

# Comparative Connections

A Quarterly E-Journal on East Asian Bilateral Relations



## U.S.-Russia Relations: The Lines Are Drawn

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After nearly a half-decade of strategic cooperation, U.S.-Russia relations appear to have reached a turning point in the first months of 2006. The momentum behind this turn has been building for at least two years, but events of the past three months have put the future of the strategic partnership in doubt. Apart from the usual catalogue of disagreements – U.S. designs in Central Asia and the Caucasus, Russia’s stalled democratic development, and the fate of Ukraine and Belarus – there have emerged a number of other troubling issues that are potentially more damaging to the future of the U.S.-Russian partnership. These include the Iranian nuclear issue, Moscow’s *rapprochement* with Beijing, and a disturbing report that Russian diplomats may have shared sensitive information with the regime of Saddam Hussein about U.S. war plans in Iraq in 2003.

### Energy politics and confrontation in the CIS

After a quiet end to 2005, relations between the U.S. and Russia heated up in the early days of January. At the time, Russia had been threatening to cut off gas supplies to Ukraine. Moscow claimed that Ukraine had been siphoning off gas that was meant to be supplied to the rest of Europe – a claim that Ukrainian leaders denied. At the last minute, a deal was brokered that kept the gas flowing. But Moscow substantially increased the price to put it more in line with market prices. Ukraine protested, and was supported by the United States. The U.S. press loudly denounced Russia’s strong-arm move, pointing out that Belarus still receives gas at far below market value (although it has become clear that Moscow is looking to increase the price for Belarus, as well). Both the *Washington Post* and the *The New York Times* published editorials Jan. 4 strongly denouncing the Russian move. The *Washington Post* followed up with another editorial the next day entitled “Kremlin à la Saud,” pointing out that – like Saudi Arabia in the 1970s – Russia has the power to set prices in the international gas market, suggesting that this event could set a dangerous precedent. Secretary of State Condoleezza Rice followed suit and criticized Russia’s “politically motivated efforts to constrain energy supply to Ukraine.” What was lost to many people who followed the political aspects of this issue was the fact that the five-year deal gives Russia a virtual monopoly on the marketing and delivery of Central Asian gas (not just Russian) to all of Europe, via Ukraine.

Ukraine continues to be a focal point of U.S.-Russian contention, a fact since last year's election of President Viktor Yushchenko, a man widely supported in the West. Yushchenko favors Ukrainian membership in NATO, as well as the EU. As Russia's Black Sea Fleet is based in Sevastopol, a primarily ethnically Russian city sitting on Ukrainian soil, this idea is anathema to Moscow. Russia's lease on the Sevastopol base runs until 2017, but Yushchenko hopes to join NATO as early as 2008. Interestingly, polls indicate that a majority of Ukrainians is against holding a referendum on joining NATO. Additionally, recent parliamentary elections in Ukraine gave a blow to Yushchenko and his allies, as a pro-Moscow party won the biggest number of seats. Yushchenko can decide to join forces with the party of his former prime minister, Yulia Timoshenko, but she has made it clear that she is strongly against the gas deal with Moscow that Yushchenko brokered. Belarus also remains a sensitive issue for Moscow and for Washington. Presidential elections were held there in late March. "Europe's last dictator" (in the words of the U.S. government), Alexander Lukashenko, won 83 percent of the votes, suggesting a fixed election. While Moscow applauded the results, Washington criticized them. Washington is expected to put more pressure on Lukashenko, but thus far he seems immune to it, and he continues to have Moscow's unwavering support.

Elsewhere in the CIS, Georgia also tends to divide the guardians of the U.S.-Russian strategic partnership. Like Ukraine, Georgia aspires to NATO membership, and like Ukraine, Russian soldiers are stationed on Georgian soil. Of greater concern, however, are the two separatist movements in Georgia (Abkhazia and Ossetia), which threaten to make the already tiny nation even smaller. Russia tacitly supports both separatist movements and has soldiers ostensibly posing as observers on the ground in Abkhazia, a former playground for the Communist elite on the Black Sea. Meanwhile, Moscow continues to claim that Georgia – tacitly or not – allows Chechen rebels safe haven in the northeastern part of Georgia. In the trans-Caucasus region, both the U.S. and Russia seek Azeri military cooperation in the form of access to that nation. Both Moscow and Washington want to play a brokering role between Azerbaijan and Armenia in the Karabakh conflict. Moscow and Washington are also seeking a cooperative relationship with Kazakhstan. Such cooperation does not necessarily entail canceling out the actions of the other in Kazakhstan, but the nature of military sales and energy politics, however, often gives the overtures a competitive undertone.

U.S.-Russian competition in the former Soviet Union (or CIS) is a natural by-product of Russia's decline and U.S. pre-eminence in global affairs. The sustained bitter rhetoric of the last few years, and the buildup of perceived slights in Moscow, as well as what is seen as a continuing pattern of lecturing by the U.S., combine to threaten to irreparably damage the relationship. This past quarter, in particular, witnessed a flurry of negative reports in the U.S. on the state of affairs in Russia, and much of it was deemed offensive by Moscow.

## **U.S. reporting on Russia**

The first of the reports was by the respected Council for Foreign Relations (CFR). A blue-ribbon bipartisan commission was organized and chaired by two prominent politicians, former Democratic Senator and vice-presidential nominee John Edwards, and former Republican Congressman and vice-presidential nominee Jack Kemp. The report stated that, "U.S.-Russian relations are clearly headed in the wrong direction," and added, "the very idea of 'strategic partnership' no longer seems realistic." The commission urged the Bush administration to stop treating Russia as a strategic partner and to adopt a policy of "selective cooperation" and "selective opposition." The commission was particularly negative about the Putin administration, citing its poor track record in democratic development and its tendency to stamp out any opposition, whether it be politically based or grassroots based. Although CFR is a nonpolitical organization, the Russian press noted its strong political connections across Washington.

The report's publication coincided with Russian Foreign Minister Sergei Lavrov's visit to Washington. Lavrov's discussions with Condoleezza Rice and National Security Adviser Stephen Hadley did nothing to dispel the notion of a political and strategic disconnect between Moscow and Washington, although Lavrov was granted some time with President Bush to discuss the Iranian situation (more on this below). The think-tank *Stratfor.com* issued an analysis of the CFR report, suggesting that the commission has "laid the ideological groundwork for a far more adversarial foreign policy" between the U.S. and Russia. Other observers, however, insist that for the Bush administration, strategic cooperation on terrorism, narcotics, and proliferation will continue to trump the political concerns about democratic development in Russia and in the CIS.

Prior to the CFR report, the *Washington Post* reported that there was a divide within the Bush administration about Russia policy. According to the article, Vice President Dick Cheney and Secretary of State Rice have been both seeking out expertise on Russia from outside the administration. The article reported that while Rice is prone to look past differences over the path of democracy in Russia and the CIS to focus on strategic issues, Cheney appears to be listening to the views of such individuals within and outside the government (such as Sen. John McCain) who are advocating the expulsion of Russia from the G8. Thus far, George Bush has seemed to rely mostly on Rice for his Russia policy, as well as the senior director for Russia affairs at the National Security Council Thomas Graham, who, like Rice, advocates a constructive relationship with Moscow, rather than focusing on the negatives. It is speculative to say whether Bush will change his mind, but the events of the last few weeks paint a negative picture for the future of U.S.-Russian relations.

Two days after the release of the CFR report, the State Department issued its 2005 *Country Reports on Human Rights Practices*. The report, as in the past several years, gave Russia a failing grade, not only pointing out the stunted development of civil society and democratic opposition groups in Russia, but also the continuing bloody stalemate in Chechnya, hazing in the army, bureaucratic corruption, muzzling of the press, and a whole litany of other abuses. The usual Russian reaction is to chide the U.S. for its

“double standards,” listing such things as the Abu Ghraib scandal, election irregularities in Florida, the U.S. support of dictators in Central America and the Middle East, and other examples. This year was no different. Even before Foreign Minister Lavrov traveled to Washington – perhaps anticipating U.S. criticism – he published an editorial in the Russian daily *Moskovskie Novosti* in which he outlined Russia’s approach to its own brand of democracy.

One week later, the White House published the *National Security Strategy*, and in it issued its own condemnation of democracy in Russia. In Russia it was taken as another slap in the face on the eve of Russia’s historic hosting of the G8 summit this year. Although the text addressing Russia consisted of a mere two paragraphs (in a 49-page document), the Russian Foreign Ministry issued a scathing reply on March 20. It said, “One cannot escape the impression that [Washington] is using populist slogans in its own interests,” adding that, “no one has, or can have, a monopoly on the interpretation of democracy... each state must follow its own path toward democracy, as did and does the United States.” The Russian daily *Nezavisimaya Gazeta* ran an article talking of a new Cold War in the CIS, similar to the East-West confrontation, “only in a significantly narrower arena, with a different correlation of forces, and with somewhat diminished zeal.”

On the heels of all of these reports came perhaps the most disturbing event: a Pentagon report that Russian diplomats based in Iraq and perhaps a source in the U.S. military command in Qatar passed sensitive information to the regime of Saddam Hussein about U.S. war plans just prior to the U.S. invasion in 2003. The Russian government dismissed the report, while the Bush administration remained largely quiet. If this is correct, then the U.S. has a much larger concern with the Russian government than the freedom of press or presidential elections in some CIS country. If it turns out that a few diplomats were working independently, then this suggests that the Kremlin lacks control; a concerted effort by the Russian government would be even more disturbing. The U.S. needs a strong relationship with Russia to effectively combat terrorism, proliferation, and the trafficking of narcotics, but if Moscow has decided to take a stand against Washington, then U.S. strategy needs to change. Iraq and Iran could prove to be the ultimate testing grounds of Moscow’s intentions.

### **Russia and the U.S. in Asia**

Iran and its incipient nuclear program continue to dog the relationship between Moscow and Washington, although reports in the first weeks of the year suggested that Moscow was tiring of Iran’s subterfuge and was demanding a full accounting. A plan put forth by the Russian government after a visit by Foreign Minister Lavrov to Tehran called for Iran to admit UN inspectors, and in return Moscow would establish a Russian-Iranian joint enterprise to enrich uranium in Russia. But as the weeks dragged on with no firm deal, many in the West were left wondering if Iran was playing Russia to buy itself more time. Russia’s stance has been frustrating for the Bush administration. Moscow claims to agree, but there has been little to no pressure on the Iranians. The Europeans have been much more cooperative in this regard.

Washington was also put off by the decision of the Russian government to invite the Hamas leadership to the Kremlin in early March. Many see this as an attempt by the Russian government to reassert itself into the politics of the Middle East. Nevertheless, it seems a clumsy and reckless attempt to many, including officials in Washington.

Putin's visit to China follows the concerted push in the last quarter of 2005 to shore up Russia's relations with the nations of East Asia, for whom Moscow hopes to become a primary supplier of energy. For now the Russian focus is on developing the infrastructure (rail and pipe) of the oil industry in Siberia. But if China and Japan build a substantial gas network, then Russia can become the supplier of first resort for natural gas, as it is in Europe. This goal will not be easily reached, but it is attainable, and the Kremlin appears fixated on this idea. In Southeast Asia Russia hopes to become a primary arms supplier. Russia fears losing India, one of its best clients, and hopes to partially offset such a loss with increased arms sales to Indonesia, Malaysia, and Vietnam (as it also eyes new markets in Latin America and North Africa). Perhaps in this vein, Russian Prime Minister Mikhail Fradkov visited Hanoi in February.

The indications are that both Moscow and Washington are taking preliminary steps to seek out alternatives to the close partnership that has guided bilateral relations for the past five years. Russia looks to reassert itself as the political power broker it once was in the CIS, and as the primary energy supplier in both Europe and East Asia. To achieve this, the leadership in Russia may feel that U.S. dominance in these regions must be circumvented, if not undermined. The U.S., however, seems bent on maintaining its preeminent position across Eurasia. Russia is perhaps seen as more of a hindrance, rather than a strategic threat, like China. Nevertheless, it is understood that Russia is capable of forming partnerships that could hinder, if not block, the U.S. in achieving its strategic goals. The decisions being made in both governments might well be outlining just such a scenario of strategic competition, and not a continuation of the strategic partnership.

## **Chronology of U.S.-Russia Relations January-March 2006**

**Jan. 4, 2006:** Russia and Ukraine reach 11<sup>th</sup> hour deal that assures Ukraine continued supplies of natural gas at a rate below market value. Russia's heavy-handed tactics cause an uproar in the U.S. press, as well as in the U.S. government.

**Jan. 11, 2006:** Russian Deputy Prime Minister and Defense Minister Sergei Ivanov publish an op-ed in the *Wall Street Journal*, entitled "Russia Must Be Strong."

**Jan. 16, 2006:** Russian President Vladimir Putin publicly states that there is little dividing Russia from the EU and the U.S. on Iran's uranium enrichment activities.

**Jan. 23, 2006:** Russian Foreign Minister Sergei Lavrov meets with senior officials in Tehran to discuss the Iranian nuclear program. He seeks a softening of the Iranian stance.

**Feb. 7, 2006:** Japanese Prime Minister Junichiro Koizumi fails to attend the annual rally on Northern Territories Day in Tokyo. At this rally Japanese gather to demand the return of the four disputed islands with Russia.

**Feb. 11, 2006:** G8 finance ministers meet in Moscow to discuss details of the June G8 summit in St. Petersburg. U.S. Treasury Secretary John Snow attends.

**Feb. 16, 2006:** Russian Prime Minister Mikhail Fradkov arrives in Vietnam for a two-day visit to warm relations and to increase Russia's profile in Southeast Asia.

**Feb. 28, 2006:** In an editorial in the *Wall Street Journal*, President Putin states that the "establishment of a reliable and comprehensive system of energy security is one of the strategic goals for the G8."

**March 3, 2006:** Hamas leaders meet with the Russian leadership in Moscow.

**March 5, 2006:** Council on Foreign Relations issues a critical report on Russian internal and external affairs.

**March 5, 2006:** Russian FM Lavrov arrives in Washington for a meeting with U.S. leaders, including Condoleezza Rice. Lavrov also meets briefly with President Bush.

**March 8, 2006:** The State Department releases its *Country Reports on Human Rights Practices*. The report chides Russia on its "backslide" from democracy.

**March 11-12, 2006:** Ukrainian Foreign Minister Boris Tarasyuk visits Washington and discusses NATO membership for his country.

**March 16, 2006:** U.S. Energy Secretary Samuel Bodman visits Kazakhstan and meets Kazakh President Nursultan Nazarbayev. The two discuss the trans-Caspian shipment of Kazakh oil to the Baku-Ceyhan pipeline.

**March 16, 2006:** The White House issues its *National Security Strategy*, which expresses concern about Russia's democratic development.

**March 19, 2006:** Presidential elections in Belarus give President Alexander Lukashenko 83 percent of the votes.

**March 24, 2006:** Pentagon issues report stating that Russian diplomats based in Baghdad may have passed information about U.S. war plans to the Iraqi government in 2003.

**March 26, 2006:** Ukrainian parliamentary elections fail to designate a clear-cut winner, though they are seen as a blow to President Viktor Yushchenko and his forces.

**March 29, 2006:** Putin expresses frustration about the pace of Russia's accession to WTO membership, citing new demands by the U.S.