



**U.S.-Russia Relations:
From Diplomatic Confrontation to Military Posturing**

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Any casual observer of the U.S. and Russia recognizes the deterioration of relations since the beginning of the war in Iraq in 2003. Until recently, this entailed diplomatic lectures, energy nationalism, spying, Great Game politics in Central Asia, and a worsening opinion of one another among the general publics of both nations. This past quarter saw the re-emergence of something not seen since the days of the Cold War: military posturing. This has taken the form of military exercises, increased military expenditures, a re-emphasis on arms exports, a race to claim territory, and actual “meetings” of armed personnel in the skies and in the sea lanes around the Eurasian periphery. The primary points of contention that have existed since 2003 continue to harm relations (Iraq, Iran, the former Yugoslavia, and missile defense, among others), but now Moscow has taken the next step in reasserting itself as a global power: bolstering its long-beleaguered defense establishment.

Racing to the North Pole

An event that typified the confrontational tone, which has defined the U.S.-Russian relationship over the last few months, occurred in the frozen waters of the North Pole. In early August, a Russian mini-submarine with two State Duma deputies aboard planted a Russian flag made of titanium on the seabed 14,000 feet directly under the ice cap at the spot where the North Pole is located. The submarine was launched from a Russian research vessel that was undertaking a seabed survey. Russia has long claimed the waters and the seabed extending from its continental shelf in a rough triangle to the North Pole. Russia asserts that the Lomonosov Ridge, which runs under the polar ice cap, is an extension of Russia’s continental shelf. Russia took its claim to the UN in 2001, but there was not enough evidence for a final ruling. Russia is hoping this expedition will find the evidence to stake its claim more forcefully. For the record, both Canada and Denmark also claim the Lomonosov Ridge is an extension of their continental shelf.

Why the hullabaloo over the North Pole? With the recent trend in global warming, the polar ice caps have been receding, offering the possibility of undersea exploration for minerals and natural resources, perhaps even oil and natural gas. Additionally, receding ice flows mean the potential for an increase in commercial ship traffic between the Atlantic and Pacific Oceans. But make no mistake, the real driver here is the potential for oil and gas, which even major Western energy companies seem to think may exist in

large amounts. A 1982 UN convention gives all Arctic nations (Canada, Denmark, Norway, Russia, and the United States) equal access (an exclusive 200-mile economic zone extending from their borders) to the region. Moscow appears interested in having their share increased to encompass an area larger than Western Europe. Meanwhile, while keeping a close eye on events, the U.S. government has remained nonplussed about the entire affair, preferring to let the Canadian government scoff at Russian claims, which it has done with gusto.

Flight paths

Yet another event causing observers to sit up and take notice was news that Russian strategic bombers had resumed patrols in far-flung regions of the globe, including over the North Pole, the North Sea, the Alaskan coast, the Scottish coast, and even the Central Pacific. During the Cold War, Soviet strategic bombers routinely flew patrols in these regions, and they were routinely met by scrambled U.S. or NATO fighter jets. This practice was essentially given up after 1992 when the Russian military was cash-strapped and pilots were unable to fly long-range missions. Since the price of oil has increased to over \$80 per barrel (it was hovering near \$10 per barrel in 1999, when Putin became prime minister), the Russian government can count on increased revenues and can increase federal budgets, including the defense budget. The final figures for Russia's 2007 defense budget are expected to be nearly \$30 billion, up from \$22 billion in 2006.

In early August two *Tu-95* ("Bear") bombers flew out of Blagoveshchensk in the Russian Far East and appeared off Guam 13 hours later. They were met in the skies by U.S. fighter jets that scrambled from an aircraft carrier in the region. Earlier, in July, British and Norwegian fighters scrambled to meet Russian bombers over the North Sea on two different occasions. These "cat and mouse" games occurred with great frequency during the Cold War, but over the past 15 years Russian military forces have not been able to undertake such far-reaching patrols. On the occasion of joint military exercises with fellow Shanghai Cooperation Organization (SCO) members in mid-August, Putin announced that patrols by Russian strategic bombers would be increased. "I have decided that Russian strategic bombers will resume regular strategic combat duty." Whether Moscow can continue these patrols with regularity remains to be seen, but Putin has clearly thrown down a gauntlet.

The Kremlin has also instituted big plans for a naval expansion, the likes of which has not been seen in Russia since the early 1970s. Russia's naval chief, Vladimir Masorin, announced in August that over the next two decades Russia would add six new aircraft carriers to its fleets – including three for the Far Eastern fleet. Russia is also supposed to deliver a new aircraft carrier to India, but delays have put this off. Russia's carriers, however, will be smaller than the nuclear-powered *Nimitz*-class of carriers of which the U.S. has 12. And they will be substantially smaller than the CVN-21 class that the U.S. will start producing in the near future. But Russia's resolve to put carriers in the Pacific could be pushing China (and India) to develop a carrier program, although China has been studiously crafting an asymmetric, anti-access strategy involving submarines,

missiles, and smaller craft. Russia is also coming out with a new class (*Amur*) of diesel-powered submarines equipped with cruise missiles.

Eurasia vs. Oceania

On Aug. 16, the SCO held its annual summit in Bishkek, the capital of Kyrgyzstan. Participants included President Putin and Chinese President Hu Jintao, as well as leaders of the four other member states (Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan). Also in attendance were high-ranking officials from SCO observer states: Afghanistan President Hamid Karzai, Indian Minister of Oil and Gas Murli Deora, Pakistan Foreign Minister Khurshid Kasuri, Iranian President Mahmoud Ahmadinejad, and Mongolian President Nambaryn Enkhbayar.

During the summit there was much speculation in the West about whether that organization could become a rival to NATO in Central Asia and the rest of Eurasia. The “*Peace Mission 2007*” military exercises were the largest in the short history of the SCO. Approximately 6,500 soldiers from China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan took part in the maneuvers, which were held near Chelyabinsk in the Volga-Urals Military District of Russia. The SCO reportedly invited 80 military attachés and more than 400 journalists to observe the exercises, although mostly from non-Western countries. Some reports said that a U.S. request to send military observers was refused. Subsequent bilateral Sino-Russian exercises were held near Urumqi, the capital of China’s Xinjiang Uighur Autonomous Region. Two thousand Russian and 1,500 Chinese soldiers attended these bilateral maneuvers, where large numbers of aircraft were employed. The Russian daily *Nezavisimaya Gazeta* suggested that the SCO “may become a military alliance.”

Not to be out done, the United States, two of its allies (Australia and Japan), as well as India and Singapore conducted large-scale naval exercises in the Indian Ocean in early September. Twenty-five capital ships were involved, including three aircraft carriers (the *Nimitz* and the *Kitty Hawk* from the U.S. and the *Viraat Indiana* from India) and a U.S. nuclear submarine. The exercises involved a scenario near the Strait of Malacca, through which almost all of East Asia’s imported oil and gas must transit. Although China was more the ostensible target and the exercises were planned well in advance, the fact that they came on the heels of the SCO maneuvers showed that Washington, like Moscow, can send messages just as well. Needless to say these emerging coalitions are positively Orwellian in their geographical make up, mirroring the super-states *Eurasia* and *Oceania* from the novel *1984*.

Treaty complications

In the same vein as the unilateral withdrawal from the ABM treaty by the U.S. in 2001, in July, President Putin announced a Russian “moratorium” on the Treaty on Conventional Armed Forces in Europe, known better as the CFE Treaty. The CFE Treaty (signed in 1990) regulates the level of traditional armed forces along the Russian-NATO border. In 1999 Russia agreed to a revision calling for its withdrawal from Moldova and Georgia, in

return for an allowance of increased troop levels and weapons in the North Caucasus. Although Russia and NATO have been bickering about the details of the CFE for the past several years, Putin's announcement was a clear response to the NATO/U.S. plans for a missile defense system in Eastern Europe. Ironically, no NATO member country has ratified the treaty in its legislature, only Russia has. Moscow has a legitimate complaint about the nature of the treaty, given the fact that NATO forces are now stationed in several former Warsaw Pact nations (including the Baltic states, which are not signatories). One Russian official has called the treaty "hopelessly obsolete." NATO, meanwhile, is awaiting a Russian withdrawal from the Transdniester region of Moldova. Russia's suspension would take place 150 days after notification, which means sometime in early December 2007.

The Strategic Arms Reduction Treaty (START 1) is another treaty that looks imperiled in the U.S.-Russian crossfire. START 1 was signed in 1991 as the Soviet Union was collapsing. This time it's the U.S. that wants out. The Pentagon is interested in fielding ballistic missiles that could be used for pinpoint strikes in the war on terror. Since warheads on nuclear submarines (and elsewhere) are counted against the ceiling (whether nuclear or not), U.S. military leaders feel that this could be a major hindrance in strategic operations against terrorist forces.

In the background of these announcements is the ever-present dispute over missile defense. As noted in this column last quarter, the Russian leadership offered the U.S. access to radar facilities in Azerbaijan and Russia in return for abandoning plans to install parts of a European-wide missile defense system in Poland and the Czech Republic. But since then U.S. leaders, including President Bush, have made it clear that NATO (and hence the U.S.) is determined to move forward with the sites in Eastern Europe.

Nunn-Lugar reawakened

At least one bilateral agreement between Moscow and Washington does not seem to be on life support. The Cooperative Threat Reduction (CTR) program, better known as Nunn-Lugar, appears to have gotten a boost with the visit to Russia by Richard Lugar and Sam Nunn in August. Nunn and Lugar visited the Mayak Fissile Material Storage Facility near Ekaterinburg. The Mayak facility – constructed with U.S. money under the CTR – is the world's largest repository of nuclear materials, including spent, weapons-grade plutonium. They were the first U.S. officials allowed to visit the site since it was opened more than three years ago. The two men also met Russian Foreign Minister Lavrov to discuss missile defense plans for NATO in Eastern Europe. Lavrov delivered another tough message from the Russian government concerning these plans, and he was met with two pairs of receptive ears on both this issue and that of START 1 renewal. On the heels of Lavrov's meeting with Nunn and Lugar, Lavrov issued a series of non-negotiable "red line" issues in Russia-U.S. relations, including Kosovo independence and ABM issues. But nuclear proliferation is clearly an area of agreement and will continue to be so.

Missile defense talks between officials from the two nations were held on at least two occasions this past quarter, once in Washington and once in Paris. They appear to be going nowhere fast, and the U.S. is dead set on going ahead with the NATO ABM system with components being installed in the Czech Republic and Poland. One U.S. official had this to say: "Nothing has changed in the U.S. position during the talks. There is still a completely different understanding of the substance of President Putin's proposal [to share the radar facility at Gabala in Azerbaijan]." U.S. defense officials were given a blue-ribbon tour of the facility at Gabala, and as impressed as they may have been, Washington is determined to follow through on NATO plans for the facilities in Eastern Europe.

Some independent audits (including the GAO and the Pentagon) have given lukewarm reviews of the CTR program, citing cost overruns, transparency, and other issues, but there is no mistaking that both governments want nuclear materials accounted for and in safe storage. The Nunn-Lugar has perhaps been the one unqualified success in Russia-U.S. relations since the fall of the Soviet Union in 1991.

Based on this fear of nuclear proliferation, Moscow and Washington see eye-to-eye on the end goals of Iran policy. The problem lies more with the methods for getting there. The Bush administration favors sanctions, Putin and his entourage favor talks. But Russian patience with the Iranians seems to be wearing thin. As the summer ended, Russian suppliers had not fulfilled their promises to deliver fuel to the Bushehr reactor in Iran. Although the Iranians have been late with payments, the general consensus is that Russia is feeling pressure from the international community, especially the European Union, and France in particular.

Arms for Asia

Russian diplomacy in Asia has experienced a re-emergence after being marginalized in East and Southeast Asia for most of the 1990s. Sino-Russian relations are close again, not only under the auspices of the SCO, but also in the economic, political, and defense areas. Russian diplomats continue to play a role in the Six-Party Talks on the Korean Peninsula, and this role could become more pivotal in the coming months and years. Although Pyongyang is reportedly upset over Moscow's support of the two UN Security Council resolutions (condemning ballistic missile tests and the explosion of a nuclear device), Russia's cooperation with the other parties may prove beneficial in getting North Korea to come through on its promises.

On the way to the Sydney APEC summit in September, President Putin stopped off in Jakarta, the first visit to that country by a Russian leader since Nikita Khrushchev in 1960. Putin was able to sign a series of arms deals with the Indonesian government for more than \$1 billion. Additionally, representatives of Russian energy and metals companies accompanying Putin signed deals with Indonesian firms totaling close to \$4 billion. In Australia, the Australian and Russian governments signed a deal wherein Australian uranium will be supplied to Russia for use in civilian nuclear reactors. At the APEC summit, Putin pledged to make Russia a meaningful player in Asia again. Russia

is hoping to host the 2012 APEC summit in Vladivostok. Declarations notwithstanding, Russia still has a long way to go to become an important player in Asia. Arms and energy will get them far, but politically Russia is still very much on the margins.

Looking ahead

Russia's "moratorium" on the CFE Treaty (it is still unclear what this actually means, but many assume it means withdrawal) would come to term in December, given the July notification date. One other major event to note is the Cabinet change in Russia. In mid-September Putin announced the resignation of the uninspiring Prime Minister Mikhail Fradkov. Putin immediately announced Viktor Zubkov, an older technocrat with St. Petersburg ties to Putin, to replace him. Most of Fradkov's Cabinet was retained, with the notable exception being Economic Development and Trade Minister German Gref. Speculation had been that Deputy Prime Minister Sergei Ivanov or his counterpart Dmitri Medvedev would be appointed Fradkov's successor. But Putin's unexpected decision has put every Kremlin-watcher even further in the dark as to who Putin will name as his preferred replacement in next year's presidential elections. The next few months will be interesting for Russia watchers, but the tone of U.S.-Russian relations is unlikely to change in the near term, no matter who the successor may be.

Chronology of U.S.-Russia Relations July-September 2007

July 1-2, 2007: President Vladimir Putin visits President George Bush at the Bush family home in Kennebunkport, Maine (see last quarter's CC report for more detail).

July 4, 2007: Russian First Deputy Prime Minister Sergei Ivanov warns that Russia might deploy medium-range missiles in Kaliningrad if the U.S. continues with plans to deploy an ABM system with facilities in Eastern Europe.

July 8, 2007: At a conference in Croatia, Assistant Secretary of State for European and Eurasian affairs Daniel Fried hints that independence for Kosovo is still far away, an issue that has divided Moscow and Washington for months. Fried's comments suggest a softer position for the U.S.

July 9, 2007: Acting Assistant Secretary of State for Political-Military Affairs Stephen Mull states that the Azeri/Russian radar facility in Gabala being offered to the U.S. is no substitute for the facilities the U.S. plans to install in Poland and the Czech Republic.

July 14, 2007: In a message posted on the Kremlin's official website, Putin announces that Russia will suspend its obligations under the Treaty on Conventional Armed Forces in Europe (CFE) after 150 days due to "exceptional circumstances affecting the security of the Russian Federation."

July 19, 2007: Secretary of State Condoleezza Rice urges the Russian government to extradite murder suspect Andrei Lugovoi to the British government, which suspects him of poisoning an ex-KGB agent and anti-Putin émigré in London, Alexander Litvinenko.

July 31, 2007: ABM talks between officials from the Russian and U.S. governments are convened in Washington, DC.

Aug. 2, 2007: A Russian mini-submersible with two State Duma deputies on board plants a titanium Russian tricolor flag 4,000 meters beneath the ice on the North Pole.

Aug. 8, 2007: Two Russian *Tu-95* bombers fly a sortie near the U.S. territory of Guam in the Central Pacific. The bombers are met by scrambled U.S. navy jets.

Aug. 16, 2007: Summit meeting of the Shanghai Cooperation Organization (SCO) takes place in Bishkek, Kyrgyzstan. Immediately following the summit attendees observe the first organizational-wide military exercises on Aug. 17 in Russia.

Aug. 21, 2007: Russian Gen. Yuri Baluyevsky, chief of the General Staff of the Russian Armed Forces, warns the Czech government that the establishment of a NATO radar system linked to ABM would be a mistake.

Aug. 26, 2007: Sen. Richard Lugar and former Sen. Sam Nunn arrive in Moscow to promote further cooperation in the U.S.-Russian bilateral nonproliferation program that bears their names.

Sept. 5, 2007: In a speech in Moscow Russian Foreign Minister Lavrov lays out a series of non-negotiable “red line” issues in U.S.-Russian relations, including Kosovo independence and ABM issues.

Sept. 6, 2007: Putin stops in Jakarta on his way to the Sydney APEC summit and signs a series of arms deals with the Indonesian government worth more than \$1 billion.

Sept. 7, 2007: Presidents Bush and Putin meet at the Sydney APEC summit and discuss missile defense issues, with apparently little progress.

Sept. 10, 2007: Deputy FM Sergei Kislyak and Assistant Secretary of State John Rood meet in Paris to discuss missile defense issues.

Sept. 11, 2007: A team of U.S. and Russian officials jointly remove highly enriched uranium from a research reactor in Vietnam. The 3.9 kg of uranium are returned to a reactor in Russia.

Sept. 12, 2007: Putin announces the resignation of Prime Minister Mikhail Fradkov and puts forth Viktor Zubkov as his candidate to replace Fradkov.

Sept. 18, 2007: U.S. and Russian defense officials inspect the Azeri/Russian radar facility at Gabala.

Sept. 18, 2007: USS *Lassen* (destroyer) and *Patriot* (minesweeper) arrive in Vladivostok to participate in joint exercises with the Russian navy.