



Russian Political, Economic, and Security Issues and U.S. Interests

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Summary

Russia made uneven progress in democratization during the 1990s, but this limited progress was reversed after Vladimir Putin rose to power in 1999-2000, according to many observers. During this period, the State Duma (lower legislative chamber) became dominated by government-approved parties, gubernatorial elections were abolished, and the government consolidated ownership or control over major media and industries, including the energy sector. The Putin government showed low regard for the rule of law and human rights in suppressing insurgency in the North Caucasus, according to critics. Dmitriy Medvedev, Putin's longtime protégé, was elected president in 2008; President Medvedev immediately designated Putin as prime minister and continued Putin's policies. In August 2008, the Medvedev-Putin "tandem" directed military operations against Georgia and recognized the independence of Georgia's separatist South Ossetia and Abkhazia, actions condemned by most of the international community. In late 2011, Putin announced that he would return to the presidency and that Medvedev would become prime minister. This announcement, and flawed Duma elections at the end of the year, spurred popular protests, which the government addressed by launching some reforms (such as the return of gubernatorial elections) and holding pro-Putin rallies. In March 2012, Putin was (re)elected president by a wide margin. The day after Putin's inauguration on May 7, the legislature confirmed Medvedev as prime minister. Since then, Putin appears to be tightening restrictions on freedom of assembly and other human rights.

Russia's Economy

Russia's economy began to recover from the Soviet collapse in 1999, led mainly by oil and gas exports, but the decline in oil and gas prices and other aspects of the global economic downturn beginning in 2008 contributed to an 8% drop in gross domestic product in 2009. Since then, rising world oil prices have bolstered the economy. Russian economic growth continues to be dependent on oil and gas exports. The economy is also plagued by an unreformed healthcare system and unhealthy lifestyles; low domestic and foreign investment; and high rates of crime, corruption, capital flight, and unemployment.

Russia's Armed Forces

Russia's armed forces now number less than one million, down from 4.3 million Soviet troops in 1986. Troop readiness, training, morale, and discipline have suffered, and much of the arms industry has become antiquated. Russia's economic growth during most of the 2000s allowed it to increase defense spending to begin addressing these problems. Stepped-up efforts have begun to restructure the armed forces and improve their quality. Opposition from some in the armed forces, mismanagement, and corruption seemingly have slowed this restructuring.

U.S. – Russia Relations

After the Soviet Union's collapse, the United States sought a cooperative relationship with Moscow and supplied almost \$19 billion in aid for Russia from FY1992 through FY2010 to encourage democracy and market reforms and in particular to prevent the proliferation of weapons of mass destruction (WMD). In the past, U.S.-Russia tensions on issues such as NATO enlargement and proposed U.S. missile defenses in Eastern Europe were accompanied by some cooperation between the two countries on anti-terrorism and nonproliferation. Russia's 2008 conflict with Georgia, however, threatened such cooperation. The Obama Administration has

worked to “re-set” relations with Russia and has hailed such steps as the signing of a new Strategic Arms Reduction Treaty in April 2010; the approval of new sanctions against Iran by Russia and other members of the U.N. Security Council in June 2010; the accession of Russia to the World Trade Organization on August 22, 2012; and the cooperation of Russia in Afghanistan as signifying the “re-set” of bilateral relations. However, in late 2012, Russia ousted the U.S. Agency for International Development (USAID) from the country, and criticized the help that USAID had provided over the years as unnecessary or intrusive. H.R. 6156 (Camp), authorizing permanent normal trade relations for Russia, was signed into law on December 14, 2012 (P.L. 112-108). The bill includes provisions sanctioning those responsible for the detention and death of lawyer Sergey Magnitsky and for other gross human rights abuses in Russia.

Contents

Most Recent Developments	1
Post-Soviet Russia and Its Significance for the United States	2
Political and Human Rights Developments	3
Background.....	3
Putin’s First Two Presidential Terms: The Tightening of Presidential Power	4
The 2008-2012 Medvedev-Putin “Tandem”	5
The Run-Up to the 2011-2012 Elections.....	6
Putin’s September 2011 Announcement of Candidacy for the Presidency	7
The December 4, 2011, State Duma Election	7
The March 2012 Presidential Election and Its Aftermath	10
President Putin Redux	11
Human Rights Problems.....	14
The Magnitskiy Case.....	14
The Case of Punk Rockers Mariya Alekhina, Yekaterina Samutsevich, and Nadezhda Tolokonnikova.....	16
Other Moves Against Oppositionists.....	16
Russia’s Presidential Council for Civil Society and Human Rights.....	18
The U.S.-Russia Working Group on Civil Society.....	19
Insurgency in the North Caucasus.....	19
Defense Reforms	22
U.S. Perspectives.....	25
Trade, Economic, and Energy Issues	26
Russia and the Global Economic Crisis	26
Russia’s Accession to the World Trade Organization (WTO) and PNTR for Russia	27
Russian Energy Policy.....	28
Foreign Policy.....	31
Russia and the West.....	31
NATO-Russia Relations	33
Russia and the European Union	36
Russia and the Soviet Successor States	38
U.S.-Russia Relations	42
The Obama Administration “Re-sets” Bilateral Relations	42
Bilateral Relations and Afghanistan	48
Bilateral Relations and Iran	51
Russia’s Role in the Middle East Quartet.....	55
Bilateral Relations and North Korea	58
Bilateral Relations and Syria	60
Arms Control Issues	63
Cooperative Threat Reduction.....	63
The New Strategic Arms Reduction Treaty.....	64
Russia and Missile Defense.....	65
U.S.-Russia Economic Ties	75
U.S. Assistance to Russia	76
The Ouster of the U.S. Agency for International Development (USAID)	77

Tables

Table 1. U.S. Merchandise Trade with Russia, 1994-2011	75
Table 2. U.S. Government Funds Budgeted for Assistance to Russia, FY1992-FY1999	78
Table 3. U.S. Government Funds Budgeted for Assistance to Russia, FY2000-FY2010	79
Table 4. Assistance to Russia, FY2011-FY2012, and the FY2013 Request	80

Contacts

Author Contact Information.....	80
Acknowledgments	80

Most Recent Developments

Putin anchored his state-of-the-nation speech to the Federal Assembly on December 12, 2012. He warned at the outset of the speech that he would not dwell on specific policies, since he had spelled out his policy aims in a series of articles issued during his run for the presidency in early 2012. Critics argued that the speech was another display of Putin's penchant for control and his generally insular world view. He opened his speech with a warning reminiscent of Marxism-Leninism that technologically oriented countries were involved in imposing a new world order (imperialism) where the losers would lose their independence (become colonies). Faced with these global stresses, Putin stressed that "we must be and remain Russia," appearing to argue for Soviet-era communalist values (which he termed civil responsibility and patriotism) and against "private interests." He also argued that the preservation of Russia's sovereignty required that other Soviet successor states be brought more closely under Russia's political, economic, cultural, diplomatic, and military control. He claimed in effect that the United States similarly is pushing such integration in North and South America. He hailed his successes in setting up the Customs Union and the Common Economic Space of Russia, Belarus, and Kazakhstan, and in launching a larger Eurasian Economic Union.

Perhaps surprisingly, given his emphasis on outside threats to Russia, he argued that Russia needed to continue to increase the quality of life for young adults or else Russia "will fall apart on its own." He decried ethnic and religious intolerance as threatening Russia's unity, and proclaimed that "the emergence of closed ethnic enclaves ... existing outside the country's common legal and cultural norms," would not be allowed, perhaps alluding to Chechnya under Ramzan Kadyrov. He claimed that people want to immigrate to Russia and become citizens, and called for facilitating the granting of citizenship. At the same time, he stated that he had submitted legislation to the Duma to toughen penalties against illegal immigration.

He argued for a special "Russian democracy" that emphasizes tradition and compliance, rather than standards "imposed from the outside." However, he also called for encouraging citizen input into legislative action, seemingly revealing the scant degree of such participation. He counterpoised this progressive proposal with another urging that Federal Assembly deputies be given the authority to introduce bills in regional legislatures, which seemingly would interfere with local constituency representation. He asserted that it is unacceptable for anyone in Russia to receive foreign money in support of their political activities. He called for resurrecting single-mandate elections to some seats in the Duma, and again permitting parties to form blocs, hailing a return to practices he had previously abolished as new "progress" in democratization. Perhaps surprisingly, Putin called for establishing public opinion as the primary measure of the effectiveness of public services.

President Putin hailed economic gains since 1999 under his leadership, including the near-doubling of GDP per capita, the near-tripling of federal revenues, and a ten-fold reduction of public debt. He also claimed that the stability he created increased the trust of the citizenry in the future and contributed to an increase in births over deaths (even though only over the past few months). He stressed that if Russians work hard to implement his development programs, then a prosperous life will be assured.

He admitted that the government is largely dependent on revenues derived from oil and gas exports, which make government budgets and policy highly vulnerable to foreign commodities

markets. This commodity-based economy had contributed to a situation where the only jobs with “decent salaries” were in Moscow, St. Petersburg, or resource-rich regions, and high-quality education and healthcare only were available in major cities. He called for various measures to remedy this situation, including by fostering business and investment in the eastern regions to boost trade ties with Asia-Pacific countries. He asserted that more than one-half of the world’s arable land was in Russia, so that food production could be a major source of diversification of the economy. He also argued that the large expenditures on defense procurement would contribute to a boost in high-technology manufacturing, another means to diversify the economy. He called for building a modern market economy rather than relying on elements of state capitalism, but at the same time he criticized the loss of government control over the multinational activities of Russian corporations. He called for combating arbitrary bureaucracy and corruption that have driven Russian corporations to operate off-shore. However, he also appeared to argue that the untoward activities of the business community have contributed to the lack of respect of many Russians for entrepreneurship and their views that business is unpatriotic.¹

President Putin attended the European Union-Russia Summit in Brussels on December 21, 2012, to discuss trade, energy cooperation, the “Partnership for Modernization” initiative, prospects for short-term visa-free trips, and progress on negotiating a new framework agreement (see below, “Russia and the European Union”).

Post-Soviet Russia and Its Significance for the United States

Although Russia may not be as central to U.S. interests as was the Soviet Union, cooperation between the two is essential in many areas. Russia remains a nuclear superpower. It still has a major impact on U.S. national security interests in Europe, the Middle East, and Asia. Russia has an important role in the future of arms control, the nonproliferation of weapons of mass destruction (WMD), and the fight against terrorism.

Russia is a potentially important trading partner. Russia is the only country in the world with a greater range and scope of natural resources than the United States, including oil and gas reserves. It is the world’s second-largest producer and exporter of oil (after Saudi Arabia) and the world’s largest exporter of natural gas. It has a large, well-educated labor force and scientific establishment. Also, many of Russia’s needs—food and food processing, oil and gas extraction technology, computers, communications, transportation, and investment capital—are in areas in which the United States is highly competitive, although bilateral trade remains relatively low.²

¹ The Kremlin, President of the Russian Federation, *Address to the Federal Assembly*, December 12, 2012.

² According to the National Intelligence Council, Russia will face growing domestic and international challenges over the next two decades. It will need to diversify and modernize its economy, but the percentage of its working-age population will decline substantially. Under various scenarios, its economy will remain very small compared to the U.S. economy. Social tensions may increase as the percentage of Muslims increases in the population to about 19%. Putin’s legacy of mistrust toward the West could stifle the country’s integration into the world economy and cooperation on global issues, and increasing militarism could pose threats to other Soviet successor states. See *Global Trends 2030: Alternative Futures*, December 2012.

Political and Human Rights Developments

Background

Russia is a multi-ethnic state with over 100 nationalities and a complex federal structure inherited from the Soviet period that includes regions, republics, territories, and other subunits. During Boris Yeltsin's presidency, many of the republics and regions won greater autonomy. Only the Chechen Republic, however, tried to assert complete independence. During his presidency, Vladimir Putin reversed this trend and rebuilt the strength of the central government vis-à-vis the regions. In coming decades, the percentage of ethnic Russians is expected to decline because of relatively greater birthrates among non-Russian groups and in-migration by non-Russians. In many of Russia's ethnic-based republics and autonomous regions, ethnic Russians are becoming a declining share of the population, resulting in the titular nationalities becoming the majority populations. Implications may include changes in domestic and foreign policies under the influence of previously marginalized ethnic groups, including the revitalization of Yeltsin-era moves toward federal devolution. Alternatively, an authoritarian Russian central government that carries out chauvinist policies could contribute to rising ethnic conflict and even separatism.

The Russian Constitution combines elements of the U.S., French, and German systems, but with an even stronger presidency. Among its more distinctive features are the ease with which the president can dissolve the legislature and call for new elections and the obstacles preventing the legislature from dismissing the government in a vote of no confidence. The president, with the legislature's approval, appoints a prime minister who heads the government. The president and prime minister appoint government ministers and other officials. The prime minister and government are accountable to the president rather than the legislature. In November 2008, constitutional amendments extended the presidential term to six years and the term of State Duma (lower legislative chamber) deputies from four to five years, and these provisions came into force with the most recent Duma election in December 2011 and the most recent presidential election in March 2012.

The bicameral legislature is called the Federal Assembly. The State Duma, the more powerful chamber, has 450 seats. In May 2005, a law was passed that all 450 Duma seats would be filled

Russia: Basic Facts

Area and Population: Land area is 6.6 million sq. mi., about 1.8 times the size of the United States. The population is 138.1 million (*World Factbook*, mid-2012 est.). Administrative subdivisions include 46 regions, 21 republics, 9 territories, and 7 others.

Ethnicity: Russian 79.8%; Tatar 3.8%; Ukrainian 2%; Bashkir 1.2%; Chuvash 1.1%; other 12.1% (2002 census).

Gross Domestic Product: \$2.4 trillion; per capita GDP is about \$16,700 (*World Factbook*, 2011 est., purchasing power parity).

Political Leaders: President: Vladimir Putin; Prime Minister: Dmitriy Medvedev; Speaker of the State Duma: Sergey Naryshkin; Speaker of the Federation Council: Valentina Matviyenko; Foreign Minister: Sergey Lavrov; Defense Minister: Gen. Sergey Shoygu.

Biography: Putin, born in 1952, received a law degree in 1975 from Leningrad State University (LSU) and a candidate's degree in economics in 1997 from the St. Petersburg Mining Institute. In 1975, he joined the Committee for State Security (KGB), and was stationed in East Germany from 1985 to 1990. In 1990-1991, he worked at Leningrad State University and the Leningrad city council. He resigned from the KGB in 1991. From 1991-1996, he worked with St. Petersburg Mayor Anatoliy Sobchak, and became first deputy mayor. Starting in 1996, he worked in Moscow on property management, and then on federal relations, under then-President Boris Yeltsin. In 1998-1999, he was chief of the Federal Security Service (a successor agency of the KGB). In August 1999, he was confirmed as prime minister, and became acting president on December 31, 1999. He won election as president in 2000 and was reelected in 2004. From 2008-2012, he was prime minister, and was reelected president in 2012.

by party list elections, with a 7% threshold for party representation. The upper chamber, the Federation Council, has 166 seats, two from each of the current 83 regions and republics of the Russian Federation. Deputies are appointed by the regional chief executive and the regional legislature.

The judiciary is the least developed of the three branches. Some of the Soviet-era structure and practices are still in place. Criminal code reform was completed in 2001. Trial by jury was planned to expand to cover most cases, but instead has been restricted following instances where state prosecutors lost high-profile cases. The Supreme Court is the highest appellate body. The Constitutional Court rules on the legality and constitutionality of governmental acts and on disputes between branches of government or federative entities. The courts are widely perceived to be subject to political manipulation and control.

Putin's First Two Presidential Terms: The Tightening of Presidential Power

Former President Boris Yeltsin's surprise resignation in December 1999 was a gambit to permit then-Prime Minister Vladimir Putin to become acting president, in line with the constitution, and to situate him for election as president in March 2000. Putin's electoral prospects were enhanced by his depiction in state-owned television and other mass media as a youthful, sober, and plain-talking leader; and by his decisive launch of military action against the breakaway Chechnya region (see his biography above, Russia: Basic Facts).

Putin's priorities as president were strengthening the central government and restoring Russia's status as a great power. His government took nearly total control of nation-wide broadcast media, shutting down or effectively nationalizing independent television and radio stations. In 2006, the Russian government forced most Russian radio stations to stop broadcasting programs prepared by the U.S.-funded Voice of America and Radio Liberty. Journalists critical of the government have been imprisoned, attacked, and in some cases killed with impunity.

A defining political and economic event of the Putin era was the October 2003 arrest of Mikhail Khodorkovskiy, the head of Yukos, then the world's fourth-largest oil company. Khodorkovskiy's arrest was triggered by his criticism of some of Putin's actions, his financing of political parties that had launched substantial efforts in the Duma to oppose Putin's policies, and his hints that he might enter politics in the future. Khodorkovskiy's arrest was seen by many as politically motivated, aimed at eliminating a political enemy and making an example of him to other Russian businessmen. In May 2005, Khodorkovskiy was found guilty on multiple criminal charges of tax evasion and fraud and sentenced to eight years in prison. Yukos was broken up and its principal assets sold off to satisfy alleged tax debts. Since then, the government has renationalized or otherwise brought under its control a number of other large enterprises that it views as "strategic assets," and installed senior government officials to head these enterprises. This phenomenon led some observers to conclude that "those who rule Russia, own Russia." In December 2010, Khodorkovskiy was found guilty in a new trial on charges of embezzlement, theft, and money-laundering and sentenced to several additional years in prison. In February 2011, an aide to the trial judge alleged that the conviction was a case of "telephone justice," where the verdict had been dictated to the court by higher authorities. In late May 2011, the Russian Supreme Court

upheld the sentence on appeal.³ However, in December 2012, the Moscow City Court reduced the sentence slightly, so that he may be freed in 2014.

Another pivotal event was the September 2004 terrorist attack on a primary school in the town of Beslan, North Ossetia, that resulted in hundreds of civilian casualties. President Putin seized the opportunity provided by the crisis to launch a number of political changes he claimed were essential to quash terrorism. In actuality, the changes marked the consolidation of his centralized control over the political system and the vitiation of fragile democratic reforms of the 1980s and 1990s, according to many observers. The changes included abolishing the popular election of regional governors (replacing such elections with the appointment of presidential nominees that are confirmed by regional legislatures) and mandating that all Duma Deputies be elected on the basis of national party lists. The first measure made regional governors wholly dependent on, and subservient to, the president. The second measure eliminated independent deputies, further strengthening the pro-presidential parties that already held a majority of Duma seats. In early 2006, President Putin signed a new law regulating nongovernment organizations (NGOs), which Kremlin critics charged has given the government leverage to shut down NGOs that it views as politically troublesome.

The Kremlin decided to make the December 2007 State Duma election a display of Putin's popularity. Putin's October 2007 announcement that he would run for a Duma seat at the head of the United Russia ticket made the outcome doubly sure (under the constitution, however, a sitting president is barred from also sitting in the Duma). Russian authorities effectively prevented the Organization for Security and Cooperation in Europe (OSCE) from sending election observers by delaying the issuance of visas until the last minute. United Russia won 64.3% of the popular vote and 315 of the 450 seats—more than the two-thirds majority required to amend the constitution.⁴

The 2008-2012 Medvedev-Putin “Tandem”

Almost immediately after the 2007 Duma election, Putin announced that his protégé Dmitriy Medvedev was his choice for president. Medvedev announced that, if elected, he would ask Putin to serve as prime minister. This arrangement was meant to ensure political continuity for Putin and those around him. The Putin regime manipulated election laws and regulations to block “inconvenient” candidates from running in the March 2008 presidential election, according to many observers. Medvedev garnered 70% of the vote against three candidates. As with the Duma election, the OSCE refused to submit to restrictions demanded by Moscow and did not send electoral observers.⁵

³ S.Res. 189 (111th Congress), introduced by Senator Roger Wicker on June 18, 2009, and a similar bill, H.Res. 588 (111th Congress), introduced by Representative James McGovern on June 26, 2009, expressed the sense of the chamber that the prosecution of Khodorkovskiy was politically motivated, called for the new charges against him to be dropped, and urged that he be paroled as a sign that Russia was moving toward upholding democratic principles and human rights. S.Res. 65 (112th Congress), introduced by Senator Wicker on February 17, 2011, expressed the sense of the Senate that the conviction of Khodorkovskiy and Lebedev constituted a politically motivated case of selective arrest and prosecution and that it should be overturned. For Congressional comments after Khodorkovskiy received a second sentence, see Senator Wicker, *Congressional Record*, January 5, 2011, p. S54; Representative David Dreier, *Congressional Record*, January 19, 2011, p. H329.

⁴ See CRS Report RS22770, *Russia's December 2007 Legislative Election: Outcome and Implications*, by Jim Nichol.

⁵ RFE/RL, *Newsline*, February 5, 20, 2008.

Many observers had hoped that President Medvedev would be more democratic than former President Putin. Despite some seemingly liberal statements and decisions by President Medvedev, the main trend was a continuation of the political system honed by Putin, according to most observers.⁶ In late 2008, President Medvedev proposed a number of political changes that were subsequently enacted or otherwise put into place. Observers regarded a few of the changes as progressive and most of the others as regressive. These included constitutional changes extending the presidential term to six years and State Duma deputies' terms to five years (as mentioned above), requiring annual government reports to the State Duma, permitting regional authorities to dismiss mayors, reducing the number of signatures for a party to participate in elections, reducing the number of members necessary in order for parties to register, abolishing the payment of a bond in lieu of signatures for participation in elections, and giving small political parties more rights (see below). In October 2011, President Medvedev signed legislation to reduce the voting hurdle for party representation in the State Duma elected in 2016 from 7% to 5% (Putin had raised the limit from 5% to 7% in 2004). As with a similar move by President Nursultan Nazarbayev in Kazakhstan, the flip-flop in the percentage was proclaimed to mark advancing democratization.

The Run-Up to the 2011-2012 Elections

At a meeting of United Russia in May 2011, Prime Minister Putin called for the creation of a "broad popular front [of] like-minded political forces," to participate in the upcoming December 2011 Duma election, to include United Russia and other political parties, business associations, trade unions, and youth, women's and veterans' organizations. Nonparty candidates nominated by these various organizations would be included on United Russia's party list, he announced. Following Putin's speech, a headquarters and regional branches, leadership, and a website were quickly set up. Then-deputy prime minister and chief of government staff Vyacheslav Volodin was named the head of the popular front headquarters. Critics objected that it was illegal for government resources and officials to be involved in political party activities. They also claimed that the idea of the "popular front" was reminiscent of the one in place in the German Democratic Republic when Putin served there in the Soviet-era KGB.

A prospective pro-democracy party, the People's Freedom Party (also known by its Russian initials, PARNAS)—co-headed by former Prime Minister Mikhail Kasyanov and liberal activists Vladimir Ryzhkov and Boris Nemtsov—submitted signatures in late May 2011 to gain registration, but was turned down on the grounds that many of the signatures were invalid. According to some reports, authorities had pressured some individuals to repudiate their signatures. The U.S. State Department criticized the refusal to register the party as a setback for democratization in Russia.

Another party, Right Cause, had been set up with reported Kremlin support in early 2009 as a pro-government liberal party. In May 2011, the Kremlin allegedly picked Russian businessman Mikhail Prokhorov to head Right Cause, but he began to criticize the Kremlin's control over the party, and according to his account, was forced to step down in mid-September 2011. Among his allegations, he claimed that then-Russian presidential administration official Vladislav Surkov was dictating who the party could field as candidates in the upcoming Duma election and

⁶ Analyst Gordon Hahn has argued that even though President Medvedev's overall reform record was disappointing, some of his changes to the criminal code were progressive. See "Assessing Medvedev's Presidential Legacy," *Other Points of View*, November 3, 2011, at <http://russiaotherpointsofview.com>.

otherwise attempting to maintain control over the “puppet” party.⁷ Prokhorov later ran in the presidential election, amid controversy that he had been put forward by the Kremlin to serve as a progressive candidate.

Putin’s September 2011 Announcement of Candidacy for the Presidency

In late September 2011, at the annual convention of the ruling United Russia Party, Prime Minister Putin announced that he would run in the March 2012 presidential election. President Medvedev in turn announced that he would not run for reelection, and endorsed Putin’s candidacy. Putin stated that he intended to nominate Medvedev as his prime minister, if elected. The two leaders claimed that they had agreed in late 2007, when they decided that Medvedev would assume the presidency, that Putin could decide to reassume it in 2012. Until these announcements, the United Russia Party had left the leading slot open on its proposed party list of candidates for the planned December 2011 State Duma election. Putin suggested that Medvedev head the party list. In his speech to the compliant delegates, Putin warned that global economic problems posed a severe test for Russia, implying that Russia needed his leadership to solve these problems. In his speech, Medvedev pledged that he would continue to modernize the political system, the judiciary, and the economy; would combat corruption; and would strengthen the military. The official news service hailed the continuation of the “effective” and “successful” Putin-Medvedev “tandem” as the best assurance of Russia’s future modernization, stability, and “dignity.”⁸

Just after the party convention, Medvedev fired eminent Russian Finance Minister and Deputy Prime Minister Alexey Kudrin after Kudrin stated that he would not serve under Medvedev as prime minister (according to some reports, Kudrin may have expected to be named prime minister). A United Russia Party convention to formally nominate Putin as its candidate was held in late November 2011. Russian analyst Pavel Baev stated that the legitimacy of Putin’s return to the presidency “is seriously compromised because the spirit, if not the letter, of the constitution is clearly violated” (at issue is one word in the constitution, which specifies that presidents are limited to two *successive* terms in office).⁹ Some critics have warned that Putin might well feel free to fill out another two terms as president until the year 2024, making his term in office longer than that of former General Secretary of the Soviet Communist Party Leonid Brezhnev, who served for 18 years and who was remembered for his senility and the “era of stagnation” during the last years of his rule.

The December 4, 2011, State Duma Election

In the run-up to the December 2011 State Duma election, seven political parties were approved to run, although during the period since the last election in late 2007, several other parties had attempted to register for the election but were blocked from doing so. These actions had elicited criticism from the U.S. State Department that diverse political interests were not being fully represented. As election day neared, Russian officials became increasingly concerned that the ruling United Russia Party, which had held most of the seats in the outgoing Duma, was swiftly losing popular support. According to some observers, Russian authorities, in an attempt to prevent

⁷ Open Source Center, *Central Eurasia: Daily Report*, September 16, 2011, Doc. No. CEP-9001.

⁸ *ITAR-TASS*, September 25, 2011.

⁹ *Eurasia Daily Monitor*, October 3, 2011.

losses at the polls, not only used their positions to campaign for the party but also planned ballot-box stuffing and other illicit means to retain a majority of seats for the ruling party. In addition, then-President Medvedev and Prime Minister Putin insisted on limiting the number of OSCE observers. Russian authorities also moved against one prominent Russian nongovernmental monitoring group, Golos (Voice), to discourage its coverage of the election.

According to the OSCE's final report on the outcome of the election, the close ties between the Russian government and the ruling party, the refusal to register political parties, the pro-government bias of the electoral commissions and most media, and ballot-box stuffing and other government manipulation of the vote marked the election as not free and fair. OSCE observers reported that vote counting was assessed as bad or very bad in terms of transparency and other violations in one-third of polling stations they visited and in up to one-quarter of territorial electoral commissions.¹⁰ Golos has estimated that just by padding the voting rolls, electoral officials delivered 15 million extra votes to United Russia, nearly one-half of its vote total (by this assessment, United Russia only received some 25% of the vote, even after authorities used various means to persuade or coerce individuals to vote for the party).¹¹ On December 23, 2011, the Presidential Human Rights Council called for the head of the CEC— Vladimir Churov— to resign because he had lost “the people’s trust,” and for new electoral laws to be drawn up in preparation for an early legislative election. Instead, outgoing President Medvedev later gave Churov one of the highest state awards for his service.¹²

Protests After the State Duma Election

On December 4-5, rallies were held in Moscow and St. Petersburg to protest against what was viewed as a flawed election, leading to hundreds of detentions by police. On December 5, about 5,000 protesters or more held an authorized rally in central Moscow. When many of the protesters began an unsanctioned march toward the Central Electoral Commission, police forcibly dispersed them and detained hundreds. The Kremlin also mobilized pro-government youth groups to hold large demonstrations termed “clean victory” to press home their claim that minority groups would not be permitted to impose their will on the “majority” of the electorate. On December 7, 2011, several U.S. Senators issued a statement condemning Russian police crackdowns on those demonstrating against the “blatant fraud” of the Duma election.

On December 10, large demonstrations under the slogan “For Fair Elections” (a movement with this name was formed by various political groups) were held in Moscow and dozens of other cities. At the Moscow rally, deemed by some observers as the largest in many years, Boris Nemtsov, the co-head of the unregistered opposition Party of People’s Freedom, presented a list of demands that included the ouster of electoral chief Churov, the release of those detained for protesting and other “political prisoners,” the registration of previously banned parties, and new Duma elections. Some protesters shouted “Russia without Putin.” Local authorities had approved the demonstration and police displayed restraint. Another large demonstration sponsored by the “For Fair Elections” group occurred in Moscow on December 24, 2011.

¹⁰ OSCE, Office for Democratic Institutions and Human Rights (ODIHR), *Russian Federation Elections to the State Duma, 4 December 2011, OSCE/ODIHR Election Observation Mission: Final Report*, January 12, 2012.

¹¹ Golos, *Domestic Monitoring of Elections to the 6th State Duma of the Federal Assembly, Russian Federation, 4 December 2011: Final Report*, January 27, 2012.

¹² CEDR, December 23, 2011, Doc. No. CEP-950175.

According to one Russian analyst, although the authorities were alarmed by the December opposition protests, they quickly devised countermeasures, including the rallying of state workers and patriots to hold staged counter-demonstrations.¹³

On February 4, 2012, the “For Fair Elections” group sponsored peaceful protests in Moscow and other cities. Turnout in Moscow was estimated at 38,000 by police but up to 160,000 by the organizers. The protesters called for disqualified liberal candidate Grigoriy Yavlinskiy (see below) to be permitted to run in the presidential election, the release of “political prisoners” Khodorkovskiy and others, and legal reforms leading to new legislative and presidential elections. In Moscow, a counter-demonstration termed “Anti-Orange Protest” (referring to demonstrations in Ukraine in late 2004 that led to a democratic election) was organized by pro-Kremlin parties and groups, including the Patriots of Russia Party and Deputy Prime Minister Dmitriy Rogozin’s ultranationalist Congress of Russian Communities group. Moscow police claimed that 138,000-150,000 individuals joined this protest. Prime Minister Putin praised the turnout for the counter-demonstration. The counter-protesters reportedly accused the “For Fair Election” demonstrators as wishing for the destruction of Russia and alleged that the United States was fomenting “regime change” in Russia. Just before the “Anti-Orange Protest,” state television aired a “documentary” about how the United States allegedly had conspired in the late 1980s and 1990s to take over Russia’s resources.

Seemingly as a reaction to the December 2011 protests, then-President Medvedev proposed several democratic reforms. Many observers have argued that these reforms subsequently were watered down, although some progressive measures eventually were enacted. Among the proposals:

- Amendments to the law on political parties were signed into law on April 3, 2012, permitting the registration of new parties after they submit 500 signatures from members (a reduction from the previous requirement of 40,000 signatures). However, the retention of strict reporting requirements on party activities and finances and the ban on electoral blocs were viewed by some observers as less progressive, the latter because it would prevent small parties from cooperating in elections. By mid-December 2012, the number of registered parties had increased from seven to about four dozen.
- A law signed on May 2, 2012, eliminated the need for political parties not represented in the Duma to gather signatures in order to participate in Duma elections. The law also reduced the number of signatures required for these parties to field presidential candidates and the number required for self-nominated candidates. These changes were viewed by many observers as progressive.
- A law reestablishing gubernatorial elections was signed into law on May 2, 2012. It provides for local officials to approve candidates, for a presidential option to nominate candidates, and for a president to remove governors, a hybrid direct and indirect electoral procedure. At the same time, the law places new conditions on the election of mayors of regional capitals. The provisions on gubernatorial elections are considered only semi-progressive by many observers (see below).

¹³ CEDR, May 7, 2012, Doc. No. CEP-6001.

- The establishment of public television appeared progressive, although its freedom of operation appeared to be vitiated by creating it by presidential edict (which could be repealed at any time), and by making its head a presidential appointee.¹⁴

The March 2012 Presidential Election and Its Aftermath

Five candidates were able to register for the March 4, 2012, presidential election. Besides Putin, three of the other four candidates—Communist Party head Gennadiy Zyuganov, Liberal Democratic Party head Vladimir Zhirinovskiy, and A Just Russia Party head Sergey Mironov—were nominated by parties with seats in the Duma. The remaining candidate, businessman Mikhail Prokhorov, was self-nominated and was required to gather 2 million signatures to register. Other prospective candidates dropped out or were disqualified on technical grounds by the Central Electoral Commission (CEC). Opposition Yabloko Party head Grigoriy Yavlinskiy was disqualified by the CEC on the grounds that over 5% of the signatures he gathered were invalid. Many critics argued that he was eliminated because he would have been the only *bona fide* opposition candidate on the ballot. Of the registered candidates running against Putin, all but Prokhorov had run in previous presidential elections and lost badly.

According to the final report of the CEC, Putin won 63.6% of 71.8 million votes cast, somewhat less than the 71.3% he had received in his last presidential election in 2004. In their final report, OSCE monitors concluded that the election was well organized, but that there were several problems. Although the report did not state outright that the election was “not free and fair,” some of the monitors at a press conference stated that they had not viewed it as free and fair. According to the report, Putin received an advantage in media coverage, and authorities mobilized local officials and resources to garner support for him. The OSCE monitors witnessed irregularities in vote-counting in nearly one-third of the 98 polling stations visited and in about 15% of 72 higher-level territorial electoral commissions.¹⁵

The protests after Putin’s election by those who viewed the electoral process as tainted appeared smaller in size and number than after the Duma election. Authorities approved a protest rally in Pushkin Square in central Moscow on March 5, along with Putin victory rallies elsewhere in the city. After some of the protesters allegedly did not disperse after the time for the rally had elapsed, police forcibly intervened and reportedly detained up to 250 demonstrators, including activist Alexey Navalny, who later was released.

Opposition politicians Alexey Navalny, Boris Nemtsov, and Sergey Udaltsov were among the organizers of an approved demonstration on May 6 in Moscow. Turnout was approved for 5,000 participants, but police reported that about 8,000 turned out. Other observers estimated that over 20,000 turned out. Allegedly, regional authorities had been ordered to prevent dissidents from traveling to Moscow, and warnings appeared that military enlistment offices would issue conscription summonses to young male protesters. A televised pro-Putin rally was held elsewhere in Moscow that provided state media with a contrasting image to the anti-Putin rally. When anti-Putin demonstrators attempted to march to the Kremlin, police pushed them back, triggering large-scale violence. Hundreds were detained, among them Navalny, Nemtsov, and Udaltsov.

¹⁴ CEDR, April 27, 2012, Doc. No. CEP-49013.

¹⁵ OSCE, ODIHR, *Russian Federation, Presidential Election, 4 March 2012, OSCE/ODIHR Election Observation Mission: Final Report*, May 11, 2012.

Most later were released, but 17 were held on serious charges of fomenting violence and one has received a multi-year prison sentence. The Investigative Committee, a presidential body, has been looking into the May 6 protest, and has announced several new arrests of protesters (for further developments, see below, “Other Moves Against Oppositionists”).

President Putin Redux

For Putin’s presidential inauguration on May 7, 2012, police and security personnel encircled a large swath of the downtown and cleared it of humans and cars along the route that the motorcade would take from Putin’s former prime ministerial office to the Kremlin for the swearing-in ceremony. These precautions supposedly were taken in the wake of the violent demonstrations the previous day. Because of the heavy security, the public was forced to view the inauguration solely via television, watching as the motorcade traversed a surreal, “after humans” Moscow.

Putin issued a number of decrees immediately after taking the oath of office, which he explained were aimed at implementing his campaign pledges. Among them, he decreed that birth rates would increase and death rates would decrease by 2018, that a new foreign policy strategy document be formulated, and that defense spending be increased.

On May 10, 2012, the Russian Republican Party—which had been liquidated by order of the Supreme Court in 2007—received notice from the Justice Ministry that its legal registration had been restored. Party chairman Vladimir Ryzhkov, who also is a co-chair of PARNAS, hailed the restoration and stated that a party congress would be planned for June to approve a new charter and program and elect the leadership. In January 2012, the Supreme Court had reversed its judgment against the party’s registration after the European Court of Human Rights had ruled that the judgment was invalid. The restored registration of the party was viewed by observers as providing the opposition with added legal means of political participation.

The government cabinet was announced on May 21, 2012. In all, 20 of 28 ministers and agency heads were replaced. According to analyst Anders Åslund, several of the former KGB operatives and notoriously corrupt and inefficient ministers were replaced, possibly opening the way to some economic reforms, although he cautioned that Putin and his associates still controlled the state-owned corporations and would resist privatization and anti-corruption reforms.¹⁶ Other observers argued that several of these ex-agency heads have been retained as presidential advisors, and raised concerns that a Putin presidency would maintain control over the cabinet and that few if any reforms would be undertaken. Some of these observers even predicted that Medvedev and his cabinet might be ousted within a year or two by the more conservative Putin and his associates.¹⁷

After his election, Putin stepped down as the leader of the United Russia Party, claiming that the president should be nonpartisan (raising the question of why then-President Medvedev headed the party’s Duma list of candidates in late 2011). At a United Russia Party congress in late May 2012, Putin recommended Medvedev for the chairmanship, stating that in other democracies, the head of government oversees the ruling party’s legislative efforts.

¹⁶ *The Moscow Times*, May 29, 2012.

¹⁷ *CEDR*, May 23, 2012, Doc. No. CEP-950037; Catherine Belton and Charles Clover, “Putin’s People,” *Financial Times*, May 30, 2012.

Several laws were passed in the summer and autumn of 2012 that appeared to constrain the initiatives carried out during Medvedev's presidency that were viewed as supporting democratization and human rights to some degree.

- In June 2012, Putin approved a law increasing the fine for individuals convicted for “violating the public order” to over \$9,000 and for organizers of unapproved demonstrations to \$30,500. Most observers viewed the law as a further threat to freedom of assembly in Russia.
- In July 2012, Putin approved a law requiring NGOs that receive foreign grants to register as “foreign agents.” The law entered force on November 20, 2012. Some NGOs have refused to register under the new law, and may face closure, including the For Human Rights NGO, headed by Lev Ponomaryev, and the Moscow Helsinki Group, headed by Lyudmila Alekseyeva. Both groups reported that they had requested and received letters from the State Department denying that the U.S. government played any role in the day-to-day affairs of the NGOs. In response to the statements by some groups that they would not register, the legislature enacted amendments to the law in October 2012 imposing fines of up to \$16,000 on NGOs that fail to register. Perhaps a sign that domestic donors are now capable, the Moscow Helsinki Group reported in December 2012 that many citizens had rallied to support the NGO, and that it even had received a government grant.
- In late July 2012, Putin approved a law partly restoring a law changed last year that had de-criminalized defamation. Under the new law, a civil penalty of up to \$155,000 may be levied. The old law, which classified defamation as a felony, had led to hundreds of convictions each year. Critics viewed the new law as reinstating means to suppress media reporting on or citizens' complaints about official malfeasance. In late August 2012, media reported that a United Russia Duma deputy had stated that the legislature was considering amending the new law to criminalize Internet postings, including those defaming the United Russia Party as “the Party of crooks and thieves.”
- In late July 2012, Putin approved a law “protecting children” from Internet content deemed harmful, including child pornography and advocacy of drug use, as well as materials that incite racial, ethnic, or religious hatred. A blacklist of thousands of Internet sites reportedly is being finalized, and the government is setting up the institutional framework to block them. Observers have raised concerns about the ambiguity of the law and about the danger that whole websites, rather than individual webpages, might be blocked.
- In late September 2012, the Supreme Court decreed that Russian citizens who received beatings from the police had no right to resist, because the beatings were presumed to be lawful unless they later were challenged in court.
- In late September 2012, a bill was introduced in the Duma to tighten penalties on those deemed to have insulted religious sensibilities or desecrated holy sites. Some members of the Duma and others have objected to the expansiveness of the legislation, but it may receive further legislative consideration in late 2012.
- In early November 2012, Putin approved a bill to broaden the definition of treason to include divulging a state secret or “providing consulting or other work to a foreign state or international organization,” that later is deemed to be working against Russian security

interests. The office of the High Representative of the European Union for Foreign Affairs and Security Policy issued a statement raising concerns about the ambiguous and broad scope of the legislation, and warned that it and other recent laws “would limit the space for civil society development, and increase the scope for intimidation.”¹⁸

In addition to these laws, President Putin submitted draft legislation to the Duma in late June 2012 to change the procedure for filling seats in the Federation Council.¹⁹ He called for regional voters to have a role in “democratically” electing one of the two members of the Federation Council (often termed senators), proposing that a candidate running in a gubernatorial election select three possible senators who would appear on the ballot with him. After winning, the governor would designate one of the candidates as the regional senator. The other regional member of the Federation Council would be chosen by the regional legislature. The bill was approved by both chambers of the Federal Assembly in November and enters into force on January 1, 2013. Critics charge that the process is at best an indirect means of choosing senators.

Based on a report from the Committee on the Honoring of Obligations and Commitments by Member States, the Parliamentary Assembly of the Council of Europe (PACE) approved a resolution on October 2, 2012, that criticized several of the laws mentioned above and proposed measures to improve the deteriorating civil and human rights situation in Russia.²⁰ The Russian delegation to PACE, headed by Duma International Affairs Committee head Aleksey Pushkov, refused to attend the PACE session that approved the resolution and later denounced the resolution as anti-Russian.

Several local elections were held on October 14, 2012, including five gubernatorial elections, the first held since they were banned in 2004. Golos reported that these elections gave no evidence of improvements in the registration of candidates, campaigning, and voting procedures since problematic Duma and presidential elections a few months previously. Golos also stated that the range of infringements remained the same, and included ballot-stuffing, repeat voting, “family” voting (casting ballots for absent family members), and vote tabulation irregularities. Observers also claimed that the selection of gubernatorial candidates had been substantially controlled by the ruling United Russia party, which facilitated the re-election of the incumbent governors.²¹

The Popular Front, headed by Putin, held a meeting on November 18, 2012. Although there was some speculation that the Popular Front might be put forward as the successor to the United Russia Party, Putin hailed the October 2012 local elections as indicating that the party remained popular. Instead, he argued that the Popular Front should continue to exist as a “civil society” group providing information to the government.

¹⁸ *Statement by the Spokesperson of High Representative on the New Law on Treason in Russia*, Press Release, Council of the European Union, October 25, 2012.

¹⁹ Under current practice, where each region or republic has two senators, one senator is selected by the governor (and confirmed by the regional/republic legislature), and the other is selected by the regional/republic legislature.

²⁰ PACE, *The Honoring of Obligations and Commitments by the Russian Federation*, Resolution 1896, October 2, 2012.

²¹ *Interfax*, October 15, 2012.

Human Rights Problems

The Magnitskiy Case

The death of Sergey Magnitskiy—a lawyer for the Hermitage Fund, a private investment firm—in November 2009 after being detained for 11 months has been a highly visible example of the failure of the rule of law in Russia, according to many observers. He had been detained on tax evasion charges after he alleged that police and other officials had illicitly raided Hermitage assets. In July 2011, a group of human rights advisors to the president issued a report providing evidence that Magnitskiy’s arrest was unlawful, that he had been beaten and possibly tortured while in detention (including just before his death), and that prison officials and possibly higher-level officials had ordered doctors not to treat him. The Russian Prosecutor-General’s Office and Interior Ministry rejected the findings. Medvedev ordered an official investigation into Magnitskiy’s death, and in September 2011 these investigators narrowly concluded that his death was due to the negligence of two prison doctors. In late November 2011, Hermitage Capital released a report giving details of how government officials allegedly ordered that Magnitskiy be beaten and blocked medical treatment, resulting in his death. On December 8, 2011, the Russian Interior Ministry rejected the conclusions of the Hermitage Capital report, and reasserted that Magnitskiy had died of a heart attack rather than trauma. A prison doctor and the deputy head of the prison were charged in mid-2011, but the case against the doctor was dropped in April 2012 on the grounds that the time limit for filing charges had expired. The trial of the prison official is ongoing.

In August 2011, the Constitutional Court upheld the resumption of criminal proceedings against the dead man, ostensibly on the grounds that Russian law allows for such a case to proceed at the request of the family, to possibly result in a confirmation of innocence (or, in effect, guilt). The family has denied that it formally requested the resumption of the trial. In February 2012, the Moscow Helsinki Committee, a human rights NGO, condemned the ongoing trial of a dead man and persecution of the family as “a new alarming symptom of complete degradation of Russian justice.”²² In July 2012, several Russian senators (members of the Federation Council) visited Washington, D.C., and met with some Members of Congress and others. The senators claimed that the Federation Council had carried out an investigation of the Magnitskiy case, and they presented the findings, which upheld Magnitskiy’s guilt. However, no such investigation actually had taken place and their “findings” had been provided by the Interior Ministry. On September 6, 2012, President Putin stated that Magnitskiy’s death was a “tragedy,” that investigators were looking into the case, and that if “culprits” responsible for the death are found, they will be punished.²³ On November 2, 2012, the Interior Ministry completed its investigation and forwarded the materials—no details were released—to the Prosecutor’s Office for further action.

In the 112th Congress, H.R. 4405 (McGovern), introduced on April 19, 2012; S. 1039 (Cardin), introduced on May 19, 2011; and S. 3406 (Baucus), introduced on July 19, 2012, imposed visa and financial sanctions on persons responsible for the detention, abuse, or death of Sergei Magnitskiy, or for the conspiracy to defraud the Russian Federation of taxes on corporate profits through fraudulent transactions and lawsuits against Hermitage. In addition, the bills imposed global sanctions on persons responsible for other gross violations of human rights. H.R. 4405 was

²² *CEDR*, February 29, 2012, Doc. No. CEP-950048.

²³ *Interfax*, September 6, 2012.

ordered to be reported by the Foreign Affairs Committee on June 7, 2012. One amendment to the bill changed the global applicability of some sanctions to specify that they pertain to Russia. S. 1039 was ordered to be reported by the Senate Foreign Relations Committee, as amended, on July 23, 2012. S. 3406 was ordered to be reported by the Senate Finance Committee on July 19, 2012. Sections 304-307 of S. 3406 contain language similar to S. 1039, as reported, along with language authorizing the extension of nondiscriminatory treatment (normal trade relations treatment) to Russia and Moldova.

On November 13, 2012, H.Res. 808 was reported to the House by the Rules Committee, providing an amendment in the nature of a substitute to H.R. 6156 (Camp), containing language authorizing normal trade relations treatment along with provisions similar to H.R. 4405 as reported by the Foreign Affairs Committee. H.R. 6156, re-titled the *Russia and Moldova Jackson-Vanik Repeal and Sergei Magnitsky Rule of Law Accountability Act of 2012*, was approved by overwhelming margins by the House on November 16, 2012, and by the Senate on December 6, 2012 (see also below, “Russia’s Accession to the World Trade Organization (WTO) and PNTR for Russia”). The bill was signed into law on December 14, 2012 (P.L. 112-208).

During debate over early versions of the Magnitsky bills, the State Department announced that some unnamed Russian individuals they deemed responsible for Magnitskiy’s detention and death would—under existing law—be subject to visa restrictions. In support of the bills, a Russian human rights group issued an expansive list of over 300 individuals it deemed had violated Magnitskiy’s rights or those of other human rights activists. This latter list incensed some Russian officials who appeared to believe that it had become part of the State Department action. In late October 2011, Foreign Minister Lavrov stated that some U.S. citizens had been placed on a Russian visa ban list. Other ministry officials and media reported that the listed U.S. citizens had been involved in incidents linked to the Guantanamo Bay, Bagram, and Abu Ghraib detention and prison facilities. In addition, U.S. citizens involved in prosecuting Russian organized crime figures allegedly were listed.

The Russian Foreign Ministry condemned the House passage of H.R. 6156 as “belligerently unfriendly and provocative.” The ministry called for the Congress instead to examine alleged human rights problems in the United States.²⁴ After the Senate passage of the bill in early December, The Foreign Ministry denounced the action as an “absurd” and “ridiculous” re-animation of the Cold War. Interestingly, a Russian poll in November 2012 indicated that a sizeable percentage of Russians were supportive of the U.S. Magnitsky bill, with many of them commending its emphasis on punishing those responsible for his death and corrupt officials.²⁵

A bill was introduced in the Duma on December 10 to bar U.S. citizens from entry who allegedly have violated the rights of Russian citizens. As amended, the bill also bars designees from investing and freezes their assets in the country. Another provision facilitates the closure of NGOs that receive U.S. funding that are found to violate “Russian interests.” The bill also bars U.S. adoptions of Russian children and calls for terminating the U.S.-Russia adoption treaty, which had entered into force less than two months previously.²⁶

²⁴ CEDR, November 16, 2012, Doc. No. CEP-950209.

²⁵Victor Davidoff, “Why the Magnitsky Act Is Pro-Russian,” *The Moscow Times*, December 9, 2012; *Interfax*, December 7, 2012.

²⁶ The treaty may be terminated one year after notification by one of the parties.

The Russian bill was approved overwhelmingly by the Duma on December 21, 2012, and probably will be validated by the Federation Council and signed into law. While initially silent on the amended bill, on December 20, 2012, President Putin appeared to endorse it, stating that he had been “outraged” by the U.S. legal treatment of those who have harmed or killed Russian adoptees, and asserting that the U.S.-Russia adoption treaty had turned out to be “absurd,” since U.S. states are circumventing it. He also apparently referred to the U.S. Magnitsky law in terming U.S. actions as undeserved “provocations” and as slaps in the face, while at the same time the United States is “up to its ears” in its own human rights problems.²⁷ Foreign Minister Lavrov, in contrast, raised concerns about the Duma bill’s call for the termination of the adoption treaty. Moscow Helsinki Group head Lyudmila Alexeyeva also criticized the bill, arguing that 19 Russian adoptees had died in the United States over the past twenty years (other sources stated over ten years), some of whom had health problems when they were adopted, while over 2,200 children adopted by Russian families had died over the past twenty years.²⁸ Other apparently retaliatory actions against the United States have included new sanitary rules that jeopardize U.S. beef and pork exports to Russia, which may well lead to a U.S. appeal to the WTO.

The Case of Punk Rockers Mariya Alekhina, Yekaterina Samutsevich, and Nadezhda Tolokonnikova

On August 17, 2012, a Russian court sentenced punk rockers Mariya Alekhina, Yekaterina Samutsevich, and Nadezhda Tolokonnikova (members of the “Pussy Riot” singing group) to two years in prison on charges of hooliganism motivated by religious hatred and feminist extremism. The group briefly had sung anti-Putin songs in the Russian Orthodox Church of Christ the Savior in Moscow in February 2012. The court claimed that the songs were not political in nature so that the prosecution was not political. Many in the international community and in Russia had called for the charges against the singers to be reduced to a misdemeanor or dropped. Russian state media appeared to present the trial as juxtaposing the beliefs and attitudes of a majority of Russians against those of a minority of immoral oppositionists. Commenting on the sentences in early October 2012, President Putin stated that the sentences were appropriate given the fact that the singers were “undermining morality and destroying the country,” and because the case had been publicized internationally.²⁹ A few days later, the sentence of one of the singers was reduced to two years of probation, but the other two were sent to Siberian work camps.

Other Moves Against Oppositionists

In June 2012, police raided the home of “moderate opposition” television personality Kseniya Sobchak, as part of a crackdown on opposition leaders, after which she was fired from her state television job. Perhaps also in retaliation, her mother was replaced as a Senator in the Federation Council. In October 2012, Kseniya Sobchak was elected to a leadership position in the newly formed Opposition Coordination Council, which plans to organize protests, foster support for the release of “political prisoners,” and advocate for new elections.

In mid-2012, The Investigative Committee ruled that a case should proceed against activist Alexey Navalny on charges that in 2009 he illicitly had stolen timber belonging to a state-owned

²⁷ *Interfax*, December 13, 2012; *CEDR*, December 20, 2012, Doc. No. CEP-950103.

²⁸ *Interfax*, December 20, 2012.

²⁹ *Interfax*, October 7, 2012.

firm. On December 20, 2012, the Investigative Committee additionally charged him with involvement in a scheme to defraud a mail delivery firm.

On August 18, 2012, a Russian court sentenced opposition activist Taisiya Osipova to eight years in prison on charges of drug trafficking. She had been arrested in November 2010 and sentenced in late 2011 to 10 years in prison, but the case had been overturned on appeal. The court rejected witness testimony that police had planted the drugs in Osipova's house. Her supporters suggested that authorities had prosecuted Osipova to pressure her husband, a leader of The Other Russia Party, to withdraw an application to register the party.

In September 2012, the State Duma voted to remove the electoral mandate of deputy Gennadiy Gudkov, a member of the Just Russia Party, on the grounds that he was violating legislative rules by carrying out commercial activity incompatible with his status as a deputy. Gudkov and other observers argued that other Duma members had business interests, and that he was ousted because of his participation in opposition protests against the flawed Duma and presidential elections.

In early October 2012, the Moscow office of Human Rights Watch, an international NGO, reported that the deputy director of the office, Tanya Lokshina, had received emails threatening her bodily harm. U.S. Ambassador to Russia Michael McFaul and Russian human rights ombudsman Vladimir Lukin were among those calling on the Russian Interior Ministry to investigate the threats. Lokshina left Russia in October 2012, but plans to return in the spring of 2013.

On October 5, 2012, the pro-government NTV television network broadcast a "documentary" that alleged that several oppositionists had met with Georgian Givi Targamadze, the then-chairman of the defense committee in the Georgian legislature, to discuss raising cash and organizing protests and riots aimed at forcibly seizing power in Russia, and that the oppositionists subsequently attempted to carry out this plan during a protest on May 6, 2012, in Moscow. Although the Investigative Committee already was investigating the events of May 6, the broadcast appeared to spur the development of criminal cases against oppositionists Sergey Udaltsov, his assistant Konstantin Lebedev, and Leonid Razvozhayev, a staffer for an opposition member of the Duma. Lebedev was detained and Udaltsov was questioned. Razvozhayev fled to Ukraine, where he met with officials from an affiliate body of the U.N. High Commissioner for Refugees (UNHCR) to explore requesting political asylum.³⁰ During a break while meeting with the refugee officials, he allegedly was abducted by Russian security personnel and illicitly brought back to Moscow for detention. He claimed that they had tortured him to force him to confess and implicate Udaltsov and others, and he recanted his confession. Russian human rights activist Lyudmila Alexeyeva, head of the Moscow Helsinki Group, raised concerns on October 23 that these new investigations "mean the beginning of the crushing of the opposition."³¹ In December 2012, the Investigative Committee widened its probe to include a meeting attended in Lithuania in early 2012 by several opposition activists, allegedly including Taisia Alexandrova, Anna Kornilova, and Yuri

³⁰ UNHCR, *Press Release: UNHCR Seeks Information on Fate of Disappeared Asylum-Seeker*, October 25, 2012, at <http://www.unhcr.org/5089556e.html>.

³¹ *Interfax*, October 23, 2012. While Razvozhayev's allegations were being publicized, the Duma's International Affairs Committee was holding a hearing on alleged U.S. human rights abuses. The head of the committee, Aleksey Pushkov, proclaimed during the hearing that although Russia has some human rights problems, Russia, unlike the United States, "does not kidnap people" (referring to Russian citizen Viktor Bout's apprehension and trial in the United States). *Interfax*, October 22, 2012.

Nabutovsky. Although the meeting was sponsored by the OSCE to discuss election monitoring procedures, the Investigative Committee asserted that Targamadze was behind the meeting and that its main purpose was to explore means to overthrow the Russian government. On December 20, 2012, President Putin asserted that Targamadze had “instructed” Russian oppositionists to commit terrorist acts in Russia, including blowing up a train.³²

Russia’s Presidential Council for Civil Society and Human Rights

The Council for Civil Society and Human Rights is an advisory body to the president formed in 1993. The Council had fallen into desuetude during Putin’s rule, but in February 2009, then-President Medvedev revived it, and some liberal advocates joined because Medvedev appeared more progressive than Putin. Its members have at times challenged government policies and actions, and occasionally the government has adopted the Council’s proposals in part, including in cases where the government’s draft legislation has been overly vague and expansive in limiting human and civil rights. Critics charge that the Council’s influence on the government has been marginal. Some amendments to the 2006 NGO law that were proposed by the Council were signed into law in July 2009. Changes included easing some reporting requirements and limiting the ability of bureaucrats to inspect NGO facilities. Some critics viewed the approved amendments as mainly cosmetic.³³ In June 2010, the Council sent a legal analysis to President Medvedev in opposition to a bill that criminalized disobeying an employee of the Federal Security Service (FSB). The bill also permitted the FSB to issue warnings to individuals or groups whose actions it felt might jeopardize national security, even if the actions were not crimes.³⁴ Despite the Council’s opposition, the FSB bill was approved with minor changes and signed into law. Similarly, the Council’s reports concluding that Khodorkovsky’s second trial was problematic and that officials were culpable in the detention and death of Magnitsky were largely ignored. At its last meeting under then-President Medvedev in April 2012, the Council wanted to discuss a report detailing problems of the Duma and presidential election, but Medvedev vetoed the discussion. Several members of the commission subsequently resigned as a sign of protest against electoral irregularities or in anticipation of a harsher human rights climate under Putin.

In July 2012, a working group to fill vacancies on the Human Rights Council began selecting applications to forward to Putin in September for his approval. Some of the individuals whose applications were rejected and others announced in early September 2012 that they planned to form an alternative human rights advocacy group. On December 17, 2012, Moscow Helsinki Group head Lyudmila Alexeyeva announced the formation of this alternative group. She stated that among its first activities would be the compilation of a list of names of human rights abusers to forward to the United States for consideration for sanctions under the Magnitsky law.

Claiming that he wanted to respond to the many applications, Putin increased the size of the Human Rights Council from 40 to 62 members. The Council held its first meeting with President Putin in November 2012. Although a few opposition activists were among those who were newly appointed, critics charged that the enlarged size of the Council swamped it with pro-Putin members, including members of the Public Chamber, another presidential advisory group, and members of the legislature. The presidential website reported that President Putin responded to

³² *Interfax*, December 20, 2012.

³³ Michael Allen, “Obama Trip Prompts Token NGO Reform, but Kremlin Incapable of Real Change,” *Democracy Digest*, July 6, 2009.

³⁴ *CEDR*, June 22, 2010, Doc. No CEP-4005; June 24, 2010, Doc. No. CEP-950171.

criticism of the law requiring NGOs that receive foreign funds to register as foreign agents by asserting that the law was essentially sound, but that further exceptions under the law might be considered for NGOs not deemed to be involved in politics.³⁵

In December 2012, Human Rights Council chairman Mikhail Fedotov voiced support for the Russian bill to ban U.S. adoptions of Russian children, while calling for a ban on all foreign adoptions. He urged instead that domestic foster care and adoptions receive greater government support. Alexeyeva termed this stance “outrageous,” arguing that Russian orphans—particularly children with disabilities—should be available for international adoptions, and stating that this stance re-validated her decision to resign from the Council after Putin won re-election.³⁶

The U.S.-Russia Working Group on Civil Society

A Working Group on Civil Society, part of the U.S.-Russia Bilateral Presidential Commission (see below, “The Obama Administration “Re-sets” Bilateral Relations”), held its first U.S. meeting in late January 2010. As per agreement, the working group is composed mainly of government officials and a few NGO representatives. The officials and NGO representatives met in separate sessions, and then the two groups compared notes. The topics of discussion included countering corporate corruption, protecting children, prison reform, and rights of immigrants (the White House subsequently has described these topics as discussed by separate subgroups). Some Members of Congress had called in December 2009 for the Administration to boycott the meetings until Russia changed its head of the group.³⁷ In late 2011, the heads of the Working Group—both advisors to their respective presidents—were replaced by lower-tier diplomats, seemingly marking a lowered status for the Working Group. The new co-chairs met in early 2012.

The latest reported action was a Working Group session in mid-June 2012 in Moscow. This meeting apparently only involved the co-chairs and did not address a full range of issues. The Russian co-chair claimed that the United States had convicted two Russian citizens (including Viktor Bout) on “political grounds,” and urged that they be returned to Russia. He also called for U.S. citizens who violated the rights of adopted Russian children to be adequately prosecuted and raised concerns that the Magnitskiy Act threatened the rights of prospective Russian travelers to the United States. Some Russian human rights activists have criticized the Working Group as ineffective.

Insurgency in the North Caucasus

Some observers have argued that Russia’s efforts to suppress insurgency in the North Caucasus—a border area between the Black and Caspian Seas that includes the formerly breakaway Chechnya and other ethnic-based regions—have been the most violent in Europe in recent years in terms of ongoing military and civilian casualties and human rights abuses. In late 1999, Russia’s then-Premier Putin ordered military, police, and security forces to enter Chechnya. By early 2000, these forces occupied most of the region. High levels of fighting continued for several more years and resulted in thousands of Russian and Chechen casualties and hundreds of thousands of displaced persons. In 2005, then-Chechen rebel leader Abdul-Khalim Saydullayev

³⁵ The Kremlin, President of the Russian Federation,

³⁶ *Interfax*, December 20, 2012.

³⁷ “Interview: McFaul on U.S., Russian Stereotypes and His Controversial Co-Chair,” *RFE/RL*, January 28, 2010.

decreed the formation of a Caucasus Front against Russia among Islamic believers in the North Caucasus, in an attempt to widen Chechnya's conflict with Russia. After his death, his successor, Doku Umarov, declared continuing jihad to establish an Islamic fundamentalist Caucasus Emirate in the North Caucasus and beyond.

Russia's pacification policy in Chechnya has involved setting up a pro-Moscow regional government and transferring more and more local security duties to this government. An important factor in Russia's seeming success in Chechnya has been reliance on pro-Moscow Chechen clans affiliated with regional President Ramzan Kadyrov. Police and paramilitary forces under his authority have committed flagrant abuses of human rights, according to myriad rulings by the European Court of Human Rights and other assessments.

In January 2010, an existing administrative grouping of southern regions and republics was divided into two districts. A North Caucasus Federal District was formed from more restive areas, including the Chechen, Dagestan, Ingush, Kabardino-Balkar, Karachay-Cherkess, and North Ossetia-Alania Republics and the Stavropol Kray. A Southern Federal District was formed from somewhat more stable areas, including the Astrakhan, Volgograd, and Rostov Regions, the Adygea and Kalmykia Republics, and the Krasnodar Kray. A presidential envoy was appointed for each district. The division appeared to permit the central government and envoys to focus on separate development plans for each district. According to some speculation, the division also was partly driven by the 2007 selection of Sochi, in Krasnodar Kray, as the site of the 2014 Winter Olympics, and the need to focus on building facilities and improving security in Sochi.

A North Caucasus development strategy was promulgated in September 2010. It sets forth goals through 2025, stressing investments in agriculture, tourism, health resorts, energy and mining, and light industry. It also calls for encouraging ethnic Russians to resettle in the area. The strategy sets forth an optimum scenario where average wages increase by 250% and unemployment decreases by 70% by 2025. An inter-agency commission to carry out the strategy was formed with then-Prime Minister Putin as its head. At a May 2011 session, the Regional Development Minister stated that \$9.7 billion would be budgeted for development projects in the North Caucasus through 2013.³⁸ At a December 2011 commission meeting, Putin rejected the views of some that the North Caucasus should be permitted to secede from Russia, warning darkly that anti-Russian interests (presumably, foreign interests) would then launch efforts to break up the rest of Russia. Instead, he argued, Russia must continue to foster economic development in the region.³⁹ At a meeting of the commission in Grozny in late June 2012, the newly installed head, Prime Minister Medvedev, pledged that economic development of the region was "one of the government's most important priorities," and the new Regional Development Minister stated that up to \$52 billion was planned to develop the region over the period 2013-2025.⁴⁰

Terrorist attacks in the North Caucasus increased from 2007 through 2010, with a slight decrease in 2011, according to some reports. In 2010-2011, the insurgents appeared to be focusing more on killing and wounding civilians. Terrorist incidents decreased in most of the North Caucasus in 2011 and 2012. The number of killed or captured terrorists also increased, perhaps marking more

³⁸ *Interfax*, May 4, 2011.

³⁹ Prime Minister of the Russian Federation, *During a Visit to the Chechen Republic, Prime Minister Vladimir Putin Holds a Meeting of the Government Commission on the Socio-Economic Development of the North Caucasus Federal District in Gudermes*, December 23, 2011.

⁴⁰ *The Moscow Times*, June 20, 2012.

successful counter-terrorist efforts. An appeal by Umarov in early 2012 that his fighters cease carrying out mass casualty attacks—in solidarity with Russians demonstrating against the flawed Duma election—was another possible contribution to the reduced number of terrorist incidents.⁴¹

A major change in the pattern of terrorist incidents has been a reduction since 2010 in the number of incidents in Chechnya and increases in other republics of the North Caucasus, including Dagestan, Kabardino-Balkaria, and Ingushetia. Dagestan has led in the level of violence. The republic is a multi-ethnic republic where Salafi Islam, as advocated by the Caucasus Emirate or imported from the Middle East, has made increasing inroads. Salafists have clashed with security forces and secular authorities, and with those practicing traditional Sufi Islam in the republic. Terrorist violence in Dagestan accounts for about two-thirds of all terrorism in Russia during the first half of 2012 (140 out of 213), according to one estimation. In terms of those killed or wounded, about two-thirds of all victims of terrorism in Russia in the first half of 2012 were in Dagestan—109 government personnel and civilians were killed and 205 were wounded in Dagestan—a total of 314 out of 469 terrorist victims in Russia. Security forces also were the most active in Dagestan in killing or capturing alleged terrorists during the first half of the year.⁴²

Several humanitarian NGOs operating in the North Caucasus reportedly have been closed or faced governmental pressure during 2012. The Mashr human rights NGO—a former recipient of USAID funding—has raised concerns that its operations could be curtailed as a result of the new law calling for NGOs that receive foreign grants to register as foreign agents.

Among recent terrorist incidents, in early March 2012, an alleged Caucasus Emirate plan to assassinate Putin and Medvedev, uncovered in Ukraine, was publicized by the Russian government during the final period of the presidential election campaign (perhaps coincidentally, an assassination plot also had been alleged during Putin's 2000 presidential campaign). On May 4, 2012, two suicide car bombings occurred in downtown Makhachkala, the capital of Dagestan, reportedly killing over a dozen civilians and injuring nearly 100.

On May 10, 2012, Russia's National Anti-Terrorism Committee—NAK; an interagency coordinating and advisory body—announced that Russian and Abkhazian security agents had uncovered a plot by Umarov to launch a large-scale attack at the planned 2014 Winter Olympics in Sochi, Russia (see below). Several large stashes of grenade launchers, surface to air missiles, mines, and other weaponry were discovered in Abkhazia. The NAK asserted that Umarov “had close ties to Georgia's intelligence services,” implying that Georgia was assisting Umarov. The Georgian Foreign Ministry called these allegations “absurd,” and pointed out that Russia has eliminated Georgian efforts to exercise authority in Abkhazia and that Russia had not raised such claims during meetings in Geneva on resolving issues associated with the 2008 Russia-Georgia conflict.⁴³

On July 19, 2012, Tatarstan Mufti Ildus Faizov was injured by a car bomb and his deputy and head of the Tatarstan Muslim Board educational department, Valiulla Yakupov, was shot and

⁴¹ *Interfax*, November 4, 2012; Gordon Hahn, *Islam, Islamism and Politics in Eurasia Report*, Center for Strategic and International Studies, October 2, 2012; *The North Caucasus: The Challenges of Integration, Ethnicity, and Conflict*, International Crisis Group, October 19, 2012; *The North Caucasus: The Challenges of Integration, Islam, the Insurgency, and Counter-Insurgency*, International Crisis Group, October 19, 2012.

⁴² Gordon Hahn, *Islam, Islamism and Politics in Eurasia Report*, Center for Strategic and International Studies, October 2, 2012.

⁴³ *CEDR*, May 10, 2012, Doc. No. CEP-6019 and Doc. No. CEP-950199.

killed by assailants outside his home in Kazan. The “Mujahadeen of Tatarstan,” which appeared linked to Umarov, claimed responsibility. On August 20, 2012, a car exploded in Kazan, killing four alleged terrorists. Some observers have warned that Islamic fundamentalism has greatly increased in Tatarstan.⁴⁴

On August 28, 2012, Sufi scholar Sheikh Said-afandi al-Chirkavi (Said Atsayev) and five other victims were killed by a suicide bomber in the village of Chirkei in Dagestan. The bombing reportedly was carried out by Sunni Islamic extremists targeting Sufi religious leaders. The State Department condemned the killing and raised concerns that extremist attacks were increasing in some areas of Russia.

Many observers have suggested that these incidents are further evidence that Moscow’s ongoing security operations in the North Caucasus—which have resulted in many human rights abuses—as well as its efforts to boost the regional economy have not yet substantially ameliorated instability there.

On June 23, 2010, Secretary of State Clinton designated Caucasus Emirates leader Doku Umarov as a terrorist under Presidential Executive Order 13224, which targets terrorists and those providing support to terrorists or acts of terrorism, to help stem the flow of financial and other assistance to Umarov. In the 111th Congress, H.Res. 1315 (Hastings), introduced on April 29, 2010, had called on the Secretary of State to designate the Caucasus Emirate as a foreign terrorist organization. On May 26, 2011, the United States similarly designated the Caucasus Emirate under Presidential Executive Order 13224 as a Specially Designated Global Terrorist group, and included Doku Umarov in its “Rewards for Justice” program, offering a reward of up to \$5 million for information leading to his location.

Defense Reforms

Despite the sizeable reduction in the size of the armed forces since the Soviet period—from 4.3 million troops in 1986 to a reported 880,000 at present—the Russian military remains formidable in some respects and is by far the largest in the region.⁴⁵ Because of the reduced capabilities of its conventional forces, however, Russia relies on nuclear forces to maintain its status as a major power. There is sharp debate within the Russian armed forces about priorities between conventional versus strategic forces and among operations, readiness, and procurement. Russia is trying to increase security cooperation with the other Soviet successor states that belong to the Commonwealth of Independent States (CIS).⁴⁶ The passage of legislation in October 2009 providing for the Federation Council to authorize the use of troops abroad to protect its “peacekeepers” and citizens, and to combat piracy at sea, appears to underline that Russia might use military force to reinforce the “lesson” that small countries adjacent to Russia may disregard Moscow’s interests and warnings only at their peril.

The improvement of Russia’s economy since 1999, fueled in large part by the cash inflow from rising world oil and gas prices, enabled Russia to reverse the budgetary starvation of the military

⁴⁴ *CEDR*, August 7, 2012, Doc. No. CEP-015006.

⁴⁵ For more detail, see CRS Report R42006, *Russian Military Reform and Defense Policy*, by Jim Nichol.

⁴⁶ Members include Armenia, Azerbaijan, Belarus, Moldova, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, Ukraine, and Uzbekistan. Georgia withdrew following the August 2008 Russia-Georgia conflict.

during the 1990s. Defense spending increased substantially in most of the 2000s, and even continued to increase slightly after the global financial crisis of 2008 impacted Russia's economy. Even factoring in purchasing power parity, however, Russian defense spending still lags far behind current U.S. or former Soviet levels. The efficacy of the larger defense budgets is reduced by systemic corruption. Some high-profile military activities have been resumed, such as large-scale multi-national military exercises, show-the-flag naval deployments to the Mediterranean and the Atlantic, and strategic long-range bomber patrols that approach U.S. and NATO airspace.

In February 2007, then-President Putin appointed Anatoliy Serdyukov as defense minister. With a career outside the military establishment, many observers suggest that Serdyukov was chosen to carry out a transformation of the armed forces from a mobilization model—large divisions only partially staffed and dependent upon the mobilization of reserves during emergencies—to permanently staffed smaller brigades. Problems of force composition, training, command and control, equipment, and doctrine were highlighted during the August 2008 Russia-Georgia conflict.⁴⁷ Partly in response, a reform plan entitled “The Future Outlook of the Russian Federation Armed Forces and Priorities for its Creation for the period of 2009–2020” was launched in October 2008 that called for accelerating planned cuts in the bloated officer corps, revamping the training of noncommissioned officers, cutting the number of personnel at the Defense Ministry and General Staff, and reducing the number of higher military schools. Also, the four-tier command system of military districts, armies, divisions, and regiments would be altered to a three-tier system of strategic and tactical commands and brigades. The total size of the armed forces would be reduced from 1.2 million to 1 million, according to this plan.

During 2009, the brigade system for ground forces was set up and other reforms were carried out. Efforts to shift to a professional (contract) military faltered, and conscription of some portion of the armed forces remains a long-term policy. The armed forces now face a crisis in finding enough young men to conscript for a one-year term of service given a sharp decline in births in past years and unhealthy living conditions. Alternatives include officially acknowledging and adjusting to an armed forces well below 1 million or increasing the length of service.

In late 2010, the existing six military districts were consolidated into Western, Eastern, Southern and Central military districts. An over \$700 billion weapons modernization plan for 2011-2020 also was launched. Substantial modernization is contingent on rebuilding the largely obsolete defense industrial complex. Policymakers decided to import some weapons and technologies to spur this rebuilding effort. Beginning in 2009, Russia negotiated with France over the purchase of a newly designed French amphibious assault warship, called the Mistral. Some Members of Congress raised concerns with France over the Mistral negotiations, as did the country of Georgia, which feared that Russia might in the future use the ships against it. In mid-June 2011, Russia's Rosoboronexport (Russian Defense Export firm) General Director Anatoly Isaikin signed a contract with France's DCNS (Direction des Constructions Navales) Director Patrick Boissier on the purchase of two Mistral-class warships. The agreement calls for technology transfers necessary for the construction of the hulls and for information management and communications, but for no weapons systems to be transferred. The completed warships may be deployed to the Pacific Fleet. Two more Mistrals reportedly will be built in new shipyard facilities in Kronstadt, Russia, after which the facilities will be used to build other warships.⁴⁸ The policy of legally acquiring some arms technologies from abroad came under more scrutiny in

⁴⁷ *The Military Balance*, p. 211.

⁴⁸ *CEDR*, January 26, 2010, Doc. No. CEP-349004.

2012, after the appointment of former NATO emissary Dmitriy Rogozin as deputy prime minister in charge of arms procurement. He and Putin have appeared to question the continuation of foreign arms technology acquisitions.

On May 7, 2012, immediately following Putin's inauguration, edicts were signed on greatly boosting military pay, pensions, and housing allowances; on increasing the number of troops under contract; on creating a reserve of troops; and on modernizing defense industries (OPK). One Russian critic pointed out that none of these spending initiatives had been included in the 2012 budget or planned budgets for 2013-2014, and warned that the initiatives would raise military spending as a percentage of GDP to over 4% (and possibly much more, given the opaque nature of much of this spending), approaching the U.S. percentage.⁴⁹ At a conference on defense industries on May 10, 2012, President Putin stressed that \$89 billion out of the \$700 billion allocated for weapons modernization through 2020 was targeted for modernizing the defense industrial sector and increasing pay and educational opportunities for defense workers. Putin had announced several of these defense initiatives in an earlier presidential campaign article.

In a meeting with his Security Council in late August 2012, President Putin argued that the 2011-2020 weapons procurement plan was similar to the five-year crash industrial development plans launched by Stalin in the 1930s. At the same time, he admitted that the plan already had faltered, with deadlines and specifications for weapons procurement not met. While allowing that cooperation with "foreign partners" was desirable in some areas, he stressed that Russia should not merely "launch screwdriver facilities assembling foreign ... military hardware," but should develop the full range of capabilities, from weapons design through series production.⁵⁰

The Russian military announced a boosted fall 2012 conscription. Reportedly, military budget constraints have forced authorities to seek budget cuts, and they settled on reducing the recruitment of contract (professional) soldiers and increasing the number of conscripts, rather than cutting the overall size of the armed forces. Some analysts have suggested that continuing shortfalls in conscription are causing *de facto* reductions in the size of the armed forces, which is becoming inadequate to support existing military doctrine.

On November 6, 2012, Serdyukov was fired by President Putin after media reports highlighted his alleged involvement in corrupt transfers of defense-owned real estate. Other reports alleged more simply that the large list of officials and active and retired military officers opposed to Serdyukov's reforms finally were able to convince Putin to remove him. The governor of the Moscow region and former emergencies minister, Army Gen. Sergey Shoygu, was appointed the new defense minister. Putin also quickly replaced Makarov with Col. Gen. Valeriy Gerasimov as Chief of the General Staff. Those opposed to Serdyukov's reforms have strongly urged Shoygu to roll back the reforms. In making the appointment, however, Putin directed that Shoygu should continue the reforms. Shoygu has announced that he is reviewing some of Serdyukov's personnel and restructuring policies. Deputy Prime Minister Rogozin has been quick to hail Shoygu's initial moves as restoring patriotism to military service. Some analysts have suggested that a major factor in Serdyukov's dismissal was rising friction between the minister and defense industries that have refused to modernize the weapons systems that they sell to the ministry. These analysts also have suggested that the defense industries now have gained control over foreign arms

⁴⁹ CEDR, May 15, 2012, Doc. No. CEP-358003.

⁵⁰ The Kremlin, President of Russia, *Vladimir Putin Held an Expanded-Format Security Council Meeting, Novo-Ogarevo, Moscow Region*, August 31, 2012.

technology acquisitions, so that the Defense Ministry can no longer threaten to pursue foreign purchases to encourage home-grown innovation.⁵¹

U.S. Perspectives

As part of the Obama Administration's "reset" in U.S.-Russia relations, at the July 2009 U.S.-Russia Summit, the two sides agreed to the resumption of military-to-military activities—which had been suspended since the August 2008 Russia-Georgia conflict—by setting up a Military Cooperation Working Group as part of the Bilateral Presidential Commission. The United States has pursued military-to-military ties in order to promote cooperation in counter-terrorism and international peace-keeping, including Russia's support for U.S. and ISAF operations in Afghanistan, to advocate democracy and respect for human rights within Russian military, and also to assess Russian military reforms and civil-military relations. In July 2012, Chairman of the Joint Chiefs of Staff, General Martin Dempsey met with General Nikolay Makarov, then-Chief of the Russian General Staff in Washington D.C. for the annual meeting of the Working Group. A short summary reported that they discussed U.S. and Russian armed forces transformation, Afghanistan, crises in the Middle East and North Africa, threats and developments in the Asia-Pacific region, and missile defense. Bilateral military cooperation also has been evidenced by the signing of a memorandum of understanding on counter-terrorism cooperation in May 2011 by the then-Armed Forces Chief of Staff, Gen. Nikolay Makarov, and the Chairman of the Joint Chiefs of Staff, Admiral Mike Mullen.

In September 2010, the United States and Russia also agreed to set up a Working Group on Defense Relations, co-headed by the U.S. defense secretary and the Russian defense minister, with eight subgroups ranging from logistics to strategy. The brief public accounts of these meetings seem to indicate that Russia seeks knowledge of best practices as part of its modernization effort. The Working Group last met in March 2011, although the sub-working groups remain active. Most recently, the State Department reported that the Training/Education/Human Resources Sub-Working Group met in Colorado Springs in October 2012, and discussed cadet exchanges and other matters. The Russian co-head, Chief of the Education Directorate of the Defense Ministry Yekaterina Priyetzheva, was ousted a few weeks later. A planned Logistics Cooperation Sub-Working Group meeting in Moscow in late October apparently was postponed.

Although agreeing at the July 2009 summit to also renew the activities of the Joint Commission on POW/MIAs—that seeks to account for personnel from World War II, the Korean War, the Vietnam War, and the Cold War, including Soviet military personnel unaccounted for in Afghanistan—Russia only moved in June 2011 to appoint its co-chair, Yekaterina Priyetzheva, and 30 commissioners. The Joint Commission held its first meeting under the new Russian co-chair in St. Petersburg in June 2012. Priyetzheva's dismissal in December 2012 has renewed concerns about the future functioning of the Joint Commission.

In late January 2012, Director of National Intelligence James Clapper presented the intelligence community's annual worldwide threat assessment, which included an appraisal that Russia's 10-year arms modernization plan faces complications posed by "funding, bureaucratic, and cultural hurdles, coupled with the challenge of reinvigorating a military industrial base that deteriorated for more than a decade after the Soviet collapse." Overall, he estimated, the military reforms

⁵¹ Roger McDermott, *Eurasia Daily Monitor*, November 13, 2012; *CEDR*, December 10, 2012, Doc. No. CEP-009016.

launched by Serdyukov “will yield improvements that will allow the Russian military to more rapidly defeat its smaller neighbors and remain the dominant military force in the post-Soviet space, but will not—and are not intended to—enable Moscow to conduct sustained offensive operations against NATO collectively.” He also assessed that “at least until Russia’s high precision conventional arms achieve practical operational utility, Moscow will embrace nuclear deterrence as the focal point of its defense planning,” and will continue to view its nuclear forces “as critical for ensuring Russian sovereignty and relevance on the world stage, and for offsetting its military weaknesses vis-à-vis potential opponents with stronger militaries.”⁵²

Trade, Economic, and Energy Issues

Russia and the Global Economic Crisis⁵³

The Russian economy was hit hard by the global financial crisis and resulting economic downturn. The crisis exposed weaknesses in the economy, including its significant dependence on the production and export of oil and other natural resources and its weak financial system. Russia shows signs of economic recovery, but persistent flaws in the economy could limit the recovery’s depth and length.

Before the global financial crisis, Russia experienced a decade of strong economic growth. From 1999 to 2008, Russia’s gross domestic product (GDP) *increased* 6.9% on average per year in contrast to an average annual *decline* in GDP of 6.8% during the previous seven years (1992-1998). The surge in economic growth—largely the result of increases in world oil prices—helped raise the Russian standard of living and brought a large degree of economic stability that Russia had not experienced since the collapse of the Soviet Union at the end of 1991. Russia’s government revenues increased, and that, together with fiscal discipline, allowed the government to generate budget surpluses after years of large deficits. Economic growth also contributed to strong popular support for Vladimir Putin and Dmitriy Medvedev.

However, in 2008, Russia faced a rapid decrease in the prices for oil and other commodities. It also faced investor unease caused in part by Russia’s military confrontation with Georgia in August 2008 and also by the Russian government’s reassertion of control over major industries, especially in the energy sector. Along with these events, the global financial crisis hit Russia in the latter part of 2008 as foreign banking credits, on which many Russian companies depend, decreased. As a result, Russia’s period of economic growth came to an abrupt end. Although Russian real GDP *increased* 5.6% in 2008 as a whole, it did not grow at all during the fourth quarter of 2008. Russian GDP *declined* 7.9% in 2009. The decline occurred across most sectors of the economy, with manufacturing, construction, and transportation hit especially hard.⁵⁴

The economic downturn also exposed Russia’s dependence on the production and export of oil, natural gas, and other fossil fuels for economic growth and government revenues. On July 4, 2008, the price of a barrel of Urals-32 (the Russian benchmark price for oil) peaked at \$137.61

⁵² U.S. Senate, Select Committee on Intelligence, *Statement for the Record on the Worldwide Threat Assessment of the US Intelligence Community*, James R. Clapper, Director of National Intelligence, January 31, 2012.

⁵³ Prepared by William H. Cooper, Specialist in International Trade and Finance.

⁵⁴ Economist Intelligence Unit.

and declined to a low point of \$34.02 by January 2, 2009—a drop of 75.3% in six months.⁵⁵ The fuels accounted for about two-thirds of Russia's export revenues and for more than half of government revenues. Such a sharp drop in oil prices, along with heightened government expenditures to stimulate the economy, forced the government to incur its first budget deficit in 10 years in 2009—a deficit equivalent to 5.9% of GDP.⁵⁶

The Russian government responded in 2008-2009 to the global financial crisis with various fiscal measures including heavier spending and tax cuts equivalent to more than 6% of GDP. These measures were designed mostly to support the banking system, increase social expenditures, and assist large state enterprises. The stimulus also included monetary measures that included reducing refinance rates by the Central Bank of Russia (CBR).⁵⁷ The CBR also drew down foreign reserves in order to defend the ruble against rapid depreciation.

Russia is slowly emerging from its recession. Russian real GDP is estimated to have increased by 4.0% in 2010, and 4.3% in 2011. Russia is once again benefitting from an increase in world oil prices. Nevertheless, in the long term, unless Russia can reduce its dependence on the production of oil and other commodities and diversify and reform its economy, any recovery will likely remain fragile.⁵⁸ On several occasions, former President Medvedev expressed the need for Russia to diversify its economy.⁵⁹ Looking ahead an important issue regarding Russia is whether President Putin will carry through on economic reform or protect the status quo.

Russia's Accession to the World Trade Organization (WTO) and PNTR for Russia

In 1993, Russia formally applied for accession to the General Agreement on Tariffs and Trade (GATT). In 1995, its application was taken up by the World Trade Organization (WTO), the successor organization of the GATT. Russia is the largest economy not in the WTO. However, after a number of fits and starts during the 18-year process, the 153 members of the WTO, on December 16, 2011, invited Russia to join the organization. Russia officially joined the WTO on August 22, 2012, after both houses of the national legislature approved the protocol of accession. In joining the WTO, Russia has committed to bring its trade laws and practices into compliance with WTO rules. Those commitments include nondiscriminatory treatment of imports of goods and services; binding tariff levels; ensuring transparency when implementing trade measures; limiting agriculture subsidies; enforcing intellectual property rights for foreign holders of such rights; and forgoing the use of local content requirements and other trade-related investment measures.

Congress does not have a direct role in Russia's accession to the WTO but has an indirect role in the form of permanent normal trade relations (PNTR) status. "Normal trade relations" (NTR), or "most-favored-nation" (MFN), trade status denotes nondiscriminatory treatment of a trading

⁵⁵ CRS calculations based on data from the U.S. Department of Energy, U.S. Energy Information Administration, <http://www.eia.doe.gov>.

⁵⁶ Economist Intelligence Unit, *Country Report—Russia*, September 2010, p. 21.

⁵⁷ IMF, *Russian Federation: 2010 Article IV Consultation—Staff Report; and Public Information Notice on the Executive Board Discussion*, July 2010, p. 8.

⁵⁸ The World Bank, *Russian Economic Report*, No. 22, June 2010, p. 1.

⁵⁹ Economist Intelligence Unit, *Country Report—Russia*, January 2010.

partner compared to that of other countries.⁶⁰ Title IV of the U.S. Trade Act of 1974 applies conditions on Russia's status, including compliance with freedom of emigration criteria under Section 402—the so-called Jackson-Vanik amendment. Therefore, the United States would not be in compliance with the WTO requirement of “unconditional MFN” without Congress lifting the applicability of Title IV as it applies to Russia and authorizing the President to grant Russia PNTR before Russia enters the WTO. As a result, the United States has had to invoke the WTO nonapplication provision, thus declaring that the WTO obligations, rules, and mechanisms will not apply in its trade with Russia. The United States can “dis-invoke” it, if and when Congress grants PNTR. In the meantime, Russia will not be obligated to apply many of the commitments it has made in acceding to the WTO, such as improved market access in services and in some agriculture trade, to the United States, thus potentially placing U.S. exporters and investors at a competitive disadvantage.

On July 19, 2012, the Senate Finance Committee favorably reported **S. 3406**, and on July 26, the House Ways and Means Committee ordered favorably reported **H.R. 6156**. The two bills would remove the application of Title IV to trade with Russia and authorize the President to grant PNTR to Russia by proclamation. S. 3406 also contains language from S. 1039, the “Magnitskiy bill” (discussed above). No dates have been established for consideration of the legislation in either House.

On November 16, 2012, the House passed H.R. 6156 that authorizes PNTR for Russia. The Senate followed by passing the bill on December 6, 2012. The bill was signed into law on December 14, 2012 (P.L. 112-208), providing for the United States and Russia to “dis-invoke” the nonapplication provision and conduct their bilateral trade relations under WTO rules.

Russian Energy Policy⁶¹

The Russian oil and natural gas industries are important players in the global energy market, particularly in Europe and Eurasia. In 2011, Russia had by far the largest natural gas reserves in the world, possessing 21.4% of the world's total. It had over 5% of global oil reserves. Firms in these industries are either directly controlled by the Russian government or are subject to heavy Russian government influence. The personal and political fortunes of Russia's leaders are tied to the energy firms. Russian government revenues (in 2011, about half of total Russian government revenue came from oil and natural gas taxes) and Russia's economic revival in the Putin era has been heavily dependent on the massive wealth generated by energy exports, mainly to Europe.

Some Members of Congress, U.S. officials, and European leaders (particularly those in Central and Eastern Europe) have claimed that European dependence on Russian energy and Russia's growing influence in large segments of Europe's energy distribution infrastructure poses a long-term threat to transatlantic relations. Russia accounts for about one-quarter of the EU's natural gas supplies. Some central and eastern European countries are almost entirely dependent on Russia for their oil and natural gas. Analysts have noted that Russia views its natural resources as a political tool. Russia's “National Security Strategy to 2020,” states that “the resource potential

⁶⁰ MFN has been used in international agreements and at one time was used in U.S. law to denote the fundamental trade principle of nondiscriminatory treatment. However, “MFN” was replaced in U.S. law, on July 22, 1998, by the term “normal trade relations.” (P.L. 105-206). MFN is still used in international trade agreements. The terms are used interchangeably in this report.

⁶¹ Prepared by Steven Woehrel, Specialist in European Affairs.

of Russia” is one of the factors that has “expanded the possibilities of the Russian Federation to strengthen its influence on the world arena.”⁶²

This dependence does not go only in one direction, however. Europe is also the most important market for Russian natural gas exports, a calculation the Russians must take into account when developing its political relations with Europe. The bulk of Gazprom’s natural gas exports go to Europe and Eurasia. In 2010, almost 55% of Gazprom’s natural gas exports went to the EU. Over 28% went to the Commonwealth of Independent States (CIS), many of which have been unreliable in paying what they owe and/or receive natural gas at subsidized prices.⁶³ The rest went to Turkey and other non-EU countries in Europe, and to Asia.⁶⁴

Concerns about Russian energy policy have centered largely on Russia’s natural gas supplies to Europe. In 2009, the state-controlled Russian natural gas firm Gazprom halted all gas supplies transiting Ukraine for nearly three weeks after the two sides failed to reach agreement on several issues, including a debt allegedly owed by Ukraine to Gazprom and the price that Ukraine would pay for gas supplies. At the time, about 80% of Europe’s natural gas imports from Russia transited Ukrainian pipelines. A similar Russian-Ukrainian dispute had led to a gas cutoff to Europe at the beginning of 2006. In 2010 and 2011, disputes between Russian and Belarus over a variety of issues, including energy prices, debts owed by Belarus, and transit fees paid by Russia for the use of Belarusian pipelines, led to temporary reductions of oil and natural gas supplies to Belarus and neighboring countries. These incidents have provided further evidence of Russia’s unreliability as an energy supplier, according to some observers.

Conversely, concerns about the reliability of gas transit through Ukraine and Belarus have caused Russia and some European countries to support new pipeline projects to bypass these two countries and others in Central and Eastern Europe. In 2011, Gazprom began transporting natural gas directly from Russia to Germany under the Baltic Sea via a new pipeline, known as Nord Stream. A second pipeline became operational in late 2012, giving Nord Stream a total capacity of 55 billion cubic meters (bcm) per year, as compared to the Ukrainian pipeline system, which has a capacity of about 150 bcm per year. Russia is studying the possibility of a third and even a fourth Nord Stream pipeline, but Germany has rejected the idea so far.

Many European Union countries are concerned about the possible consequences of overdependence on Russia for energy. The EU has supported the building of a “Southern Corridor” of pipelines circumventing Russian territory that would transport Central Asian gas supplies to Europe. At least one new pipeline is expected to transport Azerbaijan’s gas from its Shah Deniz 2 project to Europe by 2019. Russia has tried to undermine the Southern Corridor effort in many ways, including by casting doubt on the legality of the planned and EU-supported Trans-Caspian Pipeline, which would transport gas from Turkmenistan (which has very large gas reserves) across the Caspian Sea to connect up with other pipelines that would carry gas on to Europe.

⁶² The text of the National Security Strategy, which was released in 2009, can be found at the website of the Russian National Security Council at <http://www.scrf.gov.ru/documents/99.html>

⁶³ The Commonwealth of Independent States (CIS) includes Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, and Uzbekistan with Turkmenistan and Ukraine having unofficial status. Georgia withdrew from the CIS in 2009.

⁶⁴ Sergey Paltsev, “Russian Natural Gas Export Potential Up to 2050,” MIT Center for Energy and Environmental Policy Research, July 2011.

Russia has also tried to maintain its grip on EU energy supplies by supporting a rival project to the Southern Corridor. In 2007, Gazprom and the Italian firm ENI signed an agreement to build South Stream, which would run from Russia under the Black Sea to Bulgaria, with branches to Austria, Italy, and Greece. Serbia, Hungary, and Slovenia have also signed on to the project. President Putin symbolically started construction of South Stream in December 2012, but real work on the pipeline is not expected to begin until well into 2013, with the first deliveries by the end of 2015. The pipeline is supposed to reach its planned capacity of 63 bcm per year in 2019.

In order to build political support in European countries for South Stream, Russia enticed key Western European companies to participate. It has also discussed the possibility of modifying the pipeline's route in order to play potential transit countries off against each other. However, some observers are skeptical about South Stream's prospects, pointing to its high cost. Observers also question Russia's ability to significantly expand its gas production so that it can fill current and planned pipelines. Russia could also free up supplies for export by curbing growing domestic demand for gas through further increases in now-subsidized domestic prices, but it has put off doing so, perhaps for political reasons.

While building pipelines that would circumvent Ukraine and Belarus, Russia continues its long-standing efforts to gain control of their pipeline systems. Ukrainian President Viktor Yanukovich has expressed concern about the impact of Nord Stream and South Stream on transit volumes through Ukraine's pipeline system. He has offered Russia partial control of the Ukrainian pipeline system (with EU firms gaining part of the control as well) in exchange for a share in natural gas fields in Russia and guaranteed transit volumes through Ukraine's pipelines. Russia has not accepted Kyiv's terms. Gazprom officials have warned Ukrainian leaders that they should sell control of Ukraine's pipelines to it while it can get a good price. Otherwise, they say, Gazprom may find it more profitable to build and use South Stream rather than modernize Ukraine's aging system. Russia has repeatedly rejected Ukraine's demands to renegotiate the current gas supply contract in order to cut the price Kyiv pays for gas.

Ukraine's seeming desperation to secure lower gas prices could induce it to give Gazprom de facto control over its pipelines in exchange for cheaper gas. However, for now, Ukraine is taking another path—trying to sharply reduce its intake of expensive Russian gas and increase domestic and other foreign energy sources. For its part Russia has already started reducing the gas transit to western and central Europe through Ukraine – by over 20% in the first 11 months of 2012.

Russia has had more success in gaining control of Belarus's gas infrastructure. In 2011, Gazprom completed a deal to buy all the shares of Beltransgaz, Belarus's gas pipeline transport company, in exchange for sharply reduced gas prices. The Yamal-Europe gas pipeline, which runs through Belarus and Poland, has a capacity of 33 bcm. Gazprom has said it plans to modernize the Belarusian system and increase the amount of gas supplied to EU countries via Belarus by as much as 30%. The move will perhaps put yet more pressure on Ukraine to cede control of its system to Russia.

Russia's formerly dominant role in the transport of Central Asian energy supplies is also slipping. A pipeline from Turkmenistan to China opened in 2009. It now delivers 30 bcm per year to China. This is expected to increase to 40 bcm in 2013 and 60 bcm by 2016. Turkmenistan has also expanded its gas pipeline capacity to Iran to reach 20 bcm.

Other factors could diminish Russia's leverage over Eurasian natural gas supplies. The development of previously difficult-to-develop "unconventional" gas deposits, including shale

gas, in the United States, Europe and elsewhere could diversify supplies and keep prices down. The rapid growth of the spot market for natural gas and the expansion of liquefied natural gas infrastructure in Europe could also help diversify supplies as well as reduce dependence on Russian-controlled pipelines. Already, European companies have successfully pressured Gazprom into cutting prices, reportedly by about 15%. However, Gazprom is still strongly resisting major changes to its pricing formula (based on the price of oil, not on gas spot market prices) or to reliance on long-term, inflexible “take or pay” contracts.

Russia has threatened to supply more gas to China and other Asian countries if Europe does not exempt Gazprom from the EU’s Third Energy Package, which bars companies from controlling both the production of energy supplies and their transport and distribution. By 2030, the Russian government plans to increase gas exports to Asian countries such as China, South Korea, and Japan until they make up 19%-20% of the total. However, Russia has a considerable way to go to meet this objective. In 2010, gas exports to Asia made up about 7% of total Russian gas exports, all in the form of LNG. Long-standing Russian hopes of providing large amounts of natural gas to China by pipeline have been stymied by the fact that China has been unwilling to offer anything close to the price Europe pays for Russian natural gas, as it can secure Central Asian gas for about two-thirds of the price Russia is offering.⁶⁵

Foreign Policy

Russia and the West

After the collapse of the Soviet Union and the turmoil associated with the Yeltsin period, a consensus emerged as the Putin era began on reestablishing Russia’s global prestige as a “great power” and its dominance in “the former Soviet space.” The pursuit of these goals by then-President Putin and his closest policy advisors seemed to be driven by the belief that the West, and in particular the United States, had taken advantage of Russia’s political turmoil and overall weakness during the Yeltsin years. Putin and his advisors were determined to restore what they believed to be Russia’s rightful place as a significant influence on the world stage.

Fueled in part by the massive inflow of petro-dollars, Moscow’s self-confidence grew over the several years prior to the late 2008 global economic downturn, and officials and observers in Europe and the United States expressed growing concern about what they viewed as an increasingly contrarian Russian foreign policy. This was evident in recent years in Russia’s sharp political struggles with Estonia and Ukraine, its opposition to a planned U.S. missile defense system in Eastern Europe, the suspension of compliance with the Conventional Armed Forces in Europe Treaty, and its strong opposition to NATO membership for Ukraine and Georgia.

According to analyst Dmitri Trenin, then-President Putin became greatly alarmed following the “orange revolution” in Ukraine in 2004-2005 and the “tulip revolution” in Kyrgyzstan later in 2005, and his attitude toward the United States hardened. Trenin claims that Putin viewed these popular revolts as “part of a U.S.-conceived and led conspiracy. At minimum, these activities ... aimed at drastically reducing Russia’s influence.... At worst, they constituted a dress rehearsal for

⁶⁵ For more information on Russia’s official energy strategy, see Energy Strategy of Russia for the Period up to 2030, at [http://www.energystrategy.ru/projects/docs/ES-2030_\(Eng\).pdf](http://www.energystrategy.ru/projects/docs/ES-2030_(Eng).pdf).

... installing a pro-U.S. liberal puppet regime in the Kremlin.”⁶⁶ In February 2007, at the 43rd annual Munich Security Conference, President Putin delivered a particularly harsh speech attacking Bush Administration policies and condemning the “unipolar” world he alleged the United States wanted to create.⁶⁷

In contrast to Putin, President Medvedev was considered by some observers to be a potentially pragmatic leader who could shift Russia’s attitudes more positively toward the United States and the West. However, during Medvedev’s first year or so in office, Russia’s relations with the West became increasingly tense. In the aftermath of the August 2008 Russia-Georgia conflict, relations between Russia and the West reached what many considered to be their lowest point since the Cold War. Russia continued to voice strong opposition to NATO enlargement to Georgia and Ukraine; invaded Georgia and occupied two of its regions; refused to recognize Kosovo’s independence; cut off or reduced energy supplies in disputes with Ukraine and Belarus; boosted ties with Cuba and Venezuela; and attempted to end the use of airbases in Central Asia by the United States and NATO. However, President Obama’s efforts to “reset” bilateral ties in 2009 somewhat overlapped and then ameliorated some of these elements of tension.

On May 7, 2012, as one of his first decrees upon being inaugurated as president, Putin sketched out elements of what he wanted to be included in a new “foreign policy concept” to reflect an allegedly emerging “polycentric world” (essentially meaning the ebbing of U.S. global power and influence).⁶⁸ Perhaps as one means to counter U.S. power and influence, he called for emphasizing the role of the United Nations, but he also pledged to expand Russia’s support for peacekeeping operations. Among his foreign policy priorities:

- He stated that relations with the CIS were a main focus of foreign policy, including the implementation of the late 2011 Free Trade Zone Treaty; strengthening of the Russia-Belarus Union State; deepening cooperation among Russia, Belarus, and Kazakhstan within the Single Economic Space; creating a Eurasian Economic Union by 2015; bolstering the Collective Security Treaty Organization (CSTO; see below, “Russia and the Soviet Successor States”); working to settle the Dniestr problem and the NK conflict; and promoting the sovereignty of Abkhazia and South Ossetia.
- On Russia-U.S. relations, he called for raising bilateral ties to a “truly strategic level” by bolstering economic cooperation and “nondiscriminatory” trade, expanding the role of the Bi-national Presidential Commission, liberalizing the visa regime, and implementing the START Treaty. At the same time, Putin called for blocking “extraterritorial sanctions by the United States against Russian corporate bodies and individuals,” and warned that further arms control agreements depended on taking into account “all factors” affecting global strategic stability. He also called for obtaining “firm guarantees” that U.S. missile defenses are not targeted against Russia.

⁶⁶ Dmitri Trenin, “Russia’s Spheres of Interest, not Influence,” *The Washington Quarterly*, October 2009.

⁶⁷ The full text of Vladimir Putin’s speech at the 43rd Munich Conference on Security Policy, February 10, 2007, can be found at <http://www.securityconference.de>.

⁶⁸ President of the Russian Federation, *On Measures in the Implementation of the Russian Federation’s Foreign Policy*, May 7, 2012.

- On Russia-EU relations, he called for working on a strategic partnership accord and implementation of the partnership for modernization program. On Euro-Atlantic cooperation, he continued to call for concluding a new European security treaty⁶⁹ and stated that the further development of Russia-NATO ties depended on NATO's recognition of Russian security interests.
- He called for rebuffing criticism of Russia's human rights record and expanding consular and other efforts to protect the rights of Russian citizens abroad, including of adopted children. He also called for seeming Soviet-type efforts to expand the influence of Russian culture and language worldwide, increase propaganda, and to bolster the use of the Public Chamber and Russian NGOs as agents of influence.
- On other issues, he called for the settlement of the Arab-Israeli conflict and the issues of Iran's and North Korea's nuclear programs using current negotiating formats and principles. He appeared to call for aggressively asserting Russian sovereignty over the Arctic and maritime borders and Russia's presence in Antarctica.

At a conference of Russian ambassadors on July 9, 2012, President Putin called for the diplomats to work harder to present Russia in a good light abroad as part of an enhanced arsenal of "soft power" instruments of foreign policy. Critics argued that he appeared to believe that Russia's domestic and foreign policy actions were not to blame for its image problems abroad. He warned that the electoral campaign in the United States was contributing to anti-Russian sentiments, such as the Magnitskiy bill and continued support for European missile defense. He also urged that the diplomats should more actively promote Russian arms sales.⁷⁰

Russian analyst Liliya Shevtsova argues that Medvedev's presidency presented a face of foreign policy reasonableness that facilitated the "reset" in U.S.-Russia relations and the EU-Russia Partnership for Modernization. She argues that these ties would not have developed if Putin had remained the visible leader, but that the West was essentially responding to the fictitious liberalization of the Russian political system.⁷¹

NATO-Russia Relations⁷²

Post-Cold War efforts to build a cooperative NATO-Russia partnership have had mixed results, at best. Russian views toward NATO, particularly since the beginning of the Putin era, have been marked predominantly by suspicion and skepticism regarding NATO's intentions. After NATO-Russia relations reached a new low in the wake of Russia's 2008 invasion of Georgia, the two sides renewed efforts to strengthen ties. At NATO's November 2010 Summit in Lisbon, Portugal,

⁶⁹ The call for such a treaty had been issued by newly inaugurated President Medvedev in June 2008, and a draft for discussion was released in late 2009. Many Western observers viewed the Russian proposal as a means to vitiate or replace existing institutions such as the OSCE and NATO. Analyst Richard Weitz has argued that newly inaugurated President Putin has shifted emphasis to his Eurasian Union concept, which actually aims to re-create in some form the Soviet-era east-west divide in Europe. *The Rise and Fall of Medvedev's European Security Treaty*, The German Marshall Fund of the United States, May 2012.

⁷⁰ CEDR, July 10, 2012, Doc. No. CEP-041005.

⁷¹ Open Source Center, *Europe: Daily Report*, March 14, 2012, Doc. No. EUP-232005.

⁷² Prepared by Paul Belkin, Analyst in European Affairs.

NATO Heads of State and then-Russian President Medvedev marked what they hoped would be the beginning of a new era NATO-Russia relations, based on practical cooperation on common security challenges. Observers point out though that while some progress has been made, Russian officials, and particularly President Putin, remain critical of many aspects of NATO policy. They note, for example, that President Putin did not attend NATO's most recent summit of alliance leaders and major partner countries, held in Chicago in May 2012. At the same time, some NATO members continue to disagree on their assessment of Russian intentions.

The principal institutional mechanism for NATO-Russia relations is the NATO-Russia Council (NRC), established in May 2002, five years after the 1997 NATO-Russia Founding Act provided the formal basis for bilateral cooperation. Recognizing that both NATO and Russia face many of the same global challenges and share similar strategic priorities, Russian and NATO leaders structured the NRC as a "consensus" forum of equals with a goal of "political dialogue, common approaches, and joint operations."

Most observers agree that despite having advanced NATO-Russia cooperation in some key areas, the NRC has failed to live up to its potential. The NRC's perceived shortcomings are often attributed to Russian suspicion about NATO's long-term intentions. Many in Russia viewed NATO's enlargement in 1999 and 2004 to 10 former Soviet-oppressed states as a serious affront to Russian power and prestige and Russian leaders continue to oppose the idea of NATO enlargement to former eastern bloc countries.⁷³ The establishment of U.S. and NATO airbases in Central Asia for operations in Afghanistan after the September 11, 2001, terrorist attacks and a United States decision to establish military facilities, albeit nonpermanent, in Bulgaria and Romania after NATO's 2004 enlargement were viewed by some in Moscow as further evidence of an encirclement of Russia by NATO and the United States.

Tensions between Russia and NATO escalated in the wake of Russia's August 2008 invasion of Georgia, after which the two sides suspended formal ties in the NATO-Russia Council. Russia's actions sparked a strong debate within the alliance over how Europe should react to what many considered a new, more aggressive Russian foreign policy intended to reestablish a Russian sphere of influence along its border with Europe. Some argued that NATO's unwillingness or inability to prevent Russia from moving to establish a permanent military presence in Abkhazia and South Ossetia diminished the credibility of the alliance's core principle of collective defense, as enshrined in Article 5 of the North Atlantic Treaty. Although Georgia is not a member of the alliance, Georgian leaders contended that NATO had given the impression that it could concede to Russian demands in its relations with aspiring alliance members. Several Central and Eastern European allies also expressed concern about a reported lack of NATO contingency planning in response to the possibility of future Russian action against a NATO ally or partner.

More recently, Russian leaders have taken aim at NATO and U.S. plans for a ground-based missile defense system in Europe and NATO insistence that the alliance will not recognize a Russian sphere of influence along its borders. Moscow has criticized NATO member states for their refusal to recognize the Russian-encouraged independence of Abkhazia and South Ossetia and for their reluctance to establish alliance relations with the Russian-led Collective Security Treaty Organization (CSTO; see below, "Russia and the Soviet Successor States"). In 2007, Russia suspended compliance with the Treaty on Conventional Armed Forces in Europe (CFE

⁷³ The Czech Republic, Poland, and Hungary joined the alliance in March 1999; Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia, and Slovenia joined in March 2004.

Treaty); it has vocally opposed proposals to enhance NATO ties with Georgia and Ukraine; and Russian officials have said the country would develop offensive nuclear forces if the two sides were not to agree to a framework for cooperation on missile defense. Finally, Russian proposals for an alternative European security architecture have been viewed by many as an attempt to undermine NATO and to increase Russian influence in European affairs. Moscow has also been critical of those who have suggested a more formal role for NATO in European energy security issues.

The allies have consistently sought to assure Moscow that NATO does not pose a security threat to Russia. NATO leaders emphasize the two sides' shared interests and have pushed to make these interests the basis for enhanced cooperation. Since resuming meetings of the NATO-Russia Council in April 2009, NATO and Russia have developed a Joint Review of 21st Century Security Challenges, intended to serve as a platform for future cooperation. The shared assessment was formally adopted by NATO Heads of State and then-President Medvedev at an NRC meeting at NATO's November 2010 summit in Lisbon. Common security challenges identified include ongoing instability in Afghanistan; terrorism; the proliferation of weapons of mass destruction; piracy; and natural and man-made disasters. In Lisbon, NATO and Russia pledged to pursue formal cooperation on missile defense, to support the Afghan government and promote peace and stability in the region, to enhance joint counterterrorism efforts, and to jointly combat piracy and armed robbery at sea, among other things. NATO-Russia cooperation has expanded in some of these areas, while NRC working groups have made little or no progress in other areas.

Allied officials point to several areas of enhanced NATO-Russia cooperation over the past several years. Russia has allowed the establishment of air and land supply routes for the NATO mission in Afghanistan on its territory and has agreed to bolster training for Afghan and regional counter-narcotics officers. Russian helicopters, operated by civilian crews, also provide transport in Afghanistan, and the NRC has established a Helicopter Maintenance Trust Fund. The Helicopter Maintenance Fund, jointly funded by NATO and Russia, provides maintenance and repair support to the Afghan National Security Forces.

In April 2011, the NRC approved a new Action Plan on Terrorism, designed to improve both sides' capabilities to deter, combat, and manage the consequences of terrorist attacks. Joint activities include exchange of classified information, development of technology to detect explosive devices, and improved protection of critical infrastructure. In early June 2011, NATO and Russian fighter aircraft held their first ever joint exercise over Poland and the Black Sea, as part of the Cooperative Airspace Initiative (CAI), aimed at preventing attacks like those of September 11, 2001, through coordinated interception of renegade aircraft.⁷⁴

Observers point out that while progress has been made in the aforementioned areas, disagreement both within the alliance and between NATO and Russia persists on some core issues. NATO and Russia's November 2010 agreement to pursue cooperation on missile defense was seen as a significant breakthrough and recognized as one of the primary achievements of the Lisbon Summit. Negotiations have, however, been marked by disagreement and increasingly vocal Russian opposition to NATO plans (discussed in more detail below). In addition, little, if any, progress has been made on the issue of Georgia's territorial integrity and NATO membership

⁷⁴ See NATO, "NATO and Russia Building Trust Through Defense Cooperation," June 8, 2011, http://www.nato.int/cps/en/SID-B870F09C-E03D10D0/natolive/news_75197.htm.

prospects, the unratified CFE Treaty, and Russian calls for more influence within the Euro-Atlantic security architecture.

NATO's ongoing efforts to improve ties with Russia appear in line with the Obama Administration's stated intention to pursue a path of constructive engagement with Moscow. At the same time, NATO and U.S. officials stress that they will continue to oppose Russian policies that they perceive as conflicting with the core values of the alliance. They say, for example, that NATO will not recognize a Russian sphere of influence outside its borders and will continue to reject Russia's recognition of Georgia's breakaway regions, Abkhazia and South Ossetia. Some allies continue to express concern that Russia has not changed its fundamental view of NATO as a security threat and that unresolved issues will continue to plague relations. Officials in Lithuania and Poland have at times expressed concern that the alliance is not serious about standing up to Russian behavior it has deemed unacceptable. In this vein, they have urged the United States Administration to consider the interests and views of all NATO allies as it seeks to improve relations with Moscow.

Russia and the European Union⁷⁵

Many analysts observe that the European Union (EU) has had difficulty developing a consistent and comprehensive strategic approach to Russia. On the one hand, the EU considers Russia to be a "strategic partner." The EU and Russia have extensive economic and energy ties, and many Europeans assert that Russian cooperation is important on issues such as energy, Iran, Syria, climate change, and arms control. On the other hand, there are tensions in the relationship related to energy policy, governance and human rights issues, and perceived attempts by Russia to extend its influence over neighboring countries. There are also a number of foreign policy disagreements involving the Middle East, the Balkans, and the Caucasus. A central challenge for European policymakers has been how to balance values with pragmatism in managing the presentation of disputes and objections alongside a desire to maintain constructive engagement and cooperation. Perceptions and preferences as to the correct weighting of priorities vary between and within the EU institutions and the 27 member states.

Overall, relations between the EU and Russia revolve largely around energy and economics. Russia supplies the EU with more than one-quarter of its total gas and oil, and some EU member states are almost completely reliant on Russian energy. As discussed above (see "Russian Energy Policy"), energy dependence and aggressive Russian energy policies have contributed to the tensions felt by some of the countries of Central and Eastern Europe with regard to Russia. The EU's energy dependence on Russia is expected to grow substantially over the next 20 years and the apparent Russian inclination to use energy supplies as an instrument of foreign policy has raised concerns about potential vulnerabilities that could arise from this trend. Many officials and analysts agree on the need for the EU to further diversify its energy supply. According to some observers, the willingness of numerous EU member states to conclude bilateral energy deals with Russia has served to undermine the prospects of developing a stronger common energy policy.

To a large extent, however, the EU-Russia energy relationship works two ways: while Russia is a crucial energy supplier for Europe, Europe is also a vital energy market for Russia. In terms of trade and investment, the EU is an even more important partner for Russia, accounting for nearly half of Russia's trade and three-quarters of its foreign direct investment (FDI). Russia, in turn, is

⁷⁵ Prepared by Derek E. Mix, Analyst in European Affairs.

the EU's third-largest trade partner (behind the United States and China); EU-Russia trade totaled €307.5 billion (approximately \$405 billion) in 2011.⁷⁶ Energy accounts for more than three-quarters of Russia's exports to the EU.

A potentially significant development in the EU-Russia relationship arose in September 2012 when the European Commission launched an investigation into allegations of price fixing by Gazprom in eight eastern EU member states. The process, which is also examining allegations that Gazprom has hindered the free flow of gas between EU countries and prevented the diversification of gas supply, could take years to conclude and could theoretically result in a large fine. Russian officials have criticized the EU probe and the Kremlin has reportedly been pressuring the EU for a "friendly settlement" of the issue.⁷⁷

Russia also continues to object to provisions of the EU's "third energy package," legislation that seeks to increase competition in the EU energy market by "unbundling" the ownership of gas production from distribution, and which requires an independent operator of transit and transmission systems. Russian officials have argued that the requirements unfairly target Gazprom and other Russian firms and violate WTO rules; while seeking to negotiate exceptions and exemptions from the package, Russia has also been threatening to file a case at the WTO. Following the December 2012 EU-Russia Summit, President Putin told a news conference that the EU measures are "steps towards confiscating Russian investments."⁷⁸

For its part, the EU continues to warn Russia that it faces action at the WTO if it does not open its markets to competition. Although the EU welcomed Russia's accession to the WTO in August 2012, EU Trade Commissioner Karel de Gucht has singled out Russia's ban on European live animal imports and the imposition of a fee on imported vehicles as examples that Russia is not moving forward to apply WTO rules on market liberalization.⁷⁹

The EU and Russia have been negotiating a new framework agreement to replace the EU-Russia Partnership and Cooperation Agreement (PCA) that came into force in 1997.⁸⁰ Under that agreement, the EU and Russia launched efforts in 2003 to develop a more open and integrated Common Economic Space (CES) and to establish deeper cooperation on issues such as rule of law, human rights, research, education, crisis management, and nonproliferation.⁸¹ The 2010 EU-Russia Summit launched a "Partnership for Modernization" in which the EU pledged to help develop and diversify the Russian economy while encouraging reforms related to governance and rule of law.⁸² Some analysts have asserted that progress on most of these initiatives appears to

⁷⁶ Eurostat news release, "EU27 deficit in trade of goods with Russia down to 65 bn euro in the first nine months of 2012," December 19, 2012.

⁷⁷ Andrew Rettman, "Kremlin backs its dog in EU-Gazprom fight," *EUobserver.com*, September 7, 2012, <http://www.euobserver.com/economic/117474>.

⁷⁸ "Putin dismisses 3rd Energy Package as confiscation of Russia's investment," ITAR-TASS, December 21, 2012.

⁷⁹ Lénaïc Vaudin d'Imécourt, "Moscow Threatens WTO Action Against EU's Third Energy Package," *Europolitics*, December 21, 2012.

⁸⁰ The PCA was valid for an initial period of 10 years. Since 2007, it has been renewed on an annual basis.

⁸¹ European Union External Action Service, http://eeas.europa.eu/russia/common_spaces/index_en.htm.

⁸² Council of the European Union, *Joint Statement on the Partnership for Modernization*, June 1, 2010, http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/er/114747.pdf.

have stalled, although Russia has voiced satisfaction with some business cooperation under the Partnership for Modernization program.⁸³

EU visa liberalization has long been a priority for the Russian government, and the December 2012 EU-Russia Summit featured a discussion on visa and mobility issues. Negotiations on upgraded visa facilitation appear to be progressing, and pending the implementation of a set of conditions related to document security, border security, and rule of law issues, the EU member states could decide whether to launch negotiations on a visa waiver agreement.

The December 2012 summit also included discussions on Russia's chairmanship of the G-20 in 2013, counterterrorism cooperation, human rights issues, the energy policy and WTO-related disputes, and international issues including Syria, the Israeli-Palestinian conflict, Iran, and the Western Balkans.

EU leaders have long expressed concerns about human rights, political pluralism, and rule of law in Russia. Following Russia's December 2011 parliamentary election, EU High Representative Catherine Ashton observed that "reports of procedural violations, such as lack of media impartiality, lack of separation of party and state, and the harassments of independent monitoring attempts, are ... of serious concern."⁸⁴ At the June 2012 EU-Russia Summit, EU leaders reportedly expressed their concerns about the arrest of opposition leaders participating in peaceful demonstrations; the sentencing of the three female band members who staged an anti-Putin protest; legal developments affecting the freedom of assembly, expression, and the media, including efforts to limit internet content; the Magnitsky investigation; and continued intimidation and impunity in cases involving human rights advocates, journalists, and lawyers. On October 23, 2012, the European Parliament approved a resolution requiring the EU Council to draw up a list and impose a visa ban and asset freeze on officials implicated in Magnitsky's death. The Russian Foreign Ministry denounced the passage of the resolution and demanded that the EU instead investigate human rights abuses among its own member states.

Russia and the Soviet Successor States⁸⁵

Russia's July 2008 Foreign Policy Concept, the May 2009 National Security Strategy, and a May 2012 outline of a new foreign policy concept hail cooperation within the CIS as "a priority foreign policy direction." The National Security Strategy proclaims that the Collective Security Treaty Organization (CSTO; see below) is "the main interstate instrument" to combat regional military threats.⁸⁶ The February 2010 Military Doctrine states that the priorities of military-political cooperation are Belarus (formally part of a union with Russia), the CSTO, and the CIS. Despite Russia's emphasis on interests in the CIS, there has long been scant progress toward overall CIS integration. Many CIS summit meetings have ended in failure, with many of the

⁸³ "Russia, EU Plan to Increase Partnership for Modernization Initiative Projects," *Interfax*, December 21, 2012.

⁸⁴ *Statement by EU High Representative Catherine Ashton, on the Duma elections in the Russian Federation*, December 6, 2011, http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/126596.pdf.

⁸⁵ Prepared by Jim Nichol, Specialist in Russian and Eurasian Affairs, and Steven Woehrel, Specialist in European Affairs.

⁸⁶ The Kremlin. President of Russia. *The Foreign Policy Concept of the Russian Federation*, July 12, 2008; Russian Federation Security Council. *Russian Federation National Security Strategy Until 2020*, May 12, 2009; The Kremlin. President of Russia. *The Military Doctrine of the Russian Federation*, February 5, 2010.

presidents sharply criticizing lack of progress on common concerns and Russian attempts at domination.

In early October 2011, Prime Minister Putin published an article calling for the creation of a “Eurasian Union” of Soviet successor states. This “Eurasian Union” would be integrated economically, politically, and militarily, and would unite the structures and functions of the CIS, the Union State between Belarus and Russia, and the CSTO, as well as the Common Economic Space between Russia, Belarus, and Kazakhstan that was inaugurated at the beginning of 2012. Putin raised the hope that the Soviet successor states would be able to integrate more rapidly than states forming the EU. The “Eurasian Union” would forge close links with the EU, he argued. The argument’s strong presumption appears to be that economic and other contacts between Soviet successor states and the rest of the world (including the EU) would be mediated by Russia. One Russian critic dismissed the article as campaign rhetoric, arguing that in his past elections, Putin had attempted to attract the votes of those nostalgic for the Soviet era.⁸⁷ In late July 2012, Putin appointed a Russian ultranationalist as his advisor on Eurasian integration.

The worth of the CSTO (currently composed of CIS members Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan) has been a matter of debate among its members and others, since it has not been efficacious in protecting borders or halting internal disorder. The CSTO was formed in 2002 with a headquarters in Moscow.⁸⁸ An airbase at Kant, Kyrgyzstan, was designated in 2002 to provide support for Central Asian rapid reaction forces, but the base has housed Russian troops. President Medvedev called in February 2009 for forming a new and sizeable CSTO rapid reaction force based in Russia, which he claimed would rival NATO. Uzbekistan raised concerns that the force could be used by Russia to intervene in its internal affairs, and refused to sign a June 2009 agreement on the formation of the force. Belarus too balked at signing the agreement until October 2009 (see below). Despite the lack of consensus within the CSTO, Russia moved forward unilaterally, assigning the 98th Airborne Division and the 31st Airborne Assault Brigade (reportedly 8,000 troops) to the force. The rapid reaction force ostensibly is to be used to repulse military aggression from outside the CSTO, react to natural disasters, and to combat terrorist groups, trans-national organized crime, and drug traffickers. The force may be used outside the CSTO at the aegis of the U.N. The decision to use the rapid reaction force is made by the presidents of the member-states at the request of one or a group of member states.

At a CSTO summit in December 2011, all the members signed a pledge that no nonmember military bases could be established on their territories unless all members agreed, a measure that appeared aimed against the United States. They also reportedly agreed on procedures for intervening in domestic “emergency” situations within a member state at the behest of the member. Uzbekistan reportedly objected to these procedures, perhaps spurring its decision to leave the CSTO.⁸⁹ At a CSTO summit in December 2012, a new CSTO Collective Security Force was proclaimed, to include the rapid reaction forces, as well as new special operations, aviation, and emergencies (natural and man-made disasters) components. A CSTO General Staff with a dedicated chief also was created, and Russia appointed Lieutenant-General Alexander Studenikin to the post. President Putin, addressing the other heads of the member-states, called for bolstering

⁸⁷ Vladimir Socor, “Putin’s Eurasian Manifesto Charts Russia’s Return To Great Power Status,” *Eurasia Daily Monitor*, October 7, 2011; Pavel Felgenhauer, “Putin Prioritizes Rebuilding the Lost Empire,” *Eurasia Daily Monitor*, October 6, 2011.

⁸⁸ The Collective Security Treaty was signed in 1992 and renewed in 1999.

⁸⁹ *Interfax*, December 21, 2011.

the capabilities of the organization to cope with the challenges posed by the ISAF drawdown in Afghanistan in 2014. Armenian President Serzh Sargsyan stated that he expected the CSTO to act in case of aggression by Azerbaijan against Nagorno Karabakh, but raised concerns that the member-states were not voicing support for Armenian foreign policy regarding Azerbaijan.

Russian policy toward Belarus has been focused on gaining control of Belarus's key economic assets. Moscow forced Belarus to sell the Beltransgaz natural gas firm (which controls the pipelines and other infrastructure on Belarusian territory) to Russia in 2011 by threatening steep gas price rises if it did not. Russia cut gas prices to Belarus sharply after the Beltransgaz sale. Moscow has also manipulated the supply of inexpensive and duty-free Russian crude oil to Belarusian refineries, which has been a key de facto subsidy to Belarus's economy. In June 2011, the Russian-led Eurasian Economic Community offered Belarus a three-year, \$3 billion loan to ameliorate the country's rapidly deteriorating foreign exchange position. In return Belarus had to agree to privatize \$7.5 billion in state-owned assets. Another loan, from the Russian Sberbank and the Eurasian Development Bank, required Belarus to put up 35% of the key Belarusian fertilizer company Belaruskali as collateral.

Belarus, already member of a Russia-led Customs Union, is further integrating its economy with Russia's in a regional "Single Economic Space." On the other hand Belarus has shown independence from Moscow on some issues, such as refusing to recognize the independence of Georgia's breakaway regions of Abkhazia and South Ossetia, despite Russian pressure. Belarus is a member of the CSTO, but has distanced itself from the CSTO's rapid reaction force, saying that Belarus would not deploy its forces outside its borders. In other circumstances, Russian economic pressure on Belarus could have caused Minsk to seek closer ties with the United States and EU, as it has in the past. However, relations with the West have been seriously damaged by Lukashenko's repression of opposition groups after Belarus's fraudulent December 2010 election.

Russian forces remain stationed in the breakaway Transnistria region of Moldova against the wishes of the Moldovan government. Russia has provided economic subsidies to bolster the pro-Russian regime in Transnistria and Russian firms own key Transnistrian businesses. Russian leaders have conditioned the withdrawal of their troops on the resolution of Transnistria's status. Transnistrian leaders have sought Russia's recognition of their independence, without success.

Instead, Russian diplomats have proposed that Transnistria remain part of Moldova, but with a "special status" and on condition that Moldova reaffirm its current status as a neutral country (which would preclude the country from ever joining NATO). Based on its past actions, some experts believe that Russia may seek a status for Transnistria that would give the pro-Russian enclave effective veto power over Moldova's foreign and domestic policies. This could stymie Moldovan efforts toward European integration and pressure Moldova to join Moscow's own integration plans. However, both the current reformist, pro-EU Moldovan government and the separatist Transnistria regime would likely reject such a proposal. President Putin has said no decision can be made on Transnistria without the support of the people there, which would also seem to make unlikely Transnistria's reintegration into Moldova. Therefore, Moscow may remain satisfied with the status quo, which could also hinder Moldova's European integration prospects.

Relations between Russia and Ukraine have improved since pro-Russian Viktor Yanukovich became President of Ukraine in 2010. Yanukovich renounced the NATO membership aspirations of the previous government, saying that the country will remain outside all military blocs. Russia and Ukraine agreed to extend the stay of the Russian Black Sea Fleet in Crimea until 2042. In exchange, Russia agreed to provide Ukraine with discounted prices for natural gas supplies for 10

years, a benefit that the two sides estimated as worth \$40 billion. However, rising global energy prices negated much of the savings Kyiv counted on from the accord, and Yanukovich continues to seek further gas price reductions from Russia. This situation may give Moscow more leverage to secure additional foreign policy and economic concessions from Kyiv. Russian firms, with Russian government support, have sought to buy key industrial assets in Ukraine during Yanukovich's presidency. In August 2012, Ukraine joined a CIS free trade pact.

Some of Russia's boldest proposals appear to have gone further than Kyiv can support. Ukraine has rebuffed Russian suggestions that it join the CSTO. It has not accepted Russia's proposal that it join the Customs Union with Russia, Belarus and other former Soviet countries, which would conflict with a planned free trade agreement with the European Union. However, the EU has put off signing the free trade accord with Kyiv (and the association agreement of which it is a part) until November 2013 at the earliest due to the imprisonment of key Ukrainian opposition leader Yuliya Tymoshenko and other shortcomings in Ukraine's democratic development and the rule of law.

Moscow hopes that the EU's delay will persuade Ukraine to change its mind and join the Customs Union and other Russian-led integration plans instead. In December 2012, Yanukovich's resistance to the Customs Union appeared to buckle when he suggested that Ukraine would have to accede to "some provisions" of the Customs Union to ensure its economic survival. However, in late December Putin said that Ukraine has not submitted an application to join the Customs Union yet and Russia has repeatedly rejected any "partial" membership in the Customs Union for Ukraine.

Moscow has used the Armenian-Azerbaijani conflict over Nagorno-Karabakh to pressure both sides, maintain Armenia as an ally, and otherwise exercise influence in the South Caucasus region. The international community condemned Russia's military incursion into Georgia in early August 2008 and President Medvedev's August 26, 2008, decree officially recognizing the independence of South Ossetia and Abkhazia. Russian officials announced in September 2008 that two army brigades, each consisting of approximately 3,700 troops, would be deployed to new military bases in Abkhazia and South Ossetia (the brigades were reduced to a reported 1,700-1,800 troops each in mid-2009). A part of the Black Sea Fleet also was deployed to Ochamchire in Abkhazia. The United States and others in the international community have called for Russia to reverse these deployments and rescind the recognitions of independence.

Russia and Georgia have yet to reestablish diplomatic relations that Georgia broke off following the August 2008 conflict. In 2011, Switzerland mediated talks between Georgia and Russia to address Georgia's calls for customs control along its borders between Russia and the breakaway regions, as a condition for Georgia's consent for Russia's joining the World Trade Organization. Then-President Medvedev stated in November 2011 that Russia would accept some private third-party monitoring of the border and electronic data on trade, resolving this issue blocking Russia's WTO accession. After Bidzana Ivanishvili became prime minister of Georgia in October 2012, his government raised hopes that political and economic relations with Russia could improve, but in December 2012, his officials expressed disappointment that Russia remained obdurate. Also in December, Azerbaijan and Russia announced that negotiations on the renewal of Russia's lease of the Gabale radar site had failed after Russia refused to pay a higher rent.

Citing instability and the threatened spread of Islamic extremism on its southern flank as a threat to its security, Moscow intervened in Tajikistan's civil war in 1992-1996 against Tajik rebels. Russia's policy of trying to exclude U.S. influence from Central Asia as much as possible was

temporarily reversed by President Putin after the September 11, 2001, attacks, but appeared to be put back in place as the 2000s progressed. In July 2005, the Uzbek government directed the United States to cease its operations at the Karshi-Khanabad (K2) airbase within six months. Tashkent is believed to have acted not only in response to Russian and Chinese urging but also after the United States criticized the Uzbek government's repression in Andijon in May 2005. In February 2009, Kyrgyzstan accepted a large loan proffered by Russia and simultaneously requested that the United States wind up operations at the Manas airbase by August 2009. After intense U.S.-Kyrgyz talks, Kyrgyzstan reversed course in late June 2009 and agreed to permit U.S. and NATO cargoes to transit through Manas, reportedly angering Putin.⁹⁰ In the wake of the "reset" in U.S.-Russia relations since 2009, however, there has appeared to be some cooperation from Russia regarding the transit of materiel and the provision of other assistance to support U.S. and NATO military operations in Afghanistan and the continued—although Russia has insisted, temporary—presence of U.S. and NATO bases in Central Asia.

U.S.-Russia Relations

The spirit of U.S.-Russian "strategic partnership" of the early 1990s was replaced by increasing tension and mutual recrimination in succeeding years. In the aftermath of the September 11, 2001, attacks, the two nations reshaped their relationship on the basis of cooperation against terrorism and Putin's goal of integrating Russia economically with the West.⁹¹ However, tensions soon increased on a number of issues that contributed to ever-growing discord in U.S.-Russian relations. Cooperation continued in some areas, and then-Presidents Bush and Putin strove to maintain at least the appearance of cordial personal relations. In the wake of the August 2008 Russia-Georgia conflict, however, bilateral ties deteriorated to their lowest point since the Cold War.

The Obama Administration "Re-sets" Bilateral Relations

The Obama Administration called for starting a dialogue with Russia from a fresh slate. A February 2009 speech in Munich by Vice President Biden to "re-set" U.S.-Russian relations was an early sign of the President's intentions. At their first "get acquainted" meeting on April 1, 2009, in London, President Obama and then-President Medvedev issued two joint statements on opening nuclear weapons talks and on U.S.-Russia relations.

In their joint statement on U.S.-Russia relations, the two presidents agreed to "deepen cooperation to combat nuclear terrorism" and to "support international negotiations for a verifiable treaty to end the production of fissile materials for nuclear weapons." President Obama confirmed his commitment to work for U.S. Senate ratification of the Comprehensive Nuclear Test Ban Treaty. Both sides also pledged to bring into force the bilateral Agreement for Cooperation in the Field of Peaceful Uses of Nuclear Energy, which former President Bush had withdrawn from consideration in the U.S. Senate following the August 2008 Russia-Georgia conflict. Russia

⁹⁰ For more on Russian policy in these regions, see CRS Report RL33453, *Armenia, Azerbaijan, and Georgia: Political Developments and Implications for U.S. Interests*, and CRS Report RL33458, *Central Asia: Regional Developments and Implications for U.S. Interests*, all by Jim Nichol.

⁹¹ For the change in Russian policy toward integration with the West and cooperation with the United States, see CRS Report RL31543, *Russian National Security Policy After September 11*, by Stuart D. Goldman.

agreed to assist the United States and the international community in responding to terrorism and the insurgency in Afghanistan and Pakistan, and to drug trafficking from Afghanistan. The two sides called for the continuation of the Six-Party Talks and for the verifiable denuclearization of the Korean Peninsula. They also pledged to strengthen Euro-Atlantic and European security, including through the OSCE and NATO-Russia Council.⁹²

Reflective of Russia's views of the bilateral relationship, its May 2009 National Security Strategy states that Moscow strives to establish "an equal and full-fledged strategic partnership" with the United States. The Strategy claims that the two countries have "key" influence in the world and should work together on arms control, on confidence-building measures, on the nonproliferation of weapons of mass destruction, on counterterrorism, and on the settlement of regional conflicts. The Strategy proclaims that Russia will work to maintain parity with the United States in strategic offensive weapons even if the United States deploys a global missile defense system.⁹³

At the July 2009 summit in Moscow, President Obama stated that "the relationship between Russia and the United States has suffered from a sense of drift" in recent years, and that the two presidents had "resolved to re-set U.S.-Russian relations." He stressed that the United States wanted "to deal as equals" with Russia, since both countries are nuclear superpowers, and that the United States has recognized that its role "is not to dictate policy around the world, but to be a partner with other countries" to solve global problems. Some observers have argued that these statements were aimed at assuaging Russian sensitivities about the country's status in the world. Russia's hyperbole about its role in the world, these observers have suggested, was evidenced by then-President Medvedev's statement at the summit that the United States and Russia are "powerful states [that] have special responsibility for everything that is happening on our planet," and that strengthened bilateral cooperation "will ensure international peace and security."

According to Michael McFaul, the then-Senior Director for Russian and Eurasian Affairs on the National Security Council, the main topics at the summit were Iran, a major U.S. concern, and missile defense, a major Russian concern. President Obama stated that one area where the two presidents "agreed to disagree" was on Georgia. McFaul reported that President Obama stated that the United States would not recognize South Ossetia and Abkhazia as independent states and also argued that the Russian idea of a "sphere of influence" in the Soviet successor states does not belong in the 21st century.

One achievement of the summit was the establishment of a U.S.-Russia Bilateral Presidential Commission intended to strengthen consultations and diplomacy. President Obama highlighted the commission as the "foundation" element in re-setting relations, since it would greatly expand communications between the two countries. The presidents are the co-chairs, and the Secretary of State and the Foreign Minister coordinate meetings.

Secretary of State Hillary Clinton reported that her visit to Russia on October 12-14, 2009, had resulted in progress in negotiations to replace the expiring Strategic Arms Reduction Treaty (START), support for the Global Initiative To Combat Nuclear Terrorism, and cooperation in Afghanistan. Discussions about Iran's nuclear proliferation threat revealed ongoing differences.

⁹² The White House. Office of the Press Secretary, Remarks By President Obama and Russian President Medvedev after Meeting, April 1, 2009.

⁹³ Russian Federation Security Council. *Russian Federation National Security Strategy Until 2020*, May 12, 2009.

Meeting with Russian human rights advocates, Secretary Clinton argued that the United States would continue to advocate democratization and respect for human rights in Russia.

During her visit, Secretary Clinton and Foreign Minister Lavrov convened the first meeting of the U.S.-Russia Bilateral Presidential Commission. Several of the co-chairs of working groups attached to the commission also met. McFaul, who co-chaired the civil society working group, reportedly stated that government officials and representatives of nongovernmental groups would meet separately. Some Russian human rights groups criticized their exclusion from the working group. Ahead of Secretary Clinton's trip, some co-chair meetings already had taken place, including the anti-narcotics trafficking working group in Washington, DC, in late September. At this meeting, Russia urged the United States to greatly step up poppy eradication efforts in Afghanistan.

Meeting on November 15, 2009, on the sidelines of the Asia-Pacific summit in Singapore, President Obama and then-President Medvedev continued discussions on START and Iran. President Obama reported that he had again stressed to Medvedev that added international sanctions should be applied to Iran if it continued to defy its international obligation not to develop nuclear weapons.

The Obama Administration's National Security Strategy, released in May 2010, asserts that the United States endeavors "to build a stable, substantive, multidimensional relationship with Russia, based on mutual interests. The United States has an interest in a strong, peaceful, and prosperous Russia that respects international norms." The strategy calls for bilateral cooperation with Russia—termed one of the 21st century centers of influence in the world—in bolstering global nonproliferation; in confronting violent extremism, especially in Afghanistan; in forging new trade and investment arrangements; in promoting the rule of law, accountable government, and universal values within Russia; and in cooperating as a partner in Europe and Asia. At the same time, the strategy stresses that the United States "will support the sovereignty and territorial integrity of Russia's neighbors."⁹⁴

Then-President Medvedev visited the United States on June 22-24, 2010, to focus on business and technology ties between the two countries. In 11 joint statements, the two presidents pledged further cooperation to achieve stability in Afghanistan, to foster open government, and to strengthen counter-terrorism cooperation, among other issues. In a joint statement on strategic stability, they vowed to continue "the development of a new strategic relationship based on mutual trust, openness, predictability, and cooperation." President Obama also called for accelerating efforts with other members of the WTO to complete the steps necessary for Russian accession to the WTO. He announced that Russia had agreed to purchase 50 Boeing aircraft, worth \$4 billion, and that the two countries had reached an agreement that would permit U.S. poultry products to again be exported to Russia.⁹⁵

Just days after Medvedev's U.S. visit, the United States announced on June 28, 2010, the arrest of 11 Russian spies (one spy was outside the United States and apparently escaped). Some of the spies had been paired as couples by the Russian Foreign Intelligence Service. The spies had lived in several U.S. metropolitan areas for up to 10 years or longer. They were arrested on charges that

⁹⁴ The White House. *National Security Strategy*, May 2010.

⁹⁵ The White House. Office of the Press Secretary. *U.S.-Russia Joint Statements*, June 24, 2010; *Remarks by President Obama and President Medvedev of Russia at Joint Press Conference*, June 24, 2010.

included money-laundering and not registering as foreign agents. An FBI investigation against the “deep cover” agents reportedly had been ongoing for several years. The timing of the arrests may have been determined by suspicions of one of the agents that her cover had been blown. The 10 agents were swapped in Vienna, Austria, on July 9 for 4 Russian citizens whom Moscow had alleged were U.S. or British spies. Some U.S. observers suggested that the focus of the 10 Russian agents on seemingly public information gathering was a reflection of the paranoia and myopia of Russia’s political leaders.⁹⁶ Some observers in the United States and Russia speculated that the quick resolution of the spy case indicated a concerted effort among policymakers in both countries to preserve the “re-set” in bilateral relations.

In November 2010, Presidents Obama and Medvedev met on the sidelines at the Group of 20 industrialized states in Seoul, South Korea, at the Asia-Pacific Economic Summit in Yokohama, Japan, and at the NATO-Russia summit in Lisbon, Portugal. At the session of the NATO-Russia Council in Lisbon, the heads of state agreed to work on cooperation on common security challenges, to resume theater ballistic missile defense exercises, to identify opportunities for Russia to cooperate with NATO’s new territorial missile defense capability, to expand Russia’s support for NATO operations in Afghanistan, and to explore revitalizing and modernizing the Conventional Forces in Europe (CFE) Treaty. President Obama hailed the agreements as part of the “reset” in NATO-Russia relations and as indicating that Russia is a partner rather than an adversary of NATO.

In early December 2010, Secretary Clinton attended the OSCE Summit in Astana, Kazakhstan. On the one hand, Russia and the United States reportedly clashed, with Russia objecting to the establishment of an OSCE mission in Georgia that would have a mandate that included Georgia’s breakaway Abkhazia and South Ossetia and the United States objecting to Russian calls for a new European security treaty. Secretary Clinton also stressed that all OSCE members should fully implement their pledges to democratize and respect human rights. On the other hand, President Medvedev and Secretary Clinton joined in calling for the peaceful settlement of the Armenia-Azerbaijan conflict over the breakaway Nagorno Karabakh region, and the Astana summit declaration called for opening negotiations in 2011 on revitalizing the CFE Treaty.

In May 2011, President Obama and then-President Medvedev met on the sidelines at the Group of 8 industrialized states in Deauville, France. The main topics discussed included U.S. plans for missile defense deployments in Central Europe, counter-terrorism cooperation, and economic issues, including Russia’s efforts to obtain entry into the WTO. President Medvedev indicated that Russia would continue discussions about its concerns over NATO missile defense plans, but stated that there was no breakthrough at the talks and suggested that progress might have to be deferred to 2020 (the final phase of missile deployments) and to “other politicians.” Seemingly in contrast, then-National Security Council official Michael McFaul asserted that there was progress in discussing cooperation on missile defense. McFaul stated that a major part of the discussion of WTO was concerned with Georgia’s concerns. The two presidents also discussed the “Arab Spring,” Iran’s nuclear program, and NATO actions in Libya. In regard to the latter issue, McFaul indicated that the views of the two presidents did not widely diverge, and Deputy National Security Advisor Ben Rhodes stated that President Obama agreed to consult with the Russians about events in Libya.

⁹⁶ *Financial Times* (London), July 1, 2010.

The two sides signed or issued nine agreements, statements, memoranda of understanding (MoU), and reports, ranging from statements of cooperation on visa issues, counter-terrorism, and the Bering Strait Region to a report assessing future missile challenges (the presidents stated that the latter report had been finalized, but it was not released). It also was announced that two new working groups had been created as part of the Bilateral Presidential Commission, a working group on innovation and a working group on the rule of law. According to McFaul, a major goal of the working group on innovation was to assist in then-President Medvedev's modernization campaign (which has received verbal support from his successor, President Putin), including investment at the Skolkovo research center outside of Moscow, and a major goal of the working group on the rule of law was to strengthen legal institutions in Russia to facilitate investment.⁹⁷

Secretary Clinton and Foreign Minister Lavrov met in Washington, DC, on July 13, 2011. They signed a long-anticipated adoptions agreement and a protocol to extend research on the effects of radiation. In addition, they announced an agreement on visa liberalization and on a new Air Navigation Services agreement. Secretary Clinton and Foreign Minister Lavrov also reviewed cooperation under the Presidential Commission and exchanged diplomatic notes to bring into force the U.S.-Russian Plutonium Management and Disposition Agreement.

In testimony to Congress at the end of January 2012 on worldwide threats, Director of National Intelligence James Clapper assessed that then-Prime Minister Putin's likely (re)-election to the presidency would result in "more continuity than change" in Russian foreign and domestic policy over the next year. Putin likely would not reverse the course of U.S.-Russia relations, but relations could prove more "challenging." According to his assessment, Putin views U.S.-Russia relations established under the Obama Administration's "reset" policy as having advantages for Russia, although Putin harbors an "instinctive distrust of U.S. intentions," and tends to view the continuation of the relationship as dependent on U.S. concessions. Russia is neither likely to support added sanctions on Iran nor to be cooperative in resolving the growing government violence in Syria, Clapper estimated. Russia's concerns about U.S. and NATO plans for European missile defense will reinforce Russia's reluctance to embrace further nuclear arms reductions. Russia is a major cyber threat that is involved in intrusions and theft of U.S. intellectual property, and otherwise is aggressive in economic espionage against the United States. In the domestic realm, Putin is unlikely to be a reformer or liberalizer, but will rather probably focus on "securing new opportunities for elite enrichment." He may need to "manage" rising discontent "which might prove increasingly difficult," if Russia's economy only grows moderately. Director Clapper also raised concerns about "pervasive [governmental] corruption augmented by powerful criminal organizations." These Russian organized crime groups are increasingly allied with leading businessmen (the so-called oligarchs), and are used by the government to undermine international free market competition in gas, oil, aluminum, and precious metals markets, he warned.⁹⁸

President Obama and lame duck President Medvedev met on the sidelines of the nuclear security summit in Seoul, South Korea, on March 26, 2012. Both presidents mentioned tensions in relations, including on missile defense, but both also stressed the accomplishments of the "reset" in relations, such as the START Treaty, Russia's imminent accession to the WTO, and other

⁹⁷ The White House, Office of the Press Secretary, *Remarks by President Obama and President Medvedev of Russia after Bilateral Meeting in Deauville, France, May 26, 2011*; *Fact Sheet: U.S.-Russia Agreements and Joint Statements, May 26, 2011*; *Press Briefing by National Security Council Senior Director for Russia and Eurasia McFaul and Deputy National Security Advisor Rhodes, May 26, 2011*.

⁹⁸ U.S. Senate, Select Committee on Intelligence, *Statement for the Record on the Worldwide Threat Assessment of the US Intelligence Community*, James R. Clapper, Director of National Intelligence, January 31, 2012.

initiatives undertaken by the Bi-national Presidential Commission. President Obama indicated that the two sides were cooperating on several foreign policy issues, such as support (at that time) for Kofi Annan's peace efforts in Syria, efforts to convince North Korea not to launch a missile, and talks with Iran over its nuclear program.⁹⁹

President-elect Putin met with U.S. National Security Advisor Thomas Donilon on May 4, 2012, and reportedly conveyed that constructive dialogue between the two countries would continue. Although he cancelled plans to attend the G-8 meeting at Camp David, he detailed Medvedev to attend.

At the most recent U.S.-Russia presidential summit on June 18, 2012, on the sidelines of the G-20 (Group of twenty major developed and developing countries) summit in Los Cabos, Mexico, Presidents Obama and Putin reaffirmed that they would continue to cooperate on many issues, and they issued a long joint statement listing areas of existing and proposed cooperation, including on Afghanistan, bilateral investment and trade, health, the environment, and educational and cultural exchanges.¹⁰⁰ However, it has appeared that the activities of the many Working Groups and Sub-Working Groups have fallen off somewhat, perhaps related to the electoral cycles in both countries, and on the Russian side, to the anti-Americanism that was a *leitmotif* of Putin's presidential campaign. Ironically, in a foreign policy speech in early July 2012, President Putin claimed that the U.S. presidential election was contributing to temporary anti-Russian rhetoric in the United States, including such themes as missile defense advocacy and efforts by Congress to pass "anti-Russian" laws, apparently in reference to the Magnitskiy Act.¹⁰¹ Putin and Medvedev openly indicated that they supported Obama's re-election, and after the U.S. election, Putin quickly invited Obama to visit.

On December 5, 2012, Russia pushed for greater regional integration at a CIS Summit in Ashkhabad, Turkmenistan. The attendees agreed to work toward an integrated currency market and to initiatives on joint air defense and counter-terrorism. At the OSCE foreign ministerial meeting in Dublin the next day, Secretary Clinton raised concerns that these Russian moves marked an attempt to "re-Sovietize," and stated that the United States would seek to counter such threats to the independence of the successor states. President Putin responded a few days later that the U.S. concerns were "nonsense," and claimed that more sovereignty has been ceded by EU member states than was ever ceded by the republics when they "joined" the Soviet Union.

As a sign of Putin's continuing anti-Western and anti-American orientation, the RT news agency, a propaganda organ of the government, reportedly has stepped up its activities, including in the United Kingdom and the United States. The Open Source Center has warned that an RT television channel in the United States works to undermine faith in the US Government and fuel political protest.¹⁰²

⁹⁹ The White House, Office of the Press Secretary, *Remarks by President Obama and President Medvedev of Russia After Bilateral Meeting*, March 26, 2012.

¹⁰⁰ The White House, Office of the Spokesperson, *Fact Sheet: The United States and Russia: A Multifaceted Relationship*, June 18, 2012.

¹⁰¹ The Kremlin, President of the Russian Federation, *Meeting with Russian Ambassadors and Permanent Representatives in International Organizations*, July 9, 2012. During Russia's Presidential election campaign in early 2012, anti-American rhetoric was prominent.

¹⁰² "Kremlin's TV Seeks To Influence Politics, Fuel Discontent in U.S.," *Open Source Center Analysis*, December 12, 2012.

Bilateral Relations and Afghanistan

In a meeting with Afghan President Hamid Karzai in August 2008, Russian President Medvedev called for “opening a new page in relations” between the two countries, “because, unfortunately, our countries are coming up against similar threats and problems.” Russia provides some foreign assistance and investment to Afghanistan, although it has rejected sending military forces. Russia hosted a Shanghai Cooperation Organization conference on Afghanistan, counter-terrorism, and counter-narcotics in late March 2009, which was attended by U.S. and NATO observers. The conference communiqué praised the efforts of the International Security Assistance Force (ISAF) in Afghanistan but offered no substantive assistance. At the July 2009 U.S.-Russia summit, a joint statement on assistance to Afghanistan called for enhancing cooperation within the U.S.-Russia Counter-Terrorism Working Group (established in 2000); further implementing the Russia-NATO Council’s counter-narcotics project; supporting Afghanistan-related activities of the OSCE; increasing training for the Afghan National Army, police, and counter-narcotics personnel; and greatly increasing cooperation to halt illicit financial flows related to heroin trafficking in Afghanistan. The two sides also called for enhancing counter-terrorism cooperation between Afghanistan and Pakistan.

Russia’s then-permanent representative to NATO, Dmitry Rogozin, and Moscow Regional Governor Boris Gromov (the former commander of Soviet forces in Afghanistan) called in January 2010 for NATO forces not to “withdraw without victory” in Afghanistan. They asserted that the “Russian position” is that NATO should ensure political stability in Afghanistan and claimed that Russia is forming the CSTO’s rapid reaction forces to protect Central Asia as a hedge against NATO’s failure in Afghanistan. In late March 2010, Rogozin suggested that Russia should link its cooperation as a transit state for supply shipments to Afghanistan (see below) to a NATO pledge to combat drug trafficking into Russia. Seeking to elevate its status, the CSTO has repeatedly called for NATO to formally cooperate with it in order to stanch drug trafficking from Afghanistan and to defeat the Taliban.¹⁰³

Russia’s reaction to NATO’s announcement in late 2010 of a planned drawdown of ISAF by the end of 2014 appeared complex. On the one hand, Russia welcomed a lessened U.S. presence in Afghanistan and Central Asia, but on the other was concerned about regional security during and after the drawdown. In January 2011, Russia’s ambassador to Afghanistan, Andrey Avetisyan, stressed that NATO forces should not leave Afghanistan until the country is able to defend itself. He stated that Russia was ready to assist Afghanistan in rebuilding infrastructure and facilities that had been constructed by the former Soviet Union, but that such rebuilding would need international financing. He also renewed Russia’s call for NATO to combat drug production. He also dismissed what he claimed were U.S. arguments that combating poppy growing in Afghanistan was complicated because it risked antagonizing farmers, stating that “the money made on the production of drugs ... finances the militants ... and part of the Afghan heroin also goes to Europe and the United States.”¹⁰⁴

In December 2011, Rogozin argued at a NATO-Russia Council meeting that Russia should link its cooperation with NATO in Afghanistan to NATO granting Russia a larger role in decision-

¹⁰³ *ITAR-TASS*, January 18, 2010; Boris Gromov and Dmitry Rogozin, “Russian Advice on Afghanistan,” *The International Herald Tribune*, January 12, 2010; *BBC Worldwide Monitoring*, March 31, 2010; “NATO Not Cooperating Sufficiently with Russia—CSTO Head,” *RIA Novosti*, March 27, 2010.

¹⁰⁴ *Interfax*, January 27, 2011.

making on the future of Afghanistan after the planned NATO drawdown of troops in 2014. Also in December, the CSTO presented a plan to the presidents of the member states for defending common borders with Afghanistan after the planned NATO drawdown.

At the June 2012 Obama-Putin summit, the joint statement acknowledged Russia's "significant contribution" to promote stability in Afghanistan, but only touched on areas of existing and future cooperation, including the NDN, counter-terrorism, and counter-narcotics. A fact sheet issued by the State Department praised the work of the NATO-Russia Council counternarcotics program, which has trained more than 2,000 law-enforcement officers from Central Asia, Afghanistan, and Pakistan since 2006. The fact sheet also highlighted Russia-NATO cooperation in setting up the Helicopter Maintenance Trust Fund to support Afghanistan's fleet of Russian-built platforms. Russian cooperation has included training Afghan maintenance personnel.¹⁰⁵

Alternative Supply Routes to Afghanistan

In late 2008, the United States and NATO stepped up efforts to develop supplemental air and land routes into Afghanistan because of growing problems in sending supplies through Pakistan. The incoming Obama Administration also planned increasing the number of troops in Afghanistan, which also spurred the search for alternate supply routes. What was later termed the "Northern Distribution Network" (NDN) was envisaged for transits through Russia or the South Caucasus to Central Asia and then to Afghanistan. The U.S. Manas airbase in Kyrgyzstan, established in late 2001, was to be a component of this route. In February 2009, however, Kyrgyzstan announced that it intended to close the airbase, but an agreement was reached in late June 2009 to keep it open in exchange for higher U.S. rent and other payments.

As early as the April 2008 NATO summit, Russia's then-President Putin had offered to permit the shipment of nonlethal NATO goods through Russia to Afghanistan. In late 2008, Russia also permitted Germany to ship weapons and other equipment by land to its troops in Afghanistan. NATO reached agreement with Russia in February 2009 on the land transit of nonlethal supplies to Afghanistan, and all the Central Asian states except neutral Turkmenistan also agreed to permit overland shipments. The first railway shipment from the Baltic states reached Afghanistan—after transiting Russia, Kazakhstan, and Uzbekistan—in late March 2009.

At the U.S.-Russia summit meeting in early July 2009, Foreign Minister Lavrov and Under Secretary of State Burns signed an agreement allowing up to 4,500 annual official air flights of troops and lethal supplies through Russia to Afghanistan, and unlimited numbers of commercial charter flights of nonlethal supplies. Lauded by McFaul as "historic," the agreement complements the NATO-Russia arrangement reached in early 2009 on land transit. The Administration reported that air transit through Russia could save the United States government up to \$133 million annually in fuel, maintenance and other transportation costs, and that this agreement would be free of any air navigation charges.

Reportedly, the first flight by the United States using this route took place in early October 2009, and another took place in November 2009. Allegedly, Russia was slow in facilitating such flights, and the United States and NATO used alternative air transit through the Caspian region to reach

¹⁰⁵ U.S. Department of State, *Fact Sheet: U.S.-Russia Cooperation on Afghanistan*, June 18, 2012.

Afghanistan. According to Assistant Secretary of State Philip Gordon, these air transit problems soon were resolved.¹⁰⁶

A factsheet issued at the June 2012 U.S.-Russia summit stated that 2,200 U.S. official flights over Russia had carried over 379,000 personnel and troops and over 45,000 cargo containers of lethal and nonlethal equipment. About three-quarters of supplies transiting the NDN go through Russia. At the summit, President Obama reported that he had thanked Putin for Russia's cooperation in the NDN, and the two sides pledged to strengthen the NDN.

A June 2010 Administration factsheet on the results of the "re-set" gave some information on Russian *commercial* support for the Afghan conflict. It stated that Russian companies had made over 12,000 flights in support of U.S. operations in Afghanistan and Iraq, had supplied over 30% of the fuel U.S. military troops use in Afghanistan, and provided over 80 MI-17 helicopters to the Afghan National Army, Afghan National Police, and Afghan Drug Interdiction Forces.¹⁰⁷

Russia is a substantial supplier of jet fuel for U.S. and NATO operations in Afghanistan. This relationship became more apparent in September 2011 when the U.S. Defense Logistics Agency placed its first order for fuel with the Gazpromneft-Aero-Kyrgyzstan joint venture, which is majority-owned by Russia's Gazprom state-controlled gas firm, to supply aviation fuel to the Manas Transit Center in Kyrgyzstan. The Transit Center is the main U.S. airbase in Central Asia, and provides major aerial refueling services over northern Afghanistan. According to one report, the fuel is directly supplied from Gazprom's oil refineries and transported by the Russian Transoil company to the transit center.¹⁰⁸

In early February 2012, Russian media reported that NATO and Russia had agreed that cargo aircraft bringing materials out of Afghanistan could land at the Ulyanovsk airport, north of the Caspian Sea. From there, the materials would transit by railway to Riga or Tallinn. Russian planes reportedly would haul some of the cargoes. Such flights circumvent road and railway transit delays in Central Asia, according to some reports.¹⁰⁹ At a military meeting in early August 2012, President Putin stated that Russia had an interest in peace and stability "on our southern borders" (apparently including Central Asia as part of Russia), so would assist NATO forces in Afghanistan, including by opening the Ulyanovsk airport to NATO transport. He averred that it was better for Russia to support NATO than to have to mobilize Russian troops to deal with insecurity emanating from Afghanistan.¹¹⁰

In May 2012, a Russian Foreign Ministry spokesman hailed a statement by the Kyrgyz president that the country did not plan to renew the lease on the U.S. military facility at Manas. The spokesman stated that Russia's position was that the airbase would not be needed after the United States withdraws most of its troops by the end of 2014.

¹⁰⁶ U.S. Department of State. *U.S.-Russia Relations Under the Obama Administration: Remarks at the German Marshall Fund*, June 16, 2010.

¹⁰⁷ The White House. Office of the Press Secretary. *U.S.-Russia Relations: "Re-set" Fact Sheet*, June 24, 2010.

¹⁰⁸ *CEDR*, September 28, 2011, Doc. No. CEP-950073.

¹⁰⁹ *Interfax*, February 3, 2012.

¹¹⁰ *Interfax*, August 2, 2012.

Bilateral Relations and Iran

Russian perceptions of the Iranian nuclear threat and its policies toward Iran are driven by a number of different and sometimes competing factors. Russia signed an agreement to build a nuclear power plant outside the Iranian town of Bushehr and provide other assistance for Iran's civilian nuclear program in January 1995. Although the White House and Congress long warned that Iran would use the civilian nuclear reactor program as a cover for a clandestine nuclear weapons program, Russia refused to cancel the project. Moscow maintains that its cooperation with Iran's civilian nuclear program is legal, proper, and poses no proliferation threat, arguing that Iran is a signatory of the Nuclear Non-Proliferation Treaty (NPT), and that the light water reactor built by Russia is not well-suited for producing weapons-grade fissionable material.

Russia agrees with the United States and many other nations that a nuclear-armed Iran would be destabilizing and undesirable. After Iran's clandestine program to master the entire nuclear cycle, including uranium reprocessing, was revealed, Russia withheld delivery of nuclear fuel for the Bushehr reactor, pending agreement with Tehran about return of spent fuel to Russia for reprocessing. Russia joined the United States and the "EU-3" group (Great Britain, France, and Germany) in approving a series of limited U.N. Security Council (UNSC) sanctions related to Iran's nuclear infrastructure, including asset freezes and trade bans targeting certain Iranian entities and individuals.¹¹¹ Moscow temporarily withdrew most of its technicians and scientists from the unfinished Bushehr reactor in 2007. However, Russia soon resumed construction and shipment of nuclear fuel to Bushehr. Fuel delivery was completed in early 2008. In early 2011, Russia's permanent representative to NATO alleged that a computer virus had delayed the start-up of the reactor.¹¹² Reportedly, some damaged systems had to be replaced, but Russian officials announced that the reactor had begun operation on May 8, 2011. The plant began supplying power for the electric grid in September 2011. Management of the plant will be transferred to Iran in 2013, and up to 300 Russian specialists will continue to work at the plant for several years.

In September 2009, Iran informed the IAEA that it had been building a second uranium enrichment plant near the city of Qom. Many observers considered the disclosure further evidence that Iran intended to build nuclear weapons. A few days later, President Obama reported that a meeting he held with then-President Medvedev on the sidelines of a U.N. General Assembly session dealt mostly with Iran. Medvedev stated that the international "task is to create ... a system of incentives that would allow Iran to continue its fissile nuclear program, but at the same time prevent it from obtaining nuclear weapons."¹¹³ In a meeting with concerned nations on October 1, 2009 (now termed the Sextet or P5+1, consisting of the United States, United Kingdom, France, Russia, China, and Germany), Iran agreed to a late October IAEA inspection of the Qom enrichment site and initially appeared positive toward a plan to export most of its low-enriched uranium to Russia or France to be further enriched to fuel the Tehran Research Reactor. After inspecting the enrichment plant near Qom, the IAEA concluded that it was in an advanced stage of completion and that Iran's efforts to hide it for years heightened IAEA concerns that other nuclear facilities were being hidden. Russia reportedly mediated with Iran to urge it to accept the research reactor fuel deal, but Iran rejected the deal. In late November, Russia joined other representatives of the IAEA in censuring Iran for concealing the enrichment plant near

¹¹¹ See CRS Report RL32048, *Iran: U.S. Concerns and Policy Responses*, by Kenneth Katzman.

¹¹² *Interfax*, January 27, 2011.

¹¹³ The White House. Office of the Press Secretary. *Remarks by President Obama and President Medvedev of Russia after Bilateral Meeting*, September 23, 2009.

Qom. In February 2010, Iran announced that it would start enriching uranium to 20% to fuel the Tehran Research Reactor.

In June 2010, Russia supported the approval of UNSC Resolution 1929, which expressed growing international concern with Iran's lack of compliance with ensuring that its nuclear program is peaceful and directed an expanded international arms embargo and added restrictions on commerce dealing with "proliferation-sensitive activities" in Iran. Explaining Russia's vote for the resolution, U.N. ambassador Vitaliy Churkin stated that "it has become inevitable that additional restrictive measures should be adopted to constrain development in those Iranian activities that run counter to the task of strengthening the nonproliferation regime."¹¹⁴ Perhaps also a significant factor, simultaneously with Russia's agreement on the draft resolution, its state arms export agency, Rosoboronexport, and other Russian firms were removed from U.S. lists of sanctioned entities.¹¹⁵ Appearing to be one strategy to deflect Iran's anger, Russia has denounced added sanctions imposed by the United States, the EU, and other countries in the wake of the approval of UNSC Resolution 1929.

After CIA revelations about Iran's possession of highly enriched uranium, then-President Medvedev concurred in July 2010 that "Iran is nearing the possession of the potential which in principle could be used for the creation of a nuclear weapon." He also stated that "we should not forget that Iran's attitude [toward cooperation with the international community] is not the best one."¹¹⁶ Causing further strains in Russian-Iranian relations, in September 2010 President Medvedev signed a decree banning the supply of the S-300 surface-to-air missile system to Iran, asserting that the weapons transfer to Iran was blocked by UNSC Resolution 1929. In April 2012, Iran sued Russia's Rosoboronexport, its state-owned arms export firm, in the international arbitration court in Geneva for nonfulfillment of the contract, further straining relations.

Lavrov reported that in November 2010, he urged the Sextet to back a "step-by-step" approach to resolving tensions over Iran's nuclear program, involving easing and eventually eliminating UNSC sanctions in response to Iranian moves to comply with IAEA concerns.¹¹⁷

In testimony in December 2010, Under Secretary of State William Burns asserted that "Russia's partnership [with the United States] in the diplomacy which led to Resolution 1929 and to its own decision to cancel the S-300 sale was crucial. Without Russia's partnership, I don't think we would have had Resolution 1929 [or] as significant a set of measures from the EU and from many others. So that painstaking effort to work together with regard to a shared concern about Iran's nuclear ambitions has been right at the core of our relationship with Russia over the last couple of years." At the hearing, some Members raised concerns that Russia's past and ongoing support for Iran's civil nuclear program might have facilitated its nuclear weapons ambitions. Under Secretary Burns argued that Russia and other countries have become increasingly worried about Iran's nuclear intentions and have intensified their support for countervailing international actions.¹¹⁸

¹¹⁴ United Nations. Security Council. 6335th Meeting, *Meeting Record*, S/PV.6335, June 9, 2010.

¹¹⁵ CRS Report RL32048, *Iran: U.S. Concerns and Policy Responses*, by Kenneth Katzman.

¹¹⁶ Ministry of Foreign Affairs of the Russian Federation. *Speech by Dmitry Medvedev, President of the Russian Federation, at the Meeting with Russian Ambassadors and Permanent Representatives to International Organizations*, July 13, 2010; *Agence Presse France*, July 13, 2010.

¹¹⁷ *Transcript of Sergey Lavrov Interview*, Ministry of Foreign Affairs, June 2, 2011.

¹¹⁸ U.S. House of Representatives, Committee on Foreign Affairs, *Hearing on Implementing Tougher Sanctions on* (continued...)

In January 2011, Russia joined the other members of the Sextet at a meeting with Iran in Istanbul to urge Iran to commit to a modified agreement worked out by Russia, the United States, and France to exchange the bulk of Iran's low-enriched uranium for fuel rods for the Tehran research reactor. Iran raised preconditions to such an agreement that were rejected by the Sextet. Just before the meeting, Russia joined the Sextet in calling for fully implementing the sanctions under UNSC Resolution 1929, but again refused to join what it termed "unilateral sanctions" beyond those agreed to by the UNSC. On January 27, 2011, then-President Medvedev stated that "Iran needs to dispel the international community's doubts in relation to its nuclear program. It [Iran] should persuade us that this program is of a peaceful nature."¹¹⁹

The final declaration issued at the May 2011 meeting of the heads of state of the Group of 8 industrialized countries in France warned that "the severe proliferation challenges ... in Iran and North Korea ... pose a threat to global stability."¹²⁰

On June 1, 2011, Lavrov stated that because the United States and European countries imposed added sanctions on Iran after the approval of UNSC Resolution 1929—sanctions that he claimed they had agreed to forego during negotiations prior to the approval of the resolution—Russia would not agree to further UNSC sanctions.¹²¹ That same day, the Russian Foreign Ministry reported that Lavrov rejected a call by visiting Israeli Deputy Prime Minister Moshe Ya'alon for concerned countries to warn Iran that it faces military reprisals if it proceeds with its nuclear weapons development program. According to the Foreign Ministry, Lavrov reiterated Russia's views that concerns about Iran's nuclear program should be resolved exclusively through negotiations and that Iran has the right to pursue a peaceful nuclear program.¹²²

On June 9, 2011, the Sextet issued a statement calling for Iran to hold discussions on many unresolved concerns to rule out a military component to Iran's nuclear program. The statement was issued in response to an announcement by Iran that it would greatly increase uranium enrichment to 20%.

In November 2011, the IAEA issued a report warning that Iran had intensified its nuclear weapons development program. Lavrov denounced the report as making "a totally unsupported conclusion that Iran's nuclear program had a military dimension."¹²³ Russia reportedly opposed UNSC action on the report, terming further sanctions an attempt to trigger "regime change" in Iran. Russia has instead urged the Sextet to pursue its "step-by-step" plan for easing sanctions in return for actions by Iran to dispel international concerns.

In November 2011, the *Washington Post* alleged that Russian scientists were assisting Iran's nuclear program. Refuting the *Washington Post* and other Western media reports, on January 8, 2012, Russia's state-owned Rosatom nuclear energy and weapons firm asserted that it had played

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Iran: A Progress Report, December 1, 2010.

¹¹⁹ *Interfax*, January 27, 2011.

¹²⁰ *G8 Declaration: Renewed Commitment For Freedom And Democracy*, G8 Summit of Deauville, France, May 26-27, 2011, at <http://www.g20-g8.com/g8-g20/g8/english/live/news/renewed-commitment-for-freedom-and-democracy.1314.html>

¹²¹ Ministry of Foreign Affairs of the Russian Federation, June 2, 2011.

¹²² *CEDR*, June 1, 2011, Doc. No. CEP-950139; June 1, 2011, Doc. No. CEP-365001.

¹²³ *CEDR*, January 25, 2012, Doc. No. CEP-950142.

no role in Iran's nuclear program beyond building the Bushehr nuclear power plant and supplying medical isotopes.

In early January 2012, Iran announced that it had begun uranium enrichment at its underground Fordow facility north of Qom. Russian Deputy Foreign Minister Gennadiy Gatilov voiced "regret [that] Iran continues to ignore international demands to alleviate concern over its nuclear program and to freeze construction of [the] enrichment facility." At the same time, he reiterated Russia's opposition to further UNSC sanctions against Iran.

The United States imposed added financial and other sanctions on Iran under the National Defense Authorization Act of 2012, signed into law on December 31, 2011. An executive order implementing these and other sanctions was issued on February 6, 2012. On January 23, 2012, the EU also bolstered its sanctions on Iran, including by beginning to draw down imports of Iranian oil and to restrict financial transactions with Iranian banks. The U.S. sanctions came into full effect in August 2012. Lavrov and other Russian officials have criticized the added U.S. and EU sanctions.

On April 14, 2012, Iran and the Sextet (formally led by the EU High Representative for Foreign Affairs) resumed talks in Istanbul after a 15-month lapse, and agreed to present detailed proposals at a May 23-24, 2012, meeting in Baghdad. At this meeting, Iran rejected the proposals put forth by the Sextet, insisting that economic sanctions be immediately lifted and its right to enrich uranium be acknowledged. Russia's emissary to the talks, Deputy Foreign Minister Sergey Ryabkov, stated that Russia was satisfied with its level of cooperation with the United States at the talks, although there were some differences. According to some reports, Russia wants to play a larger role in the talks, and it agreed to host another meeting on June 18-19. At the G8 Summit at Camp David, MD, on May 18-19, 2012, Prime Minister Medvedev joined Obama and other G8 leaders in raising "grave concern" over Iran's nuclear program and calling for Iranian cooperation with the Sextet to "restore international confidence that Iran's nuclear program is exclusively peaceful."¹²⁴

A Sextet meeting with Iran in Moscow on June 18-19, 2012, and a Sextet experts' session in Istanbul on July 3, 2012, were reported to be inconclusive, although the sides agreed to continue meeting.

Just before President Putin's June 25-26, 2012, visit to Israel, Foreign Minister Avigdor Lieberman stated that although Russia was closely allied with the Sextet position on Iran, Israel would seek to impress upon Putin the danger that faces Israel if Iran obtains nuclear weapons. During Putin's visit, President Shimon Peres urged him to take actions to prevent Iran from acquiring nuclear weapons. Prime Minister Netanyahu stated that he called for Russia to demand that Iran halt enriching uranium, relinquish all its enriched uranium, and dismantle its underground nuclear facility near Qom. He also averred that the international community must boost sanctions against Iran. President Putin stated that calls in Iran for Israel's annihilation were unacceptable, that the question of Iran's nuclear program should be the subject of negotiations, and that Iran has the right to the peaceful use of nuclear energy if the international community has "absolute guarantees" that the program will not lead to nuclear weapons.¹²⁵

¹²⁴ The White House, Office of the Press Secretary, *Camp David Declaration*, May 19, 2012.

¹²⁵ The Kremlin, President of the Russian Federation, *Vladimir Putin Answered Russian Journalists' Questions*, June 27, 2012; Israel, Government Press Office, *Press Release: PM Netanyahu's Statement After Meeting with President of* (continued...)

In August 2012, the Russian Foreign Ministry raised concerns that newly implemented U.S. sanctions against Iran could harm the interests of Russian firms operating in Iran, and thus impact U.S.-Russia relations.¹²⁶

On October 17, 2012, the Russian Foreign Ministry criticized the implementation of tighter sanctions on Iran by the European Union, stating that such action outside of U.N. sanctions harmed the unity of the Sextet. Foreign Minister Lavrov argued a few days later that support for the Arab Spring and for “so-called democratization in the Middle East,” presumably by the United States, created a situation where Iran and other countries may contemplate developing nuclear weapons to counteract revolutions and regime changes..¹²⁷

On November 8, 2012, Russian Deputy Foreign Minister Sergey Ryabkov reiterated Russia’s position that there is no proof that Iran is pursuing a nuclear weapons development program in violation of the NPT. A few days later, Ryabkov reportedly called for Iran and the United States to open direct talks on Iran’s nuclear program to supplement stalled Sextet talks, although he urged that Sextet partners be kept abreast about the content of such bilateral talks.¹²⁸

Russia’s Role in the Middle East Quartet

Russia is a member of “the Quartet” (formed in 2002 by Russia, the United States, the EU, and the U.N.) that mediates between Israel and the Palestine Liberation Organization (PLO), chaired by President Mahmoud Abbas.¹²⁹ Russia supported the holding of the U.S.-brokered Annapolis Conference in 2007 on a two-state solution, and the Quartet has agreed in principle to a Russian proposal to hold a follow-on conference in Moscow at some point.

According to Russian analyst Dmitriy Trenin, Russia seeks to present itself as an unbiased arbiter in the Quartet, and participates in order to demonstrate its status as a great power.¹³⁰ Russian Foreign Minister Lavrov met with Hamas leader Khaled Meshaal in 2006 to discuss the future of the peace process after Hamas won a majority of seats in the Palestinian National Authority Legislative Council. Russia argues that Hamas has popular support among Palestinians and that Russian contacts with Hamas enable Russia to urge Hamas to moderate its behavior and take part in the establishment of a peaceful Palestinian state. The other members of the Quartet maintain that there should be no engagement with Hamas until it forswears terrorism, recognizes Israel’s right to exist, and supports the Middle East peace process as outlined in the 1993 Oslo Accords. Russian President Medvedev met with Meshaal during his May 2010 trip to Syria. Israel condemned Medvedev’s meeting with Meshaal.¹³¹

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the Russian Federation, Mr. Vladimir Putin, June 25, 2012.

¹²⁶ Ministry of Foreign Affairs of the Russian Federation, as reported in *CEDR*, August 13, 2012, Doc. No. CEP-950144.

¹²⁷ *Interfax*, October 18, 2012; October 23, 2012.

¹²⁸ *Interfax*, November 8, 2012; James Blitz and Charles Clover, “Moscow Urges Direct US-Iran Talks,” *Financial Times*, November 11, 2012.

¹²⁹ See also CRS Report RL34074, *The Palestinians: Background and U.S. Relations*, by Jim Zanotti.

¹³⁰ Dmitriy Trenin, *Russia’s Policy in the Middle East: Prospects for Consensus and Conflict with the United States*, The Century Foundation, 2010.

¹³¹ “Israel Slams Russia’s Hamas Stance,” *Jerusalem Post*, May 12, 2010; Baraq Ravid, “Are Russia-Israel Ties Really (continued...)”

Russia and other members of the Quartet urged the resumption of direct talks between the PLO and Israel after the last such talks in 2008. The sides agreed to resume direct talks in August 2010 and PLO chairman Mahmoud Abbas and Israeli Prime Minister Benjamin Netanyahu met on September 2, 2010, in Washington, DC. Just days before the end of Israel's moratorium on settlements on the West Bank, the Quartet met and issued a statement on September 21, 2010, calling for the moratorium to be continued.

In January 2011, then-President Medvedev met with President Abbas in Jericho, where Medvedev did not declare recognition of Palestinian statehood but reaffirmed a statement of such support made by the former Soviet Union in 1988. On February 18, 2011, the United States vetoed a UNSC draft resolution supported by Russia that the United States termed "unbalanced and one-sided" in its condemnation of all Israeli settlements established in occupied Palestinian territory since 1967 as illegal.

Russia supported the signing of the agreement in May 2011 between Fatah and Hamas on forming a power-sharing Palestinian Authority government for the West Bank and the Gaza Strip. Russia endorsed the formation of a cabinet composed of "technocrats" rather than politicians who would "base their policies on the platform of the PLO and on the Arab peace initiative," including the recognition of Israel, rejection of violence, and adherence to the Quartet decisions. Following the formation of the cabinet of technocrats, legislative and presidential elections were proposed to be held within one year.¹³² On May 20, 2011, the Quartet issued a statement of support "for the vision of Israeli-Palestinian peace outlined by U.S. President Barack Obama on May 19, 2011. The Quartet agrees that moving forward on the basis of territory and security provides a foundation for Israelis and Palestinians to reach a final resolution of the conflict through serious and substantive negotiations and mutual agreement on all core issues."¹³³ Deputy Prime Minister Moshe Ya'alon visited Russia in early June 2011 and reportedly praised Russia's participation in the Quartet, but stressed that "Hamas cannot be a partner for negotiations [and] cannot be recognized as the legitimate authority in Gaza until it recognizes the State of Israel and renounces terror entirely."¹³⁴ The United States has rejected dealing with Hamas unless it renounces terrorism and meets other principles enunciated above by the Quartet, and has been wary of French and Russian proposals for convening international conferences until the Israelis and the Palestinians themselves make progress toward reopening talks.

The Obama Administration opposed the application for U.N. membership submitted by Palestine to the UNSC on September 23, 2011, a submission supported by Russia. After the submission, the Quartet issued a statement that acknowledged the submission, but stressed the resumption of direct bilateral Israeli-Palestinian negotiations without delay or preconditions. The Quartet called for progress on settling issues of territory and security within a few months, and it endorsed Russia's call for convening a Moscow conference to examine progress.

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'Better Than Ever' Under Lieberman?" *Haaretz*, November 15, 2010.

¹³² *Bloomberg Full Transcript Of Sergey Lavrov Interview, June 1, 2011*, Moscow Ministry of Foreign Affairs of the Russian Federation, June 2, 2011; *Transcript of Foreign Minister Sergey Lavrov's Interview with Russian Media after Attending CSTO Foreign Ministers Council Meeting in Minsk, May 31, 2011*, Moscow Ministry of Foreign Affairs of the Russian Federation, June 1, 2011.

¹³³ U.S. Department of State, Office of the Spokesman, *Joint Statement by the Quartet*, May 20, 2011.

¹³⁴ *CEDR*, June 1, 2011, Doc. No. CEP-365001.

Holding the presidency at the 187th session of the UNESCO Executive Board in September-October 2011, Russia recommended that the UNESCO General Conference at the end of October vote to admit Palestine as a member. The United States voted against admission and later announced that under current U.S. law, it would halt financial contributions to UNESCO. Foreign Minister Lavrov explained that Russia accepted the argument of Palestine that admission would not substitute for reaching a negotiated peace settlement with Israel, and “regretted” the U.S. decision to halt contributions.¹³⁵

In January 2012, Israeli-Palestinian negotiators held inconclusive “exploratory talks” that were sponsored by Jordan and the Quartet. In February 2012, Fatah and Hamas agreed that Abbas would form and lead a temporary unity government composed of nonparty “technocrats” until legislative and presidential elections were held in May 2012 (they have been postponed). Russia welcomed the agreement, stating that a government led by Abbas would promote Israeli-Palestinian negotiations in line with the proposals made by the Quartet in September 2011. In March 2012, Islamic Jihad took responsibility for launching missiles from Gaza into Israel, attacks that occurred days before a meeting of the Quartet at the U.N. in New York. Israel stated that it held Hamas fully responsible for security in Gaza. The Quartet, including Secretary Clinton and Foreign Minister Lavrov, issued a statement deploring “provocative actions” by both sides. In the UNSC, however, Clinton condemned “in the strongest terms” the precipitating missile attacks from the Gaza Strip. Russia reiterated that the risk of conflict in the Middle East had heightened as a result of the “Arab Spring,” and that an Israeli-Palestinian peace settlement was one means to lessen the risk. An April 2012 Quartet statement was criticized by the Palestinian Authority for not requiring the freezing of settlement activity on the West Bank as a condition for the resumption of peace talks.

At a press conference after his June 2012 meeting with Prime Minister Netanyahu during his visit to Israel, President Putin stated that the progress of the Middle East peace process awaited more U.S. attention after the U.S. presidential election. After meeting with Netanyahu, Putin held talks with Palestinian President Abbas in Bethlehem, but no progress was reported in urging the renewal of direct Israeli-Palestinian talks. Russia advocated holding a meeting of the Quartet on the sidelines of the opening of the U.N. General Assembly in September 2012, but the United States reportedly ultimately demurred, perhaps attributable to the pressing U.S. election campaign.

In November 2012, Russia supported a proposed UNSC press statement expressing grave concern about the violence in Gaza and calling for a halt to all military activities, but U.N. ambassador Vitaliy Churkin reported that it was blocked by “one country,” presumably a reference to the United States. The United States and others objected that the statement did not mention the ongoing missile attacks from Gaza. Churkin threatened to submit a Russian draft resolution to the UNSC, and called for the Quartet to convene to discuss the crisis. President Obama stressed on November 18, 2012, that Israel had the right to defend itself against the missile attacks from Gaza. Russia hailed the ceasefire that was brokered by Egypt on November 22, 2012.

Russia voted in favor of a November 29, 2012, U.N. General Assembly resolution granting the Palestinian Authority the status of a nonmember observer state. The United States voted against the resolution. Russia stated that it hoped that the approval of the resolution would facilitate the

¹³⁵ For details, see CRS Report R42022, *Palestinian Initiatives for 2011 at the United Nations*, by Jim Zanotti and Marjorie Ann Browne.

renewal of direct Israeli-Palestinian negotiations and the convocation of a ministerial meeting of the Quartet. The next day, Israel announced the approval of new construction of 3,000 dwellings in East Jerusalem and the West Bank. Russia raised serious concerns that the new construction jeopardized the reopening of direct Israeli-Palestinian talks, but the United States noted that the construction plan came on the heels of the “provocative” U.N. vote, and called for both sides to renew direct talks without preconditions.¹³⁶

In an interview in early December 2012, Foreign Minister Lieberman described Russia’s position on the Israeli-Palestinian conflict as frequently enigmatic. A meeting of special representatives of the Quartet met in Brussels on December 12, 2012. Russia had urged that the a Quartet meeting be held at the ministerial level, but the United States reportedly had called for postponing such a meeting until after parliamentary elections in Israel in January 2013. Russia reiterated a proposal that the Arab League be added as a participant in the settlement process.

Bilateral Relations and North Korea

Russia has expanded its ties with North Korea in recent years as part of its policy of strengthening its role as an Asia-Pacific power. Russia stresses a negotiated settlement of the Korean conflict that protects the stability of its eastern regions and ensures a draw-down of U.S. forces in South Korea. Russia also seeks the continuation of the six-party talks on North Korea’s de-nuclearization (see below) as a means of containing, if not reducing, the threat posed by a nuclear-armed Pyongyang, according to some observers. Russia prefers that the consolidation of power by Kim Jong-un after the December 2011 death of his father, Kim Jong-Il, be relatively peaceful, rather than involve a regime collapse that could involve refugee flows into Russia or other trans-border problems, or the occupation of North Korea by South Korea or China, according to some observers. Moscow has hoped to retain effective relations with Pyongyang throughout the succession period, in this view. Russia seeks working relations with South Korea for many of the same reasons—the pursuit of Asia-Pacific regional influence and stability in areas near its borders—as well as for economic and trade benefits.¹³⁷

A phase of closer Russia-North Korea ties was launched in February 2000, when the foreign ministers of the two countries signed a Treaty on Friendship, Good-Neighborly Relations and Cooperation. Then-President Vladimir Putin visited Pyongyang in July 2000 and Supreme Leader Kim Jong-Il visited Russia in August 2001. Because of the closer bilateral ties, North Korea insisted in 2003 that it would not take part in multinational denuclearization talks unless Russia also participated. These six-party talks (including the two Koreas, the United States, Russia, China, and Japan) opened in August 2003. Russia-North Korea relations appeared strained somewhat after Russia supported UNSC Resolution 1718 in October 2006 that criticized a North Korean nuclear test and applied sanctions. In February 2007, North Korea pledged to shut down and dismantle its Yongbyon nuclear facilities in exchange for humanitarian and developmental assistance, but further progress evaporated and six-party talks have been halted since December 2008. In April 2009, North Korea announced its withdrawal from the talks.

¹³⁶ Mark Lander, “For Obama, Israel’s Timing on Settlements Is Old News,” *The New York Times*, December 1, 2012.

¹³⁷ Alexander Vorontsov, *Current Russia—North Korea Relations: Challenges And Achievements*, The Brookings Institution, February 2007; Georgy Toloraya, “Russia and the North Korean Knot,” *The Asia-Pacific Journal: Japan Focus Newsletter*, April 19, 2010.

Russian-North Korean tensions increased in April-May 2009 after Russia supported the UNSC in approving Resolution 1874 that condemned North Korean missile and nuclear tests and increased sanctions on North Korea. Russia's Permanent Representative to the U.N., Vitaliy Churkin, stressed that the sanctions excluded military force and argued that they would be reviewed once North Korea renewed cooperation within the format of the six-party talks. Russia and China insisted that a UNSC Presidential Statement issued in July 2010 not assess blame for the sinking of the South Korean naval corvette *Cheonan*. Russia argued that its stance of not assessing blame would help "de-escalate tensions on the Korean Peninsula, restore dialogue and interaction between North Korea and South Korea, and resume the six-party talks."¹³⁸

Seemingly taking a stronger stance than in the case of the attack on the *Cheonan*, Russian Foreign Minister Lavrov immediately condemned the North Korean artillery attack and the loss of life on South Korea's Yeonpyeong Island in late November 2010, but also called for restraint by both sides. He similarly expressed "profound concern" over revelations by North Korea in November 2010 that it was enriching uranium as part of a civil nuclear power program, and termed such enrichment a violation of UNSC resolutions and the 2005 denuclearization statement.¹³⁹ The heads of state of the Group of 8 industrialized nations issued a statement in late May 2011 warning that the nuclear programs of North Korea and Iran are a threat to global stability.

In late August 2011, then-Supreme Leader Kim Jong-Il met with President Medvedev in the southeastern Russian town of Ulan-Ude. Kim Jong-Il reportedly reiterated a proposal to return to the six-party talks "without preconditions," while accepting a moratorium on nuclear tests and production after the resumption of the talks. The U.S. State Department issued a statement that "any engagement with the North Koreans should be conducted in a way that does not detract from the international community's clear message of concern about the North's weapons programs, and the necessity for Pyongyang to do what is necessary to return to the Six-Party talks."¹⁴⁰ The Russian ambassador to South Korea admitted that the announcement by North Korea that it would resume six-party talks "without preconditions" was a repudiation of U.S. and South Korean calls for North Korea to halt all of its nuclear activities and allow U.N. inspectors to verify the suspension before the resumption of talks. He asserted that Russia agrees with the other parties to the talks, but he appeared to argue for further talks with North Korea to alter its stance.¹⁴¹

At the August 2011 Russia-North Korea summit and an intergovernmental meeting held just after the summit, the two sides reportedly continued to argue over a final settlement of North Korea's Soviet-era debt. They did agree to step up discussions of building a gas pipeline from Russia to South Korea, as well as plans for electrical transmission lines and railways from Russia to South Korea. As part of the railways project, an agreement was signed in 2008 to work on a small section of track and stations between Russia and North Korea that are planned to be completed in 2012. After Kim Jong-Il's death, Russia stated that work continued on these projects. At the end of January 2012, Foreign Minister Lavrov urged that the United States and South Korea postpone

¹³⁸ "Moscow Backs UN Security Council Statement on S. Korean Corvette Incident," *Russia & CIS General Newswire*, July 10, 2010.

¹³⁹ *CEDR*, December 1, 2010, Doc. No. CEP-8009; Ministry of Foreign Affairs of the Russian Federation, *Working Visit to Russia by Pak Ui Chun, Foreign Minister of the DPRK*, December 14, 2010.

¹⁴⁰ U.S. Department of State, Office of the Spokesperson, *Taken Question: Russia/North Korea: Joint Naval Exercises in 2012*, September 15, 2011.

¹⁴¹ Open Source Center, *Korean Peninsula: Daily Report*, August 26, 2011, Doc. No. KPP-971084.

plans for military exercises in February and March-April 2012 that North Korea's new leadership might view as hostile.

At the G8 Summit in Camp David, MD, on May 18-19, 2012, Russian Prime Minister Medvedev joined President Obama and other G8 leaders in raising concerns about North Korea's "provocative actions," including its uranium enrichment program, and they "condemned" an April 2012 attempted ballistic missile launch. They also pledged to cooperate in the UNSC in case of additional North Korean acts.¹⁴²

Russia condemned the launch of a ballistic missile by North Korea in December 2012, and stated that the action would hinder the resumption of the Six-Party talks.

Bilateral Relations and Syria

U.S.-Russia relations increasingly have become strained as a result of a Syrian government crackdown on civil unrest that intensified in early 2011.¹⁴³ Russia has maintained ties with the regime of Syrian President Bashar Hafez al-Asad throughout the conflict. These ties include arms sales and a naval base at Tartus—Russia's only Mediterranean Sea facility—which Russia had refurbished before the intensified unrest. Russian firms also allegedly sell Syrian oil on world markets. Putin has asserted that Russia will not tolerate a replay of the "regime change" in Libya that transpired after Russia abstained on UNSC Resolution 1973. Also, Putin and other Russian officials have long intimated that Western interests orchestrated the so-called "color revolutions" (changes in government) in several Soviet successor states, and they remain concerned about such possible Western "regime change." In contrast to the Russian government, some Russian citizens have decried the growing violence of the al-Asad government, including ethnic Circassians, some of whom have called for the Russian government to evacuate or otherwise provide assistance to the approximately 50,000-100,000 ethnic Circassians whom had fled imperial Russia and had settled in Syria in the nineteenth century. Some sources have alleged that a few members of the Chechen mujahidin have traveled to Syria to fight against the al-Asad government.¹⁴⁴

In October 2011, Russia and China vetoed a UNSC resolution that strongly condemned "the continued grave and systematic human rights violations and the use of force against civilians by the Syrian authorities" and called on all states "to exercise vigilance and restraint" in supplying arms to the Syrian government. Russia had continued to provide weaponry to the al-Asad government as the violence had intensified. In early February 2012, the United States strongly urged Russia and China to support a second, stronger UNSC resolution condemning "gross violations" of human rights by the al-Asad government against civilians and calling for the "political transition to a democratic, plural political system." Both countries, however, vetoed the resolution on February 4, 2012. U.S. Permanent Representative to the U.N. Susan Rice stated after the veto that "the United States is disgusted that a couple of members of this Council continue to prevent us from ... addressing an ever-deepening crisis in Syria.... This intransigence is even more shameful when you consider that at least one of these members continues to deliver weapons to al-Asad."¹⁴⁵ Foreign Minister Lavrov rejected the resolution as unbalanced, arguing

¹⁴² The White House, Office of the Press Secretary, *Camp David Declaration*, May 19, 2012.

¹⁴³ See also CRS Report RL33487, *Armed Conflict in Syria: U.S. and International Response*, by Jeremy M. Sharp and Christopher M. Blanchard.

¹⁴⁴ *CEDR*, August 24, 2012, Doc. No. CEP-377001.

¹⁴⁵ U.S. Mission to the United Nations, *Explanation of Vote by Ambassador Susan E. Rice, U.S. Permanent* (continued...)

that it gave more support to the oppositionists than to the al-Asad government, and urged negotiations between conflicting parties to end the violence.

On March 20, 2012, Lavrov appeared to signal greater Russian displeasure with actions of the al-Asad government, and indicated that Russia would support a presidential statement by the UNSC in support of a peace effort by the Special Emissary of the U.N. and Arab League, Kofi Annan. At the same time, Lavrov continued to reject efforts to get President al-Asad to step down. Russia supported the UNSC presidential statement on March 22, 2012, that called for a ceasefire and expressed backing for the Annan mission. Russian diplomats presented the presidential statement as a “success” of Russian foreign policy in obtaining UNSC recognition of its viewpoint.

Following the killing of over 100 civilians in the village of al Hawlah (Houla) on May 26, 2012, Russia agreed to a UNSC resolution that condemned Syrian government artillery and tank shelling of the village, but rejected accusations that the Syrian government was involved in the point-blank killings of many of the civilians. Russian U.N. emissary Aleksandr Pankin claimed that the killings were in effect a provocation by the insurgents and those opposed to the Annan peace efforts. Russian state-owned television went further, claiming that the killings had been carried out by al Qaeda and other insurgents who were allied with Western interests, in order to justify Western intervention and the overthrow of al-Asad.¹⁴⁶ The Russian Foreign Ministry also deplored the subsequent ouster of Syrian diplomats from several EU states in protest against the killings. On May 28, 2012, Foreign Minister Lavrov claimed that Russia’s main interest was halting the violence in Syria and that Russia did not care what regime ruled the country. However, he immediately appeared to contradict this statement by criticizing those calling for regime change.

On May 31, 2012, Secretary Clinton warned that Russia’s stance was threatening to result in the emergence of full-scale civil war in Syria, something Russia claimed to fear, and she urged Russia to back a political transition in the country. That same day, U.S. Permanent Representative to the U.N. Susan Rice criticized as “reprehensible” the docking of a Russian ship a few days previously that contained weapons for the al-Asad regime.

The main issue of discussion at the June 2012 U.S.-Russia summit appeared to be Syria. Both leaders claimed that they had agreed on some aspects of the situation in Syria, and both called for a cessation of violence, adherence to the peace efforts undertaken by Kofi Annan, and a political transition to a democratic system “implemented by the Syrians themselves.” The latter formulation appeared based on Russia’s insistence on noninterference in Syria’s internal affairs. Tensions appeared exacerbated during the summit by a report that a Russian ship was on its way to deliver attack helicopters to Syria. The supply ship subsequently turned around after British insurers cancelled the ship’s coverage. Russian Foreign Minister Sergey Lavrov later claimed that the ship was carrying refurbished attack helicopters and air defense equipment, and asserted that the latter was aimed to enhance Syria’s ability to “expel external aggression.”¹⁴⁷

At an international meeting in Geneva on the Syria conflict in late June 2012, U.N. Envoy Kofi Annan reportedly worked to achieve agreement between the United States and Russia on a peace

(...continued)

Representative to the United Nations, At a Security Council Session on Syria, February 4, 2012.

¹⁴⁶ CEDR, May 29, 2012, Doc. No. CEP-950146.

¹⁴⁷ Open Source Center, *Central Eurasia: Daily Report* (hereafter CEDR), June 21, 2012, Doc. No. CEP-950170.

plan for Syria. The conferees agreed that the al-Asad government and the rebels would form a transitional government leading to a political settlement of the conflict. The United States and Russia disagreed on a U.S. call for al-Asad not to be part of the transitional government. At a conference of the Friends of Syria group of countries in Paris on July 6, 2012, Secretary Clinton called for Russia (which boycotted the conference) to support sanctions against the al-Asad government in case of noncompliance with the peace plan.

On July 19, 2012, Russia (and China) vetoed a UNSC resolution that extended the mandate of the Annan observer mission if the al-Asad government moved troops and heavy weapons from populated civilian areas. If the al-Asad government failed to comply, the resolution called for possible sanctions against the Syrian government upon further UNSC action. Russia claimed that approval for possible sanctions could open the way to military intervention, a stance that U.S. ambassador to the UN Susan Rice asserted was “paranoid if not disingenuous.”¹⁴⁸ An alternative resolution—extending the mandate of the mission without provisions opposed by Russia—was approved.

The civil conflict in Syria was a central topic in a meeting between Secretary Clinton and President Putin and Foreign Minister Lavrov on September 8, 2012, on the sidelines of the Asia-Pacific Economic Cooperation (APEC) summit in Vladivostok, Russia. Secretary Clinton reported that she rejected a Russian proposal for another UNSC resolution backing the Geneva peace process that did not include consequences for noncompliance by the al-Asad regime.

In early October 2012, Russia joined other UNSC members in issuing a presidential statement condemning Syrian shelling of a town in Turkey, calling on the Syrian government to respect the sovereignty and territorial integrity of its neighbors.

On December 13, 2012, Russia’s Deputy Foreign Minister Mikhail Bogdanov admitted that rebel gains might result in the fall of the al-Asad government, spurring an endorsement from the State Department that Russia was “waking up to reality,” and that it should move to support a democratic transition. Bogdanov also stated that plans were being developed for the possible evacuation of thousands of Russian citizens from Syria, and he claimed that about one-half of Russians in Syria supported the opposition.¹⁴⁹

On December 3, 2012, during his state visit to Turkey, President Putin argued that “we are not the inveterate defenders of the Syrian regime,” but that Russia is concerned that terrorists seek to take over in Syria. The next day, Secretary Clinton and Foreign Minister Lavrov met in Dublin, where the two diplomats reportedly agreed to further discuss a political transition in Syria, although Lavrov continued to reject a call for al-Asad to step down. On December 11, 2012, Foreign Minister Lavrov condemned a U.S. announcement of recognition of the Syrian National Coalition as the legitimate representative of the Syrian people. He claimed that the announcement violated the Geneva peace plan for talks between the opposition and the al-Asad government. Russia likewise criticized the overwhelming support by the Friends of Syria of the legitimacy of the Syrian National Coalition on December 12.¹⁵⁰

¹⁴⁸ UN Security Council, 6810th Meeting, *Security Council Fails to Adopt Draft Resolution on Syria That Would Have Threatened Sanctions, Due to Negative Votes of China, Russian Federation*, Press Release, July 19, 2012.

¹⁴⁹ *Interfax*, December 13, 2012; *Reuters*, December 13, 2012.

¹⁵⁰ Andrey Fedyashin, “U.S. Recognizes Syrian Opposition and Offers Moscow Mediator Role,” *Voice of Russia*, December 12, 2012; Open Source Center, *Europe: Daily Report*, December 4, 2012, Doc. No. EUP-335001.

Objecting to sales by Russia's Rosoboronexport state arms export firm to the al-Asad regime, on July 19, 2012, the House of Representatives approved language in H.R. 5856 (Young), the Department of Defense Appropriations Act for FY2013, to prohibit the provision of U.S. funds to Rosoboronexport. In introducing the language, Representative James Moran criticized a 2011 contract by the Defense Department with Rosoboronexport for the delivery of 21 helicopters for the Afghan National Security Forces, but should make alternative supply arrangements. The final delivery of the 21 helicopters occurred in mid-2012, but the Defense Department exercised an option to purchase an additional 10 helicopters. The Defense Department had argued in a late March 2012 letter to Sen. John Cornyn and others that procurement from Rosoboronexport gave the best assurance of quality and support. On December 4, 2012, the Senate attached the National Defense Authorization Act for FY2013 as an amendment to H.R. 4310, and included language submitted by Sen. John Cornyn to bar the Defense Department from allocating FY2013 funds to enter a contract or cooperative agreement with Rosoboronexport.

Arms Control Issues¹⁵¹

Cooperative Threat Reduction

Since 1992, the United States has spent over \$10 billion to help Russia and the other former Soviet states dismantle nuclear weapons and ensure the security of nuclear weapons, weapons-grade nuclear material, other weapons of mass destruction, and related technological know-how. This funding supports the Cooperative Threat Reduction Program (CTR) managed by the Department of Defense, along with nonproliferation programs managed by the Departments of Energy and State. These programs have helped to eliminate nuclear weapons and delivery vehicles in Ukraine, Belarus, and Kazakhstan, and to transport, store, and eliminate weapons in Russia. They have also funded improvements in security at storage areas for both nuclear weapons and nuclear materials. The two sides have also cooperated to construct a chemical weapons destruction facility in Shchuch'ye.

The focus of U.S. threat reduction and nonproliferation assistance has changed over the years. Initially, many in Congress saw U.S. assistance as an emergency response to impending chaos in the Soviet Union. Even after the sense of immediate crisis passed in 1992 and 1993, many analysts and Members of Congress remained concerned about the potential for diversion or a loss of control of nuclear and other weapons. Now, much of the work on strategic offensive arms reductions has been completed, and the United States has allocated a growing proportion of its funding to projects that focus on securing and eliminating chemical and biological weapons and securing storage sites that house nuclear warheads removed from deployed weapons systems. Further, in recent years, the United States has increased funding for projects that seek to secure borders and track materials, in an effort to keep weapons of mass destruction away from terrorists. This has directed a growing proportion of the funding to nations other than Russia.

The Memorandum of Understanding between the United States and Russia that governs implementation of these threat reduction and nonproliferation programs is due to expire in mid-2013. The agreement, initially negotiated in 1992 and extended in 1999 and 2006, contains some provisions, such as those that relate to liability protections and inspections, that Russia has objected to over the years. In October and November 2012, several Russian officials indicated

¹⁵¹ Prepared by Amy Woolf, Specialist in Nuclear Weapons Policy.

that Russia was unwilling to extend the agreement in its current form, and either wanted to modify it to address Russia's concerns or allow it to lapse. If the agreement lapses, U.S.-Russian cooperation on weapons security and elimination could end.

The New Strategic Arms Reduction Treaty

The Obama Administration pledged to pursue arms control negotiations with Russia and to, specifically, negotiate a new treaty to replace the 1991 Strategic Arms Reduction Treaty (START). In April 2009, Presidents Obama and Medvedev agreed that a new treaty would address deployed strategic offensive nuclear forces, leaving discussions on nonstrategic nuclear weapons and warheads in storage to a future agreement, and to reduce their deployed forces to levels below those set by the 2002 Moscow Treaty.

After nearly a year of negotiations, the United States and Russia signed the New START Treaty on April 8, 2010. This treaty limits each side to no more than 800 deployed and nondeployed ICBM and SLBM launchers and deployed and nondeployed heavy bombers equipped to carry nuclear armaments. Within that total, each side can retain no more than 700 deployed ICBMs, deployed SLBMs, and deployed heavy bombers equipped to carry nuclear armaments. The treaty also limits each side to no more than 1,550 deployed warheads. The new treaty also contains a number of complex and overlapping monitoring provisions that will help each side verify the other's compliance with the treaty. Many analysts believe that this verification regime is particularly important because it mandates transparency and cooperation between the two sides.

The Obama Administration has argued that the New START Treaty will strengthen U.S. security and contribute to the "re-set" in relations with Russia. The Administration has also noted that the treaty contributes to U.S. nuclear nonproliferation goals by indicating that the United States and Russia are both committed to meeting their disarmament obligations under Article VI of the Nuclear Nonproliferation Treaty. Some, however, have questioned whether the United States and Russia need a treaty to maintain stability in their relationship and reduce their nuclear weapons. They note that Russia is already reducing its forces as it retires aging systems. Moreover, some question whether arms control agreements between the United States and Russia will have any effect on the goals and interests of nations seeking their own nuclear weapons.

The Foreign Relations Committee, Senate Armed Services Committee, and Senate Intelligence Committee held a total of 21 hearings and briefings with Administration officials, senior statesmen, and outside analysts between April and July 2010. Most witnesses praised the treaty, and, although recognizing that it contains only modest reductions in U.S. and Russian nuclear weapons, argued that, on balance, it will enhance stability and predictability. Many also noted that its verification regime will restore the ability of the United States and Russia to monitor each other's strategic forces. Some, however, questioned whether the treaty might restrain U.S. missile defense programs. The Administration sought to alleviate this concern by noting that the treaty contains no limits on current or planned missile defense programs and simply acknowledges that robust missile defenses can undermine offensive forces. Others have noted that the treaty did not address Russia's stockpile of nonstrategic nuclear weapons. Treaty supporters agreed with this point but argued that the United States and Russia could only move on to a treaty that will address these weapons after they ratify and implement New START. On September 16, 2010, the Senate Foreign Relations Committee approved the Resolution of Ratification on the New START by a vote of 14-4. The full Senate approved the treaty's ratification by a vote of 71-26, on December 22, 2010.

New START entered into force on February 5, 2011. According to the U.S. State Department, implementation is well underway, and “the process so far has been positive and pragmatic.” The parties exchanged thousands of 1,800 notifications during the nearly two years of implementation, and both have conducted their full complement of permitted on-site inspections. The Treaty’s Bilateral Consultative Commission has also met four times.

Russia and Missile Defense¹⁵²

Background: Recent U.S. Missile Defense Plans¹⁵³

Successive U.S. governments have supported the development of a missile defense system to protect against long-range ballistic missile threats from adversary states. The Bush Administration argued that North Korea and Iran represented strategic threats and questioned whether they could be deterred by conventional means. In 2007, the Bush Administration proposed deploying a ground-based mid-course defense (GMD) element of the larger Ballistic Missile Defense (BMD) system in Europe to defend against a possible Iranian missile threat. This “European Capability” (EC) system would have included 10 interceptors in Poland and a radar in the Czech Republic. Both countries signed agreements with the Bush Administration permitting GMD facilities to be stationed on their territory; however, the two countries’ parliaments decided to wait to ratify the accords until after the Obama Administration clarified its intentions on missile defense policy.

In September 2009, the Obama Administration canceled the Bush-proposed European BMD program. Instead, Defense Secretary Gates announced U.S. plans to further develop a regional BMD capability that could be surged on relatively short notice during crises or as the situation might demand. Gates argued this new capability, known as the Phased Adaptive Approach (PAA), would be based initially around existing BMD sensors and Patriot, THAAD and Aegis BMD interceptors, and would be more responsive and adaptable to growing concern over the direction and pace of Iranian short- and medium-range ballistic missile proliferation. The Administration plans for the PAA to evolve and expand over the next decade to include BMD against intermediate- and long-range Iranian ballistic missiles. This effort is largely supported by Congress. Phase 1 of the Administration’s European Phased Adaptive Approach (EPAA) was completed on December 21, 2011, as planned.

The Russian Response¹⁵⁴

The EC program significantly affected U.S.-Russia relations. At the February 2007 Wehrkunde security conference in Munich, Russian President Vladimir Putin strongly criticized the Bush Administration’s proposal, maintaining that it would lead to “an inevitable arms race.” Russia threatened to abrogate the 1987 Intermediate-Range Nuclear Forces Treaty, and also announced that it had suspended compliance with the Conventional Forces in Europe Treaty. In August 2008, following the signing of the U.S.-Poland agreement, Russia once more vociferously objected to the Bush Administration’s missile defense plan; a Russian general stated that Poland’s hosting of the interceptors could make it a target for a nuclear attack.

¹⁵² For additional information, see CRS Report RL34051, *Long-Range Ballistic Missile Defense in Europe*, by Steven A. Hildreth and Carl Ek.

¹⁵³ Prepared by Steven A. Hildreth, Specialist in Missile Defense.

¹⁵⁴ Prepared by Carl Ek, Specialist in International Relations.

Some analysts argued that Russia had other motives for raising alarms about the U.S. missile defense system: to foment discord among NATO member states; and to draw attention away from Russia's suppression of domestic dissent, its aggressive foreign policy actions, and its past nuclear technology cooperation with Iran. Observers pointed out that Russian acceptance of NATO enlargement in 2004 was conditioned on a tacit understanding that NATO or U.S. military expansion into the new member states would not occur. The proposed European GMD in this regard was seen as unacceptable to Russia.

On February 7, 2009, at the annual Wehrkunde conference, Vice President Biden stated that "we will continue to develop missile defenses to counter a growing Iranian capability.... We will do so in consultation with our NATO allies and Russia."¹⁵⁵ However, the Obama Administration also indicated that it was prepared to open talks with Tehran if it were willing to shelve its nuclear program and renounce support of terrorism. During a February 10 visit to Prague, Secretary of State Hillary Clinton said that any change in U.S. policy on missile defense would depend on Iran, but that "we are a long, long way from seeing such evidence of any behavior change" in Iran.¹⁵⁶

In a joint statement issued at their "get acquainted" meeting on April 1, 2009, Presidents Obama and Medvedev acknowledged that differences remained in their views toward the placement of U.S. missile defenses in Europe, but pledged to examine "new possibilities for mutual international cooperation in the field of missile defense." Later that month, however, Russian Deputy Foreign Minister Sergey Ryabkov charged that "[U.S.] work in the missile defense has intensified, including in the NATO format." Shortly thereafter, in a Russian media interview, Ryabkov was asked to comment on U.S.-Russia-NATO cooperation on missile defense through the use of Russian radar installations. He explained that the Russian offer was predicated on the fulfillment of "certain preliminary stages," including the U.S. cancellation of the EC program, followed by a threat assessment, and then by political and economic measures to eliminate the threat.¹⁵⁷

As noted above, in September 2009 the Obama Administration's announced a new program for a European-based BMD. In Russia, President Medvedev called the change "a responsible move," adding that "we value the responsible approach of the U.S. President to our agreement. I am ready to continue our dialogue."¹⁵⁸ In addition, Moscow appeared to back away from an earlier signal that it might deploy Iskander missiles to Kaliningrad. In November, the U.S. ambassador to Ukraine quashed rumors that the United States had been discussing with Kyiv the deployment of missile defense facilities in Ukraine. In October 2009, during a visit to Warsaw by Vice President

¹⁵⁵ Vice President Joseph Biden's speech at the 45th Munich Security Conference, http://www.securityconference.de/konferenzen/rede.php?menu_2009=&menu_konferenzen=&sprache=en&id=238&

¹⁵⁶ "Clinton Says Missile Shield Hinges in Part on Iran," *Reuters*, February 10, 2009; "Obama Seen Unlikely to Hedge on Missile Defense," *Associated Press*, February 13, 2009.

¹⁵⁷ "President Obama, Russian President Medvedev Commit To Reduce Nuclear Arms, Reset Relationship," *US Fed News*, April 11, 2009; "Russia Warns U.S. Stepping Up Shield Plans—Agency," *Reuters*, April 21, 2009; Russian Ministry of Foreign Affairs. *Interview of Russian Deputy Minister of Foreign Affairs Sergey Ryabkov on Disarmament Issues*, April 23, 2009.

¹⁵⁸ "Obama Cancels Bush Plan For European Missile Shield That Had Soured Relations With Russia," *Associated Press Newswire*, September 17, 2009; "Medvedev Praises Obama's Move on Europe Missile Shield," *RIA Novosti*, September 17, 2009.

Biden, Polish President Donald Tusk announced that Poland would participate in the Obama Administration's new BMD program by hosting SM-3 short- to medium-range missiles.¹⁵⁹

Some analysts on both sides of the Atlantic argued that cancelling the Bush Administration's BMD plan could be viewed by Moscow as a climb-down resulting from Russia's incessant diplomatic pressure.¹⁶⁰ Further, some critics faulted the White House for not having gained anything from Moscow in exchange for its change in policy. However, Obama Administration supporters maintained that Russia likely would not have wished to reveal an obvious *quid pro quo* immediately; Administration backers advised critics to wait and see what actions Russia would take.

In December 2009, NATO foreign ministers commented favorably on the new U.S. missile defense plan, and reiterated the alliance's willingness to cooperate with Russia on the issue, stating that they reaffirmed "the Alliance's readiness to explore the potential for linking United States, NATO and Russian missile defense systems at an appropriate time. The United States' new approach provides enhanced possibilities to do this." The Russian media reported that NATO and Russia had formed a working group to study the issue. In a speech shortly thereafter, NATO Secretary General Anders Fogh Rasmussen said that he hoped the alliance and Russia would have a joint system by 2020.¹⁶¹

Before long, however, Russia began to criticize the new U.S. plan for missile defense against Iran, reviving the argument that it would compromise Russia's nuclear forces. In late December Prime Minister Putin tied discussions over missile defense to the renegotiation of START. He asserted that Moscow would need to beef up its offensive nuclear weapons forces in order to "preserve a strategic balance" with the planned U.S. missile defense system. A State Department spokesperson acknowledged the relationship between offensive and defensive missile capabilities, but maintained that the two countries should discuss missile defense "in a separate venue." The Administration also said that it would "continue to reject any negotiated restraints on U.S. ballistic missile defenses."¹⁶²

In January 2010, the United States and Poland announced that, under the terms of the August 2008 agreement between Warsaw and Washington, a battery of short-range, surface-to-air Patriot missiles would be rotated from Germany to Poland in June and stationed close to Poland's border with Kaliningrad. Foreign Minister Lavrov claimed that he "doesn't understand" the apparent need for Poland to defend itself from Russia. In response to the planned deployment of the Patriots, a Russian official indicated that Moscow might strengthen its Baltic fleet.¹⁶³

On February 4, 2010, the U.S. and Romanian governments announced that Bucharest had agreed to host U.S. short-to-medium-range interceptor missiles to extend missile defense into southern

¹⁵⁹ "US/CEE: Biden Touts New Missile Plan In Central Europe," *Oxford Analytica*, October 22, 2009.

¹⁶⁰ "Russia Could Scrap Baltic Missile Plans Following U.S. Move," *RIA Novosti*, September 18, 2009.

¹⁶¹ NATO. *Meeting of the North Atlantic Council at the level of Foreign Ministers held at NATO Headquarters, Brussels: Final Statement*, December 4, 2009, at http://www.nato.int/cps/en/natolive/news_59699.htm?mode=pressrelease; "Russia, NATO Form Working Group on Missile Defense—Rogozin," *RIA Novosti*, December 5, 2009; "Russia Not Ready to Set Up Missile Defense Shield Together With U.S.—Lavrov," *Interfax*, January 22, 2010.

¹⁶² *U.S. Department of Defense. Ballistic Missile Defense Review Report, Pt. IV*, February 2010.

¹⁶³ "CEE/Russia: CEE Attitudes to Russia become More Sober," *Oxford Analytica*, January 21, 2010; "Polish Missile Base Reignites Tension with Russia," *Deutsche Welle*, January 22, 2009; "USA May Renege on Patriot Missile Deployment Accord—Polish Daily," *BBC Monitoring European*, February 12, 2010.

Europe. The Romanians reportedly hope that the deployment will help cement bilateral ties, as well as protect Romanian territory—the Bush Administration’s plan would only have covered the western part of the country from a possible Iranian missile launch. A State Department spokesperson and Romanian President Traian Basescu both stated that the system was not intended to guard against Russia.

Russian officials, including the chief of Russia’s general staff, countered that the missile defense system was indeed directed at Russia, and that the proposed deployment likely would delay negotiations in arms talks between Russia and the United States. Moscow also expressed vexation over the possibility of U.S. Aegis anti-missile ships patrolling the Black Sea. Nevertheless, commenting on Iran’s stepped-up uranium enrichment activities, the head of Russia’s National Security Council appeared to confirm international concerns about whether Iran’s eventual goals are scientific or military; he stated that doubts about Iran’s intentions “are fairly well-grounded.”

However, Dmitry Rogozin, Russia’s ambassador to NATO, stated that “maybe [U.S. BMD] is against Iran, but this system could be aimed against any other country, including against Russia’s strategic nuclear potential.” The ambassador took a rather truculent attitude toward the planned deployment. Writing in Twitter, Rogozin, who reportedly has a reputation for being outspoken, responded to the Romanian announcement by stating “the Americans and their allies want to surround the cave of the Russian bear? ... How many times must they be reminded how dangerous this is!? The bear will come out and kick the ass of these pathetic hunters.”¹⁶⁴

Some analysts have argued, however, that the interceptors planned for Romania would not be able to take out a Russian ICBM launched at the United States. A Russian military analyst, writing in *RIA Novosti*, conceded that the Obama-proposed SM-3 interceptors stationed anywhere in Europe would be incapable of downing Russian long-range ballistic missiles. He argued that Moscow’s main objections were that (1) it had not been consulted on the decision, and (2) the U.S. system might be subject to change. On the first point, a spokesperson for the Romanian Foreign Ministry maintained that Russia had been kept in the loop, stating that “information coming from our American partners indicate that in the time that followed the September 2009 announcement by the U.S. president, the U.S. had detailed consultations with Russia concerning their plans for the anti-missile defense system.” Also, on February 16, U.S. Under Secretary of State for Arms Control and International Security Ellen Tauscher stated that Russia had been told of the planned deployment to Romania. On the latter point, Russia is concerned that the SM-3 interceptors could eventually be upgraded to bring down ICBMs without Russia’s knowledge, as the United States is not required to share information about its missile defense system.¹⁶⁵

On February 12, Bulgaria’s prime minister announced that he supported participation in the U.S. missile defense system; the U.S. ambassador to Bulgaria confirmed that discussions on such a deployment were in their early stages with Bulgaria—and with other countries. Bulgaria’s foreign

¹⁶⁴ “Russia Says Concerned at Romania Hosting U.S. Missiles,” *Reuters News*, February 5, 2010; “Russia: Disconnect Between MD Policy, Iran Persist,” *IHS Global Insight Daily Analysis*, February 5, 2010; “Romania Agrees to Host U.S. Anti-Missile System,” *Oxford Analytica*, February 10, 2010; “Russia Toughens Line on Iran Nuclear Ambitions,” *Agence France Presse*, February 9, 2010; “Twitter Diplomacy: Envoy Says Russia Will ‘Kick Ass’ of U.S.,” *Agence France Presse*, February 10, 2010.

¹⁶⁵ “Romania Says U.S. Informed Russia on Anti-missile Shield Plan,” *BBC Monitoring European*, February 10, 2010; “U.S. Kept Russia Informed About Romania Missiles Plan—U.S. Diplomat,” *Interfax*, February 16, 2010; “U.S. and Romania: A New Alignment?” *RIA Novosti*, February 9, 2010; “Russia Cool to U.S. Plan for Missiles in Romania,” *New York Times*, February 6, 2010.

minister noted that the missile shield would also protect Russia from the threat of Iranian missiles. Russia, however, professed that it had been caught unawares by the announcement; Foreign Minister Lavrov stated that “we have already questioned our U.S. partners in Washington ... as to the meaning of this, and why we have this Bulgarian surprise after the Romanian surprise.” Russian NATO Ambassador Rogozin tweeted that “Bulgarians are our brothers, but politically they are promiscuous.” A few days later, Russia turned aside an apparent offer by Transnistria, a breakaway region of Moldova, to host Russian Iskander missiles.¹⁶⁶

Russia sought to tie discussions over missile defense to the renegotiation of START, contrary to the July 2009 agreement reached by Presidents Obama and Medvedev not to link the two. However, the United States refused to accede to the Russian position, and on April 8, 2010, the two governments signed the New START Treaty, which was ratified by the U.S. Senate in December and by the Russian Duma in January 2011. The agreement acknowledges that there is a relationship between offensive and defensive systems, but does not place any limits on missile defense or on the expanded system that has been proposed by the Obama Administration.¹⁶⁷

On July 3, 2010, Secretary of State Clinton and Polish Foreign Minister Radek Sikorski signed an annex to the 2008 U.S.-Poland agreement permitting the deployment of U.S. BMD in Poland. The amendment provided approval for the deployment of SM-3 missiles, rather than silo-based interceptors. After the signing ceremony, Sikorski stated that Russia would be permitted to inspect the facilities.

At their November 19-20, 2010, summit in Lisbon, NATO heads of state and government officially identified territorial missile defense as a core alliance objective, and adopted it as a NATO program in response to the threat of ballistic missile proliferation by potentially unfriendly regimes. The NATO-Russia Council (NRC) meeting, held in conjunction with the alliance meeting, endorsed cooperation between NATO and Moscow in the area of missile defense. The NRC Joint Statement declared that

[w]e agreed to discuss pursuing missile defense cooperation. We agreed on a joint ballistic missile threat assessment and to continue dialog in this area. The NRC will also resume Theater Missile Defense Cooperation. We have tasked the NRC to develop a comprehensive Joint Analysis of the future framework for missile defense cooperation. The progress of this Analysis will be assessed at the June 2011 meeting of NRC Defense Ministers.¹⁶⁸

The NATO-Russia accord did not constitute immediate full collaboration; rather, Russia approved the involvement of Russian technicians in the planning and development of the system. President Medvedev cautioned that missile defense cooperation must eventually amount to “a full-fledged strategic partnership between Russia and NATO.” However, a State Department official emphasized that, although Russia would be involved in the program, the United States would “continue to reject any constraints or limitations on our missile defense plans.” In a televised

¹⁶⁶ “Bulgaria Wants to Participate in US Missile Defense Shield: PM,” *Agence France Presse*, February 12, 2010; “Russia Wants Bulgaria to Explain favor of U.S. Missile Shield,” *Agence France Presse*, February 14, 2010; “Russia’s NATO Envoy Quashes Transdnistr Missiles Bid—Report,” *Dow Jones International Press*, February 16, 2010; “U.S. Missile Shield Not Targeting Russia, Bulgaria Says,” *Agence France Presse*, February 17, 2010; “Dmitry Rogozin Accuses Bulgarian Leadership of ‘Political Promiscuity,’” *WPS: Defense and Security*, February 17, 2010.

¹⁶⁷ CRS Report R41251, *Ballistic Missile Defense and Offensive Arms Reductions: A Review of the Historical Record*, by Steven A. Hildreth and Amy F. Woolf.

¹⁶⁸ NATO-Russia Council Joint Statement. November 20, 2010. NATO website: http://www.nato.int/cps/en/natolive/news_68871.htm?selectedLocale=en

interview with Larry King, Prime Minister Putin indicated that if Russia perceives that the PAA/NATO missile defense program is compromising Moscow's nuclear deterrent, "Russia will just have to protect itself using various means, including the deployment of new missile systems to counter the new threats to our borders."¹⁶⁹

Analysts have argued that, despite its often-voiced reservations, Moscow may have believed itself compelled to cooperate on missile defense; because Russia could "neither block the [emergence of missile defense] in Europe nor restrict its capacity by means of treaty constraints, [instead] the only way ... to influence its shape is to join the [missile defense] program on as favorable terms as can possibly be snatched."¹⁷⁰ On December 20, 2010, Foreign Minister Lavrov indicated that Russian acceptance of and participation in NATO missile defense would be fundamental to the success of such a system—and for improved Russia-NATO relations.¹⁷¹ Although details as to how Russia might cooperate technologically remain to be seen, it is clear that NATO and the United States want to find ways to engage Russia in partnership on BMD.

In an address to the nation on November 30, 2010, Russian President Medvedev buttressed his case for striking a deal with Washington on missile defense. The Russian leader emphasized that the absence of such an agreement might lead to a new arms buildup—one that a financially strapped Russia could ill afford: "We will either come to terms on missile defense and form a full-fledged joint mechanism of cooperation or ... we will plunge into a new arms race and have to think of deploying new strike means, and it's obvious that this scenario will be very hard." A Russian political analyst noted that "we know that it was the arms race that led to the disintegration of the Soviet Union.... Russia is not ready financially for a new arms race."¹⁷²

At the Lisbon summit, Medvedev suggested without elaborating that Moscow preferred a "sectoral" approach to missile defense. The plan was later clarified as one under which Russia and NATO would guard the airspace above their respective territories: Russia would be responsible for taking out missiles crossing its territory toward Europe, while NATO countries would shoot down over Europe any missiles headed toward Russia. Moscow reportedly is seeking agreement on such a plan because it remains concerned that the Phased Adaptive Approach might eventually compromise Russia's nuclear forces.

Although Moscow is advocating a "common" system with sectoral defense responsibilities, NATO Secretary General Rasmussen has insisted that NATO and Russia must maintain independent systems, and that cooperation will consist of information sharing. The Russian proposal reportedly is unacceptable to NATO for reasons of both sovereignty and capabilities. According to Rasmussen, NATO "is responsible for protecting the territory of NATO member states and for the safety of their populations. We do not intend to transfer that responsibility to

¹⁶⁹ "NATO Invites Russia To Join Europe Missile Shield," *The Washington Post*, November 20, 2010. "Russia To Aid NATO On Anti-Missile Network In Europe." *The Washington Post*, November 20, 2010. Europe and Eurasia: The Obama Administration's Efforts To Implement the European Phased Adaptive Approach. Testimony before the House Armed Services Subcommittee on Strategic Forces by U.S. Deputy Assistant Secretary of State Frank A. Rose. December 2, 2010. Transcript of TV Interview Vladimir Putin to CNN's Larry King. *RIA-Oreanda News*. December 2, 2010.

¹⁷⁰ Prospects For Joint Russia-NATO Missile Defense System. By Beata Gorka-Winter, Robert Smigielski. Bulletin of the Polish Institute of International Affairs. No. 129 (205). October 29, 2010.

¹⁷¹ "Success of Russia-NATO Relations Improvement Process Not Guaranteed - Lavrov Tells Interfax," *Interfax Russia and CIS General Newswire*. December 20, 2010.

¹⁷² "Russian President Warns of New Arms Race," *Washington Post*, December 1, 2010. p. A8.

anyone else.” In addition, analysts note that current Russian missile defense technology lags far behind that of the NATO countries.¹⁷³ Moscow also stated that it sought written assurances from the United States and NATO that the interceptors not be aimed at Russia.¹⁷⁴

Negotiations over a new missile defense architecture continued through the first half of 2011. Vice President Joseph Biden met with President Medvedev and Prime Minister Putin in mid-March 2011, and Admiral Mike Mullen, then Chairman of the Joint Chiefs of Staff, met with his Russian counterpart in early May 2011; and at the end of the month, President Obama and Medvedev discussed the issue during the G-8 meeting in Deauville, France.

On June 1, 2011, during a meeting in Bulgaria of a working group on missile defense, Russian Duma International Affairs Committee Chairman Konstantin Kosachyov warned that the European missile defenses would be inoperable without Russian participation. He also questioned whether the presumed threat justified the “colossal” costs of deploying a missile defense system. On June 2, President Medvedev expressed impatience with the pace of ongoing negotiations, stating “So far, I’m not pleased with how the U.S. and all NATO countries reacted to my proposals because we are losing time.”¹⁷⁵

Russia also expressed objections to the announcement that Turkey would permit missile defense radar to be based on its soil, and to Spain’s decision in October to permit Aegis ships to be stationed at its the naval port at Rota.¹⁷⁶

Discussions in the second half of 2011 centered around the two major sticking points: Moscow’s proposal for sectoral missile defense, and its insistence upon written legal guarantees that the missile shield would not be directed against Russia. Both proposals are unacceptable to NATO. As Secretary-General Rasmussen noted, acceding to the first demand would violate the very concept of Article 5, NATO’s mutual defense clause, and would be equivalent to “outsourcing” missile defense for the treaty area. Similarly, the alliance has rejected the demand for written legal guarantees because it would permit Russia to determine alliance defense doctrine and would tie the hands of future political and military leaders. As an alternative, the State Department proposed that Russia be offered “written assurances” that the EPAA would not be directed against Russia.

In November 2011, Russian officials renewed their objections to NATO’s plans to proceed with its missile defense plans, and countered by indicating that Moscow would develop new missiles equipped with counter-measures capable of foiling missile defenses. The Russians also once more said that they might deploy Iskander missiles in Kaliningrad. In addition, Moscow announced its intention to base a radar station in the Russian exclave, a move that one Russian analyst argued was already planned. Finally, officials indicated that Russia might withdraw from the New

¹⁷³ “Medvedev Wants Missile Defense Carve-up Of Europe: Reports,” *Agence France Presse*, November 22, 2010. “NATO, Russia Missile Systems To Stay Separate: NATO Chief,” *Agence France Presse*, January 20, 2011. “NATO, Russia vow unity on terrorism, disagree on shield,” *Agence France Presse*, January 26, 2011. “The Boogeyman the Kremlin Loves To Hate,” *The Moscow Times*, February 8, 2011.

¹⁷⁴ “Russia Seeks Pledge From NATO On Missile Defense,” *New York Times*, May 21, 2011.

¹⁷⁵ “Without Russia, European Missile Defense Is Doomed,” *The Voice of Russia*, June 1, 2011. “Medvedev Says Russia, US ‘Losing Time’ On Missile Defense,” *Space Daily*, June 2, 2011.

¹⁷⁶ “Moscow Anxious On Turkey’s Shield Role,” *Hurriyet Daily News [Turkey]*, July 28, 2011. “Russia Says U.S. Approach to Missile Defense ‘Unacceptable,’” *Bloomberg Government*, October 6, 2011.

Strategic Arms Reduction Treaty and disallow NATO use of the northern supply routes to Afghanistan.¹⁷⁷

In response, at the NATO-Russia Council meeting of foreign ministers in early December, U.S. and NATO officials reiterated their intention to continue with the development of EPAA. NATO Secretary General Rasmussen argued that “It would definitely be a waste of valuable money if Russia started to invest heavily in countermeasures against an artificial enemy that doesn’t exist... That money could ... be invested to the benefit of the Russian people in job creation and modernization.”¹⁷⁸

The Munich Security Conference in February 2012 saw the unveiling of the Euro-Atlantic Security Initiative, a series of proposals developed by a commission headed by former German Deputy Foreign Minister Wolfgang Ischinger, former Russian Foreign Minister Igor Ivanov, and former U.S. Senator Sam Nunn. Regarding missile defense, the commission recommended the sharing of radar information to provide early warning of missile attacks; the commission also proposed that the parties would be responsible for protecting their own territories.¹⁷⁹

Some observers have questioned whether the Russian leadership might have realized at the outset that their proposals would be unacceptable, but stuck to them anyway because they never intended to cooperate on missile defense and wished to portray the alliance as unreasonable. Other observers speculate that the hard-line stance might be motivated by domestic political considerations. Finally, some argue that Russia may be hoping to create a rift within NATO; they note that in June 2011, Russian Defense Minister Anatoly Serdyukov stated that the missile defense debate depended on Washington’s views, claiming that “[t]his is a U.S. position. There is a number of [NATO] countries expressing only concern. We could have received their support.”¹⁸⁰

In March 2012, Medvedev said Russia would adopt its nuclear forces—in phases—to account for upgrades of the EPAA, arguing that “we are not closing the door on dialog, [b]ut we need to prepare ourselves.”¹⁸¹ A few days later, in a side meeting during an arms control summit in Korea, President Obama discussed missile defense with Medvedev—in the vicinity of a “hot” microphone. During the conversation, Obama told the Russian leader “This is my last election, and after my election I’ll have more flexibility.” Medvedev replied that he understood, and that he would transmit that point to “Vladimir”—Prime Minister Putin. Obama’s comments were sharply criticized by presidential candidate Mitt Romney as “caving” to Russia. Representative Turner, chairman of the House Armed Services Subcommittee on Strategic Forces, requested a clarification of the remarks. Vice President Joseph Biden later argued that, given the political environment in both countries during an election year, President Obama had “stated the obvious.”¹⁸²

¹⁷⁷ Medvedev Mollifies the West. *The Moscow Times*. November 20, 2011. NATO Rebuffs Russian Missile-Defense Threats. *Washington Post*. December 8, 2011.

¹⁷⁸ Russia and NATO Trade Barbs Over Missile Shield. Agence France Presse. December 7, 2011.

¹⁷⁹ Missile Defense Would Be ‘Game Changer’ For US, Russia—Report. Reuters News. February 4, 2012.

¹⁸⁰ “Russia May Develop Nuclear Offensive,” *RIA Novosti*, June 8, 2011.

¹⁸¹ Medvedev Urges Military To Parry U.S. Missile Shield. *International Herald Tribune*. March 22, 2012.

¹⁸² Obama To Medvedev: No Missile Deal Before the Vote. *Wall Street Journal*. March 26, 2012. Obama ‘Stated the Obvious’ In Russia Remarks: Biden. *Agence France Presse*. April 1, 2012.

During a conference on missile defense hosted in early May 2012 by Russia, senior State Department official Helen Tauscher said that “[w]e cannot agree to preconditions outlined by the Russian government. We cannot agree to any limitations on our missile defense deployment.... We are able to agree, however, to a political statement that our missile defenses are not directed at Russia.” Later, at the same conference, Russian Armed Forces Chief of Staff General Nikolai Makarov indicated that “[w]e’re open to consider different kinds of guarantees.” However, Makarov also warned that, in response to continued development of EPAA, “a decision to use destructive force preemptively will be taken if the situation worsens.”¹⁸³

Newly reelected President Putin, claiming he needed to remain at home to form a new government, declined to attend either the NATO summit in Chicago or the G-8 meeting, held in Camp David, MD—both were in late May 2012. At the NATO summit, the alliance declared EPAA to have an “interim capability.” It is scheduled to achieve “initial operational capability” in 2015, and “full operational capability” by 2018.¹⁸⁴ In their summit declaration, alliance leaders proposed

to develop a transparency regime based upon a regular exchange of information about the current respective missile defense capabilities of NATO and Russia. Such concrete missile defense cooperation is the best means to provide Russia with the assurances it seeks regarding NATO’s missile defense plans and capabilities. In this regard, we today reaffirm that the NATO missile defense in Europe will not undermine strategic stability. NATO missile defense is not directed against Russia and will not undermine Russia’s strategic deterrence capabilities.... While regretting recurrent Russian statements on possible measures directed against NATO’s missile defense system, we welcome Russia’s willingness to continue dialogue.¹⁸⁵

The Kremlin appeared to remain unsatisfied. On May 24, Russian Foreign Ministry spokesman Alexander Lukashевич said that, while the declaration was “a step in the right direction ... political statements cannot serve as a foundation for cooperation. Reliable and based on precise military and technical parameters, legal guarantees of the nontargeting of the deploying missile defense network against the Russian nuclear deterrence forces are essential to us.”¹⁸⁶ However, this would appear to contradict General Marakov’s statement (see above) three weeks earlier that Russia was “open to consider different kinds of guarantees.”

In response to Russian statements about developing strategic countermeasures, Secretary General Rasmussen told Russian officials that NATO had no intention of attacking their country, and advised that they not to step up their defense budget to defend against an “artificial enemy.” Not long thereafter, however, former Russian NATO Ambassador and current Deputy Prime Minister Dmitry Rogozin warned that Moscow would “create a system of piercing and suppressing any missile defense. If there’s anyone who thinks we can be surrounded with an anti-missile wall, we

¹⁸³ Russia To Make Hi-tech Case Against NATO Missile Shield. *Reuters*. May 2, 2012. Moscow Raises Alarm On European Missile-Defense Plan. *Wall Street Journal*. May 3, 2012. Russia’s Military Threatens Preemptive Strike If NATO Goes Ahead With Missile Plan. *Canadian Press*. May 3, 2012.

¹⁸⁴ NATO Activates Missile Shield, Reaches Out To Russia. *Agence France Presse*. May 20, 2012. Fact Sheet: Chicago Summit—NATO Capabilities. The White House. Office of the Press Secretary. May 20, 2012. <http://www.whitehouse.gov/the-press-office/2012/05/20/fact-sheet-chicago-summit-nato-capabilities>.

¹⁸⁵ Chicago Summit Declaration. May 20, 2012. NATO website, http://www.nato.int/cps/en/natolive/official_texts_87593.htm?mode=pressrelease.

¹⁸⁶ Moscow Still Needs Legal Guarantees NATO Missile Defense Not Aimed At It—Lukashevich. *Interfax*. May 24, 2012.

were breaking a door into Europe back in the times of Peter [the Great] and now we'll break down everything the whole wall, if anyone tries to isolate us or bring us to our knees."¹⁸⁷

In a sideline meeting of the G-20, Presidents Putin and Obama discussed missile defense, among other issues. They issued a joint statement, declaring that “[d]espite differences in assessments, we have agreed to continue a joint search for solutions to challenges in the field of missile defense.” However, an aide to President Putin stated that “[i]t will be possible to resume authentic and detailed political discussions of missile defense only after the presidential election in the United States.” In the meantime, he added, discussions would continue at the working level.¹⁸⁸

Russia has continued to press for a joint missile defense system, and for written guarantees. As noted above, the May 2012 NATO Chicago summit declaration reaffirmed that the alliance’s missile defense capability would not be directed against Russia, and would not compromise strategic stability. But in July, Russia’s acting NATO ambassador reiterated Moscow’s stance that this was “not enough. It must be upheld by explanations as to why it is so, what parameters of this system need to be taken into consideration, and how Russia, regardless of what it hears, could judge by itself that these parameters are being observed.” Perhaps in response, NATO Secretary General Rasmussen on July 16 pointed out that 15 years ago, the alliance and Russia had signed a statement declaring that they “would not use force against each other. ... We are still committed to this declaration.”¹⁸⁹

In a media interview in late July, Prime Minister Medvedev charged that some European leaders did not really share the U.S. conviction on the necessity of missile defense, arguing that “they told me in private that they do not need all that but their U.S. friends, being senior partners in NATO, are forcing it upon them.” He added that “U.S. lawmakers on Capitol Hill are saying almost openly: of course, it is against you. This is symptomatic.”¹⁹⁰

There has been little movement on the missile defense issue since the U.S. elections. Following a December 4 NATO-Russia Council meeting, Russia’s NATO envoy pronounced the talks stalemated; however, Foreign Minister Lavrov indicated that the two sides would hold further consultations to assess whether a proposal regarding joint threat analysis.¹⁹¹

In recent weeks, much attention has focused on passage in the United States of the Sergei Magnitsky Rule of Law Accountability Act, which incensed the Russian government. Speaking at a December 20 news conference, President Putin stated that the new law “surely poisons our relations,” and characterized it as “undoubtedly an act unfriendly toward the Russian Federation.” Regarding the U.S./NATO PAA, he averred that “[t]he creation of such systems annuls our nuclear missile potential.” He added that “deployment of a missile defense does worsen our relations. But we are not enemies. We’ve got to be patient and look for compromises,” and added

¹⁸⁷ Rasmussen Tells Russia Not to Waste Money on Missile Countermeasures. *Interfax*. June 6, 2012. Russia To ‘Break Down’ NATO Missile Defense ‘Wall’—Rogozin. *Interfax*. July 2, 2012.

¹⁸⁸ US, Russia to Seek ‘Joint Solutions’ To Missile Defense Row. *Agence France Presse*. June 18, 2012. Russia Hopes to Resume Missile Defense Talks After US Elections—Aide. *ITAR-TASS World Service*. June 22, 2012.

¹⁸⁹ Moscow Insists On Legal Guarantees That European Missile Shield Not Targeted Against It—Diplomat. *Interfax*. July 12, 2012. Rasmussen Notes Lack of Progress with Russia on Missile Defense System. *Interfax*. July 16, 2012.

¹⁹⁰ Medvedev Not Ruling Out New Arms Race by 2018. *Interfax*. July 30, 2012.

¹⁹¹ Dialogue Over Missile Defense With NATO Stalled – Grushko. *ITAR-TASS*. December 7, 2012. Russia, NATO To Hold Consultations on Missile Defense – Lavrov. *Interfax*. December 5, 2012.

that, although these disputes will not likely “harm the investment climate or hinder the development of the economy ... we must defend the interests of Russia.”¹⁹²

U.S.-Russia Economic Ties¹⁹³

U.S.-Russian trade and investment flows have increased in the post-Cold War period, reflecting the changed U.S.-Russian relationship. Many experts have suggested that the relationship could expand even further. U.S.-Russian trade, at least U.S. imports, has grown appreciably. The surge in the value of imports is largely attributable to the rise in the world prices of oil and other natural resources—which comprise the large share of U.S. imports from Russia—and not to an increase in the volume of imports. U.S. exports span a range of products including meat, machinery parts, and aircraft parts. U.S. imports increased more than 244%, from \$7.8 billion to \$26.8 billion from 2000 to 2008, and U.S. exports rose 343%, from \$2.1 billion to \$9.3 billion. However, U.S. exports and imports with Russia declined substantially in 2009, as a result of the global financial crisis and economic downturn, but increased in 2010 as both countries have shown signs of recovery.

Table I. U.S. Merchandise Trade with Russia, 1994-2011

(in billions of dollars)

Year	U.S. Exports	U.S. Imports	U.S. Trade Balances	Year	U.S. Exports	U.S. Imports	U.S. Trade Balances
1994	2.6	3.2	-0.6	2003	2.4	8.6	-6.2
1995	2.8	4.0	-1.2	2004	3.0	11.9	-8.9
1996	3.3	3.6	-0.3	2005	3.9	15.3	-11.3
1997	3.4	4.3	-0.9	2006	4.7	19.8	-15.1
1998	3.6	5.7	-2.1	2007	7.4	19.4	-12.0
1999	2.1	5.9	-3.8	2008	9.3	26.8	-17.5
2000	2.1	7.7	-5.6	2009	5.4	18.2	-12.8
2001	2.7	6.3	-3.5	2010	6.0	25.7	-19.7
2002	2.4	6.8	-4.4	2011	8.3	34.6	-26.3

Source: Compiled by CRS from U.S. Department of Commerce, U.S. Census Bureau data. FT900.

Note: Major U.S. exports: machinery; vehicles; meat; aircraft. Major U.S. imports: mineral fuels; inorganic chemicals aluminum; steel.

Russia accounted for 1.6% of U.S. imports and 0.6% of U.S. exports in 2011, and the United States accounted for 3.7% of Russian exports and 5.2% of Russian imports.¹⁹⁴ Russia was the 37th-largest export market and 17th-largest source of imports for the United States in 2011. According to Russian government data, by the end of 2011, the United States accounted for less

¹⁹² Interfax Russia & CIS Diplomatic Panorama. *Interfax*. December 201, 2012. Russia, US Must Seek Compromises on Complex Problems - Putin. *ITAR-TASS*. December 20, 2012.

¹⁹³ Prepared by William H. Cooper, Specialist in International Trade and Finance.

¹⁹⁴ *World Trade Atlas*. Global Trade Information Services, Inc.

than 1.2% of total accumulated foreign direct and portfolio investments in Russia. However, the first four countries were Switzerland (48.2%), Cyprus (10.6%), the Netherlands (8.8%), and Luxembourg (2.5%) suggesting that more than 70% of the investments might have been repatriated Russian funds.¹⁹⁵

Russia and the United States have never been major economic partners, and it is unlikely that the significance of bilateral trade will increase much in the near term. However, in some areas, such as agriculture, Russia has become an important market for U.S. exports. Russia is the largest foreign market for U.S. poultry. Furthermore, U.S. exports to Russia of energy exploration equipment and technology, as well as industrial and agricultural equipment, have increased as the dollar has declined in value. Russian demand for these products will likely grow as old equipment and technology need to be replaced and modernized. Russia's significance as a supplier of U.S. imports will also likely remain small given the lack of international competitiveness of Russian production outside of oil, gas, and other natural resources. U.S.-Russian investment relations could grow tighter if Russia's business climate improves; however, U.S. business concerns about the Russian government's seemingly capricious intervention in energy and other sectors could dampen the enthusiasm of all but adventuresome investors.

The greater importance of Russia's economic policies and prospects to the United States lies in their indirect effect on the overall economic and political environment in which the United States and Russia operate. From this perspective, Russia's continuing economic stability and growth can be considered positive for the United States. Because financial markets are interrelated, chaos in even some of the smaller economies can cause uncertainty throughout the rest of the world. Such was the case during Russia's financial meltdown in 1998 and more recently with the 2008-2009 crisis. Promotion of economic stability in Russia has been a basis for U.S. support for Russia's membership in international economic organizations, including the IMF, the World Bank, and the WTO. As a major oil producer and exporter, Russia influences world oil prices that affect U.S. consumers.

U.S. Assistance to Russia

U.S. assistance to Russia as a percentage of all aid to Eurasia has declined over the years, but historically Russia has received about one-half of all U.S. assistance to Eurasia. From FY1992 through FY2012, the U.S. government budgeted nearly \$19 billion in assistance to Russia (see **Tables 2-4**, below). The bulk of this assistance (nearly 60%) was expended on CTR (Nunn-Lugar) and other security-related programs aiming to prevent the proliferation of WMD, combat drug-trafficking and transnational crime, foster law enforcement and criminal justice sector reforms, and support reconciliation and recovery efforts in Chechnya and other areas of the North Caucasus. Other aid was provided for democratization, market reform, and health needs.¹⁹⁶

Annual foreign operations appropriations bills contained conditions that Russia was expected to meet in order to receive assistance:

- A restriction on aid to Russia was approved in the FY1998 appropriations act and each year thereafter, prohibiting any aid to the central government (local and regional government assistance is permitted) unless the President certified that

¹⁹⁵ Russian Federal Statistics Service. <http://www.gks.ru>.

¹⁹⁶ See CRS Report RL32866, *U.S. Assistance to the Former Soviet Union*, by Curt Tarnoff.

Russia had not implemented a law discriminating against religious minorities. Other democratization and human rights conditions were added for FY2008 and retained thereafter in the face of abuses during the run-up to the December 2007 State Duma election. Although religious freedom was generally respected in recent years, successive administrations issued waivers to overcome the restrictions on aid because of ongoing problems of democratization and other human rights.

- Since FY1996, direct assistance to the government of Russia hinged on whether it was continuing the sale of nuclear reactor technology to Iran. As a result, 60% of planned U.S. assistance to Russia's central government was cut. In actuality, little if any aid has been provided directly to the central government in recent years.
- The FY2001 foreign aid bill prohibited 60% of aid to the central government of Russia if it was not cooperating with international investigations of war crime allegations in Chechnya or providing access to NGOs doing humanitarian work in Chechnya. Possibly as a result of Russian cooperation with the United States in anti-terrorism efforts, the war crime provision was dropped in subsequent years.
- A condition in the FREEDOM Support Act prohibits aid to a Soviet successor state that has violated the territorial integrity of another successor state. Presidential waivers for Russia were exercised after the 2008 Russia-Georgia conflict.

The Ouster of the U.S. Agency for International Development (USAID)

During a September 8, 2012, meeting between U.S. Secretary of State Hillary Clinton, Russian President Putin, and Russian Foreign Minister Lavrov (a meeting that took place on the sidelines of the Asia-Pacific Economic Cooperation, or APEC, summit in Vladivostok) Secretary Clinton was informed that Russia was planning to end USAID programs in the country by October 1, 2012. A formal diplomatic note was sent to the State Department on September 12. On September 19, the Russian Foreign Ministry stated that the work of USAID in Russia “did by no means always meet the stated purposes of contributing to the development of bilateral humanitarian cooperation. There were attempts to influence, by means of allocating grants, political processes including elections at different levels and civic institutions. The activity of USAID in Russian regions, especially in the North Caucasus, raised serious questions.... It should also be noted that Russia ... rejects the status of recipient of aid from all international organizations. As for the Russian society, it has become mature enough and does not need ‘external guidance.’”¹⁹⁷ The State Department asked for time beyond the deadline to close its USAID office and wind up existing programs.

¹⁹⁷ “Comment from the Russian Foreign Ministry’s Official Spokesman Aleksandr Lukashevich on the USAID Shutting Down its Activity in the Russian Federation,” reported in *CEDR*, September 19, 2012, Doc. No. CEP-950104. On September 18, 2012, USAID had issued a fact sheet on its 20 years of activities in Russia, including support for health, civil society, rule of law, judicial reform, and entrepreneurship. USAID stated that it had given support for the writing of Russia’s constitution, civil code, tax code, and land code. See USAID, *USAID in Russia*, September 18, 2012, at <http://www.usaid.gov/news-information/fact-sheets/usaid-russia>.

In a press briefing on September 18, State Department Spokesperson Victoria Nuland stated that USAID had administered about \$2.7 billion in assistance to Russia since 1992 and that its programs in FY2012 amounted to about \$51 million. She averred that it was Russia’s sovereign right to end the programs, but voiced the hope that the United States would be able to continue some support to Russian nongovernmental organizations (NGOs) that support democratization and human rights. However, she appeared to acknowledge that other U.S. programs might not be continued after the end of FY2012 when she stated that the United States has “worked over the years with the Russian Government on programs that fight AIDS there, fight tuberculosis, help orphans, help the disabled, combat trafficking, support Russian programs in the environmental area, [such as] wildlife protection. So it is our hope that Russia will now, itself, assume full responsibility and take forward all of this work.” She also indicated that the planned USAID funding for Russia (\$52 million was requested for FY2013, of which the bulk would have been administered by USAID) could now be reallocated to other countries with needs.¹⁹⁸ Many of these programs have been part of cooperation efforts discussed by the working groups of the U.S.-Russia Bilateral Presidential Commission and had been the subject of accords reached at the U.S.-Russia summit in Los Cabos, Mexico, in June 2012, and at other U.S.-Russia summits.

On September 20, 2012, Nuland pointed out that the ruling United Russia Party had received aid for voter education and other party-representative efforts over the years, in effect disputing the characterization by the Foreign Ministry that U.S. assistance favored opposition parties.

Table 2. U.S. Government Funds Budgeted for Assistance to Russia, FY1992-FY1999
(in millions of dollars)

Fiscal Year/ Program Area	1992	1993	1994	1995	1996	1997	1998	1999
Economic Growth	84.68	137.21	1187.92	231.37	72.69	39.35	51.21	74.0
Governing Justly & Democratically	33.93	63.82	238.65	70.8	49.97	38.16	67.27	83.85
Humanitarian Assistance	167.89	1060.4	39.49	48.44	35.34	0.93	6.34	1,167.34
Investing in People	13.1	8.31	79.85	12.67	10.98	10.59	10.55	15.42
Peace & Security	28.81	182.71	361.69	203.19	323.18	456.21	461.36	790.05
Program Support	0	0	4.0	0.44	0	0	0	0
Cross-Cutting	0	0	0	0	0	0	0	0
Total	2320.41	3445.45	3905.6	2561.91	2488.16	2542.24	2594.73	4,129.66

Source: U.S. Department of State, Office of the Coordinator of U.S. Assistance to Europe and Eurasia.

Notes: Includes “all spigot” program and agency assistance. Classified assistance is excluded.

¹⁹⁸ U.S. Department of State, *Daily Press Briefing*, September 18, 2012; *Press Statement: On Russian Decision to End USAID Activities in Russia*, September 18, 2012.

Table 3. U.S. Government Funds Budgeted for Assistance to Russia, FY2000-FY2010
(in millions of dollars)

Fiscal Year/ Program Area	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Total FY1992- FY2010
Economic Growth	58.65	60.13	60.62	54.47	33.93	9.54	7.71	3.41	1.21	0.91	1.3	2170.3
Governing Justly & Democratically	68.26	82.26	79.89	79.98	64.31	64.04	78.7	57.41	67.88	60.57	64.6	1414.3
Humanitarian Assistance	243.1	92.37	23.83	26.1	19.97	1.5	13.23	0.0	3.67	4.2	1.7	2955.8
Investing in People	15.88	21.92	21.92	19.36	21.31	28.59	23.82	23.95	29.64	23.71	9.9	366.0
Peace & Security	667.52	694.86	822.79	727.59	802.43	897.75	854.8	926.66	779.58	1093.58	790.5	11865.3
Program Support	0	0	0	0	0	0	0.1	1.25	1.41	7.84	5.9	20.9
Cross-Cutting	0	4.19	5.49	5.0	2.71	6.88	4.48	0	0	0	0	28.74
Total	3053.41	2956.73	3016.54	2915.5	2948.66	3013.3	2988.84	3019.68	2891.39	3199.81	2883.9	18821.4
As % of Eurasia aid												48

Source: U.S. Department of State, Office of the Coordinator of U.S. Assistance to Europe and Eurasia.

Note: Includes Freedom Support Act and other program and agency assistance.

Table 4. Assistance to Russia, FY2011-FY2012, and the FY2013 Request
(in millions of dollars)

Fiscal Year/ Program Area	FY2011 Actual	FY2012 Estimate	FY2013 Request
Economic Growth	0.65	0.7	0.5
Governing Justly & Democratically	37.24	34.56	31.81
Investing in People	18.59	17.89	10.75
Peace & Security	9.66	9.78	8.9
Total	66.14	62.94	51.96
As Percent of Eurasian Assistance	12	12	12

Source: U.S. Department of State. *Congressional Budget Justification for Foreign Operations, Annex: Regional Perspectives, FY2013*, April 3, 2012.

Notes: Includes the Assistance for Europe, Eurasia, and Central Asia (AEECA) Account, Foreign Military Financing (FMF), Global Health and Child Survival (GHCS) funds, International Military Education and Training (IMET) funds, and the State Department's Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR). In FY2013, AEECA funds were incorporated into Economic Support Fund and International Narcotics Control and Law Enforcement programs. Amounts do not include Defense or Energy Department programs.

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