



**U.S.-Russia Relations:
Awaiting the G-8**

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U.S.-Russian relations continued on a tempestuous course during the spring. As noted last quarter, U.S.-Russian relations have been in a downward spiral since 2003. During the past quarter, elements of the leadership of both sides continued to spar verbally. Vice President Dick Cheney launched a broadside on the Russian government, during a public appearance in Lithuania. Vladimir Putin was happy to take up the challenge and obliquely referred to Cheney and/or the U.S. government as “comrade wolf” and a “bull in a china shop” shortly thereafter. The two nations appear to be circling one another in anticipation of the upcoming G-8 summit in July in Russia’s northern capital – and Putin’s hometown – St. Petersburg. Although it is unlikely President George W. Bush will take a confrontational stand as many in Washington are arguing he should, the summit could prove to be frosty because Washington’s partners in Europe have seemingly also become disillusioned with Moscow. In Asia, Moscow and China continue to strengthen and formalize the Shanghai Cooperation Organization (SCO), which many see as a bulwark against the United States, especially in Central Asia.

G-8 preparations

The list of grievances between Moscow and Washington has been catalogued *ad infinitum* in these pages and elsewhere. Without going into detail, the main points of contention for the United States continue to be the state of democracy and civil society in Russia, Russian intentions in the CIS (or former Soviet republics), Russian cooperation in addressing proliferation threats in Iran and the DPRK, and the perception that Russia is attempting to become an energy cartel in Eurasia, along the lines of OPEC in the 1970s, brandishing oil as a political weapon. Russian leaders see the U.S. attempting to expand NATO into the former Soviet republics (concern exists particularly about Georgia and Ukraine), establishing military bases in Central Asia, denying Russia World Trade Organization membership, and meddling in Russia’s internal affairs by telling the Kremlin how it should govern.

The agenda for the upcoming G-8 summit is the focus of diplomatic efforts in both countries. While the host government has a list of issues it wishes to address (including energy security, education, and the HIV/AIDS problem in Eurasia), many in Washington hope that President Bush will address more strategically pressing issues, such as the Iranian nuclear crisis. Washington also hopes to speak about Russia’s relations with

Georgia, Moldova, and Ukraine, as well as about the state of democracy in Russia. There appears to be no concerted effort to bring the terror threat to the agenda, a grave error considering this is the one issue on which Moscow and Washington appear to agree. Indeed, this is the one issue uniting the two in their now somewhat defunct “strategic partnership.” Whether the agenda will reflect the influence of Washington and its European allies or whether President Putin will stick to his own agenda remains to be seen. Nevertheless, officials and aides in both capitals are pushing various issues. Some in Washington who are outside the administration advocate a U.S. boycott of the meeting in response to what they perceive as the backsliding of democracy in Russia. Others call on President Bush to be pragmatic with Putin.

Cheney’s May speech in Vilnius – in which he accused the Russian government, among other things, of using energy to blackmail its neighbors – resonated with officials in both nations, though not necessarily in a positive fashion. The Russian response was measured, and President Putin never directly referred to the speech itself. Instead, he asked that U.S. leaders approach the bilateral relationship with a measure of respect and in the spirit of equality. But Putin and Kremlin officials have made it clear that they are wary of the U.S. penchant to criticize Russia’s democratic development. In a speech to Russian ambassadors in late June at the Russian Ministry of Foreign Affairs, Putin declared that “certain countries” are uncomfortable with the re-emergence of a strong and economically vibrant Russia.

In Washington, it was rumored that some in the administration were unhappy with Cheney’s blunt speech, and that they were working behind the scenes to repair the damage. President Bush has made it clear that he wants to work with Putin – not against him – and that any criticism of the Russian government is done above the table and is meant as constructive criticism. It would seem that Secretary of State Condoleezza Rice has the ear of the president, more than does the vice president – for now, anyway. In Moscow, the Russian press compared Cheney’s speech to Winston Churchill’s “Iron Curtain” speech in Fulton, Missouri, which some claim marked the beginning of the Cold War. Others in Russia were quick to criticize Cheney as a hypocrite, especially when Cheney flew to Kazakhstan and embraced Kazakh President Nursultan Nazerbayev the day after the Vilnius speech. Kazakh’s national elections have been termed fraudulent by just about every reputable international monitoring organization. Yet, Washington has been keen to enlist Kazakhstan as both an anti-terror ally and an energy ally. The United States has been actively seeking Kazakh participation in the BTC (the Baku-Tbilisi-Ceyhan) pipeline linking the Caspian to the Mediterranean.

It was clear long ago that – in the words of a recent editorial in the Russian daily *Nezavisimaya Gazeta* – Russia and the United States do not share the same vision of the future. Where the U.S. sees itself as a peaceful promoter of democracy across the globe, Russia sees in every U.S. action a hint of “democratic messianism.” Vladislav Surkov, the deputy chief of the presidential administration at the Kremlin – and a close Putin confidante – reiterated Russia’s decision to go about democracy building with its own brand of “sovereign democracy.” In a talk delivered to foreign reporters in Moscow in late June, Surkov managed to make subtle digs at the U.S. “People talk to us about

democracy, but they are really thinking about our energy resources,” he said. Surkov also questioned whether one could truly believe that Kazakhstan had progressed further democratically than Russia, an obvious reference to Cheney’s embrace of the Kazakh president one day after criticizing the Russian government for democratic backsliding.

Although Moscow and Washington will continue to agree to disagree, as the July G-8 summit neared, the two sides did agree that Iran needed to be near the top of the agenda.

Strategic issues

The Iranian nuclear issue reached crisis point this spring when the Iranian government announced that it had successfully enriched uranium. To the extent that both countries have conflicting interests in that country (Moscow has extensive commercial links and interests; Washington fears Iranian involvement in Iraq and Afghanistan), both sides have agreed that neither would like to see a nuclear Iran. The two governments have denounced Iranian efforts to produce a weapons program. But while the two agree on the end, they do not agree on the means. The United States favors sanctions, Russia favors diplomacy. This is why this issue will be big at the G-8 summit, and could set the tone for the relationship in the coming months.

In Central Asia, Moscow and Washington once saw eye-to-eye, but the two are now in open competition, and have been for at least two years. Across the region and its periphery, a number of political groupings have emerged that are reminiscent of the Cold War. Moscow has led the Collective Security Treaty Organization (CSTO) since its inception in 1992 and is looking to increase its political power and effectiveness, not only to counter U.S. presence in the region, but also that of the Shanghai Cooperation Organization, which many Russians fear will turn into a Chinese Trojan horse in Central Asia. The CSTO is a grouping of four of the five Central Asian states (minus Turkmenistan), plus Armenia and Belarus. Moscow has succeeded in getting the Uzbek government to take a higher profile. Through the 1990s, Uzbekistan – fearful of Russian domination – had shied away from an active role in the CSTO. But Uzbek President Islam Karimov attended the latest CSTO summit held in Minsk in late June.

The Commonwealth of Independent States (CIS), the original post-Soviet political grouping, seems to be declining. Although Moscow would like to see it continue to function as a political consultative organization, four nations are separating themselves from it and forming their own organization, GUAM (Georgia, Ukraine, Azerbaijan, and Moldova). Moscow sees Washington behind the formation of GUAM.

The SCO summit took place in Shanghai a week prior to the CSTO summit in mid-June. The biggest splash was made by Iranian President Mahmoud Ahmadinejad. Iran was invited to attend as an observer along with India, Pakistan, and Mongolia. Putin defended the decision by Uzbekistan to expel a U.S. air base from that country last year, saying that outside powers have no need to intervene and try to impose their morals. “I realize the indignation of the United States (over the base closure in Uzbekistan), but one should not behave like a bull in a china shop,” Putin said in a speech at the summit.

The United States, meanwhile, is looking to build a strategic partnership with India and hopes to bring Kazakhstan closer into its orbit by linking that nation to the grid of the BTC pipeline. Russia has been urging Kazakhstan to look east, and the two nations are cooperating in linking existing oil pipelines in Kazakhstan to those in China. Washington also might have its own Trojan horse in the SCO, with Mongolia participating as an observer. The U.S. and Mongolia have quietly been building a strategic partnership over the last decade. Japan also hopes to become an observer in the SCO, which would be a great benefit to Washington. The U.S. and Azerbaijan have continued military assistance and cooperation programs, much to the chagrin of the Armenian lobby in the U.S. Azeri President Ilham Aliyev visited Washington and met with President Bush in late April. Kyrgyzstan has also become a source of competition between the U.S. and Russia. The Kyrgyz government announced a June deadline for a new deal on the U.S. air base at Manas in that nation. Negotiators worked out an extension of the deadline, and it appears that Washington will be able to maintain the facility for now. Moscow is also looking to reopen several Soviet-era installations, and has plans to double the number of Russian troops at the nearby airbase in Kant.

Further to the west of the Eurasian periphery, Washington hopes that one day soon Ukraine can join NATO. The initial indications, however, are not particularly favorable. As much as President Yushchenko may wish for his nation to join NATO, his fellow countrymen are not convinced. Recent polls taken in Ukraine indicate that a strong majority of its citizens oppose NATO membership for Ukraine. Additionally, in May a group of U.S. Marines on a training mission on the Crimean Peninsula were greeted by locals with hisses and calls for the “Yankees to go home.”

At home, the Russian Ministry of Defense looks to dramatically increase its budget, centering primarily on strategic weapons systems. Since Russia is engaged in a local war in Chechnya and facing the same terrorist threats that the U.S. and others face, one can deduce that the upgrade in strategic weapons systems is aimed primarily at the U.S. (or perhaps China – neither would be exclusive), as was suggested in an article in the daily *Nezevisimaya Gazeta*. In order to find new systems, the Russian military-industrial complex will continue to seek out new arms markets, primarily in Asia and Latin America. A recent study by Stockholm International Peace Research Institute showed that in 2000-2004 Russia actually replaced the U.S. as the largest arms exporter in the world (although some experts have called into question SIPRI’s valuation methods).

Areas of cooperation

The good news is that in a number of core areas Moscow and Washington continue to cooperate, bolstered by the good faith that the two leaders, Bush and Putin, seem to have in each other. The two repeatedly emphasize that the two nations will continue to partner in vital areas of national security and elsewhere. And as long as Secretary Rice has the ear of the president, it is likely that guarded cooperation will continue.

One good sign was the announcement in mid-June that the Cooperative Threat Reduction programs (CTR, also known as the Nunn-Lugar initiative) will be extended another seven

years in spite of the legal and legislative problems that have dogged it the last few years. These programs are vital in assuring that nuclear materials do not reach the wrong hands. Leaders of both nations understand the importance and the intent of the programs, however badly they may be administered at times.

On the Korean Peninsula, Russia continues to be a passive participant in the Six-Party Talks, although it continues to urge the DPRK to return to the talks. Russia, perhaps in order to let the United States deal with the mess or because of its inability to influence the situation, largely remains silent.

U.S.-Russian business cooperation – not just energy cooperation – is increasing due to the growth of the Russian economy. The Kremlin wants a more effective lobbying organization in Washington, though not just for business purposes. Russia will need a more effective lobbying strategy, especially as the stories continue to filter back about prominent foreign businessmen being denied visas to Russia, the harassment of foreign journalists, and the age-old problem with bureaucratic corruption that continues to hinder healthy economic development. Partly due to such problems and partly, perhaps, due to politics (as many Russians claim), Russia is still being denied most favored nation status by the United States and has not been asked to join the WTO. This has become a particular sore spot on the eve of the G-8 summit, which ostensibly is a members-only club for the world's most advanced economies. This in fact shows that Russia was hardly asked to join because of its economic status. But as economic relations warm, an editorial in the respected daily *Kommersant* suggested that Russia may attain the status of a country like China in the eyes of the U.S. The two sides will have disagreements, but the strong business ties will create effective PR and lobbying voices in the U.S. But given the level of bilateral trade between the U.S. and Russia (hovering around \$10 billion a year) – compared to U.S.-China trade – this could be a very long time coming.

Asia strategies

In East Asia, it will be interesting to follow how Russian and U.S. strategies develop toward one another. For all practical purposes, Russia is a non-factor in the region. As the Six-Party Talks demonstrate, Russia carries little political or diplomatic weight. Russia has little military power in the region, and what is there is incapable of being projected beyond the littorals of the Russian Far East. Economically, the Sakhalin energy projects are producing (Japan received its first crude oil from Sakhalin in June), but the Far Eastern regions are literally at Third World levels of development. The one nation with which Russia could form a close relationship to bolster its political standing in East Asia – Japan – is uninterested in a *rapprochement* as long as the territorial dispute exists.

Moscow does, however, have the China card. Russia is careful to play this card, for China potentially poses a greater strategic threat to Russia than the United States. In Central Asia, through the SCO, Moscow has shown that it is not afraid to politically engage China, so long as China does not start to play Russia. Some voices in Russia frequently raise this concern, but the Kremlin under Putin has thus far maintained a warm relationship with China. It will be interesting to watch how Russia engages China

politically in East Asia. The speculation by some is that the SCO will form a counter-bloc to NATO in Central Asia and the Middle East. But could the SCO form a counter-bloc to the U.S.-Japan security partnership, perhaps even one day bringing the ROK into its fold? Seoul has developed good links in Central Asia where a large Korean diaspora once lived. Such a scenario is unlikely, but the SCO has developed into much more lively political organization than once thought possible in Washington.

Apart from Vice President Cheney's Vilnius speech, Moscow and Washington had a quiet quarter compared to recent months. But this could well just be the calm before the G-8 storm. Should the two sides quarrel over the political agenda at the meeting, relations could take a further blow. The recent private spat between Secretary Rice and Foreign Minister Lavrov at the G-8 preparatory meetings shows that there is tension at the highest levels, in spite of the public proclamations. On the other hand, Presidents Bush and Putin may decide to put aside differences and try to temper the storms that have wracked the relationship the past few years.

Chronology of U.S.-Russia Relations April-June 2006

April 1, 2006: U.S. journal *Foreign Affairs* publishes article that suggests the nuclear superiority of the U.S. is such that Washington could [theoretically] decide to launch massive preemptive strikes on Russia and China without serious risk of retaliation.

April 5, 2006: In its annual report on democracy and human rights, the Department of State notes the beleaguered status of Russian NGOs and increasing presidential control over the government in Russia.

April 12, 2006: Assistant Secretary of State for International Security and Nonproliferation Stephen Rademaker visits Moscow and tells his hosts that they have failed to fulfill commitments to reduce nonstrategic nuclear weapons in Europe, and that the two nations still have disagreements over dismantling and safeguarding Russian nuclear stockpiles.

April 12, 2006: In a rare public criticism, the Russian Foreign Ministry pointedly tells the Iranian government that it is on the wrong path, in response to the public statement by Iranian President Mahmoud Ahmadinejad that Iran has successfully enriched uranium for the first time.

April 17, 2006: The *Christian Science Monitor* publishes the results of a Russian poll in which almost 60 percent of Russian citizens interviewed called the U.S. a "threat to global security."

April 19, 2006: Kyrgyz President Kurmanbek Bakiyev threatens to close the U.S. airbase at Manas by June 1 unless Washington agrees to new terms demanded by the Kyrgyz government.

April 28, 2006: President Ilham Aliyev visits White House and meets President Bush.

May 4, 2006: Vice President Cheney lambastes the Russian government in a widely publicized speech in the Lithuanian capital, Vilnius. In the speech, Cheney accuses the Russian government – among other things – of using energy to blackmail its neighbors.

May 5-6, 2006: Vice President Cheney visits Kazakhstan.

May 8, 2006: Secretary of State Condoleezza Rice and Russian Foreign Minister Sergei Lavrov meet European diplomats in New York to discuss the Iranian nuclear crisis.

June 6, 2006: Former Secretary of State Henry Kissinger has private meeting with Russian President Putin. The two agree that the positive aspects of the bilateral relationship are overshadowed by negative events, but the two nations need to continue strategic cooperation whatever the domestic political climate.

June 7, 2006: In an interview on *Fox News*, U.S. Ambassador to the United Nations John Bolton says that there is a split within the Russian leadership on how to approach the Iran issue. The Kremlin denies the accusation.

June 15, 2006: Annual summit meeting of the Shanghai Cooperation Organization (SCO) takes place in Shanghai.

June 16, 2006: U.S. and Russian officials agree on a seven-year extension of the Nunn-Lugar initiative. The program provides U.S. money and expertise to secure and destroy Soviet-era caches of nuclear, chemical, and biological weapons.

June 23, 2006: Summit meeting of the Collective Security Treaty Organization (CSTO) takes place in Minsk, Belarus.

June 27, 2006: Putin urges the U.S. to engage in talks to replace the START nuclear weapons treaty.

June 29, 2006: Secretary Rice travels to St. Petersburg to attend preparatory meeting of the foreign ministers of the G-8.

