

The Gstaad Process
The West's Relations
with Russia:
Towards a Cold Peace?

Rapporteur: Jon Strandquist

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Preface

Since 2004, the Geneva Centre for Security Policy (GCSP) – with the support of the Swiss government and other institutions – has organised a series of roundtables on an annual basis. Known as the Gstaad Process, these meetings tackle a number of global security concerns, ranging from weapons of mass destruction (WMD) proliferation to regional security.

The overarching aim of the Gstaad Process is to provide a platform for senior officials and scholars from the United States, the Russian Federation, and Europe to meet and examine some of the most pressing security challenges faced today. The 2008 Gstaad Process conference was organised by the GCSP with the support of the Swiss Federal Department of Foreign Affairs, the Carnegie Corporation of New York, and the James Martin Center for Nonproliferation Studies (CNS) at the Monterey Institute of International Studies in Monterey, California.¹

This report presents the themes that emerged from the 2008 Gstaad Process Conference on the following four broad topics: global security, energy security, missile defence and nuclear non-proliferation and disarmament.

¹ This publication was made possible by a grant from Carnegie Corporation of New York. The statements made and views expressed are solely the responsibility of the author.

Executive Summary²

At the 2008 Gstaad Process conference, the discussion of security-related issues central to West-Russia relations focused on four broadly defined areas: global security, energy security, missile defence, and nuclear non-proliferation and disarmament.

Global Security

A majority of participants agreed that we are at a turning point in post-Cold War history and are experiencing a paradigm shift in West-Russia relations. An indication of this shift took place in Munich in February 2007, where President Putin announced that Russia would pursue an “independent foreign policy.” From a Russian perspective, the speech was a reminder to the West that relations can only be built on the basis of mutual respect and strict reciprocity. From a US perspective, President Putin’s speech indicated that Russia once again views the world through a balance of power lens.

Due to a values gap between Western and Russian approaches to international relations, some participants suggested that we may head towards a “Cold Peace” in the near term. Some also expressed the pressing concern of a possible collision between the West and Russia in the future. However, there is still considerable hope that such a “Cold

² Special thanks to Gustav Lindstrom whose editing guidance and helpful comments greatly improved this paper. Thanks also to Anna Sarinko and Marc Finaud for valuable proofreading assistance.

Peace” will not emerge, as the Russian political elite is not homogenous in its approach to relations with the West. Instead, two schools of thought are discernable: the realistic or pragmatic school and the ideological school. At present, it is believed that the top Russian leadership belongs to the realistic / pragmatic camp, while the Russian Parliament (especially the Lower House), the broader Russian public and the mass media fall under the ideological school.

New Zones of Potential Rivalry? From the Balkans to the Caucasus

According to a Russian participant, the regions of the Caucasus and the Commonwealth of Independent States (CIS) are already zones of confrontation between the West and Russia, and the outcome of events in these regions will influence what happens in the Balkans. Factors such as North Atlantic Treaty Organization (NATO) enlargement and Western support for a reduced Russian influence in former CIS states have influenced Russian policy in the Caucasus and CIS space.

An opposing viewpoint was also voiced. It was suggested that Russia is pursuing economic rather than political or military interests in the Balkans. In the Caucasus, the potential for rivalry between the West and Russia may also be limited because the European Union (EU) currently has no intention of extending EU membership to former CIS states and it is up for debate whether Ukrainian and Georgian membership in NATO is likely to happen anytime soon.

Institutions: Bridges or Barriers to West-Russia Co-operation?

Three fundamental assumptions have generally served as the basis for rules in the international community and in international organisations: (1) the sovereign equality in law of all states in the international community; (2) the inviolability of territorial integrity in the post-Cold War era; and, (3) a set of assumptions going under the term “cooperative security” holding that progressive institutionalisation or engagement in international institutions will encourage stability and security.

However, several participants noted that many of the institutional assumptions made in the past no longer seem to apply. As a result, it may be necessary to re-examine the institutional fundamentals and rules to see whether they effectively serve to address today’s security challenges. It may also be necessary to review the effectiveness of

international institutions in their efforts to provide conflict mediation and assistance in conflict termination.

Energy Security

There was broad consensus that energy security is a challenge and has a significant impact because of its core importance to the social, political and economic well-being of states. From a Russian perspective, the most pressing energy security challenge is the underinvestment in Russia's energy infrastructure. A European participant offered a contrasting view, emphasising the importance of diversity of supply as fundamental to European energy security. References were made to the main guiding principles of the International Energy Agency (IAE) since 1974:

1. Diversifying types of energy: nuclear, coal, renewable energies, oil and natural gas;
2. Diversifying supply sources for each energy type; and,
3. Diversifying physical routes from each supplier, and ensuring that cooperative risk management systems are in place for oil products.

Missile Defence

The discussion on missile defence centred upon the controversial US proposal to create a "third site" ballistic missile defence system in Europe by bilaterally placing elements of this system in Poland and the Czech Republic. According to a participant, Russia has both political and strategic concerns with a "third site" in Europe. The political dimension centres on the Russian perception that the proposed missile defence system would be an additional element of NATO encroachment on Russian borders. Regarding strategic concerns, there are two principal issues. First, Russian military experts believe that the deployment of even a small missile defence contingent in this area poses a threat to Russian nuclear deterrence. Second, there is the possibility of expanding the originally limited system into something far more extensive and threatening further down the line.

The position of the US is that the proposed "third site" is designed to counter a number of rogue states, specifically Iran, that may acquire nuclear weapons and the intercontinental missile technology needed to threaten Europe, dominate the Middle East, or attack US allies in the

region such as Israel. The logic is that it is better to be early rather than late in taking defensive measures, and that there could be considerable utility in having a defence shield to forestall the risk of conventional military action against such a threat.

The European perspective on the proposed US missile defence system is more varied. For example, France has chosen to proceed with its own early-warning systems while Poland, one of the stakeholders in the future third site, now welcomes the US proposal and sees a US presence on its territory as a means to assist in deterring any potential Russian action against it. European participants agreed that Europe has a strong interest in this issue because it may end up facing possible Russian countermeasures, requiring that it think carefully about the costs and benefits of such a system.

Nuclear Proliferation and Disarmament

The final session focused on nuclear proliferation and disarmament. Repeatedly, emphasis was placed on the need for increased constructive communication and co-operation between the US and Russia given their status as the two key actors in this area. Several recommendations were posited for strengthening collaboration, including:

1. Resuming routine and regular consultations on non-proliferation problems;
2. Collaborating on safeguarding sensitive fuel cycle technology by promoting the development of regional nuclear fuel centres; and,
3. Working to enhance International Atomic Energy Agency (IAEA) safeguards, such as the Additional Protocol.

One participant suggested that the Russia-Georgia conflict demonstrated that there are other, more important global security challenges than cooperating on non-proliferation. In this view, issues such as NATO enlargement and the Russia-Georgia conflict are more central than non-proliferation to West-Russia relations. In the discussion, two principal avenues for preventing proliferation among nuclear Non-Proliferation Treaty (NPT) State Parties were identified:

1. Enhancing the IAEA safeguards to block tacit and secret violations of the NPT; and,
2. Making withdrawal from the NPT far more difficult and costly (taking on board the lessons of the North Korea case).

Main conclusions

While consensus was not always reached on substantive issues, participants agreed that dialogue between the West and Russia is of paramount importance and that lines of communication must remain open-especially in times of crisis. In addition, several broad conclusions emerged from the Conference, including:

1. While there are substantial differences between West-Russia relations today and those during the Cold War, we may be heading towards a “Cold Peace” as there seems to be important differences in the way the West and Russia approach international relations. Unlike during the Cold War, it is of concern that there are few mechanisms to avoid a possible confrontation between the West and Russia. As such, “co-operative efforts” need to be further developed.
2. Russia perceives NATO enlargement as a serious security threat and continued Western dialogue to this effect is likely to be a stumbling block to West-Russia co-operation. One important focus of Russia’s current foreign policy is the Ukraine. Several participants thus noted that Ukraine might become a future flashpoint – especially if NATO enlargement continues.
3. Russia is again a major player in the world whose interests should be taken seriously by the West. However, it appears that Russia is operating with a different set of values and interests than the West, and re-aligning these values and interests is potentially a necessary pre-condition to full co-operation. In addition to narrowing the values gap between the West and Russia, it is also important not to apply old formulas, such as the term “Cold War”, to modern relations.

Introduction

This report presents the ideas and themes that emerged from the 2008 Gstaad Process Conference on the following four broad topics: global security, energy security, missile defence and nuclear non-proliferation and disarmament. The first section examines the recent crisis in Georgia, whether new zones of rivalry might emerge in the Balkans and the Caucasus, and the role of international institutions in the new global security environment. Section two focuses on the challenge of energy security, including possible solutions to ensure security of supply. Section three covers the issue of missile defence. Specifically, it considers the concerns of different parties and its possible implications. Lastly, section four analyses trends in nuclear non-proliferation as well as recommendations for enhancing efforts to curb proliferation. The paper ends with a conclusion highlighting some of the main observations made during the Gstaad Process. Annexes 1 and 2 provide the programme agenda and list of participants.

Global Security

Towards a Cold Peace?

Though the world is very different today than in the era of the Cold War, the deteriorating relations between the West and Russia have raised the spectre that relations between these two entities may be characterised as moving towards a Cold Peace. Differences over Kosovo, Georgia, NATO enlargement, and missile defence – just to mention a few – underscore the presently tense relations between the West and Russia. The Russia– Georgia conflict in August 2008 and the subsequent advance of the Russian military into Georgian territory effectively challenged the post-Cold War notions of territorial integrity and state sovereignty. These actions served as a timely reminder of the changing global security situation, and future prospects of renewed conflict have again reinforced the importance of West–Russia relations.

Despite the fact that major differences exist between the Cold War and the present security situation, making confrontation less likely between the West and Russia, there is still reason for apprehension regarding future conflict.

In the opinion of some, Russia's actions during the Russia–Georgia conflict should come as no surprise to Western observers. In February 2007 in Munich, President Putin sent a clear signal to the world that Russia would pursue an "independent foreign policy." President Medvedev reiterated this message when he stated that Russia had "come in from the cold" after nearly a century of relative isolation and is now actively

returning to global politics and the global economy. From a Russian point of view, it is important that Europe and the US realise that relations can only be built on the basis of mutual respect and strict reciprocity.

A Russian participant stated that Russia desires cordial relations with the West and broadly agrees that the use of force in the international arena must be prevented. However, the participant also noted that Russia questions the appropriateness of the existing Western collective security system. For example, it was argued that the West, in calling for proportionality in the Russia-Georgia conflict, should be aware that this proportionality must extend to the actions of Western governments as well.

A US participant observed that we are now at a turning point in post-Cold War history and are experiencing a paradigm shift in West–Russia relations. The US has been sincere about including Russia as a partner in international security policy since the end of the Cold War and hoped that Russia would become a future integral member of the transatlantic security architecture. According to the participant, the desired outcome – that post-Soviet Russia would embrace the values of the transatlantic community – has not occurred.

Instead, President Putin’s speech in Munich signalled that Russia views the world through a balance of power lens and that Russia has every expectation of being one of the system-defining members of the international community. Further, it seems that one of the leading principles of Russian foreign policy is an appeal to Russian “national interest.” In contrast to this, that US foreign policy was unprepared for the Russia-Georgia conflict in August 2008 calls for introspection due to the inability of US diplomacy to prevent the conflict. Looking ahead, the next US administration will inherit the constraints of a financial crisis and the responsibility for prosecuting two ongoing conflicts simultaneously. This could move the new administration to favour a more moderate stance.

Due to a values gap between Western and Russian approaches to international relations, some participants suggested that we may head towards a “Cold Peace” in the near term. In the ensuing debate, it was emphasised that the possibility of a real collision between the West and Russia in the future is a pressing concern. It was noted that the two rules that prevented the Cold War from growing into a Hot War – equality of

power among rivals and mutually agreed-upon spheres of influence – no longer exist. On the positive side, this potential confrontation is not developing between two polarized, ideologically different blocs. Instead, it is taking place among two players in a multi-polar system, and other players, such as China and the Middle Eastern states, are not taking sides in the conflict.

In spite of these concerns, some participants expressed hope that we will not experience a “Cold Peace” because the Russian political elite is not homogeneous in its approach to relations with the West. Instead, two schools of thought exist on this issue: the realistic / pragmatic school and the ideological school. Presently, it is believed that the top Russian leadership belongs to the realistic / pragmatic camp, while the Russian Parliament (especially the Lower House), the broader Russian public, and the mass media fall under the ideological school of thought.

Using the pragmatic camp as a basis, one participant suggested that to avoid a “Cold Peace” in the coming years, a line should be drawn after Kosovo, South Ossetia and Abkhazia, after which no further territorial changes in Europe should be permitted. Under such a scheme, both the West and Russia would have scored a victory, easing any remaining tension and possibly avoiding future tension over the direction of Ukraine.

The application of these schools of thought likewise reveals different perspectives on the Russia-Georgia conflict:

1. The realistic / pragmatic camp views the Russia-Georgia conflict as unfortunate, but also believes that Russia’s warnings were not taken seriously and that now, after this display of military action, Russia’s legitimate concerns will be taken seriously by the West.
2. The ideological camp views the Russia-Georgia conflict as the beginning of a resurgent Russia’s counter-offensive and believes that Russia should seek to regain its former great power status and sphere of influence.

When thinking about the currently strained situation between the West and Russia and possible solutions, it was concluded that policy-makers should not become prisoners of old formulas (e.g. Cold War) that have specific meanings and connotations within their historical context. In addition, it was noted that there exists a dichotomy of interests

between the West and Russia but that this should not wholly determine the nature of Russia's relations with the West. It was also recognised that emotions, not just values, may play a significant role in foreign policy decision-making and that both sides must manage emotions in order to avoid future conflict.

New Zones of Potential Rivalry? From the Balkans to the Caucasus

Given recent developments in Kosovo, South Ossetia and Abkhazia, and the fact that some states in the international community have recognised these entities as sovereign states, participants were asked to consider if new zones of rivalry might develop between the West and Russia in the Balkans and the Caucasus.

According to one participant, the CIS space is already a zone of confrontation between the West and Russia, and the outcome of events in these regions will influence what happens in the Balkans. A plausible factor behind the existing West-Russia rivalry in the CIS space and Caucasus lies in the West's perception that a resurgent Russia is attempting to regain control over these states. At the same time, Russia perceives that the West is striving for a reduced Russian influence in former CIS countries, forcing Russia to be proactive in the Caucasus and CIS space.

Similarly, events in the Balkans may have implications for the Caucasus and CIS space. The case of Kosovo provides an illustration of how spheres of influence may be differently perceived. Russian withdrawal from Kosovo signalled to the West that the Balkans had become a sphere of Western influence. By taking this action, Russia expected that in return, the Caucasus and CIS space would be recognised as a sphere of exclusive Russian influence. Following this reasoning, events in Kosovo had an important influence on Russian foreign policy thinking in Moscow. Russia interpreted developments in Kosovo to mean that the West would accept Russian interests in the Caucasus and CIS space.

It was also argued that the ease with which Russia navigated the conflict with Georgia may encourage it to engage in similar behaviour in the future. In the words of one participant, the Russia-Georgia conflict was simply "too easy" for Russia in the face of a large number of serious

risks. Based on this experience, Russia may infer that other military action will be tolerated and may seek to further demonstrate to the world militarily that it is again a powerful player on the global level.

A European participant suggested that the European perception of Russia was negatively influenced by the Russia-Georgia conflict. Specifically, the sight of Soviet-model tanks in the streets of a sovereign state for the first time since 1968 is likely to have brought back uncomfortable memories to many Europeans. It was suggested that for West-Russia relations to move in the right direction, the principle of territorial integrity must be respected.

The opposing viewpoint – that there is no genuine rivalry between the West and Russia in the Caucasus or the Balkans – was also voiced. It was suggested that Russia is pursuing economic rather than political or military interests in the Balkans. In the Caucasus, the potential for rivalry between the West and Russia may also be limited for several reasons. Among them, the EU currently has no intention of extending EU membership to former CIS states and it is up for debate whether Ukrainian and Georgian membership in NATO is likely to happen anytime soon.

However, the question of NATO enlargement into the CIS space remains. According to some participants, this expansion must come to a halt before the West and Russia can cooperate in the future.

Institutions: Bridges or Barriers to West-Russia Co-operation?

Three fundamental assumptions have generally served as the basis for rules in the international community and in international organisations:

1. The sovereign equality in law of all states in the international community;
2. The inviolability of territorial integrity in the post-Cold War era; and,
3. A set of assumptions going under the term “cooperative security” holding that the progressive institutionalization or engagement in international institutions will encourage stability and security.

However, several participants noted that many of the institutional assumptions made in the past – such as the inviolability of territorial integrity in Europe – no longer seem to apply. The breaking of institutional rules, as both Russia and the US have done in the past, has consequences.

Among them, they negatively impact a state's international image, inhibit a state's acceptability to other actors in playing certain roles (i.e. mediator) and diminish a state's ability to gain support from the international community for its own initiatives.

It was argued that it may be necessary to re-examine the institutional fundamentals and rules to see whether they effectively serve to address today's security challenges. Likewise, it may be necessary to review the effectiveness of international institutions in their efforts to provide conflict mediation and assistance in conflict termination.

Specifically, how institutions engage, especially in areas where interests may collide, can raise sensitivities. For example, one participant noted that conflicts in the Newly Independent States (NIS) are no longer the exclusive interest of Russia. Institutions like NATO and the EU intervene in such situations to assist with conflict resolution. However, it was emphasised that the West should not exclude Russia from participation in conflict resolution in the NIS states because any conflict settlement in this region is likely to be more viable with Russian agreement and participation.

The discussion reinforced several other issues of interest to participants. One participant noted that in spite of the significant institutional development in Europe, it was still mainly state actors that wielded influence within the system. To reverse this trend, it may be necessary to counteract the marginalisation of actors other than states to reflect the growing influence in international relations of international and regional organisations as well as other actors, such as multinational corporations and non-governmental organisations. Another participant argued that the Russia-Georgia conflict had led to the realisation in some policy circles in Moscow that US international influence is potentially on the decline. This realisation led to the suggestion that future collective institutional activity should focus on how most effectively to manage the decline of US hegemony in international relations.

Overall, it was concluded that in order to map the future of international institutionalisation, it will be necessary to determine whether the old institutional rules are still applicable to current challenges. In the same vein, new avenues may be required to strengthen the effectiveness of international institutions in their efforts to provide conflict mediation and assistance in conflict termination.

Energy Security

Is There an Energy Security Challenge?

There was broad consensus that energy security is a challenge and has a significant impact because of its central importance to the social, political and economic well-being of states. Although Russia and Europe each have unique considerations, goals and perspectives, there was broad agreement among participants that reaching a workable and positive solution on energy security is possible.

From the perspective of one participant, the most pressing Russian energy security challenge is the underinvestment in its energy infrastructure. On the one hand, Russia faces growing demand for its energy resources and, on the other hand, a situation of dwindling supply and fewer suppliers in the Russian market. In the short- to medium term, this could lead to stagnation and decrease in production.

Russia's domestic demand constitutes a considerable portion of overall energy requirements, but a lack of access to sufficient supplies is considered a central obstacle to the continued growth and development of the Russian economy. To date, increases in Russian domestic natural gas prices have had a negligible effect on the amount of energy available for export. However, as Russia brings the domestic price of natural gas in line with the price of exported natural gas, it remains to be seen whether Russia's domestic demand will decrease in response. Should Russia's domestic demand for gas decrease, the amount of natural gas available for export to Europe could potentially increase as a result.

It was noted that there is no evidence to support the idea that Russian energy supply to Europe is unreliable or that Russia has used energy as a political weapon. Data presented at the conference spanning 1997-2007, suggest that Russia has provided Europe with natural gas in a reliable manner. Short-term interruptions in the supply of natural gas, such as to Ukraine in 2005, were not visible on the overall European market and had no operational impact on the security of natural gas supply from Russia.

For these reasons, several participants agreed that Russia is unlikely to be the type of energy security risk that it is often thought to be (i.e. interrupting supply) because the energy business is too important for the Russian economy to be risked. According to one participant, 60 percent of Russian gas exports go to the EU. It was suggested that evidence for this assertion can be found in the Russia-Georgia conflict. Despite hostilities between these two states, Russia did not use energy as a political or an economic weapon. One participant observed that it is more accurate to conceive of Russia as using foreign policy actions to further its energy export business, rather than Russia using its energy resources to further its foreign policy goals.

Europe's fundamental interest in Russian energy stems from the vital and growing position that natural gas currently plays in Europe's economic production and environmental policies. Natural gas now accounts for 25 percent of primary energy usage in Europe. This is thought to be a major contributing factor to the continued expectation that EU-15 countries will successfully reduce greenhouse gas emissions by the targeted eight percent in the 2008-2012 timeframe specified in the Kyoto Protocol.³

Though substantial progress in nuclear power, clean coal technology and renewable energy is expected in the future, several participants expressed that there is currently no alternative to Europe's growing natural gas dependency. Even when accounting for domestic production and the possibility of new pipeline routes from the Caspian Sea and the Middle East, there was agreement that there are no alternatives to the high volumes imported through Russian pipelines – a situation that

³ European Environment Agency Report No 5/2008, Greenhouse Gas Emission Trends and Projections in Europe 2008: Tracking Progress towards Kyoto Targets, Executive Summary. Luxembourg: Office for Official Publications of the European Communities, 2008.

European foreign policy must take into account. European-Russian energy relations are complicated further as the natural gas relationship between the two parties hinges on multiple bilateral agreements and requires interaction with multiple actors.

Participants agreed that Ukraine could impact European-Russian energy security in at least two ways. First, Ukraine could become a competitor with Europe for Russian energy as it continues to develop and grow economically. Second, as Ukraine develops economically, making it more independent and potentially likely to resist Russian influence, a future Russia-Ukraine conflict could become more plausible – especially considering the recent Russia-Georgia conflict. Given these and other factors, it was broadly agreed that Ukraine has an important role vis-à-vis the energy dialogue between Russia and Europe.

From a historic viewpoint, the state of European-Russian energy relations was viewed as more unfavourable today than in the past because mistrust between Europe and Russia is growing. Several factors are contributing to this mistrust, including: the idea that commercial contracts are no longer inviolable; the presence of politically motivated plans on the part of Russia designed to bypass difficult transit countries complicating relations with other actors such as Ukraine; and Western notions of bypassing Russia when commercial logic would suggest its inclusion, reinforcing negative perceptions on both sides. However, it was underlined that this crisis of confidence is not a crisis of supply. The atmosphere of concern in European-Russian natural gas relations is the result of both major changes in the underlying environment and due to political considerations.

Proposed Solutions to the Energy Security Dilemma

A European participant emphasised the importance of diversity of supply as fundamental to European energy security. References were made to the main guiding principles of the International Energy Agency since 1974:

1. Diversify types of energy: nuclear, coal, renewable energies, oil and natural gas;
2. Diversify supply sources for each energy type; and

3. Diversify physical routes from each supplier, and ensuring that cooperative risk management systems are in place for oil products.

Furthermore, improved communication between Russia and the West on energy issues is essential. Russian interruption of gas supplies to neighbouring states has a powerful psychological impact due to strong public awareness and sensitivity to this issue. To illustrate, the 1993 Russian interruption of natural gas supply to Ukraine for one week was received with little public attention or discussion of energy security, an event that would today receive considerable media coverage. Communications held between Europe and Russia prior to the interruption, in which Russia explained its intentions and why a cut was deemed necessary, made the 1993 interruption a non-threatening event to European energy security.

A Russian participant offered a contrasting view, suggesting that the best way to ensure energy security would be for Europeans to increase their investments in Russia's energy infrastructure. Given current Russian strategies, production-sharing agreements with Western energy companies are unlikely; however, there exists space for dialogue between European investors and Russian producers.

To encourage European investment in Russian energy infrastructure, there would probably be a need for new rules to which Russia would have to agree, as well as a clearly defined legal basis for co-operation between Western parties and Russia. Such a proposal may be timely as Russia's ability to invest in its energy complex is diminishing due to the international financial crisis, which is likely to have serious implications for Russian domestic investment.

In closing the session on energy security, a participant noted that Europe's adoption of a Common Energy Policy would assist the development of positive energy relations with Russia. Thinking further ahead, a new global energy security paradigm – incorporating China and other large consumers – is likely to be needed to fully address the issue of energy security.

Missile Defence

The US Proposal for Missile Defence in Europe

The discussion on missile defence centred upon the controversial US proposal to create a “third site” ballistic missile defence system in Europe by bilaterally placing elements of this system in Poland and the Czech Republic. The proposal is contentious for several reasons, including: (1) the United States, Europe and Russia have disparate views regarding the Iranian nuclear and missile programmes and, consequently, contrasting opinions about the most appropriate response to such a threat; (2) European policy-makers have long-standing concerns regarding missile defence and remain uncomfortable with US unilateralism and militarism in the European space; and finally, (3) the US’s missile defence proposal has grown into a symbol embodying the heightening tensions between the US and Russia, with Europe seemingly caught in the middle while likely to be most directly affected by any Russian reprisals.

The US proposal contains several elements. First, an interceptor base would be established in Poland with launchers and ground support equipment for ten mid-course interceptors. Second, a narrow-beam (X-band) radar would be placed in the Czech Republic in order to provide tracking and engagement control for the interceptor missiles. Third, the final configuration would include a mobile, X-band radar placed at a location nearer to the expected threat to provide initial warning and tracking data. To augment its capacity, this system would also depend on radar in the UK and Greenland.

The system is expected to be capable of intercepting long-range missiles launched against targets in the US or Europe. European coverage would extend to targets north and west of a line running from northern Greece through central Ukraine. The cost of the system, paid for by the US, is estimated at USD 4 billion and if construction began in 2011, the system would, according to the US Department of Defense, be operational in 2013.

The position of the US is that the proposed “third site” is to counter a number of rogue states, specifically Iran, that may acquire nuclear weapons and the intercontinental missile technology needed to threaten Europe, dominate the Middle East, or attack US allies in the region such as Israel. The logic of missile defence in parts of Europe is that it is better to be early rather than late in taking defensive measures and that there could be considerable utility in having a defence shield to forestall the risk of conventional military action against such a threat.

European and Russian Concerns Regarding the US Proposal

There seem to be essentially two elements to Russia’s adverse reaction to the US proposal: (1) a political element; and (2) strategic concerns. Regarding the political dimension, the proposed missile defence system is viewed as an additional element of NATO encroachment on the borders of Russia. While this is inaccurate, as the missile defence proposal is a US bilateral agreement with Poland and the Czech Republic, it feeds misperceptions. Many Russians perceive NATO as a tool in the hands of the US, where US interests take centre stage, and are implemented by the organisation.

Regarding strategic concerns, there are two principal elements. First, Russian military experts believe that the deployment of even a small missile defence contingent in this area poses a threat to Russian nuclear deterrence. A participant noted that Russian SS-20 missiles launched from the Yaroslavl region could theoretically be intercepted over Iceland eight minutes after launch by such a proposed system. Likewise, SS-18/19s launched from Saratov or Dombarovskiy could be intercepted over the Baltic Sea in about nine minutes.

Second, there exists the possibility of expanding the originally limited system into something far more extensive and threatening down the

line. In response to this concern, a participant noted that the US has no such intention. Even under such circumstances, another participant argued that the system could nevertheless be used to increase electronic surveillance of Russia. From a Russian viewpoint, these concerns create an image of the construction of a strategic capability in Europe aimed at diminishing Russian nuclear deterrence.

Feeding the two essential elements of Russia's adverse reaction to the US missile defence proposal is a significant psychological concern. A Russian participant suggested that memories of former Russian influence in Poland and Eastern Europe give this issue an important psychological and emotional characterisation for Russian decision-makers. The recent US-Polish agreement, signed during the Russia-Georgia conflict was perceived in Moscow as a direct, threatening signal making this limited deployment of US missiles worrying for the potential longer-term prospects of expansion in an area of traditional Russian hegemony in propinquity to Russia's own borders.

As a possible alternative to the US approach, one participant suggested that the most effective way to create an early-response system in the Eastern European space is through co-operation with Russia. Although current tensions may not make such an approach easily acceptable to either party, a possibility for co-operation on missile defence in Europe potentially lies in the development of joint infrastructure, such as joint radar sites, and data exchange. It was acknowledged that although such initiatives – e.g. joint data centres – have been proposed before, their lack of success to date does not mean that such options should be dismissed out of hand, especially as Russia may take tangible steps to counter the perceived threat of a “third site” in Europe. One such step – the potential deployment of tactical nuclear weapons to Kaliningrad – was highlighted by participants. It was emphasised that such a Russian security-ensuring action would be within the current international legal framework because such weapons are not presently regulated by any international agreements.

Other examples of Russian security-enhancing measures may include:

1. Targeting elements of US infrastructure in Europe;
2. Improving its Topol-M Intercontinental Ballistic Missile (ICBM);

3. Modernising other ICBMs, such as the SS-19; and,
4. Withdrawing from the Intermediate-Range Nuclear Forces Treaty (INF).

The European perspective on the proposed US missile defence system is less clear-cut, with states often having varied views. A European participant questioned US motives for pushing such a missile defence system upon Europe because it was neither wanted by Europeans nor necessary for US defence. This participant also stressed that Europe has a strong interest in the issue as it will likely “pay the price” at the hands of Russia for US actions in this area, requiring that it think carefully about the costs and benefits of such a system.

Another European participant expressed the importance of fully understanding the Iranian threat situation. Depending upon the actual nature of the threat, instead of emplacing a US missile-interceptor system in European space, the most effective policy option could be to focus on implementing ballistic missile early-warning systems. As an example of such thinking, France has chosen to proceed with its own early-warning systems due to the controversy of the proposed US missile sites in Europe and lack of agreement between the US and Russia on the utility of early-warning systems.

Poland, one of the stakeholders in the future third site, provides another European perspective on missile defence. Although prior to the Russia-Georgia conflict there seemed to be little support for the US proposal in Warsaw, the Russia-Georgia conflict changed this thinking and sentiment shifted to embrace the idea of a US presence in Poland. Poland now welcomes the proposal and sees it as a means to deter any potential Russian action against it.

Though Europe’s response to the US missile defence proposal has been varied, all European states have an interest in determining how Europe might best cope with Russian reprisals for accepting to host a third site. According to participants, it remains an open question. A possible solution may lie, as some participants suggested, in joint US-Russian action on the Iranian threat. Such co-operation would likely obviate the need for a US missile defence system in Europe and effectively defuse the question of potential Russian reprisals.

Strategic Missile Defence Issues

During the discussion, the possible implications arising from the set-up of a “third site” in Europe were considered. In addition, participants offered several recommendations on how to move forward with respect to missile defence.

According to one participant, the US proposal sends the wrong message to Iran. By deploying a missile defence system in Europe, the US signals to Iran that the West assumes that it will develop nuclear weapons – even though the UN and the IAEA are currently working against such an outcome. In this view, the US belief in technical solutions to political problems is misguided. Moreover, it could alienate Russia and thereby undermine co-operation on the potential Iranian threat.

Another participant noted that Russia has used, and may continue to strategically refer to the issue of missile defence to undermine co-operation between NATO allies. From a different vantage point, the need for a missile system also begs the question whether the bilateral actions of the US, Poland and the Czech Republic are indicative of a security deficit in Central Europe or that NATO security guarantees are no longer seen as sufficient for these Central European countries. As an alternative to a missile defence site in Europe, a Russian participant proposed a “wait-and-see” approach to the Iranian threat before proceeding with a “third site”. Such a manoeuvre would give the system greater legitimacy if it eventually is pursued in response to Iranian actions.

The discussion ended with a US perspective noting that the US would not deploy a “third site” in Europe if there was no Iranian capability. In the view of this participant, the main reason that Iran was able to proceed with prohibited weapons development was due to a lack of Russian co-operation with Europe and the United States. Accordingly, Russia was making a mistake by attempting to block the US emplacement of the missile defence system rather than working with the United States to prevent Iran from developing its nuclear programme and missile technology. To reverse this trend, priority should be placed on greater transparency and co-operation in order to reach a solution that is mutually acceptable to the United States, Russia and Europe.

Several participants suggested that confidence-building measures may help attain such a solution. Suggested measures include:

1. Joint threat assessments;
2. Russian visits to the future installations in Poland and the Czech Republic;
3. Delaying operational capacity of the bases until a threat has been confirmed;
4. Ensuring that the planned radar in the Czech Republic has the right angle so that it cannot “peer” into Russia; and,
5. Using a Russian early-warning system in Azerbaijan to supplant the radar site in the Czech Republic.

Nuclear Proliferation and Disarmament

Two Perspectives on the Threat of Nuclear Proliferation

The final session focused on nuclear proliferation and disarmament. Repeatedly, emphasis was placed on the need for increased constructive communication and co-operation between the United States and Russia. The success of agreements and confidence-building measures between India and Pakistan, which have acted as calming influences through periods of political turbulence, was highlighted as an example. It was suggested that successful co-operation had existed between the West and Russia in the past and should be recaptured in the future.

From the perspective of a US participant, the most striking aspect of US-Russian relations is the uneven track record of co-operation, noting that co-operation has actually regressed since the end of the Cold War. This situation stems primarily from divergent US and Russian policies. It appears that the Russian leadership views the United States as less trustworthy and as a source of instability in the international system. Additionally, US action perceived to weaken the non-proliferation framework may incline Russian policy-makers to reassess the utility of compliance. From another angle, it seems some US officials are today more hesitant to cooperate with Russia than during the Cold War era.

Several recommendations were posited for strengthening collaboration. Examples include:

1. Resuming routine and regular consultations on non-proliferation problems;

2. Collaborating in safeguarding sensitive fuel cycle technology by promoting the development of regional nuclear fuel centres;
3. Working to enhance IAEA safeguards, such as the Additional Protocol;
4. Facilitating the entry into force of the Comprehensive Nuclear Test-Ban Treaty (CTBT);
5. Enhancing efforts to combat nuclear terrorism (e.g. through continued support to United Nations Security Council Resolution 1540; minimising the use of highly enriched uranium, etc.);
6. Extending existing treaties and voluntary measures (e.g. the Strategic Arms Reduction Treaty, START I, which expires at the end of 2009);
7. Increasing co-operation on non-proliferation under the general umbrella of the P-5 as was seen in the context of the Nuclear Non-Proliferation Treaty review process; and,
8. Pursuing joint ballistic missile defence to the extent possible.

NATO enlargement, especially towards Georgia and Ukraine, was identified as the major obstacle to progress in the nuclear disarmament and non-proliferation dossier. Some participants argued that this is because continued NATO enlargement strengthens Russia's perception that the West intends to further isolate it geo-politically from Europe, a perception possibly encouraging increased Russian military intervention in the NIS space. This, in effect, creates the belief in Russia that it is left with few options to ensure its security – chief among them nuclear weapons. One participant observed that a substantial portion of Russia's foreign policy focus was now on Ukraine – especially concerning its potential entry into NATO. Looking ahead, there may be a direct altercation between the US and Russia over Ukraine.

Another participant agreed that despite the fact that US and Russian leaders often highlight nuclear non-proliferation as a common interest and the supreme issue in international security, the Russia-Georgia conflict has shown that there are other, more important, global security issues. In Georgia, the world witnessed an indirect confrontation between the United States and Russia. It was argued that issues such as NATO enlargement and the Russia-Georgian conflict were more central than non-proliferation to US-Russia relations. Following this argument, if the US was really concerned by the Iranian threat, it would postpone

any action on NATO enlargement in order to gain Russian assistance in forcing Iran to abide by recent UN Security Council resolutions.

Preventing Nuclear Proliferation

While it was recognised that countries outside the NPT pose significant proliferation risks, it was also noted that renewed efforts are needed to limit proliferation risks among NPT State Parties. Two principal avenues for preventing proliferation among NPT State Parties were identified: (1) enhancing the IAEA safeguards to block tacit and secret violations of the NPT; and (2) making withdrawal from the NPT a far more difficult and costly undertaking (taking on board the lessons of the North Korea case). For example, with respect to the IAEA safeguards, only 40 percent of the NPT State Parties are party to the Additional Protocol. To move in this direction, it was suggested that nuclear-weapon states lead by example. For instance, according to one participant, Russia might want to consider increasing its budget allocation to the Additional Protocol which currently stands at 1.1 percent of the total budget.

With respect to specific measures to prevent proliferation, several recommendations were forwarded. For example, one participant observed that the regulatory progress and Article X of the NPT must be strengthened to make it more difficult for a country to benefit from technology co-operation allowed under the NPT, and then leave the NPT to develop nuclear weapons in a short time frame. Specifically, no technology transfer should occur after a State Party leaves the NPT. Economic incentives were also highlighted as a potential way to prevent proliferation. The suggestion was made that a stable long-term price for nuclear fuel should be maintained at a level below the current market price at which states can purchase nuclear fuel. The challenges inherent in such a scheme were also noted. Specifically highlighted was the question of how the difference between the proposed sub-market price and current market price will be funded.

Ending the session, a US participant drew attention to the calls made by former US officials to rid the world of nuclear weapons.⁴ The

4 Shultz, G., Perry, W., Kissinger, H., Nunn, S. "A World Free of Nuclear Weapons" The Wall Street Journal 4 January 2007: A15.

arguments presented have impacted the thinking of US policy-makers and both US presidential candidates signalled that they would be open to discussions along those lines. In order to secure the commitment of non-nuclear- weapon states, a clear dedication to such a vision – as well as compliance with Article VI of the NPT – from nuclear-weapon states are indispensable. Trust has to be established, and absent some perception of commitment, securing the support of non-nuclear-weapon states is doubtful, making significant progress on non-proliferation unlikely.

Conclusion

While consensus was not always reached on substantive issues, participants agreed that dialogue between the West and Russia is of paramount importance and that lines of communication must remain open – especially in times of crisis. The participants representing the positions of the United States, Europe and Russia exchanged views with several broad themes emerging from the conference, including:

1. Russia is again a major player in the world and its interests should be considered by the West when foreign policy decisions are made;
2. From a Western perspective, Russia is operating with a different set of values and interests, and re-aligning these values and interests is, potentially, a necessary pre-condition to full co-operation;
3. The potential for a direct engagement between the West and Russia is considered a tangible possibility by some because the “rules of the game” that kept the Cold War from growing into a “Hot War” are no longer present today;
4. NATO enlargement is perceived as a serious security issue for Russia and continued Western dialogue to this effect is likely to be a stumbling block to co-operation;
5. Ukraine plays a central role in several areas of West-Russia interaction, including energy security and NATO enlargement. To make co-operation possible, the West and Russia must reach a consensus on the role and status of Ukraine. It was noted that Ukraine may become a hotspot between the West and Russia in the future; and,
6. It is important not to apply old formulas, such as the term “Cold War”, that have specific historic meanings and connotations to modern relations.

Annex I: Seminar Programme

Thursday, 25 September 2008

13h30 - 15h00

Session 1: The West's Relations with Russia:
Towards a Cold Peace?

Welcome and Chair

Prof. François HEISBOURG, Chairman of the
Foundation Council, Geneva Centre for Security
Policy (GCSP)

Amb. Dr. Jean-Jacques de DARDEL, Ambassador,
Federal Department of Foreign Affairs (FDFA)

Mr. Victor VASILIEV, Deputy Permanent
Representative, Russian Federation Permanent
Mission to the United Nations Office at Geneva

Dr. Eugene RUMER, Senior Fellow, National
Defense University (NDU)

15h30-16h45

Session 2: Is There an Energy Security
Challenge?

Chair

Amb. Dr. Jean-Jacques de DARDEL, Ambassador,
Federal Department of Foreign Affairs (FDFA)

Dr. Pavel BAEV, Research Professor, International
Peace Research Institute (PRIO)

Mr. Simon BLAKEY, Senior Director, Cambridge
Energy Research Associates

Friday, 26 September 2008

09h30 - 10h30	Session 3: Missile Defence - Do We See Eye to Eye?
Chair	<p>Dr. Gustav LINDSTROM, Co-director, European Security Course (ETC), Geneva Centre for Security Policy (GCSP)</p> <p>Mr. Walter SLOCOMBE, Former US Undersecretary of Defense; Caplin & Drysdale</p> <p>Mr. Vladimir BARANOVSKY, Deputy Director, Institute of World Economy and International Relations (IMEMO)</p>
11h00 - 12h30	Session 4: From the Balkans to the Caucasus: New Zones of Rivalry?
Chair	<p>Dr. Ekaterina STEPANOVA, Project Leader, Stockholm International Peace Research Institute (SIPRI)</p> <p>Dr. Nadia ARBATOVA, Head of Department, Institute of World Economy and International Relations (IMEMO)</p> <p>Dr. Nicholas WHYTE, Head, Independent Diplomat (Brussels Office)</p>
14h00 - 15h30	Session 5: The Role of Institutions (UN, NATO, OSCE) - Bridges or Barriers to Western-Russian Co-operation?
Chair	<p>François HEISBOURG, Chairman of the Foundation Council, Geneva Centre for Security Policy (GCSP)</p> <p>Prof. Dr. Catherine KELLEHER, Professor, University of Maryland, and Senior Fellow, Watson Institute, Brown University</p> <p>Dr. Alexander NIKITIN, Director, Centre for Euro-Atlantic Security (MGIMO)</p>

16:00-17:30

Session 6: How Should We Address Nuclear Proliferation and Disarmament?

Chair

Dr. W. Pal SIDHU, Director, New Issues in Security Course (NISC), Geneva Centre for Security Policy (GCSP)

Dr. William POTTER, Director, Center for Nonproliferation Studies, Monterey Institute of International Studies

Dr. Alexei ARBATOV, Scholar-in-Residence (Moscow Office), Carnegie Endowment for International Peace

Annex II: List of Participants

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