to rethink the liberal production sharing agreements (PSAs) that were signed with Western energy firms in Sakhalin. It appears that foreign investor rights in Russia's energy complex will henceforth be given severe scrutiny in the Kremlin, and it is not far-fetched to imagine the Russians following the Saudi model of strict domestic control of oil and gas reserves, and the production thereof. In a similar vein, it appears that the U.S. government is less willing to pony up for programs meant to destroy and clean-up Russia's vast chemical, biological, and nuclear weapons stockpiles. In an editorial in the *Chicago Tribune*, Sen. Richard Lugar took Congress to task for holding back some of the funding.

In an interview after the Russian presidential election, U.S. analyst and former NSC official Toby Gati said that she felt that the United States has spent too much time either ignoring Russia or lecturing it, without taking the time to build a partnership based on trust and a spirit of equanimity. This assessment is echoed frequently in the Russian press and among ordinary Russians. Much as the Japanese lamented the idea of "Japan passing" in the late 1990s, the Russians too feel they are often passed over by the United States. But it has become clear that Russia's road to democracy is imperfect, and that if anything, the Putin administration is moving Russia slightly back down the road toward a more controlled type of government exercising the principles of a market economy. A clear sign of this tendency was the March 31 decision by the Kremlin-dominated Duma to ban public protests in most areas of Russia.

The Middle East

Moscow and Washington continue to spar over Iran and Iraq. Although Russia has been much more cooperative over Iran and the threat of proliferation, it still hopes to complete the sale of a reactor to the Iranians, and indeed the Kremlin has stated that it is determined to do so. Meanwhile, Russia refuses to join the U.S. and 13 other nations in the Proliferation Security Initiative (PSI), an organization aimed at counter-proliferation. U.S. Under Secretary of State John Bolton was sent to Moscow in January to try and convince the Russians, but was unsuccessful.

In Iran, the U.S. has had problems with both a strategic partner (Russia) and an ally (Japan). In February, Russia restated its intention to provide nuclear fuel to Tehran's

nuclear reactor at Bushehr, and Japan signed a ground-breaking \$2.8 billion deal to develop Iran's giant Azadegan oil field.

Russia continues to state its unhappiness with the U.S.-run occupation of Iraq, and an opinion poll showed that more than 60 percent of Russia's citizens oppose U.S. actions there and equate the 2003 war to a crime. Nevertheless, in spite of earlier U.S. pronouncements about shutting out nations that opposed the war in Iraq from reconstruction contracts (aimed mainly at France and Germany), Russian firms are still optimistic that they can secure work there. The Russian government's decision to declare debt relief was aimed primarily at securing good will in Iraq and smoothing the way for Russian firms to work there.

Central Asia and the Caucasus

U.S. intentions in Central Asia continue to worry leaders in Moscow. In earlier columns I have alluded to Russian concern over U.S. air bases in Kyrgyzstan and Uzbekistan. Of perhaps more worry for leaders in the Kremlin, according to the daily *Kommersant*, is the increasing pro-Western orientation of Kazakhstan. Vladimir Putin visited Kazakhstan in the first part of January to lobby for the rights of the Russian minority there and to argue for closer strategic cooperation. Undoubtedly Russian leaders are also closely monitoring Chinese overtures in the region, which could leave Russia as the third most important country for Kazakh leaders.

Moscow and Washington have also crossed swords over Georgia, where a velvet revolution of sorts swept into power a young president with obvious sympathies for the U.S. The U.S. has backed Georgia's new president, Mikhail Saakashvili, and his request that Russia remove its two remaining bases from that country. Russian military leaders say they cannot afford to do so and that any withdrawal will come only after 10 years. Washington has hinted that it will pay for the Russian withdrawal. Now people in Russia are wondering whether the small U.S. military presence in Georgia will become permanent. Secretary Powell tried to reassure his hosts in Moscow during his trip there in March, but the fear of the U.S. surrounding Russia with bases is latent, and indeed U.S. actions in this regard (in southeastern Europe and Central Asia) have done nothing to assuage this fear.

Chechnya continues to fester as an open wound for the Russians. U.S. leaders are also becoming more and more open in their criticism of Russia's actions there, something the Bush administration was reluctant to bring up in the early years of the presidency. Now, perhaps in anticipation of the upcoming U.S. presidential election, the White House is becoming less hesitant to voice its dissatisfaction about Russia's actions in Chechnya. The war brought up further irritants this winter when two Russian intelligence officers were arrested in Qatar in connection with the death of a Chechen rebel leader in that country in February. Allegedly these two men carried out the assassination of Zelimkhan Yandarbiyev in Qatar, and reportedly they were apprehended in part with the help of intelligence provided to Qatari police by the U.S. Whatever the case, it is clear that Russia is no closer to victory in Chechnya than it was in Afghanistan in the 1980s. The

Russian leadership needs to think about new strategies for ending the war and the senseless bloodshed, which is only further weakening the Russian army and sapping vital resources that are desperately needed elsewhere.

East Asia

Korean Peninsula issues continue to hold center stage for U.S.-Russian relations in East Asia. The second round of six-party talks on North Korea's nuclear program in February reached no conclusive outcome. Impatience is evident on all sides, and indications are that talks have reached the point of diminishing returns. Nevertheless, Moscow continues to back Washington's demand that North Korea give up its nuclear weapons program.

Another issue that has occupied the energy of Russian leaders in recent months has been the diplomatic tug-of-war between China and Japan over the final destination of the pipeline serving Russian oil to East Asia. The Russian government seems to have come to a decision (for now at least, but this could change) that it prefers the longer pipeline skirting northeastern China and ending up at Nakhodka (south of Vladivostok) from whence oil could be shipped to Japan, South Korea, China/Taiwan, and across the Pacific to the U.S. and elsewhere. In March, acting Energy Minister for Russia Igor Yusufov announced that his government wants the state-run pipeline monopoly Transneft to build a new \$7 billion crude oil link to Nakhodka so that sales can be opened to all buyers. According to Yusufov the decision was based on "pure economic terms." Yusufov went on to add, "China will have equal access to buy oil [from Nakhodka port]." The 2,400-mile route to Nakhodka has long been favored by Transneft and Rosneft, Russia's largest state-owned oil company. The Pacific route also supports Russia's plan to expand further into the U.S. market.

The private Russian oil firm Yukos had favored the China (Daqing) route, but with the arrest last fall of CEO Mikhail Khodorkovsky, it became clear that advocates for the China route were losing. The Chinese government-owned *China Daily* suggested that Beijing may still succeed in lobbying Russia to build the Daqing route, but warned that failure to do so would damage the relationship between Russia and China in trade and politics. Coincidentally (or not), China announced in March that its crude oil exports to Japan were to be halted for the first time in 30 years due to rising demand in China itself. Although the U.S. has in no way been involved in this struggle over resources, it can be guessed that U.S. officials and industry leaders would also prefer a Pacific route. Whatever decision is made, the pipeline is still years from completion, and things could change during that time period that could alter the Russian government decision.

Looking Ahead

U.S.-Russia relations have weathered a tough half-year. The remainder of this year also promises to be difficult given the upcoming U.S. presidential election. The war on terror continues, and as events in Madrid and Moscow in recent weeks have demonstrated, more attacks can be expected. The situation in Chechnya can also be expected to heat up with the summer months, if past years give any indication. What sort of pressure this will put on the U.S.-Russia relationship is hard to gauge. But one thing is certain: one rarely hears the word “partnership” bandied about any more in reference to relations between Moscow and Washington.

Chronology of U.S.-Russia Relations January-March 2004

Jan. 9, 2004: Russian President Putin visits Kazakhstan and meets with President Nursultan Nazarbayev to discuss strategic cooperation and joint energy development.

Jan. 19-21, 2004: Defense Minister Sergei Ivanov visits India to finalize the \$1.5 billion sale of the *Admiral Gorshkov* aircraft carrier to India.

Jan. 23-24, 2004: Secretary of State Colin Powell visits Georgia to attend the inauguration of President Mikhail Saakashvili.

Jan. 26-27, 2004: Powell arrives in Moscow for a two-day visit during which he meets with Russian counterpart Igor Ivanov and President Putin.

Jan. 29-30, 2004: Under Secretary of State John Bolton visits Moscow to meet with top defense and foreign ministry officials, but he fails to convince them that Russia should join the U.S.-led Proliferation Security Initiative (PSI).

Feb. 6, 2004: A powerful explosion blasts a packed underground train in Moscow during the morning rush-hour, killing at least 39 people and injuring more than 100.

Feb. 7, 2004: At a gathering of defense experts in Munich, DM Ivanov urges NATO not to put new military facilities in Poland and the Baltics, and warns that Moscow could take measures if its interests were threatened. At the same conference Sen. John McCain accuses Putin’s regime of a “creeping coup” against democracy.

Feb. 10, 2004: President Bush meets the head of the Russian presidential administration, Dmitri Medvedev who delivers a message to Bush from Putin that promises Russia will remain a “stable, reliable, and predictable partner.”

Feb. 17, 2004: Putin observes a large military exercise involving missile launches and strategic bombing flights on board a nuclear submarine in the Barents Sea. Several missile launches, however, result in failure and embarrassment for Putin.

Feb. 19, 2004: Three Russians are arrested in Qatar on suspicion of planting a bomb that killed Chechen rebel leader Zelimkhan Yandarbiyev in Doha on Feb. 13.

Feb. 24, 2004: Putin dismisses PM Mikhail Kasyanov and all other Cabinet ministers, saying he is reshuffling the government in preparation for next month's presidential vote.

Feb. 25, 2004: President Bush meets Mikhail Saakashvili, new president of Georgia at the White House.

Feb. 25, 2004: In its annual human rights report, the State Department accuses Russia of manipulating elections and making threats against opposition parties.

Feb. 26, 2004: In a phone call President Bush tells President Putin that he hopes Russia will move in a "reformist direction" after the March 14 presidential elections.

March 1, 2004: Putin nominates Mikhail Fradkov, a former tax police chief and Russia's top diplomat at the European Union, as prime minister.

March 2, 2004: Putin meets with former Secretary of State Henry Kissinger in Moscow.

March 13, 2004: CIA warns of a "greater assertiveness" on the part of Russia after Putin wins re-election.

March 14, 2004: Secretary Powell says he is concerned about the way Russia is conducting its presidential election and urges Putin's government "to do a better job" of making democracy work.

March 14, 2004: Putin is announced the winner of the presidential election in Russia with more than 70 percent of the popular vote.

March 17, 2004: Newly appointed FM Sergei Lavrov tells journalists that "virtually nothing separates" Russia from the U.S. when it comes to a vision of humanity's strategic problems in ensuring security.

March 18, 2004: U.S.-Russian relations are on the "right track" Assistant Secretary of State Elizabeth Jones tells Congress, though the track "is not without its bumps and occasional setbacks."

March 20, 2004: Sixty-two percent of Russians say the U.S.-led operation in Iraq is a crime against the people of Iraq, according to a VTsIOM survey.

March 29, 2004: Estonia, Lithuania, and Latvia are among seven former Soviet bloc countries formally join NATO. The other ex-communist nations joining are Romania, Bulgaria, Slovenia, and Slovakia.

March 29, 2004: Russian news agencies quote a senior Russian Defense Ministry official who announces Russia has designed a “revolutionary” weapon that would make the prospective U.S. missile defense useless.

March 31, 2004: Russian Duma decides to outlaw public protests in most Russian public places, including outside official buildings.