

DEVELOPMENTS IN U.S.-RUSSIA RELATIONS

HEARING BEFORE THE SUBCOMMITTEE ON EUROPE AND EMERGING THREATS OF THE COMMITTEE ON INTERNATIONAL RELATIONS HOUSE OF REPRESENTATIVES ONE HUNDRED NINTH CONGRESS

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DEVELOPMENTS IN U.S.-RUSSIA RELATIONS

WEDNESDAY, MARCH 9, 2005

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON EUROPE AND EMERGING THREATS,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, DC.

The Subcommittee met, pursuant to call, at 1:08 p.m. in room 2200, Rayburn House Office Building, Hon. Elton Gallegly (Chairman of the Subcommittee) presiding.

Mr. GALLEGLY. Today the Subcommittee on Europe and Emerging Threats is holding a hearing on recent developments in the relationship between Russia and the United States.

There are few bilateral relationships in the world today that are as important or as filled with pitfalls as our relationship with Russia. It is a relationship that has produced mutually beneficial results in the all important areas of counterterrorism and securing nuclear, chemical and biological weapons in Russia and the former Soviet republics.

At the same time, there have been growing tensions in the United States-Russia relations, primarily on two fronts. First, President Putin has moved Russia in the direction of less democracy and fewer civil liberties. Second, in recent years, there is strong evidence that Russia is trying to re-exert its influence and control over its neighbors, especially Ukraine.

Furthermore, I am deeply concerned about Russia's efforts to provide assistance to the Iranian nuclear program. On one hand, given Russia's ongoing struggle with Islamic terrorists and their close geographic proximity to Iran, I believe it would be contrary to Russia's national interest to have a nuclear-armed Iran. On the other hand, given Russia's recent history of being unable to properly account for or secure its own nuclear, chemical and biological material, I am disturbed that Russia would agree to supply Iran with nuclear fuel in return for the promise by Iran that it would send back the spent fuel to Russia. I am looking forward to listening to the views of today's witnesses on nuclear fuel supply agreement and the overall Russia-Iran relationship and its potential impact on our relations with Russia.

Examining the ledger on our relationship with Russia, we see areas of progress and other areas where the relationship is deteriorating. This is not good enough. Russia is a proud nation of 144 million people that spans two continents and 11 time zones. It shares borders with 14 countries, including China and North Korea in the east and Ukraine and Poland in the west.

Russia can continue to be a strong ally in the war on terrorism and in curtailing the spread of weapons of mass destruction. We also share a common concern regarding the rise of radical Islamic fundamentalism.

For this reason, I want to hear from our panel of experts and get their honest assessment of where Russia is going and the steps needed for our relationship to get back on track.

With that, I would defer to my good friend, the gentleman from Florida, Mr. Wexler.

[The prepared statement of Mr. Gallegly follows:]

PREPARED STATEMENT OF THE HONORABLE ELTON GALLEGLY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA, AND CHAIRMAN, SUBCOMMITTEE ON EUROPE AND EMERGING THREATS

Today, the Subcommittee on Europe and Emerging Threats is holding a hearing on recent developments in the relationship between Russia and the United States.

There are few bi-lateral relationships in the world today that are as important or as filled with pitfalls as our relationship with Russia. It is a relationship that has produced mutually beneficial results in the all-important areas of counter-terrorism and the securing of nuclear, chemical and biological weapons in Russia and the former Soviet republics.

At the same time, there have been growing tensions in Russia-U.S. relations, primarily on two fronts: First, President Putin has moved Russia in the direction of less democracy and fewer civil liberties. Second, in recent years, there is strong evidence that Russia is trying to re-exert its influence and control over its neighbors, especially Ukraine.

Furthermore, I am deeply concerned about Russia's efforts to provide assistance to the Iranian nuclear program. On one hand, given Russia's on-going struggle with Islamic terrorists and their close geographic proximity to Iran, I believe it would be contrary to Russia's national interest to have a nuclear-armed Iran. On the other hand, given Russia's recent history of being unable to properly account for or secure its own nuclear, chemical and biological material, I am disturbed that Russia would agree to supply Iran with nuclear fuel in return for the promise by Iran that it would send back the spent fuel to Russia. I am looking forward to listening to the views of today's witnesses on nuclear fuel supply agreement and the overall Russia-Iran relationship and its potential impact on our relations with Russia.

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For this reason, I want to hear from our panel of experts and get their honest assessment of where Russia is going and the steps needed to get our relationship back on the right track.

I will now turn to Mr. Wexler for any opening statement he may wish to make.

Mr. WEXLER. I tell you what, Mr. Chairman, if it is okay with you, I have got about a 3-minute statement that I would like to give, but I would be happy to wait until after Congressman Weldon is done and give it before we start the next panel to save time.

Mr. GALLEGLY. Absolutely. That will be the order then.

We have an additional witness that both Congressman Wexler and I have agreed would be an asset to have before us today. Because it is a late addition, we are going to try to limit it to about 15 minutes, because of the other witnesses.

Our witness is a very good personal friend and colleague of mine from Pennsylvania, Congressman Curt Weldon. As I mentioned, he is from Pennsylvania, representing the 7th District and has just

started his 10th term in Congress as one of my classmates of the historic 100th Congress.

Mr. WEXLER. What was so historic about it?

Mr. GALLEGLY. Curt and I. The fact that Curt and I were elected makes it historic.

Mr. Weldon is Vice Chairman of the Armed Services Committee and has an in-depth knowledge of all the issues affecting Russia and Russian-American relationships. I appreciate you being here today Curt, and we welcome your comments.

STATEMENT OF THE HONORABLE CURT WELDON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. WELDON. Thank you, Mr. Chairman. Thank you, Mr. Wexler, both of you for your tireless work in this region of the world, which is so important. And thank you for letting me share a few thoughts with you.

I don't have a written statement so I am just going to speak from the heart about my concerns, and you have two outstanding witnesses coming in who will give you, I think, very professional opinions. Mine is an opinion developed through the last 30 years of personal interaction with the former Soviet States.

I just took my 41st delegation to Moscow as a response to a trip I took to Beslan, 2 weeks after the attack on the school. I stood in the school with the North Ossetians, the Duma Chairman from North Osseti, and the regional leaders; and as a teacher, it was probably the most emotional experience I have had since I was at the World Trade Center. I went there to show solidarity with the Russian people in the fight against terrorism, because they have the same common enemy that we have.

What happened to that school and the 170 children and the 370 some people that were killed is beyond description, but at the time, I committed to them that we would do a joint homeland security conference.

We did that conference a month ago in Moscow. We had 10,000 Russians attend for 4 days. The Chairman of the Duma Security Committee Facility spoke and I invited him to Washington last week, where he spoke at a conference at the Convention Center on joint homeland security efforts.

There are many in this city and in this country that are advocating that we move away from Russia. That because of the concerns of the Khodorkovsky case, because of the clamp down on public information and the media, because of some of the reforms that perhaps we don't understand and we don't like—relative to the way the governors are put into office—that we should not deal with Russia, because of Russia's involvement with the Bashir Nuclear Reactor in Iran.

I take the opposite approach. I think now is the time to more aggressively engage with Russia. In fact, Mr. Chairman, I am a very strong supporter of our military, as you know, as the Vice Chairman of both the Arms Services and Homeland Security Committees, but I think some of the decisions that we have made over the past 13 years, by both Republican and Democrat Administrations have put us in the position we are in today.

If I were a Russian, I would wonder what America's real intentions were, as much as I would wonder what my own leaders are doing.

I mean if I listen to people like Zhirinovsy and Zyuganov, back when Russia became a free democracy, they were saying, "You can't trust America. They are going to bring NATO up to our borders. They are going to abrogate the ABM Treaty. They are going to do things without our involvement."

Now I supported getting out of the ABM Treaty. I supported expanding NATO, but I think we handled those actions miserably. I did not support the way we bombed Serbia, Russia's closest partner, without explaining to the Russians why they could not play a legitimate role in getting Milosevic out, which in the end they had to do as a part of the G-8 settlement. We had to bring Russia in and they played that role.

I think back to America sitting back while Yeltsin handpicked oligarchs, in some cases with the blessing of the United States, that would later rip off the Russian people, steal billions of dollars, in some cases with the cooperation of United States financial institutions, like the Bank of New York scandal. Five billion dollars. Bank of New York officials indicted because of their cooperation in taking Russian money out of Russia.

Then I look at the Presidents, both Clinton and Bush, promising elevating Russia out of the embarrassing Jackson-Vanik limitation. We still have not taken action on that.

So if you are a Russian, you look at the relationship with America and say, "They don't really want to be our friend. They really don't respect us." And perhaps that is one of the reasons, in my opinion at least, why Putin is taken to closing in the Government with those people he trusts the most, which are basically former KGB.

In that regard, in 2001, we submitted this document, which you were a signatory to, one-third of the Congress, Lugar, Levin and Biden on the front page, one-third of the Congress, to take a new approach with Russia—108 recommendations in 11 different areas.

Unfortunately, on the American side, this document sat on the shelf at the White House. The Russians took it seriously. Their Academy of Science has embraced us unanimously. On the American side, we didn't take the steps to embrace a deep relationship with Russia, beyond a personal friendship of Putin and Bush.

Right now, we find ourselves in a difficult situation. Khodorkovsky is in jail, even though he didn't pay his taxes and that is a reason, and we are also concerned that it is a political action on the part of Putin, which it obviously is.

We are concerned about Putin's other actions, but we also need Russia. If you look at the two primary problem areas that we have in the world—Iran, the Middle East and North Korea—in each of those cases, I would argue that we need Russia to be a partner with us. No country has more access to Iran than Russia does. It was Russia who supplied the technology to develop and build the Bashir Nuclear Power Plant, which right now dramatically scares the Israeli's, because if Iran continues to receive the fuel that Russia has promised and that agreement was signed right after the re-

cent summit, then Israel's concern is that Iran will next produce nuclear weapons and I would agree with that assessment.

I want to say to you, Mr. Chairman, Mr. Ranking Member, 2 years ago the minister of atomic energy from Russia, Romyantsev, and the leading nuclear scientists in Russia, my good friend Velikhov, who runs the Kurchatov Institute, told me that they could work on an arrangement where the United States and Russia would have joint ownership of any fuel going into Bashir. Why didn't we take advantage of that?

Those are the kind of questions we have to ask. I mean instead of that, we have gotten assurances from Russia, but now we have Russia supplying energy. So over the past 2 years, what we have tried to do with a group of Members of Congress, is establish a new relationship into the inner-circle of Putin's leadership team. It would be like dealing with Carl Rove and Andy Card.

I will leave for the record documents from the International Exchange Group, established by Putin's Plenipotentiary representative to the Duma and the Federation Council. His name is Alexander Kotenkov.

That relationship includes on its board the Deputy Director of the FSB, the Chairman of the Security Committee of the Federation Council, Aleksei Alexandrov, the Chairman of the Security Council of the Duma, Vladimir Vasilyev, and it includes the key people who are personally friendly with Putin.

Through that effort, I have proposed to the Administration that we take two of four actions, which I would like to outline briefly for you today, that I think can bring Russia back into the fold.

The first is we need to terminate Jackson-Vanik immediately. Every major Jewish group has come out and written me letters: National Council of Soviet Jewry, AIPAC, and Jinsa.

They have all come out, because I am a big supporter of Russia Jewry back in the Soviet era and they have written me letters saying, "It is time to end Jackson-Vanik for Russia, for Ukraine and for the other former Soviet States."

It is time we do that and why we haven't done that, to me, is just mind boggling. It has nothing to do with other trade issues. It was simply an initiative put into place, because of the Soviet Union's persecution of Jews. That has ended.

If we have other trade issues with Russia, deal with them separately, but let's get rid of Jackson-Vanik. It sends a strong signal to Russia that we respect her.

The second is, expand cooperative threat reduction. Nunn-Lugar is not enough. We need to go beyond Nunn-Lugar to get at sites that Russia has not been willing to give us access to in the past, both biological sites and nuclear sites.

Through this effort that I just outlined to you—the International Exchange Group—I took a delegation of two democrats, Solomon Ortiz and Silvestre Reyes, a year ago in August, to Krasnyarsk 26.

We went into the mountain in Siberia and went down to the site of the three largest plutonium-producing reactors. We had no help from the State Department, no help from the Energy Department, no help from the Defense Department. We did it directly with this Russian group that is close to Putin.

We need a new approach to getting access to sites that Russia has not been willing to give us access to. Right now in the Pentagon and the State Department, there is a proposal to do two pilot programs through the IEG.

One of them is to access six biological sites, some of which we have not been given access to in the past, out of 79 that Russia has identified to us.

We need to proceed and this Committee could help move that process along within the State Department. It is a low dollar item.

The second is—and that is the third initiative that I have in my document—expand cooperation with Russia on missile defense. When we moved out of the ABM Treaty, I was the author of that bill that passed the House. My statements were that we should do this only by cooperating with Russia to allay their concerns about trying to achieve a strategic superiority over them.

Do you know that today for the first time, since Russia became a free nation, we have no joint missile defense cooperation with Russia? That is in spite of President Bush and President Putin both saying we want it. What kind of a signal has that sent?

In fact, a year ago General Ron Kadish, our four-star general in charge of missile defense, came to me and he said, “Congressman Weldon, I can’t get the Russians to sit down at the table and work out a follow-on.”

So I said, “Would you come over with me to Moscow?” In May of last year, Mr. Chairman, I took General Kadish’s replacement, three-star General Obering to Moscow with me.

Now I shouldn’t have to do this, but because our relationship wasn’t strong enough to get that meeting with the Missile Defense Agency, I took General Obering and three of his staffers to Staryaya Plashad, which is the equivalent of the West Wing of the White House and we sat down with Kotenkov and in walks General Baluevsky in a business suit.

That was the first meeting between our three-star general and the guy who is today the Commander-in-Chief of all Western military forces. He was elevated 3 weeks after we left. He is the equivalent of the Chairman of our Joint Chiefs.

There is something wrong in our relationship when the two Presidents get along well, but below that there is nothing. It is hollow.

The fourth initiative I think is the most exciting. I proposed, and this Committee could be a big help here, that we empower our President and the Russian President to do something that is similar to the old Gore-Chernomyrdin Commission. Do you remember that in the Clinton era?

Now the current Administration doesn’t like to talk about Gore-Chernomyrdin because it is not the in thing to talk about, but I think the model is a good model and what I have proposed is that we announce and establish a United States-Russian free energy trade agreement.

Russia has tons of energy. We have tons of need. Russia can’t get their energy to the marketplace. We have the technology to get it to the marketplace and to help them extract it.

The Russian private energy industry is already investing in America. Lukoil, chaired by Alexperov, bought 2,000 Getty gas sta-

tions. When I was in Moscow in the fall, they cut a deal with Conoco Phillips to buy another 1,800 gas stations.

So Lukoil now owns 3,800 gas stations in America. They are already investing in our country. Atera, a Russian energy company, is based in Jacksonville, Florida, for 12 years.

What we need is a strategic Presidential-level task force on fossil fuel energy cooperation. That also sends a signal to Saudi Arabia and the Middle Eastern countries that we have alternative sources of energy that we can turn to, and it brings together a strategic relationship on energy that we can benefit from and that Russia can benefit from, but it has got to go beyond fossil fuels.

It has got to include nuclear energy. The peaceful use of nuclear power, bringing our energy ministry together with the Russian ministry of atomic energy and institutes like Kurchatov, linked up with Los Alamos and Sandias and Livermore and they are already doing some work, but in a strategic way so that we can do joint work on energy initiatives in the nuclear arena.

If we had that in place, we wouldn't have to worry about Bashir right now. I had conversations last week and I think it is doable that we could convince the Russians at this late date to abandon Bashir, but we are not going to do it through the current relationship. It is not going to happen.

If we put together an outline, a vision of a strategic energy relationship, if we take the other three steps I have advocated, expanding cooperative threat reduction, joint missile defense cooperation and elevating Russia out of Jackson-Vanik, you have just given Putin a political homerun back in Moscow.

Then there is additional leverage for President Bush to call Putin in and say, "Now Vladimir, I have given you something that perhaps you have not had in the past 12 years. I have given the respect of our people. Now I need your help.

"I need your help in North Korea. I need your help in Iran and I need you to understand that the direction you are taking in going against democratic foundation principles is wrong and therefore, you need to be sensitive to that and have the leverage that we don't have today with Russia."

Finally, North Korea. The ultimate solution for North Korea, because we are never going to go back to the Keto nuclear framework, is going to be to run pipelines from the Russian far east at Sakhalin down through North Korea, along the rail corridor into South Korea.

The South Koreans and the Russians will finance it. That will give North Korea a non-nuclear source of energy and will give them income from all the energy going through their country into South Korea and it creates a bond between the two nations.

This morning I hosted the Chairman of the Security Committee and the International Affairs Committee from the Korean Congress and both of them agreed.

So Russia becomes a key asset that we can't walk away from, even though we may be troubled, as I am. We need to be Russia's toughest critic, which I have been, but we need to be her best friend and I think now is a time for us to exert that influence and it is going to require some bold leadership that sometimes runs contrary to common thinking in this city.

Thank you, Mr. Chairman. I will be happy to provide this for both of you.

[Material submitted for the record by Mr. Weldon follows:]

MATERIAL SUBMITTED FOR THE RECORD BY THE HONORABLE CURT WELDON, A
REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA



U.S. -Russia Partnership

**Renewed Commitments,
Strengthened Relationships**

August 2004

INTRODUCTION

Long before Perestroika, Gorbachev and the fall of the Soviet Union, I developed a deep interest in U.S.-Russian relations. The Soviet Union, an enemy of the United States, demonstrated its strength and intent to protect its country by producing massive stockpiles of nuclear and biological weapons. The aggression between our two countries led me to major in Russian Studies, believing that one day, our relationship would change and the United States and the Soviet Union would normalize relations. As a county commissioner, I hosted my first group of young communists in Pennsylvania in 1985. This relationship, forged 19 years ago, has maintained its strength and expanded even further to include a larger circle of Russian citizens. I take great pride in my efforts to reach out and establish a solid base of understanding and cooperation to achieve stability for the people of Russia and the surrounding former Soviet republics.

For the past 10 years, I have co-chaired the Duma-Congress Study Group, the official inter-parliamentary relationship between the United States and Russia. This exchange plays a vital role in strengthening our relationship with Russia. The overriding purpose of this relationship is to demonstrate to the Duma and its leaders how an effective inter-parliamentary relationship can lead to positive changes in both our countries. Today, Members of Congress



work with their counterparts in the Duma on common interests such as the environment, health care, social and economic issues. By building and strengthening a working relationship, we are then able to confront more difficult issues such as missile defense, non-proliferation, Iran and other multilateral relationships.

Three years ago, I unveiled a comprehensive plan to cooperate with Russia on eleven different issues ranging from defense and security to agriculture and healthcare. This proposal, A New Time, A New Beginning, was widely supported in the U.S. and Russia. However, recently, I have watched Russia lose confidence in the United States and move further away from the West. The start of Russian distrust in the United States began shortly after the fall of Soviet communism. Russians believed that with the break up of the Soviet Union, prosperity would soon follow. Instead, in 2001, \$4.08 billion of U.S. foreign direct investment flowed into Russia while in 2001, Communist China received \$10.53 billion in U.S. foreign

direct investment. This was the first of many negative messages the U.S. sent to Russia.

Additionally, Russians are still bitter of our handling of the war in Kosovo. Russia believed we could have, and should have, ended that war much earlier. In fact, instead of ignoring Russia's relationship with Yugoslavia, we should have encouraged Russia to play a more aggressive role in peacefully removing Milosevic from power. It was not until one year after we began the bombing that we finally requested Russia's assistance.

Furthermore, when news of the biggest money laundering scandal broke in late 1999, the Clinton Administration ignored the theft of billions of U.S. dollars destined for Russian citizens. The Russians watched as the oligarchs, including some with close connections to President Boris Yeltsin, lined their pocketbooks. The United States downplayed the Bank of New York scandal and continued to protect the Clinton - Yeltsin relationship.

The September 2000 Speaker's Advisory Group on Russia concluded that both Russian government agencies and private entities were directly involved in at least 26 transfers of proliferation to such states as Iran and Iraq. Instead of sanctioning Russia, the Clinton Administration continued to

rely on personal assurances from its small cadre of contacts in the Russian government.

The Clinton Administration's willful blindness to Russian proliferation produced immense damage to our relationship with Russia. Our policy under President Clinton was based on a personal relationship between Presidents Clinton and Yeltsin, and Vice-President Gore and Prime Minister Chernomyrdin. As long as these Russians were in power, nothing else mattered. While Russia's lost faith in Yeltsin, the U.S. continued to support this failed leader.

During the Clinton Administration, tens of thousands of young Russians were outside the American embassy in Moscow throwing paint, firing weapons at our embassy and burning the American flag. In fact, the State Department had issued travel advisories to Americans traveling to Moscow because the hatred for America had grown so great in such a short period of time that the Russian people were adamantly opposed to any Americans in their country.

To repair our relationship, I have developed a new approach to improve our relationship with Russia that builds upon the recommendations in *A New Time, A New Beginning*. The four initiatives in this proposal are not new to U.S.-Russian relations. Rather, they are programs that could easily regain Russian support and trust in the United States if implemented in the short term. The U.S. needs Russian support not for our own security concerns, but for

international stability. In that regard, I firmly believe that the key to stabilizing the situation in Iraq lies in improving our relations with Russia. It is no secret that Iran continues to fuel the bulk of terrorist activity in Iraq. However, given our cold relationship with Iran resulting

"By taking action in four key areas, we can dramatically improve our relationship with our former Cold War enemy for years to come."



from their continued pursuit of weapons of mass destruction, support of global terrorism and atrocious human rights record, there is little room for diplomatic negotiations. In contrast, Russia's deep and lucrative investments with the Islamic Republic may provide

the necessary leverage to effect change in that country's activities in Iraq. Specifically, as a major supplier of arms and nuclear technology to Iran, Russia can exert significant economic pressure. In addition to its trading activity, Russia has made strategic policy agreements with Iran to keep them out of the Caucasus and has coordinated its policy in Central Asia with specific regard to Caspian oil reserves.

It is also in Russia's best interest to continue to engage Iran and improve its own bilateral relations with the Islamic Republic. Iran's military capabilities continue to threaten Russian as well as its possible support of radical separatism in Russia's turbulent "southern rim".

As such, improving our relationship with Russia would provide needed leverage to induce Russia to use its influence with Iran to help stabilize the situation in Iraq. I firmly believe that we have reached a crucial juncture in our relationship with Russia and the independent states of the former Soviet Union. By taking action in four key areas, we can dramatically improve our relationship with our former Cold War enemy for years to come. These four key areas are as follows:

- *Terminate Jackson-Vanik restrictions against Russia.* Although not a high profile issue in the U.S., Jackson-Vanik continues to be a political hot-button for the Russian government and its citizens. Removing the restriction would send

a tremendously positive message that the U.S. is serious about improving relations between our two nations.

- *Renew our commitment to Cooperative Threat Reduction programs.* An opportunity exists for the administration to undertake a new cooperative program with Russian officials to secure biological weapons facilities that at present are poorly protected. The interagency Russian

As many as 89 additional sites could be worked through the IEG. DTRA is in the process of being briefed on this initiative. White House support for the concept would be instrumental in capitalizing on a new opportunity for the administration to demonstrate it is working with Russia in limiting the spread of weapons of mass destruction.

- *Improve Russian energy infrastructure.* Russia and

economy. Utilizing Russian natural resources would significantly improve our national security by lessening our dependence on Middle East oil. In exchange Russia would receive the much needed upgrade in its energy producing capabilities and gain the world's largest energy consuming market as a key customer. Continued cooperation with Russia on energy policy is also needed to improve the environment for foreign investment. Assisting Russia improve its energy infrastructure is the necessary first step towards attracting the private investment that will sustain Russia's energy industry for the future.

- *Improve and enhance our cooperation on missile defense.* Emerging threats of missile attacks from rogue nations may confront both the U.S. and Russia over the next decade. A major objective of the Missile Defense Act was to establish cooperative projects between the two nations. With a new director at the U.S. Missile Defense Agency and changes at senior levels in the Russian military establishment, the U.S. should pursue this cooperation immediately.

With the accomplishment of these four proposals, the United States will win a major victory in Russia, and in return, Russia will be more willing to cooperate on issues significantly important to the United States. It is time the bilateral relationship go beyond the diplomatic posturing and produce real results.

“To reinforce our relationship,
I have developed a new
approach to improving our
relationship with Russia
that builds upon the
recommendation in *A New
Time, A New Beginning*. ”

International Exchange Group (IEG) is comprised of senior military, intelligence and political officials. Operating with the support of Russian President Putin, the IEG has been established to remove bureaucratic obstacles to the implementation of U.S. funded nonproliferation programs. The IEG concept has been briefed to senior staff of the Office of the Vice President. The IEG has offered to work with the appropriate U.S. agencies – most likely DOD/DTRA – on a pilot project whose goal would be to secure five biological weapons sites.

the independent states of the former Soviet Union possess vast oil and natural gas reserves. Despite their incredible natural resources, Russia continues to struggle to get these resources to the world market. Lacking the necessary capital, much of Russia's natural resources remain untapped. By assisting Russia in reforming and clarifying their tax code could result in Russia's ability to extract, transport and market its energy resources. Russian natural resources could lower skyrocketing fuel costs and dramatically improve our

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TERMINATION OF JACKSON-VANIK

Thirty years ago, the Jackson-Vanik amendment was included in the Trade Act of 1974 to protect religious freedom in the former Soviet Union. The United States Congress made a courageous decision to pass the Jackson-Vanik amendment and link it to the Soviet Union's trade status and its record on Jewish emigration. Jackson-Vanik set guidelines for a string of changes in the Soviet Union and allowed for Jews to escape oppression and begin new lives. It was the right policy for the right time.



Since 1994, Russia has been in full compliance of Jackson-Vanik and Russian Jews are free to emigrate from the former Soviet Union. Major Jewish organizations - the Jewish Institute for National Security Affairs, the American Israel Public Affairs Committee and the National Conference on Soviet Jewry - that long opposed terminating Jackson-Vanik, are in agreement and on record that the United States should terminate this obsolete provision.

Although President Putin requested, and President Bush promised Russia's elevation from Jackson-Vanik two years ago, there are some in Congress and in the administration that want to change the original intent of the amendment to meet unrelated trade disputes. Two years ago, due to Russian safety concerns, President Putin blocked U.S. poultry imports

causing a major disruption in the U.S. poultry industry. While I empathize with our farmers, using an emigration provision to negotiate a trade dispute undermines U.S. foreign policy. Trade disputes are natural components of an evolving trade relationship, and under current trade laws, there are effective remedies to address them. In resolving the poultry disagreement, I worked with the key Members of Congress concerned with agriculture issues. As a result of my efforts, Representatives Pombo, Boehner and Goodlatte signed a letter to Representative Bill Thomas, Chairman of the House Ways and Means Committee, which has trade jurisdiction, indicating their disagreement that the lifting of Jackson-Vanik restriction to poultry trade was inappropriate.

Additionally, using the amendment to leverage Russia's accession to the WTO, as some have suggested, would weaken U.S. credibility. WTO rules already require that every member of the working party agree before a country is granted membership. Therefore, Russia cannot accede without consent from the United States. This guarantees that U.S. negotiators have adequate authority to monitor and guide Russia's accession.

An overwhelming majority of U.S. companies active in the Russian marketplace also agree that terminating Jackson-Vanik is appropriate, especially since Russia is currently recognized as a market economy under U.S. trade law.

In addition to fulfilling the Jackson-Vanik requirements,

President Putin was the first foreign leader to contact President Bush after Sept 11, 2001, to offer condolences, intelligence assistance and other support, including agreeing to the positioning of U.S. forces in Central Asia, which was a key to our military success in Afghanistan. In October 2001, Russia appeased the United States by closing their Lourdes Listening Facility in Cuba. More recently, instead of protesting NATO expansion, which brought the organization up to Russia's borders, Russia negotiated with NATO to establish a formal method of cooperation. Although Russia has shown the U.S. its willingness to cooperate and accommodate our many requests, the United States, has not sent one positive message to Russia.

Jackson-Vanik is not a high profile issue in the United States, but it continues to be a sensitive issue for the Russian government and its citizens. While the changing nature of our strategic relationship with Russia has been full of promise, it has been challenged by a growing number of domestic constituencies within Russia. Russian media reports consistently remind Russian citizens of this unfulfilled promise. This opposition can easily be resolved by granting Russia what it rightfully deserves - elevating Russia from the Jackson-Vanik amendment. This would send a positive message that the U.S. is serious about improving relations between our two nations.

NEW THREAT REDUCTION INITIATIVE: U.S.-RUSSIA COOPERATION ON SECURING BIOLOGICAL WEAPONS AND RESEARCH SITES

Since 1992, the United States and Russia have engaged in a series of cooperative threat reduction programs, commonly referred to as Nunn-Lugar programs. Primarily, this cooperation has focused resources on reducing the threat posed by the theft or diversion of nuclear weapons and materials. Some successes have been achieved, but the current programmatic approach to this daunting challenge has in some cases been bogged down in a maze of bureaucratic missteps and a flagging sense of urgency. In other cases, programmatic implementation has been slowed by bilateral disputes over taxes and liability.

This new initiative addresses a topic of heretofore - limited bilateral cooperation - programmatic work to enhance the security at Russian biological sites that hold dangerous pathogens of interest to rogue states or terrorist groups - and also proposes a new cooperative model for implementing this work. Central to the success of this initiative is the cooperation of Russian authorities that control access to these facilities. Reflecting internal concerns about the pace and scope of existing cooperative threat reduction programs with the United States, the Russians established an interagency group, supported

by President Putin, senior military, security and political officials, whose goal is to find solutions to the bureaucratic obstacles that have plagued existing programmatic efforts. Known as the International Exchange Group (IEG) within Russia, as a sign of its bona fides and influence within the Russian government, IEG has

determine the appropriate amount of funding and most effective set of security enhancements required for implementing the project, but an overall initial estimate of \$10 million to complete work at the six sites is required. Funding for this project could be made available through funds existing within the

Department of Defense's Cooperative Threat Reduction Program.



In addition to the national security benefit of securing hazardous biological pathogens, the pilot project would have two innovative programmatic elements. The first is that the Russian side would commit its own "upfront" funding to begin the projects. The IEG would expect U.S. funding to be made available to ultimately fund the six site pilot projects, but they are prepared to cooperate in the establishment of a joint U.S. - Russian management team that would oversee the project. The management team would place U.S. funds in an escrow account, releasing those funds to the Russians only when mutually agreed upon project milestones had been achieved and verified. The second innovative element of this initiative is that unlike much of the security enhancement work currently funded that relies heavily on U.S. contractor involvement - triggering legal

presented to U.S. officials a list of 89 biological facilities as candidates for security enhancement work.

Recognizing the challenge and expense of working at such a large number of sites, the IEG has proposed a pilot project that would encompass work at six biological sites, including Biopreparat, the military's leading producer of biological pathogens. The IEG has contracted official agreements with all six facilities. These sites would have to be assessed carefully by U.S. experts to

disputes over liability - the pilot project would be carried out by Russian contractors, working in Russia at Russian sites. In so doing, the Russians would accept all the legal liability for performed work and there also would be no Russian claim that funding should be subject to Russian taxation.

A number of independent states of the former Soviet Union have been helpful to the United States in the war on terrorism. Such states are new and struggling democracies and would benefit considerably from assistance to create sustainable jobs for their underemployed or unemployed scientists, engineers and technicians who were formerly engaged in activities to develop and produce weapons of mass destruction for the Russian Federation or other such state. The United States should establish and promote programs that prevent the proliferation from scientists, engineers and technicians of the former Soviet Union to countries with potential for proliferation, development and production of weapons of mass destruction.

The Teller-Kurchatov Alliance for Peace, as included in the National Defense Authorization Act for Fiscal Year 2005 (H.R. 4200), should immediately be enacted to award scientists employed at the Kurchatov Institute of the Russian Federation and scientists employed at Lawrence Livermore National Laboratory, international exchange fellowships in the nuclear nonproliferation sciences. This program, between the leading U.S. and Russian nuclear facilities, would promote peaceful uses of nuclear technology and provide

“Removing potential nuclear weapons materials from vulnerable sites around the world would reduce the chance that such materials would fall into the hands of groups hostile to the national security of the United States.”

opportunities for advancement in the field of nuclear nonproliferation to scientist who, as demonstrated by their academic or professional achievements, show particular promise of making significant contributions in that field.

Removing potential nuclear weapons materials from vulnerable sites around the world would reduce the chance that such materials would fall into the hands of groups hostile to the national security of the United States. A Task Force on Nuclear Material Removal should be established by the President appointing the Department of Energy to ensure that potential nuclear weapons materials are entirely removed from the most vulnerable sites as soon as practicable.

Armenia, Azerbaijan, the Republic of Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan, all part of the Silk Road region, would benefit from the Silk Road Initiative to develop sustainable employment opportunities between the United States and the Silk Road nations for scientists, engineers and technicians formerly engaged in activities to develop and

produce weapons of mass destruction. This program will incorporate the best practices under the former Initiatives for Proliferation Prevention program and facilitate commercial partnerships between private entities in the United States and scientists, engineers and technicians in the Silk Road nations.

During the Cold War, the Soviet Union presented the U.S. with a clear and identifiable threat to our national security. For decades, the Soviet Union developed massive stockpiles of nuclear, chemical and biological weapons. With the fall of the Soviet Union, these stockpiles are largely unaccounted for and in dangerously insecure locations and facilities.

In the post-September 11th world, in which our nation faces new threats from underground terrorist organizations, it is more important than ever to work with Russia to eliminate and secure their weapons of mass destruction so that they do not fall into the wrong hands. By implementing and engaging Russia in these programs would secure our national security.

U.S. - RUSSIA COOPERATION ON MISSILE DEFENSE

Recognizing the emerging threat of missile attack from rogue nations that may confront both the U.S. and Russia over the next decade, a major objective of the Missile Defense Act was the establishment of cooperative projects between the two former rivals. With a new director at the U.S. Missile Defense Agency and changes at senior levels in the Russian military establishment, the time may be right to advance this cooperation.

Central to the development of bilateral cooperation in missile defense would be commencement of an ongoing dialogue between senior U.S. and Russian officials and their experts. In July 2004, such a meeting occurred in Berlin. Sustaining this fledgling momentum will be essential and, if supported by the administration, the Congress and its counterparts in the Russian Duma, that outcome can be achieved. Such cooperation is in the national security interest of the United States. Russian assistance in such areas as sharing data from target acquisition radars, currently unavailable to the Missile Defense Agency, would address one of the information gaps in the system's current configuration.



Comprehensive data exchanges could be the first area of possible bilateral missile defense cooperation. Under the auspices of the IEG, a series of senior working group meetings could be established with U.S. counterparts. The working group would be empowered to establish agenda topics reflecting the interests and priorities of each side. In addition, and as part of that mechanism,

the sides might agree on a process where they would report to their respective political leadership, as well as representatives of the U.S. Congress and Duma, on the progress being achieved by the working group.

Currently, a government-to-government agreement must be in place to serve as a framework for any industry cooperation on missile defense. Regular meetings and discussions between officials of the two governments are ongoing and contributing to this framework agreement. These discussions should also review U.S. and Russian export control and liability policies in order to normalize the trade relationship.

Additional areas of potential missile defense cooperation that may be beneficial to the two nations include target, radars and sensors.

Targets - Both the United States and the Russian Federation have space-based Early Warning Systems (EWS) and long histories of development therein. A major new thrust is the need for the future Ballistic Missile Defense System to detect missile launches much earlier than provided by current EWS capabilities. This is important to support the boost phase intercept element of BMDs.

"Removing potential nuclear weapons materials from vulnerable sites around the world would reduce the chance that such materials would fall into the hands of groups hostile to the national security of the United States."

where alert and launch of interceptors within tens of seconds of the threat missile ignition are extremely valuable to the operational concept.

Currently, an initiative exists that is on going within the Missile Defense Agency dealing with targets and countermeasures. Through this initiative, targets are provided for missile defense interceptor tests. Competition exists between U.S. contractors to provide targets and these awards, if appropriate could be competed to include non-U.S. entities, including Russian firms to provide realistic targets to the Missile Defense Agency.

The Russian Federation has been requested by the Missile Defense Agency to provide ballistic missile targets and launch services for radar evaluation. In the long term, this could evolve into an expanded test program to include target intercepts. Both nations will cooperate to access threat representative targets and provide more operationally realistic testing opportunities.

Radars - Early Warning Radars offer a propitious opportunity for cooperation. A cooperative effort with Russia to co-develop early warning radars, located along the Russian southern border looking toward Middle East and Southwest Asia threats, is critical to both nations. UHF technology is globally widespread and, therefore, in a category of technology considered exportable. Early warning data alerting our two governments of a Middle East threat would go to a Russian site, a U.S. site or it could go to a third site that would then pass the early warning data to both countries.

Sensors - A great deal of attention is being paid by Homeland Security and the

Defense Agencies to detect the presence of Special Nuclear Material or nuclear weapons at points of entry or those assembled clandestinely here at home. However, once a nuclear weapon or a dirty bomb has been detonated or a successful disastrous attack on a nuclear reactor has been made, the important problem remains of defining the contaminated areas for evacuation and subsequent decontamination. The better and more quickly the delineation of the dangerous areas can be accomplished, the sooner the civilian population can be rescued and their fears alleviated and the more quickly the decontamination effort can proceed with protection for the clean up crews.

Present technology depends in large part on the use of detectors that are sensitive to the gamma rays emitted by the decay of radionuclides. However, these detectors require that they be used within the irradiated region that could produce possible radiation effects on the operator. This mean of free path of the gamma rays, however, is not sufficiently long enough to permit the use of a gamma sensor from remote platforms such as a helicopter or UAV that could provide a rapid assessment of the situation and mapping of the affected areas.

Little known measurements, made a number of years ago, showed that the radioactive decay products (alpha, beta and gamma rays) cause the atmosphere to fluoresce principally in the ultraviolet (UV) and to a lesser extent in other regions of the spectrum. Using this phenomenon it is possible to measure and localize the UV emission from these radiations remotely on the ground or from aircraft or a UAV.

The Russians have demonstrated expertise in ultraviolet sensors under the RAMOS program. In addition, there are ongoing activities with the Russian nuclear community for Threat Reduction. The United States and Russia should broaden and fuse these capabilities to this new program for remote sensing and mapping of radiological contaminants.

Measurements and modeling of the visible/infrared signatures (spectral, temporal, and spatial) of Russian missile plumes is a near term project that could be placed under the RAMOS program. Of particular interest are data taken on plumes of the Russian rocket motors and technologies that have been previously exported or copied by third world countries of concern. In addition to measuring the boost phase of Russian and U.S. missile launches, there is also interest in observing static tests.

The key to forging a U.S.-Russian missile defense alliance is now, before U.S.-Russian relations deteriorate further. Even the most modest proposals and programs already underway should be viewed as reforming a still adversarial relationship between Washington and Moscow. Current discussions between the Department of Defense, the Missile Defense Agency and Russian officials should continue to provide a strategy to evaluate the feasibility of increasing technical cooperation with Russian military industry on missile defense technologies such as the Russian S-400 and S-500. These cooperative opportunities would benefit Russia through a long-term relationship and direct involvement in the U.S. BMDs as well as significant Russian industry involvement and monetary benefits.

ENERGY

Russia, with its vast oil and gas resources, a growing and diverse number of private sector companies and a renewed commitment to investment by international energy companies, offers a unique opportunity to provide energy stability to an often volatile and insecure world energy market. Working with Russia, the U.S. can play a critical role in supporting energy development among the resource rich countries of the former Soviet Union. In a time of historically high crude oil and natural gas prices, the United States and Russia must establish a more effective energy partnership. Both the United States and Russia have emphasized the importance of energy in the bilateral relationship, and have sought ways to encourage trade and investment, but the results of their actions have not been sufficient. Russia's vast energy resources have not flooded the United States market.

Russia energy sector is at full capacity, unable to export greater amounts of oil and gas. Increasing Russia's oil and gas exports will require sequenced long-term investment in exploration, production and transportation to increase total system capacity.



Large-scale direct investment by United States companies, with its major inputs of technology and management, in the Russian energy sector is vital in order for Russia to substantially increase its energy output for the benefit of both the United States and Russia. American energy company investment in the Russian energy sector will improve Russia's economic development and political stability, while at the same time supply the United States with additional oil and gas, thereby enhancing energy security by decreasing dependence on the Middle East.

While Russia's foreign direct investment has increased, it remains far below its potential. Russia's government policies, regulations and practices still make American investors wary of its uncertain business environment. United States companies require greater security and protections of their interests in order to invest further in their human, technical and financial capital in Russian energy markets. Numerous American companies have struggled with Russian entities over asset ownership and appropriate taxation.



If Russia seeks to encourage foreign investment, it must create a transparent business environment. The United States and Russian government must take action, simultaneously, so that United States companies will overcome this uncertainty and invest in Russia's energy market.

A. Asset Ownership and Taxation

Despite financial incentives, such as the United States Export-Import Bank loan guarantees to American exporters of oil and gas equipment to Russia and Overseas Private Investment Corporation (OPIC) insurance and financing to American investors in the Russian energy sector, the United States government must provide further incentives to encourage greater investment in Russia such as relaxing the foreign tax code. Over the decades, there have been few major changes in the structure of the United States international tax system. Reducing the relative tax burden on foreign investment would increase the extent to which American companies

invest abroad. Policy options include liberalizing the foreign tax credit's limitation and Subpart F's restrictions on deferral for Russian energy investment, exempting all income from Russian energy production, or at least providing a substantial reduction in the

States-Russian Energy Bank similar to the World Bank, European Development Bank or International Monetary Fund but limited to the United States, Russia and former countries of the Soviet Union, could create a positive investment environment and produce long-

explorations, or even seismic analysis to determine their interest in exploring a given area.

B. Improve Russia Production Capabilities

Russia's ability to transport and export oil and gas is significantly below its production capabilities. In 2004, Russian oil exports will expand almost 12% over the 250 mm tons exported in 2003. However, in the following two years, exports will increase only 3% annually because the existing pipeline system is unable to pump greater quantities of oil. The Russian government must define the rights of investors in private pipelines so that outside investment can construct additional major pipelines to increase output. Currently, energy transportation out of Russia is controlled by the Russian government which may restrict capacity. Russia should open transportation capability to non-Russian entities so that U.S. companies investing in Russia may determine allocating capacity.

Russia should also remove the government's current requirement that a fixed percentage of new production must be sold into the Russian domestic market at a significantly lower price than the true market price. This would provide an incentive for new production, since currently an estimated 65% of all production is sold at such a discount. The Russian government could become economically indifferent when an appropriate tax scheme is defined at the outset of the agreement.

"Working with Russia, the U.S. can play a critical role in supporting energy development among the resource rich countries of the former Soviet Union. In a time of historically high crude oil and natural gas prices, the United States and Russia must establish a more effective energy partnership."

tax rate on repatriated earnings, and implementing tax sparring for Russian, and especially the former countries of the Soviet Union, energy investment.

For Russia to recognize its potential, both Russian and non-Russian investors must have confidence that, when disputes arise, a judicial system exists that will fairly and impartially enforce the rules applicable to their operations and honor their agreements. In addition, a banking system capable of providing the funds to finance this growth must exist. By creating a joint United

term development of the energy sector in Russia. At least, during the appropriation process, Congress must encourage that funds appropriated to these development banks be used in energy projects in Russian and the former countries of the Soviet Union.

Russia also needs to clarify and fix either the tax scheme under which new exploration and production would be covered, or revisit a Production Sharing Agreement. United States energy companies need to be able to quantify their potential outcome prior to investing in

Additionally, if Russian companies aspire to become global leaders in the energy production market, the U.S. can assist Russian oil companies to develop their resources, shift their products to the United States market and help advance and solidify Russia's integration into the international energy economy. U.S. companies can offer the technical capability, the access to capital and the international expertise to Russia. Furthermore, the United States can provide Russian companies adequate storage at refineries and ports. Old U.S. military bases, which are no longer used by DoD, could provide the storage and security for energy imported from Russia.

C. Commercial Energy Dialogue

The foundation formed by President Bush and Putin's 2002 United States-Russia Commercial Energy Dialogue must continue to be built upon, but at a faster pace. The U.S. Department of Energy and the Russian Ministry of Atomic Energy should continue to convene annually with U.S. and Russian agency officials, legislators, industry and academic institutions and identify areas of further cooperative efforts and potential areas for new collaborations.

When the President and other high level United States officials meet with their Russian counterparts, they must emphasize the great need for Russia to improve its domestic investment climate as a prerequisite for higher levels of United States investment in the energy sector.

While this dialogue is committed

to pursuing new energy opportunities by fostering closer relations between educational and professional institutions and resolving current trade and administrative disputes, the commission should also review immigration policies practiced by the U.S. and Russian agencies granting visas for energy sector officials and employees. If this dialogue is to be successful, the participants of both nations should receive visas in a timely manner.

Additionally, as co-chairman of the Duma-Congress Study Group, I propose creating a task force between the two legislative branches in order to expedite legislative reforms recommended by the commercial energy dialogue. The task force should hold annual exchanges between members and staff of the energy committees.

Russia has a renewed commitment to investment by American energy companies. Recent actions by President Putin signal the importance placed on energy trade and investment with the United States. He has called for increased pipeline infrastructure development to facilitate the export of oil to Europe and the United States stating "...I would like relations between Russian and United States businesses to develop more actively, especially in the strategically important area of energy...."

It is clear, both the United States and Russia want and need to increase Russia's exportation of energy. This is a rare and distinct opportunity where American and Russian collaboration on energy research might be beneficial in fostering a cooperative, market-

based approach to energy security, reducing dependency on the tumultuous Middle East. This can be the new model of future energy partnerships. The United States and Russia can play a critical role in supporting energy development among the energy rich countries of the former Soviet Union, further improving global energy diversity and energy security.

Mr. GALLEGLY. Thank you very much, Curt. Last week Rob and I had the opportunity to go to the White House and hear firsthand from the President about his recent trip to Europe. A good portion of that hour-and-20-minute meeting that we had, did focus on Russia and specifically the relationship with Mr. Putin.

I would be interested to hear Rob's comments, because I haven't heard his assessment. After listening to President Bush for 3 plus years or so on meetings that he has had with President Putin, I got a sense that there was more frustration now than there has been in the past.

Three or four years ago, I got the feeling that President Bush was very excited about these two relatively young leaders in the world having an opportunity to work together to do great things. I now sense some real frustration, that Mr. Putin is getting a lot of information that is false and he is accepting it by his so-called experts. Based on that, I didn't feel that President Bush was as encouraged about where we are today as maybe where we were not too long ago. And as a result of that, we are not making the progress that we should with Russia.

He also said that as it relates to the issue of democracy; whenever the word democracy would come up, Mr. Putin didn't want to discuss it at all. I won't say it was a taboo issue, but he wanted to get on to other issues where there seemed to be more common ground having to do with international terrorism and different things like that.

I would like to get your response to that and also as it relates to the suspicion on the part of some of the government officials there, if that is true also with the Russian people.

Mr. WELDON. I think the Russian people love the American people. They want to be friends with us, but I think they are somewhat disappointed and disillusioned.

I gave you examples of where we have said good things and talked a good game, but when it comes time to the substance of working together, it has not been there. What we have today is a very nice, strong, personal friendship between Bush and Putin, but that is not enough. We need to convince the Russian institutions, the ministries and the private institutions that are starting up that we really want to be friends and partners with Russia. We haven't done a good job of that.

We, in the Congress, gave the Administration 108 specific recommendations in 11 areas: Agriculture, education, health care, science and technology, defense, trade, the environment, et cetera. We endorsed them by one-third of the Congress. From the most liberal Democrats: My friends Bernie Sanders and Dennis Kucinich, Nancy Pelosi, Jack Murtha, John Spratt; to the most conservative Republicans: Henry Hyde, Dick Armey, J.C. Watts; all signed the document.

[The document referred to follows:]

Congress of the United States
House of Representatives
 Washington, DC 20515
 November 7, 2001

President George W. Bush
 1600 Pennsylvania Avenue, NW
 Washington, DC 20500

Dear President Bush:

As you prepare for the upcoming summit with President Putin, we commend the positive approach you have established with Russia. Too often, the focus of our bilateral relations has been on defense and security -- precisely the issues on which our interests often collide. It would be more useful, as we move forward with a Russian policy for the 21st century to take a more holistic approach -- one that takes into account Russia's myriad concerns as well as our own.

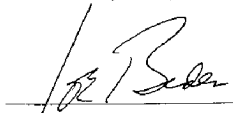
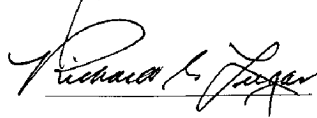
Therefore, in consultation with many of the leading experts on Russia, we propose a series of bipartisan initiatives to engage Russia on issues such as the environment, energy, economic development, health care -- as well as defense and security. We call this proposal "A New Time, A New Beginning." Some of these are new ideas, but many are not. Many of these initiatives are already underway, and need additional support to make even greater progress.



Such engagement is in the U.S. interest as well as Russia's. If the United States and Russia cooperate on issues across the board, Russia will be more likely to work closely with America on the national security issues that matter most to us -- missile defense, the war against terrorism, and proliferation.

We encourage you to review the enclosed proposal and hope that some of these initiatives will prove useful to you in the ongoing discussions between Russia and America. We look forward to working with you to forge a new relationship that will benefit both our countries.

Thank you for your consideration of this request.

Sincerely,

Chad R.

Cathy F.

Phil Pence

Tina Holden

Phil Amey

Dennis J. Kucinski

John J. Grucci Jr.

Paula

Sam V. Hoff

Joseph Pitts

Todd R. Platts

JP. Kuntz

B. J. Steffen

Dave Hobson

Bob K.

Edmund Tauscher

Neil Abernethy

Don Shum

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| Mame Dwyer | Dana Rohrer |
| Mile Cote | Bud Cramer |
| Mr 74 | Wick |
| Carina Swan | Off Edwards |
| Bo Clement | Edg Est |
| Joe Wells | John E Petersen |
| Mary Kaptun | Henry Hyde |
| John Linder | Ray Swick |
| Walter Briggs | Wm Linder |

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| John Brown | Howard L. Berman |
| Bill Purcell | Joseph M. Hoegel |
| John B. Berman | Phil & My |
| Chuck Tully | Tommy Lawry |
| Carl & Linda | Sam Lane |
| Vir Snyder | Susan L. Davis |
| Don Gilman | John S. S. S. |
| Bill Sessing | John S. S. S. |
| Alfred. Hastings | James L. L. |

Wm. Hays

John T. D. Little

John Hays

Nick L. D.

Ed. Marching

Christopher Shays

And. Kentons

Samuel M. Green

J. McLaugh

Charles H. Taylor

Wm. Hays

George. M. Hays, Jr.

Sam. Hays

Ralph M. Hall

J. Hays

Frederick Hays

Cass Ballenger

Nathan Deal

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| <u>Jim Hibbons</u> | <u>Sandy Duke Cunningham</u> |
| <u>Jim Ryan</u> | <u>Chris G. Smith</u> |
| <u>James Peggitt</u> | <u>g Roddy Forbes</u> |
| <u>Greg Costello</u> | <u>Q. Costanzo</u> |
| <u>Eddie Bernice Johnson</u> | <u>Joe Strawn</u> |
| <u>Raphan Horn</u> | <u>Ed Boni</u> |
| <u>Ray Kruse</u> | <u>Mich. J. B.</u> |
| <u>Edward W. Lane</u> | <u>Allen Fritz</u> |

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Ed Schrock

James J. H.

Robert L. H.

D. H.

Jack Campbell

Rod Blagovitch

J. E. Sexton

Jim June

Mike Fyner

Van Hilleary

Ed Royce

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Danmyl Davis

Janet Harris

Hilda F. Adles

Ruth Barker

Karl Wolf

Chet

Cassie P. Mock

W. Calhoun

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Dan Wold

Paul E. Kington

Paul Larson

Bob McCulloch

Virgil Good

Ray Bennett

Alan B. McIlwain

John

Sam Pugh

Raymond

~~James Greenwood~~

~~Kari Berman~~

Pat A. Gandy

Alicia Hant

Phil English

John L.

Tom Allen

OOO

Robert E. Ad

Mike Doyle

Shelley Moore Capito

MS Simmons CT12

W. Todd Akin

Mr. WELDON. We didn't follow through, Mr. Chairman. We put the recommendations on a shelf and now we wonder the only thing we have is a personal friendship between Bush and Putin and distrust throughout the rest of the system. The relationship with Russia needs to be built from the bottom up and there are a lot of great NGO's doing that. You are going to hear from a couple. They are doing great work. They are building institutional relationships but from the top. My own feeling is that we have not encouraged in-depth relations. In fact, in the case of the Congress, I have a personal feeling that we have been discouraged by certain people in the Administration from pursuing the kind of ties that we have to have and that is really a tragedy.

I have talked to the President at length about this. I know what the President wants. He wants a strong, transparent relationship, but for some reason the people around him, especially down through the system, just haven't gotten it.

Mr. GALLEGLY. Rob?

Mr. WEXLER. The Chairman called me this morning, if he doesn't mind me saying, and suggested that you, Mr. Weldon, come and testify. He said that once before you had testified in front of one of his Committees and he thought you were the best witness he had ever heard. I would tend to agree with him.

Mr. WELDON. Thank you. I appreciate that. Coming from you, that is a real compliment, and from Elton.

Mr. WEXLER. What you have to say is more than invaluable. We probably should get a tape and just invite the White House and anybody else just to come here to watch it. Maybe that should be the next meeting, respectfully.

I share the Chairman's assertion of what the President said. I would offer maybe one or two more observations.

I don't often say kind things about the President, but I was remarkably impressed with the manner in which he sized up the situation. Some of the President's observations of his first meeting with President Putin were the people surrounding President Putin. They were younger people with bow ties that went to school at the London School of Economics and seemed to be genuinely committed to reform.

Now the people that are surrounding President Putin are much more likely to be from the old intelligence factions.

Mr. WELDON. Absolutely.

Mr. WEXLER. As you say, he has closed himself in. The President said one of his aims in going to Europe, relating directly to how you suggest we engage Russia, was to make certain that at the end of the equation with Iran, that it is Iran that is isolated, not America.

Mr. WELDON. Exactly.

Mr. WEXLER. The President's right and there is a real risk that, if handled inappropriately, it is going to be America that is isolated, ironically, rather than Iran.

You mentioned that even at this late date, you believe there is an opportunity to engage with Russia so that their interaction with the Iranians, at least from our perspective, would be more constructive.

Mr. WELDON. Absolutely.

Mr. WEXLER. Would you be so kind, if you can, to give us greater detail as to what you suggest the Administration do?

Mr. WELDON. Absolutely. Two years ago, three years ago we had discussions. I gave the 100th anniversary speech at Kurchatov Institute, which is the institute where they developed their nuclear weapon. Igor Kurchatov was the founder of the nuclear weapon 100 years ago.

I gave the speech with Kozumi and with Primokov and at that meeting, in 2002, I had discussions with Evgeny Velikhov, who is the director of Kurchatov and Rumyantsev, the minister of atomic energy and I said, "Look, the direction you are going with Bashir is bad. You know I am a big supporter of Israel and their security and I share the same concerns Israel has, that if you continue with this plan, you will give Iran the capability to develop the nuclear weapon that they want. You need to understand that."

They said, "Congressman, we share the concerns of you and your country. We are willing to work together." Velikhov proposed, and I briefed the Administration when I came back, that we have a joint ownership organization, at a minimum.

That the United States and Russia would jointly own the fuel going to Bashir—why that wasn't followed up on, I have no idea, but I can tell you the Russians offered it.

Now instead, 2 days after the summit occurs, Russia actually signs the implementation documentation to provide the fuel for Bashir.

I am not privy to what was agreed to. I assume the Russians have agreed to our side that there will be full transparency, but in discussions I had last week with the retired general, chairman of the Duma Security Committee, with discussions I had in Moscow with other senior leaders and the discussions I have had now, I still think it is possible that we can turn Russia away from nuclear cooperation with Iran.

All we have got to do is, we can call Iran's bluff. If Iran really wants power, which is what they say they want Bashir for, the Russians and Americans together come and say to Iran, "Look, we will give you the same equivalent amount of power for your people that Bashir will provide and we are going to shut down the Bashir Power Plant."

If that is really all Iran wants, which is power for their people, then they should not object to that. But we are not going to get that kind of an arrangement in the current environment, because the structure is not there.

The trust is not there. The trust is there between the Presidents, but below that, it doesn't exist and that is what is so tragic.

I mean they want to cooperate on homeland security. You know we had the conference over there and 10,000 people came out. We had the conference at the convention center and 2,000 people came out.

You know Russia wants to be our friend and partner, but the thing they want most—they don't want our money—they want our respect. They want us to respect them.

You can't show respect by leaving Jackson-Vanik still in place 8 years after it went out of rationality. It should have been removed.

You don't get their respect when you go into Serbia and bomb the Serbian people, without Russia's involvement, because we didn't want to go to the U.N., because you knew Russia would veto a U.N. resolution. So we used NATO for the one and only time to offensively invade a non-NATO country, because France and Germany were pushing us. And then how do we get Serbia? We brought the Russians in and Chernomyrdin had to help us negotiate through the G-8 process to final terms to end Milosevic's reign.

But Russia was an afterthought. You can't keep doing that. If we are truly going to have Russia as a partner, then we have got to treat Russia as a partner, and if our President says we are going to do joint missile defense work, then we better do joint missile defense work, not cancel the program last year and not know how to restart one.

Today we have no program. That was canceled by the current Administration. It was also canceled in 1995 by the Clinton Administration and Carl Levin and I went to the wall and saved the program. Now it has been canceled a second time.

So today, in spite of President Bush saying this publicly over and over again, we have no joint missile defense cooperation with Russia. That sends a signal to the Russian people.

It sends a signal to the intelligence people. America really wants to be Russia's friend? I don't think so.

Maybe some would say I am trivializing it too much, but I deal with the people there and I can tell you the one thing they want, Mr. Chairman, is they want our respect.

They don't want our money. They don't need our money. They have got energy. If we expect them to listen to us when they move away from democracy, then we better have some leverage to convince them that they are going in the wrong direction.

When Putin makes changes we don't understand, relative to democracy or clamping down and you know the Khodorkovsky case is an embarrassment, but when we hold a hearing on Khodorkovsky, why don't we also say that this guy, who was a handpicked oligarchs, made \$8 billion in 8 years and didn't pay his fair share of taxes?

Well because Khodorkovsky can hire former Members of Congress who are high-priced lobbyists, who walk the halls of this Congress, saying he should get special treatment. I know I am stepping on some toes right now, but that is the fact and that is what it is.

All I am saying is, for us to have the respect of Russia, we have to show Russia some respect and be tough with them.

Mr. GALLEGLY. Curt, I really appreciate you being here today. I look forward to inviting you back. I just hope before you come next time you will be better prepared and not equivocate as much.

Mr. WELDON. Thank you.

Mr. GALLEGLY. Thank you, Curt. We go to our first panel, if they would please come forward.

Before we do that, I have a personal request that if you have a cell phone, you would put it on the silent or vibrate mode. The Chair would be most appreciative of that because it is a little distracting. I hope that wasn't my cell phone that went off.

I welcome our witnesses today. Our first witness is Dr. Celeste Wallander, who is the Director of the Russia and Eurasian Program at the Center for Strategic and International Studies.

Dr. Wallander's areas of expertise include Russian foreign and security policy, international relations with the Eurasia, Russian-European relations and the relationship of economics and security in Russia and Eurasia. Before joining CSIS, Dr. Wallander was a Senior Fellow at the Council on Foreign Relations and Associate Professor of Government at Harvard University. She is the founder and Executive Director of the Program on New Approaches to Russian Security. Welcome, Doctor.

Our second witness is Mr. Dimitri K. Simes, who is the President of The Nixon Center. Mr. Simes was selected to lead the Center by President Nixon. Prior to the establishment of The Nixon Center, Mr. Simes serves as the Chairman of the Center of Russian and Eurasian Program at the Carnegie Endowment for International Peace. Mr. Simes also served as Director of the Soviet and East European Research Program and Research Professor of the Soviet Studies at Nitze School of Advanced International Studies of the Johns Hopkins University. Mr. Simes is also a co-publisher of the influential foreign affairs magazine, *The National Interest*.

Our third witness is Dr. Eugene B. Rumer, who is the Senior Fellow at the Institute of National Strategic Studies at the National Defense University. His expertise includes Russia and other states of the former Soviet Union. Prior to joining the Institute for National Strategic Studies, Dr. Rumer served as Visiting Scholar at the Washington Institute for Near East Policy, member of the Secretary's Policy Planning Staff at the Department of State, and Director for Russian, Ukrainian and Eurasian Affairs at the National Security Council.

I welcome all of you today. We are privileged to have you here. With that, I would yield to Dr. Wallander.

**STATEMENT OF THE HONORABLE CELESTE A. WALLANDER,
PH.D., DIRECTOR, RUSSIA AND EURASIA PROGRAM, CENTER
FOR STRATEGIC AND INTERNATIONAL STUDIES**

Ms. WALLANDER. Thank you. Mr. Chairman and Congressman Wexler, thank you for this opportunity to speak with you about the United States-Russia relationship. The United States-Russia relationship is multidimensional, as we have heard from Congressman Weldon so expertly, and Russian foreign policy faces many challenges. As we have seen in the last year, the combination of multidimensional complex challenges has created a number of strains in the relationship, which create potential negative effects on the ability of our two countries to cooperate in meeting 21st century emerging threats and challenges. Yet despite the strains, both the needed potential for United States-Russian cooperation remains great. We are all indebted to this Committee for its work to assess the relationship in a serious manner in order to support a sensible and productive United States engagement with Russia that balances opportunities with realistic analysis.

Now, Russia has been living with the complex and serious challenges of what we call emerging threats for at least as long as the United States, and in many respects its experience has been far

more immediate and tangible. This experience has been filtered, however, through the Putin leadership's broader approach to and priorities on foreign policy. In particular, there is something of a problematic disjuncture between the leadership's overall traditionalist great power foreign policy approach and the complex set of traditional and emerging security threats that Russia and the United States together and individually face.

Russian foreign policy under President Vladimir Putin, like Russian foreign policy under President Boris Yeltsin before it, involves participation in the global economy, in order to stimulate growth. But unlike Yeltsin's foreign policy, which sought global economic integration for leverage in changing the domestic political economic system, the role of economic growth in Putin's foreign policy has a different immediate primary objective. Economic growth is instrumental to the core objective of establishing Russia as an influential, autonomous, and accepted great power. For example, increased appreciation of the power and economic value of energy assets and transit corridors have contributed to a greater and more strategic focus on Europe and Asia in Russian foreign policy.

Russia's interest in international trade and business applies as much to its relations with the countries of what Russia continues to conceptualize as the Commonwealth of Independent States. Russia's foreign policy strategy by 2005 is internationalist, but it is also statist and it is most certainly not liberal. What do I mean by that? Well for example, trade is fine, but foreign ownership of Russian oil or gas is not, because international business brings transparency and the primacy of commercial interests into political policy. International summits and modern global media technologies are useful, but only if their message is controlled by the Russian State.

Opportunities for great power partnership to address global security and political challenges, such as transnational terrorism, proliferation and trafficking, are part of Russia's proper status as a great power and a member of the U.N. Security Council and the G-8. But the international community is not welcomed to offer its views on whether Russia's elections are free and fair. One effect of the great power focus of Putin's internationalist foreign policy has been the rise of geo-politics in Russian strategy and priorities. Essentially a 19th century European great power approach to security and diplomacy, Putin's foreign policy is more attuned to the value of regional bilateral relationships for security, political and economic value. While trade with any country is important, if it increases Russia's economic well-being, trade with regional powers, such as China and Iran, is all the more important for the political relationships it helps to build. While good relations with the United States are important as a part of the Russian goal for membership in the World Trade Organization, this value of economic growth cannot trump Russian understanding of its need for strategic security in Eurasia, for example, Russia's relations with Ukraine.

Russia's approach to the foreign policy challenges of terrorism, proliferation, international criminal networks and other aspects of emerging threats is therefore geo-political and filtered through the leadership's great power objectives. This means that while Russia's concern about transnational terrorism is genuine, the concern is

not only to prevent 9/11 type or Beslan-type attacks, but also to maintain Russia's prerogatives to act with a high degree of autonomy in regions around its borders and with full autonomy within its borders. It means that while Russian leadership has no interest in seeing Iran obtain weapons of mass destruction capabilities, it does have a very strong interest in both profiting from sales of technology to Iran and maintaining strong political relations with its leadership.

In this context, the largest challenge for the United States right now is that the Russian leadership sees United States foreign policy in the same lens that it sees its own foreign policy. That is to say, the Putin leadership imputes the same geo-political, great power framework to American strategic objectives and policy in Eurasia as Russia itself has adopted. So that instead of seeing United States policy, for example, on Ukraine as part of a U.S. policy to develop democracy, human rights and economic growth as part of our attempt to cope with the problem of emerging threats, transnational terrorism and non-proliferation, the Russian leadership is convinced that the United States is motivated, by the same great power intentions, to constrain and limit Russian power and influence within its regions.

So one of the greatest challenges we face right now is how to cooperate with a Russia that seeks to cooperate with us, but does not quite trust us and in fact, increasingly sees American motives and policies in a suspicious and negative light.

Thank you, Mr. Chairman.

[The prepared statement of Ms. Wallander follows:]

PREPARED STATEMENT OF THE HONORABLE CELESTE A. WALLANDER, PH.D., DIRECTOR, RUSSIA AND EURASIA PROGRAM, CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES

Mr. Chairman, and members of the Committee, thank you for this opportunity to speak with you about the U.S.-Russia relationship. The U.S.-Russia relationship is multidimensional, and Russian foreign policy faces many challenges. As we have seen in the last year, that combination has created a number of strains in the relationship which create potential negative effects on the ability of the two countries to cooperate in meeting the 21st century environment of emerging threats. Yet despite the strains, both the need and potential for US-Russian cooperation remains great, and it is important to avoid the mistake of extremes: to raise the warning cry of a neo-imperialistic Russia on the one extreme, or to candy-coat the real problems on the other. We are all indebted to this committee for its work to assess the relationship in a serious manner in order to support a sensible and productive U.S. engagement with Russia that balances opportunities with realistic analysis.

For my contribution to this discussion, I will cover three topics today. First, I want to consider briefly the parameters of the 21st century's emerging threat environment as the U.S. and Russia face it. Second, I want to outline what I believe to be the main tendencies in Russian foreign policy as they stand in early 2005 as a guide to understanding the Russian leadership's own priorities and perspectives. Third, I will touch upon Russian policy toward Ukraine, Iran, China, and Europe as a way to illustrate how the intersection of emerging threats and Russia's foreign policy approach plays out in concrete policy.

In September 2000, I had the privilege of addressing an ongoing seminar series that includes many of Washington's leading Russia scholars and analysts at the Brookings Institution. The topic of my seminar was "Russia's Emerging, Imagined, and Real Threat Environment." I have yet to publish the paper I wrote for that seminar, but in reviewing it to prepare my testimony for today's hearing I thought it useful to share some of main points I developed in that pre-9/11 discussion because I believe they remain relevant to our attempts to understand Russian foreign policy today in our post-9/11 environment.

The premise of my paper was that in September 2000, Russia faced many of the “emerging threats” that American analysts were beginning to warn of, as well as a set of traditional threat that interacted with and complicated its ability to cope with the emerging threat problem. Further complicating the challenge, Russia’s leadership was preoccupied with a set of what I called “imaginary threats,” thus undermining its ability to cope with the true traditional and emerging threats it faced, as well as undermining its ability to cooperate with the US.

What are “emerging threats”? Emerging threats are even those beyond the post-Cold War shift we now think we have come to grips with, at least in accepting a new environment exists. The post-Cold War shift was one from traditional threats of conflict among states to local, regional and internal conflicts—the ethnic and religious conflicts that plagued the 1990s. Although different from Cold War security problems, these conflicts were merely variations on the traditional form, in that they are carried out by means of conventional methods and munitions—small arms, artillery, munitions, tanks, aircraft,—all of the apparatus of the modern industrial age turned from east-west confrontation to intra-state wars and communal grievances.

Emerging threats are qualitatively different. They are a product of globalization and post-industrial technology—primarily the technology of the information age, the global reach of transportation, and of nuclear, chemical, and biological weapons of mass destruction. Several factors intersect to create the potential for emerging threats. The technology of information age creates wealth and advanced defenses, but it also creates vulnerability. American dependence on computers—if not for every aspect of modern life, then for critical aspects such as electricity, finances, health industry, transportation—creates a vulnerability that could be exploited to cause great damage to the country and its citizens. Globalization creates multiple links and openness that could allow those vulnerabilities to be exploited, via the Internet, and other vital links that serve information technology. Global transportation creates global trade, but it also creates global networks for transporting weapons and individuals who can use them. Biotechnology creates the potential for lethal infections that can kill or even only incapacitate thousands in just days, and bioengineering creates the possibility that the old constraint on using such weapons—that the perpetrators would themselves be infected before they could deliver the weapons—could be lifted by bioengineering individuals to make them immune. Globalization creates transnational networks of knowledge that can spread WMD technology. And of course, technology and global networks intersect to produce international terrorism, international criminal groups, and trafficking in drugs and persons.

In September 2000, I noted, nearly all of these are in the realm of potential threats that the US worries about. Nearly all of them in contrast, I argued in 2000, have already hit Russia in some form or another. By September 2000, Russia had already suffered terrorist attacks in its cities through apartment bombings, hostage taking, and assaults on civilians. A year before 9/11 in the United States, Russia was already suffering the methods of and vulnerability to emerging threats scenario, in which non-state agents choose not to fight regular military forces, and instead take their battle directly to society.

In late 2000, Russia was already suffering from the effects of international criminal networks, largely through its borders with regions in the Caucasus and Central Asia. The threat manifested itself primarily in drug trafficking, but also in the growth of criminal trafficking of young women and girls from Russia as well as its neighbors. At the time, the primary problem was the failed state of Afghanistan: the lack of effective government and the prevalence of corrupt and even criminal governments was a clear threat for Russia even before Americans were faced with how the failed state of Afghanistan could emerge as a threat to U.S. security. Although part of Russia itself, Chechnya clearly embodied the same key aspects of a failed state which made it a potential (and now actual) locus for transnational terrorism, with the potential for even worse connections to criminal networks which might be exploited to transport illicit goods, including WMD. In September 2000, then Security Council Secretary Sergei Ivanov called for pulling Russia out of the CIS visa-free travel system because of the need to control border access to protect Russia from the emerging threat of trafficking and criminal networks.

In September 2000, I noted, Russia also faced the greatest global disease aspect of the 21st century emerging threat environment, HIV/AIDS. By 2000, Russia had among the highest rates of HIV infection in the world, going from tens of cases of AIDS in the early 90s to tens of thousands. As of early 2005, Russia has over 305,000 officially registered cases, with best professional estimates that the actual number of infected Russians at 1 million. In an environment where poor health and low fertility rates are already causing Russia to lose nearly 1 million people per

year, with predictions that the Russian population may fall from 145 million to below 100 million by 2050, health demographics themselves are a threat to Russian security and prosperity.

And in late 2000, Russia had already suffered the severely de-stabilizing effects of the economic dimensions of globalization in the 1998 economic crash rooted in Russia's participation in and vulnerability to global monetary and debt markets. Although Russia's own government was responsible for the poor policies which undermined the value of the ruble, the actual channels of vulnerability were international and global, and were a result of the leadership's decision to pursue integration via globalization. Although the Russia economy is doing much better today largely because of high global energy prices and in some respects is less vulnerable because of reserves and a large stabilization fund built up over the years, Russia remains extremely vulnerable to shifts in the global economy because of its dependence on energy exports. And as the U.S. learned after September 2001 itself, the performance of global markets is linked to terrorism, fears of proliferation, and other military aspects of the emerging threats environment.

The conclusion to take away from this brief overview is that Russia has been living with the complex and serious challenges of the "emerging threats" environment for at least as long as the United States, and in many respects its experience has been far more immediate and tangible. However, it is also important to understand that how this reality has affected Russian foreign policy has been filtered through the Putin leadership's broader approach to and priorities on foreign policy. In particular, there is a very problematic disjuncture between the leadership's overall traditionalist great power foreign policy approach and the complex set of traditional and emerging security threats it—and the United States—faces.

Russian foreign policy under President Vladimir Putin, like Russian foreign policy under President Boris Yeltsin before it, involves participation in the global economy in order to stimulate growth. Unlike Yeltsin's foreign policy, however, which sought global economic integration for leverage in reforming the domestic political economic system, the role of economic growth in Putin's foreign policy has a different immediate primary objective. Economic growth and international integration as a means to Russian development and national security and well-being remain the core of foreign policy, but the Russian government is no longer as vulnerable as it had been. However, economic interests do not stand alone in defining Russian foreign and security policy: they stand alongside strategic interests in how Russia defines its security and status, that is, Russia as an influential, autonomous, and accepted great power.

The enmeshing of this core economic and strategic national interest is perfectly expressed in phrases from Putin's May 26, 2004 "state of the Union" address to the Russian Federal Assembly: "Now, for the first time in a long time, Russia is politically and economically stable. It is also independent, both financially and in international affairs, and this is a good result in itself." "We want high living standards and a safe, free and comfortable life for the country . . . We want to strengthen Russia's place in the world." "We must grow faster than the rest of the world if we want to take the lead within today's complex rules of global competition. We must be ahead of other countries in our growth rate, in the quality of our goods and services and level of our education, science, and culture. This is a question of our economic survival. It is a question of ensuring that Russia takes its deserved place in these changing international conditions."

That is, Russia's is not a foreign policy driven by economic growth for economic growth's sake. This is a foreign policy driven by economic growth for the sake of power, autonomy, and global position. Economic interests do not drive Russian foreign policy. They *are* extremely important to Russian foreign policy. Russian interests in expanding its energy exports explains its relations with Europe, its increasing interest in CIS neighbors, its attention to Japan and China, its commercial relations with Iran, its concerted efforts to nurture and increase commercial arms sales (which amounted to over \$5.5 billion in 2003). Foreign trade, particularly in the energy sector, is very much in the commercial and economic interests of its business people, and through general growth in the economy, its citizens.

What this meant for foreign policy was a change in tone, direction, mode, and tactics. The US remains important, but it is not all encompassing. More importantly, US preferences and criticism matter far less to a Putin government that can pay its own bills and count on domestic support. The reduced focus on the US, and the increased appreciation of the power and economic value of energy assets and transit corridors, contributed to a greater, and more strategic, focus on Europe, Asia, and the newly independent countries on Russia's borders. Russia's interest in international trade and business is not limited to interest and activity in the west, but

applies as much to relations with the countries of what Russia continues to conceptualize as the Commonwealth of Independent States.

Russia's foreign policy strategy by 2005, therefore, is internationalist, but it is also statist, and most certainly not liberal. Rising trade is fine, foreign ownership of Russian oil or gas is not, because the globalization of international business brings transparency and the primacy of commercial interests to policy. International summits and modern global media technologies are useful benefits of the globalization of technology and communication, but only if their message is controlled by the Russian state. Opportunities for great power partnership to address global security and political challenges such as transnational terrorism, proliferation, and trafficking are part of Russia's proper status as a great power member of the UN Security Council and the G8, but the international community is not welcome to offer its views on whether Russia's elections are free and fair, or to play any role in the resolution of conflicts in the countries of the former Soviet Union. High profile international conferences involving leading western scholars and policy figures are welcome in Russia, but Russian NGOs and civil society groups are suspect if they receive funding from international foundations.

The result is a foreign policy that is active but not expansionist, sensitive to asserting prerogatives but cautious in exerting Russia's still quite limited power. Most importantly, it is a foreign policy based on a strategy of growth through international trade, but with the increasing role of the state in controlling the economy, society, and globalization's influences.

One effect of the great power focus of Putin's internationalist foreign policy has been the rise of geopolitics in Russian strategy and priorities. As essentially a 19th century European great power approach to security and diplomacy, Putin's foreign policy is more attuned to the value of regional bilateral relationships for their security, political, and economic value. While trade with any country is important if it increases Russian economic well-being, trade with regional powers such as China and Iran is all the more important for the political relationships it helps to build. While good relations with the United States is important as part of the Russian goal for membership in the World Trade Organization and the economic benefits membership brings, economic growth cannot trump Russian understanding of its need for strategic stability and security in Eurasia. Expecting Russia, for example, to trade close economic and political ties with Central Asia or Ukraine for WTO membership is fruitless, because both are high priority components of Russia's strategy for re-building and reinforcing itself as a great power.

Therefore, to understand Russian foreign policy in 2005 it is necessary to understand both the great power concerns and methods that form the overall objectives and strategy, as well as Russia's tangible experience with what is truly not merely a 21st century emerging threat environment, but a real world immediate threat environment. The Russian leadership understands and responds to 21st century threats in a great power and geopolitical framework in which the re-establishment of Russian power through economic growth and political relationships is paramount.

Specifically, Russia's approach to the foreign policy challenges of terrorism, proliferation, international criminal networks, and other aspects of the "emerging threats" environment is geopolitical and filtered through the leadership's great power objective. This means that while Russia's concern about transnational terrorism is genuine, the concern is not only to prevent 9/11-type or Beslan-type attacks, but also to maintain its prerogatives to act with a high degree of autonomy in regions around its borders, not to mention with full autonomy within its borders. It means that while the Russian leadership has no interest in seeing countries like North Korea or Iran obtain or expand their WMD capabilities, it does have a very strong interest in both profiting from sales of technology to Iran and maintaining strong political relations with its leadership given the multiple political and security challenges in the region. It means that while Russia has little to gain from China's rise as a military power with potential designs on Russian territory or with the capacity to counterbalance Russian influence in Asia, it does have a very strong interest in selling energy and arms to the Chinese leadership, and in joining with China to try to balance U.S. influence in Asia and to insist that the U.S. live within the rules and constraints of international law.

In this context, the Russian leadership has unfortunately increasingly seen U.S. policies as part of the problem it faces in its objectives to establish itself as a great power with geopolitical advantages in an environment that looks highly threatening. Instead of viewing U.S. perspectives on the non-traditional nature of the "emerging threats" of transnational terrorism in Eurasia and the problem of proliferation as a genuine 21st century perspective, the Putin leadership views it through a geopolitical and traditional 19th century great power perspective and imputes that perspective to what, in the Russian view, must be the true basis for U.S. policies and

actions. In this perspective, the establishment of U.S. political-military relationships in Eurasia, for example, is rooted not in an effort to respond to transnational terrorist and criminal networks that can intersect as well with proliferation vulnerabilities. Russian leaders assume a great power and geopolitical framework in U.S. policy, so instead they see the net of U.S. relationships in Eurasia as a form of neo-containment meant to restrict Russian power and influence.

Similarly, Russia's response to U.S. involvement in transatlantic efforts to support free and fair presidential elections in Ukraine in fall 2004 was related to its assumption that the stakes were geopolitical and related to its relative status as a great power, rather than accepting that U.S. policy was genuinely motivated by the U.S. belief that the establishment of democracies throughout Europe and Eurasia serves the long-term goal of undermining the sources of emerging threats—weak, corrupt, and failed states. There are other important reasons for Russia's self-defeating and failed policy on Ukraine in late 2004—not least the closed and non-democratic nature of its political system—but in thinking about future U.S.-Russian interactions in Europe and Eurasia it is most important to understand (if not to agree with or condone) the Russian leadership's suspicions that the U.S. is primarily motivated by a great power strategy meant to enfeeble and constraint Russia in its own backyard.

This might seem a gloomy analysis, but in closing, it is instructive to keep in mind that Russia's relations with Europe remain strong and offer some indications for how the U.S. can productively cooperate with Russia in areas of importance to U.S. security interests while remaining true to its own objectives and strategies. European leaders have—with considerable ups and downs in their own relations with Putin's Russia to be sure—continued to pursue economic trade, investment, and engagement, while holding as firmly as the United States to principled policies which place the importance of international law, respect for sovereignty, democracy, and human rights at the center of their foreign policies. The United States needs to find a balance in its policies of holding to principles of the importance of democracy in Europe and Eurasia with the practical engagement in global economic growth and security cooperation with the Putin leadership. The United States needs to think in terms of a long term commitment and strategy in its Russia policy, and avoid the cycles of excessive optimism through rose-colored glasses to lows of bitter re-cremination and failure to appreciate Russia's challenges and limitations. Like the Europeans, the United States needs to more consistently see Russia as a work in progress in which we continue to have a very large stake.

Mr. GALLEGLY. Thank you very much, Dr. Wallander.
Mr. Simes.

**STATEMENT OF THE HONORABLE DIMITRI K. SIMES,
PRESIDENT, THE NIXON CENTER**

Mr. SIMES. Thank you very much, Mr. Chairman, Congressman Wexler. It is really a pleasure and a privilege to be here and while I assume that there will be disagreements around this table, I have to say that I am proud to be with my two colleagues and I am very grateful for you putting together a balanced panel, because frankly when I was watching an exercise in the Senate, where United States-Russian relations were discussed, I was more than a little concerned that it was, to put it mildly, a little one-sided.

The relationship with Russia is a difficult and complex one and I don't know how to put a simple label on it. Perhaps it is impossible, except to say it is an important relationship. If you look at United States foreign policy interests, while Russia is no longer a super power, Russia is playing an important role in many areas essential to United States interests and to U.S. fundamental security.

If you are talking about the war against terror, look at Afghanistan. We are not just talking about Afghanistan, we are talking about Russian cooperation back in 2001 and 2002. Few people know that Russia actually was a rather cooperative citizen in Afghanistan during its recent elections, that Moscow still has strong

influence among the Northern Alliance, the Tajiks and Uzbeks, and if they wanted to cause trouble, they probably could. They didn't.

In the case of information exchanges on terrorism, I hear from the CIA and the FBI that the Russians could do much better, but their cooperation still is fundamentally superior to what we ever experienced, not only with the Soviet Union, but also with Russia in the past. It involves intercept of, among other things, ground missiles by the FBI with Russia cooperation, which our enemies wanted to bring from Central Asia to attack targets inside the United States, not unimportant.

If you are talking about non-proliferation, the Russians have a limited influence over North Korea and they could do more to support American objectives, but they are basically cooperative. On Iran, the Russians, in my view, can and should be urged to do much more, but they have changed their position. They became more cooperative. They demand back their spent fuel. They insist on other safeguards. Congressman Weldon mentioned his discussions in Moscow. I have had many discussions there too, including with Alexander Rumyantsev, who is now director of the atomic energy agency. It is interesting how his position has evolved, from essentially saying that the Iranians have a peaceful program to admitting that the Iranians have lied to the Russians, among others, that the program probably has military ambitions, nuclear weapons ambitions, and that it is important to work with the United States and the Europeans to retard this program at a minimum and better to stop it all together. Again, I am not applauding the Russian effort, but I am saying that the effort is still there and that it is a useful one.

On the Middle East, they did not do what they were asked to do on Iraq. But they are not creating any problems for the United States in Iraq and, in the case of Syria, they have just called for a complete Syrian withdrawal from Lebanon. This again is not unimportant. If you look at the United Nations for international legitimacy, if for no other reason than because it makes it easier to get cooperation from the Europeans, we need the support of the Security Council. And the Russians have veto power there. If we want to have credibility with the Iranians when we talk about U.N. sanctions, we need at a minimum for the Russians to tell the Iranians that they cannot count on an automatic Russian veto. Otherwise we would have much less leverage.

I think that the Bush Administration has it essentially right in the relationship with Russia. The right balance between interests and principles, between being pragmatic and being realistic, between pushing the Russians as much as possible on democracy methods, but also appreciating that our leverage is limited and sometimes if you push too much, without any leverage, you might get a lot of unintended consequences.

Let me finish with this very simple point, where I commend the relationship with Russia. Back at the end of the Reagan Administration, the very able U.S. Ambassador in Russia, Jack Matlock, suggested dialogue with the Russians on a settlement in Afghanistan to establish a coalition government, primarily Mujihadin, but with some form of communist participation in the name of stability and depriving Muslim fundamentalists of the leading role.

Again in 2000, Mr. Putin, as Prime Minister, not President yet, suggested dialogue with the United States about supporting the Northern Alliance against the Taliban and putting more pressure on bin Laden to try to get him out of Afghanistan all together. Because of other U.S. priorities at that time, none of these things were done. If these things were done, whether they would have been sufficient to prevent September 11, I do not know. But I am sorry we did not try.

[The prepared statement of Mr. Simes follows:]

PREPARED STATEMENT OF THE HONORABLE DIMITRI K. SIMES, PRESIDENT, THE
NIXON CENTER

The United States should be guided by both American interests and American principles in its relations with Russia.

- U.S. interests should take into account that while Russia is no longer a super-power, it remains an important state. Russia can affect America's success in the war on terrorism and in combating proliferation of weapons of mass destruction, our access to energy supplies at reasonable prices, and stability in Eurasia, where Russia is still an influential presence.
- American principles require a commitment to democracy in Russia. At a minimum, we must avoid actions that could support the Russian government's authoritarian tendencies.
- In the long run, there is no discrepancy between U.S. interests and values in dealing with Russia. However, on a tactical level, there may be tension between competing objectives. The United States may need to make difficult choices to avoid unintended but real damage to our security and prosperity.
- More broadly, we must remember that while U.S. leverage over Russia is not insignificant, it is limited. Russia's recent economic growth—primarily due to high oil revenues—means that Moscow no longer relies on foreign credits and is even paying its obligations ahead of schedule. This makes it more difficult to influence Russian conduct at home than it was during the Yeltsin era, when Russia depended on massive international aid.

So far, the Bush Administration has been able to find the right balance between pursuing essential American interests and expressing its concern over Russian domestic developments.

- Russian behavior has been far from ideal in the area of counter-terrorism and non-proliferation; nevertheless, it has certainly had some useful results for the United States.
 - Russia acquiesced to U.S. military bases in Central Asia and provided unprecedented intelligence cooperation during the war in Afghanistan.
 - Russia demanded the return of spent nuclear fuel from Iran.
 - Russia has been basically supportive of U.S. pressure on North Korea as well as other non-proliferation initiatives.
 - President Putin promised President Bush in Bratislava that Russia would give greater access to its nuclear facilities.
 - Most recently, Russia has joined the United States in demanding Syrian withdrawal from Lebanon.
- It would be a gross overstatement to say that Russian foreign policy is in lock-step with U.S. foreign policy. But it would also be irresponsible to ignore what the Bush Administration has been able to get from the Putin government as a result of its engagement with Russia.

Russia's relations with its neighbors combine post-imperial nostalgia with a dose of pragmatism about the limits of what Russia can accomplish.

- In Ukraine, Russia clearly went much too far in trying to influence the electoral process to support the official candidate. But Moscow's bark was worse than its bite. The Russian government did not attempt to mobilize millions of ethnic Russians to create a fifth column and has not encouraged separatism. Once President Yushchenko emerged as the clear winner, Moscow made an effort to rebuild bridges.

- The Bush Administration was absolutely right to resist Russian meddling in Ukrainian affairs—and was successful. But the administration was equally right not to overstate its case or to allow Ukraine to define the rest of the U.S.-Russian relationship.

In terms of Russian domestic policy, there are clear authoritarian tendencies. But first, it should be remembered that there was no real democracy under Boris Yeltsin. To the extent that there was more political freedom under Yeltsin, it was a result of the weakness of his corrupt and inept rule rather than any democratic institutions or procedures or the rule of law.

- It is also important to see the nuances in the Russian domestic situation. While there were political motives behind the prosecution of Mikhail Khodorkovsky, beyond his and a few other isolated cases, there are not really any Soviet-style political prisoners in Russia. Freedom of assembly remains intact with relatively few restrictions. And while the two national TV channels represent the state, one can see frequent criticism of specific government policies even there. Other channels have more flexibility in their coverage and have recently questioned Putin's own actions. The press in Moscow is free and regularly attacks the government and President Putin personally in ways that would be very unusual in the mainstream American media.
- On the negative side, corruption remains pervasive, there is no visible progress in establishing an independent judiciary, a pro-government party dominates the parliament and has made it a rubber-stamp body, and the Kremlin manipulates domestic politics with so-called "administrative resources" and money in ways that are incompatible with genuinely democratic rule.
- Finally, one complication in pressuring Russia on democracy is that the most viable opposition today seems to be nationalist and communist in orientation. Liberal parties do not have much of a following. More broadly, because of the Clinton Administration's embrace of the undemocratic Yeltsin regime and perceived U.S. support for radical and even brutal economic reforms of the 1990s that were rejected by the vast majority of the Russian people, the Russian public is not inclined to accept U.S. guidance on democracy today.

Mr. GALLEGLY. Thank you, Mr. Simes.
Dr. Rumer.

**STATEMENT OF THE HONORABLE EUGENE B. RUMER, PH.D.,
SENIOR FELLOW, INSTITUTE FOR NATIONAL STRATEGIC
STUDIES, NATIONAL DEFENSE UNIVERSITY**

Mr. RUMER. Thank you, Mr. Chairman. It is my privilege to be here today and I thank you for this opportunity to express my views on this very important relationship on our foreign policy agenda. I also thank Mr. Wexler for being here and allowing me this opportunity as well.

I need to say that as a civilian employee of the Department of Defense, I speak here strictly in my personal capacity and what I am saying here does not represent any official position.

The beauty and I guess the problem with being last is that everything has been said, but not by all. I think in the future, indeed Mr. Chairman, you can safely dispense with other witnesses and confine this hearing to listening to Mr. Weldon. I subscribe to a lot of what he said. I think that he points to a lot of very serious problems, as well as potentially very promising solutions in this relationship.

I will be very brief and telegraphic in my remarks and confine myself to two big choices that I think we are facing in this debate about Russia and I should also say that it is very refreshing to have a debate about Russia and Russia policy in this town, because for a lot of years we simply took Russia for granted. It would either come along or it didn't really matter much.

There is a silver lining to the difficult choices we are facing today and the debate really is between two schools of thought, two positions. One school of thought advocates a new policy, if you wish, of neo-containment and confrontation with Russia. The other school represents proponents of a more cooperative and integrative position, vis-a-vis Russia. Proponents of the containment and confrontation viewpoint to the recent and rather unfortunate experience of Russian involvement in Ukraine during the Orange Revolution, in Georgia during the Rose Revolution in Abkhazia, where Russia continues to patronize a breakway regime; problems with media and other issues, as well as Chechnya, that my colleagues on this panel have alluded to, and other issues.

The facts really are not in dispute. Ironically, I would say that proponents of the cooperative approach point to the very same facts. The fact that Russian policy in Georgia, Russian policy in Abkhazia, Russian policy most recently in Ukraine, and just a few days ago in Moldova of heavy interference and meddling, of attempts to impose Russian control on these former Soviet and now independent States has really backfired.

I think it is high time for foreign policy reassessment in Russia, but not necessarily in Washington. Our policy has worked and our policy for the last 15 years—really since the late Gorbachev era—has been one of engagement, wherever possible, cooperation, wherever possible, and clear communication. I take that last point back. Not always clear, but always insistent on our principles. Core principles where it really mattered.

I think we have a lot to show for that policy, even though a lot of people would focus on what is missing from the glass. If you look at two rounds of NATO enlargement; if you look at one round of EU enlargement, including three Baltic nations and former Soviet occupied nations; if you look at long-term United States presence in Central Asia; if you look at U.S. active security relationships in the Caucasus, South Caucasus; and if you look at Russia's changing positions on Iran and North Korea, all of these are significant accomplishments that we can put on the balance sheet, on the positive side of the ledger, thanks to what really has been the long view, the long view built on the premise that Russia's transformation domestically, and Russia's integration internationally, is going to be a difficult generational process and I think we cannot afford to lose sight of that fact. It is a policy and it is a vision that has been embraced by first Bush, first and second Clinton Administrations and now first and second second Bush Administrations. I think that is the way to go. I clearly place myself in the cooperative integrative camp.

In conclusion, Mr. Chairman, I would like to point that proponents of the confrontationist school, call it school of neo-containment, do not really articulate, in my view, a vision that is practical. Sitting where I sit, working for the Department of Defense, advising the Department of Defense, I think in terms of practical initiatives and practical policies. Just think for a moment, Mr. Chairman, what would a policy of neo-containment mean for us and cooperative threat reduction: An encirclement of Russia, not with cooperative Partnership for Peace relationships that we have in Georgia and Ukraine and elsewhere, but with a new ring of many cli-

ents intended as sort of beachheads around Russia's periphery; isolation of Russia in the international arena; and an end to six-party discussions about the Korean peninsula. It would certainly put an end to our cooperation or constructive discussions on Iran. It would put an end to NATO-Russia and on and on and on.

In conclusion, Mr. Chairman, Russia is not a totalitarian society. It is not a dictatorship. It is a country that is in the middle of a very difficult and a long-term transition. I think we need to keep that in mind and take the long view that others have taken in the last 15 years. Thank you, Mr. Chairman.

[The prepared statement of Mr. Rumer follows:]

PREPARED STATEMENT OF THE HONORABLE EUGENE B. RUMER,¹ PH.D., SENIOR FELLOW, INSTITUTE FOR NATIONAL STRATEGIC STUDIES, NATIONAL DEFENSE UNIVERSITY

In 2005, two decades after a little-known Communist Party functionary named Mikhail Gorbachev was selected to the leadership of the Soviet Union, Russia presents an elusive target for students of its foreign policy and domestic affairs, both critics, of whom there are growing numbers, and admirers, whose ranks have been dwindling lately. True to the old adage, Russia is neither as strong as its sheer size and geopolitical heft suggest, nor as weak as it appears relative to other continental giants—China and Europe. No longer capable of projecting its power far beyond its borders as it aspired to do a generation ago, Russia remains the critical variable on the map of Eurasia position on the balance sheet of partners vs. adversaries can make or break most, if not all U.S. design on the continent.

Is Russian Democracy Dying? Any discussion of modern day Russia inevitably turns to the country's uncertain domestic political situation and what many observers, both Russian and foreign, have lamented as retreat from democracy. Critics point to greater consolidation of government control over major media outlets, marginalization of democratically-oriented political parties, use of law enforcements against Kremlin political opponents and abolition of gubernatorial elections as signs of Russia's abandonment of democracy and possible return to its undemocratic past. Major human rights organizations have been critical of Russia's internal developments; Freedom House, a highly regarded human rights advocacy and monitor of freedom worldwide considers Russia as "not free" with the overall rating of 6, with 7 being the least free.

The facts cited by these human rights organizations are not in dispute. The Russian government directly or indirectly controls major media outlets. The most biting programs mocking leading Russian politicians, including presidents Boris Yeltsin and Vladimir Putin can no longer be seen on Russian TV.

However, contemporary Russian media, although more restrained than during the 1990's, is a far cry from what it was during the Soviet era or from what is implied in the short phrase "retreat from democracy." Russian newspapers, sold freely and available on the Internet, are full of diverse opinions; public opinion polls are freely disseminated; news reports ranging from Kremlin infighting to developments in Iraq are published in print and electronic media.

Russian media are certainly not as free-wheeling as they were during the 1990's. But any claim of Russian retreat from democracy ignores the fact that Russia in the 1990's was not a democracy either. Does increased control of the media by the Russian government represent a bigger blow to democracy in Russia than ownership or control of major TV and print outlets by powerful businessmen who did not shy away from editorial interference when their business or political interests so required? Who bears greater responsibility for many Russians' cynical attitudes toward freedom of the press-President Vladimir Putin who has sought to consolidate his control over major media, or those oligarchs who used their media holdings as a tool of their business and political pursuits?

The issue of freedom in Russia too deserves a more nuanced consideration. There is little doubt that a number of steps by the Kremlin toward greater centralization of power and authority in the hands of the federal government is at odds with its stated commitment to greater democracy and open society. But does Russia deserve its "Not Free" rating in 2005 more than it did in 1996, when it held a rather unfair and unbalanced presidential election? Or 1994 and 1995, when it waged a brutal war in Chechnya? Or in 1993, when the Yeltsin government shelled the parliament

building in an effort to resolve a constitutional crisis? During all those years, Russia was rated as “Partially Free.”

The notion that Russian democracy is dead or dying ignores widespread grass-roots unrest triggered in recent months by the Russian government’s unpopular social welfare reforms. People have been organizing and marching in the streets to protest government policies. After months of protests that have confronted the Russian government with a crisis like no other in recent years, Russian democracy is no less alive than it was when Boris Yeltsin was reelected to his second term in an election that was anything but fair.

Rumors of Russian democracy’s demise are not only premature, but ignore the impact of such factors as the ever-expanding access to the Internet in many Russian cities in towns; cell phone use; ability to travel abroad; ability by foreigners to travel deep into the Russian heartland. Russia is no longer cut off from the outside world by the Iron Curtain. All this is having impact in many, often immeasurable ways—from the emergence of hundreds of civic organizations at the grass-roots level to academic debates about globalization and its impact on Russia, to the emergence of new independent candidates in the 2008 election to succeed—or challenge, whatever the case may be—President Vladimir Putin. None of these phenomena promise quick change, but they are signs that changes are taking place.

When the Soviet Union dissolved in 1991, it was universally recognized that Russian democracy-building would be a difficult and ambitious generational project. 15 years into that project one thing is clear: the future of Russian democracy will remain uncertain for a long time to come. Any judgment about its quality or condition at this point is premature and inaccurate at best.

Is Russia Moving toward Authoritarianism? As a corollary to debates about Russian democracy, students of Russian domestic politics have raised the question of whether Russia is moving toward a more authoritarian system of government.

Surface signs have definitely pointed in the direction of a system that places greater power and authority, as well as greater control over resources, into the hands of the federal executive at the expense of regional governors, legislature and even courts. This has manifested itself in the reform of the Federation Council, which diminished the power and authority of popularly elected governors, reform, which was followed by subsequent elimination of gubernatorial elections altogether.

This was further manifested in the emergence of the pro-Kremlin “party of power” and the federal government’s domination of the Duma with its help, marginalization of other political parties and proliferation of electoral techniques that while certainly not invented in Russia and imported into Russian political life well before Vladimir Putin’s tenure, were put to frequent and widespread use in multiple election campaigns on his watch. Other manifestations of authoritarian tendencies in Russian domestic affairs have taken the form of attempts by the Kremlin to establish greater control over the business community and its role in the nation’s political life.

However, this trend, which began soon after President Putin’s rise to the presidency of Russia, has progressed against the background of disasters and setbacks that have highlighted the shortcomings and failures of the Russian government and its inability to act in a crisis, respond to new challenges and cope with their aftermath. The Kursk submarine disaster, the failure to put an end to the war in Chechnya, the growing threat of domestic terrorism, the hostage dramas in Moscow and Beslan, and most recently the political and social crisis triggered by the welfare reform, have brought to light the fact that far from being authoritarian, the Russian state is dangerously close to being chaotic.

To the people of Russia this comes as no surprise. Public opinion polls consistently demonstrate low confidence on the part of the Russian people in their government’s ability to perform the most basic functions—protect the nation’s wealth, sovereignty and territorial integrity; provide for the poor and the weak; and protect citizens against crime and violence.

An authoritarian system may be the goal pursued by President Vladimir Putin and his political advisors. Having concentrated a great deal of decision-making authority and resources under its control, the Kremlin should be omnipotent. Yet, real power, the ability to formulate and execute policies, to produce results, to deal with crises and their aftermath, to effect change—all that so far has proven elusive to the degree that various branches of the Russian government and the country’s far-flung provinces appear out of control, driven not by a vision of national interest and will imposed from the center, but narrow, parochial concerns or corporate interests of local elites. In December 2004, two percent of participants in a public opinion survey feared introduction of a “dictatorship based on force,” 15 percent feared anarchy and government incompetence; and 16 percent feared the breakup of Russia.

What Is to Be Done about Russian Democracy? How should the United States react to developments in Russia? As policy experts and leaders on both sides of the Atlantic debate policy toward Russia, calls to expel Russia from G-8 have been heard with increased frequency. The most frequently cited reason for it is that Russia does not deserve a seat at the table of the world's most advanced industrialized democracies, especially in the light of its retreat from democracy in recent years.

Indeed, on the one hand, the state and direction of Russia's democratic transformation is uncertain. Russian democracy is not of the same variety as that of the United States, Great Britain or Germany. That is not subject to serious debate.

But on the other hand, to many observers of Russian democracy inside and outside of Russia, the notion that Russia should be kicked out of G-8 now is just as counterintuitive as the notion that Russia belonged among the *crème de la crème* of industrialized democracies in the 1990's, when it gradually became accepted there as a full member of that select group.

Russian acceptance into G-8 was based on the principle, embraced by several U.S. Administrations of both political parties, that Russia's integration into major international institutions would secure Russia's constructive posture abroad and promote positive change at home. In shaping relations between Russia and the G-7, the leaders on both sides of the Atlantic and Japan took the long view of Russia's transformation. Excluding Russia from that group now would mark a departure from that view, ignore important developments in Russia and abandon the vision the West put in place as the foundation of its relations with Russia at the end of the Cold War—a vision of Russia integrated into the Atlantic and Pacific economic, political and security structures—and abandon it prematurely with the most adverse consequences for both Russia and its G-8 partners themselves.

How should the United States then respond to developments in Russia?—As a constructive observer and partner who is fully aware of the complexity of the task ahead, of the national sensitivities and peculiarities due to Russia's historical and cultural preferences and traditions; as an interlocutor who understands that his own record of engagement on this issue has at times lacked consistency and impartiality; and, of course, as a candid critic in those instances where he feels his core interests and principles are at stake.

Russia and Her Neighbors. Russia's pattern of behavior toward her neighbors has been the other major area of recent criticism of Russian international behavior. Russian meddling in Ukraine, Georgia and Moldova has generated further calls for expelling Russia from G-8 and a more confrontational stance toward Russia on the part of its G-8 partners in the international arena.

Once again, the facts are not in dispute. Russian heavy-handed interference in its neighbors' affairs is well documented. However, this is an area where once again Russian behavior is more apt to be interpreted as a sign of weakness, rather than strength.

The public record of Russian involvement in Ukraine's "Orange Revolution," Georgia's "Rose Revolution," recent elections in Moldova and breakaway Georgian province of Abkhazia suggest suggests that Russian influence in the former provinces of the Soviet Union is on the wane. Russia appears to be so unpopular and its interference so heavy-handed that it often produces the opposite effect from what is presumably intended. The results of recent elections in Moldova suggest that a candidate could be well served by Russian interference *against* him, for such interference is likely to help one's credentials as an independent-minded leader.

However, in areas other than politics, Russia plays an important and at times positive role. This may not be the result of its deliberate policies, but Russia, especially as its coffers swell from the flood of petrodollars, remains an important market for excess labor and goods from some of the neighboring countries, where access to Russian market is a matter of critically important remittances, export revenues and as a result social stability and even survival in some of the poorest areas. It is these flows of goods, people, services and money, often undetected or overlooked by the policy community, that comprise many ties that continue to bind Russia to its neighbors.

Perhaps, the biggest problem that Russia poses in relation to its neighbors is in the area of the so-called "frozen conflicts"—in Abkhazia, Moldova, South Ossetia and Nagorno-Karabakh. Russian involvement with a number of these breakaway regimes is a long-standing irritant in Moscow's relations with some of its neighbors, the United States and other countries.

The dilemma facing U.S. policymakers in this area is whether to confront Russia more forcefully or stay the course of patient, albeit unproductive dialogue. The balance of arguments appears to favor dialogue, though one that needs to be intensified if we are to achieve our stated objective of "unfreezing" these conflicts.

Additional arguments favoring dialogue include changes in Russian attitudes toward these conflicts. Increasingly, Russian interlocutors have acknowledged that developments in the South Caucasus have an impact on the situation in the North Caucasus, where Russian authorities face a growing prospect of destabilization. Some Russian analysts have begun to come to terms with the realization that they lack the capabilities to address the problem of security and stability in the Caucasus alone and that they will need to deal with other parties involved in the region, especially as the United States and Europe carry on with greater involvement there.

The discussion of "frozen conflicts" is bound to come to the fore of the trans-Atlantic agenda for one more reason: the final status of Kosovo. As Europe and the United States approach that thorny issue, as the option of independence for Kosovo looms large in discussions on both sides of the Atlantic, the Abkhaz, the Ossetians and others will ask: if independence is OK for Kosovo, why not for us? It is equally likely to be an issue of considerable importance for Russia, which will be torn between its preference for client-regimes in Abkhazia and Ossetia and its fear that Kosovo's independence may be the harbinger of the international community's attitudes toward Chechnya. A preventive dialogue with Russia on this subject is essential to avoid a crisis in relations over this issue.

Chechnya. One of the thorniest problems on the U.S.-Russian agenda will have to be discussed as well. Long treated as a major human rights concern for the United States, this issue has acquired new dimensions—sovereignty vs. self-determination in the context of Kosovo, as discussed in preceding paragraphs; regional stability and security because of spillover into the South Caucasus; and counterterrorism in the aftermath of hostage-takings in Moscow and Beslan, as well as other terrorist incidents. Recognizing the complex and multi-faceted nature of the problem is the first step toward addressing our respective concerns.

Demands and ultimatums, as well as criticism of Russian crisis response, as was the case in the aftermath of Beslan, can only lead to Russian intransigence on this issue. There are no certain answers or solutions to this problem in advance. However, recognizing Russian sensitivities in times of national tragedies such as Beslan, being honest and realistic about our own ability to advise and to help in very difficult circumstances is the first step toward honest dialogue, possibly shared interests and even solutions.

Iran. In looking at Russia in the context of Iran's WMD ambitions, there is both good news and bad: Russia is neither *the* problem nor is it the solution. On the one hand, Presidents Putin and Bush have jointly stated that Iran should not be allowed to obtain a nuclear weapon. On the other hand, Russia continues to provide equipment for Iranians' nuclear energy program.

From Moscow's perspective, Iran's program represents a major export opportunity for its nuclear industry that has few domestic or international markets. It perceives Iran as a major political player in the region; an Islamic country that has been largely deferential to Russian interests in the past; and a key partner in the Gulf region.

For the Russians, the Iranian issue is not high enough on their list of the most pressing security concerns. While Moscow would prefer the status quo and considers the prospect of a nuclear-armed Iran to be an unwelcome one, the threat it would pose is not so great as to move the Russian Government to jeopardize other Russian interests in Iran in order to resolve this issue. At the same time, Moscow would not want to be cut out of any scheme to solve the issue put together by Europe and the United States.

Russian officials and analyst understand that it is an important issue for the international community, one that is high on the agenda of its (Russia's) principal interlocutors—the United States, United Kingdom, Germany and France. Russian policymakers would most likely view their involvement in solving the Iranian nuclear crisis as a great power prerogative, as well as a function of their interests in that country.

When discussing Iran's nuclear ambitions, Russian analysts appear to be more concerned about a US intervention than about Iran's ambitions as such. US intervention, they fear, would jeopardize Russian commercial interests; complicate relations with the United States, Israel, and others; cause further regional destabilization; and set off other ripple effects that Russia may be ill-equipped to handle. Some in Russia view the Iranian nuclear program as chiefly aimed at the U.S. and therefore a positive in countering growing U.S. "adventurism."

That is not to say that Russia is cavalier about Iranian intentions; they continue to monitor Tehran's behavior for signs of greater ambition and possible mischief. Generally though, while Russia might object to solutions that rely on use of force, it is unlikely to become a true obstacle to U.S. policy in the region. It is unlikely

that Russia will ever become a major player in dealing with an Iranian nuclear program and would probably be more reactive than proactive.

At the same time, Russia could play a useful role in the general framework of the international community's response to the crisis. In doing so, Russia is more likely to use the international legal framework than adopt position that could leave senior policymakers vulnerable to domestic charges of caving in to U.S. pressure. For example, Russia's agreement with Iran on spent nuclear fuel ran against U.S. policy preferences, but instead emphasized compliance with Russian obligations under the NPT Treaty. Perhaps, one collateral benefit of the agreement is that it underscores the point that Iran does not need to develop its own full nuclear fuel cycle.

Russian behavior in the run up to OIF could be indicative of Russian behavior in a future crisis involving Iran. Unwilling to jeopardize its bilateral relations with the United States or Europe, Russia would likely adopt a "wait-and-see" attitude and watch the debate unfold among allies on both sides of the Atlantic. Russia would likely shy away from a leadership position in that debate, leaving that role to others, while insisting on keeping the tensions confined to the UN-NPT framework, which would give it a major decision-making role, shield its equities vis a vis the United States and Europe, as well as maximize its leverage vis a vis Iran and neutralize domestic anti-U.S. sentiments.

Summing up. U.S.-Russian relations are neither as bad as critics charge, nor as good as optimists hope they can be. It is indeed a relationship that has fallen far short of its potential. At the same time, it is a relationship that has avoided many very real downturns and certainly avoided the worst. For the United States, it remains a relationship that could facilitate enormously U.S. pursuit of its geopolitical and strategic objectives—stability and peace in Europe, balanced relations with China, global war on terror, counterproliferation and energy security. It is a relationship that if it turns sour and adversarial, could seriously complicate U.S. pursuit of these objectives and the prosecution of the war on terror in Eurasia, as well as elsewhere in the world. It is a relationship that was founded at the end of the Cold War on the realization that the road ahead would be long, difficult and involve change that would be nothing short of generational. It is also a relationship that has paid off in a number of key areas—NATO and EU enlargement, Cooperative Threat Reduction, cooperation in the war on terror, etc. It has paid off for the United States through perseverance and adherence to the long view. There is little in the balance of Russia's domestic trends or international behavior to warrant a fundamental reassessment of U.S. commitment to that relationship, let alone a radical departure from it.

And while on the subject of radical departures, anyone considering a fundamental change in this relationship ought to consider the implications and costs of the alternative—a policy of neo-containment of Russia. They would be enormous, ranging from the added burden of military encirclement of Russia to political, involving a new rift in trans-Atlantic relations, for such a radical turnaround is unlikely to be endorsed by Europe. To paraphrase an old-fashioned Soviet phrase, the correlation of factors favors staying the course.

¹The views expressed in this testimony are those of the author and do not reflect the official policy or position of the National Defense University, the Department of Defense or the U.S. Government.

Mr. GALLEGLY. Thank you very much, Dr. Rumer.

Dr. Wallander, how helpful or unhelpful would you assess Russia dealing with the problems of nuclear development, North Korea and Iran?

Ms. WALLANDER. I would agree with Dimitri Simes that it is clear that Russia hasn't done as much as it could on North Korea, but then again Russia is not the country with the most leverage on North Korea and it is hard to put a finger on failures of a mission or a commission in that case.

I would also agree with his assessment on Iran that Russia's policy has evolved, in cooperation primarily with the European allies, to be more engaged and more, shall we say, hard-headed about the Iranian leadership's intentions and to be more skeptical about them. And has actually been for the last year or so rather constructively engaged in a more European approach to the solution, which

creates certain differences with the United States, which continues to favor a different approach than our European allies and Russia on Iran.

I think that—on the recent Russian decision to conclude the agreement with Iran on nuclear fuel cycle—it has been known for some time that this has been in discussion. It has been known for some time that this was the preferred option of the Russian leadership.

It is regrettable that the Russian leadership went ahead, before some of the issues regarding to IAEA inspection and issues of international law and controls on the Iranian nuclear complex were resolved and in that sense, Russia probably was not as constructive and cooperative and engaged as it should have been.

But I don't think the door is shut, I would agree. I would disagree slightly with some of the comments made earlier that this can be dealt with.

I think that in fact the Russian leadership is pretty committed to selling nuclear technology and engaging in a long-term commercial relationship in the nuclear area with Iran, but that doesn't mean that that can't be managed in a way that addressed American proliferation concerns.

It is just we have to be patient and we have to take these concerns seriously.

Mr. GALLEGLY. To switch to a little different topic, Dr. Wallander, in your opinion the differences in United States-Russia over Ukraine, their future orientation, do you see that poses a serious problem as it relates to United States-Russia relationship?

Ms. WALLANDER. I think it is a problem, because it has created an atmosphere of competition, mistrust and confrontation. I actually don't think it is a fundamental problem, because I don't think there was a fundamental confrontation over Ukraine in American and Russian policy.

I think there were a series of misinterpretations and missteps and then a cycle of escalating anger and counter accusations through the late summer and in the fall of 2004. This very significant mismanagement of foreign policy process on the Russian side, having to do with the closed nature of the decisionmaking structure that President Putin has unfortunately saddled himself with, to his own detriment. So I think that there is a way to walk away from that experience and to figure out how the United States and Russia can focus on win-win situations in Russia's neighborhood. I think they genuinely are there, but it is going to take an awful lot of effort to be willing to have to take a change away from the kind of neo-containment arguments that Dr. Rumer referred to, which I think are highly counterproductive.

I was just in Moscow and St. Petersburg the week before last. I was surprised at the number of intelligent, well-educated Russians who truly believe that the United States was out to wrest Ukraine away from Russia, to Russia's detriment.

So I think we have got a lot of work to do to convince Russia that is not the basis for our policy in Ukraine.

Mr. GALLEGLY. Mr. Simes, your assessment?

Mr. SIMES. Well, on Ukraine I essentially agree with Dr. Wallander. Let me say first that in my view, Russian interference

in Ukraine was blatant, inappropriate and counterproductive for Russia.

Second, I don't believe it was carefully planned or implemented. I think Dr. Rumer wrote about that in one of his op-ed pieces in *The Washington Post*.

There was no Russian fifth column in Ukraine. There was no attempt to encourage Ukrainian separatists and indeed, as Dr. Wallander said, unfortunately there was an action-reaction process.

I think a lot of people living in Washington do not quite realize the scale of United States NGO involvement in Kiev, which was intended to promote democracy, but clearly focused on supporting one particular candidate. The Russians did not quite see the distinction between their inappropriate actions and what NGOs funded by the U.S. Government were doing.

It is fortunate the Bush Administration persisted. The Bush Administration, with the Europeans together have prevailed, but they were right not to turn it into the United States-Russian confrontation.

Mr. GALLEGLY. Rob?

Mr. WEXLER. Thank you. I would ask that you respond or explain a couple of thoughts. I was in Ukraine roughly 3 weeks ago and one of the things I heard that I thought was illuminating was the basic theme: Don't hold us—meaning Ukraine—hostage to the American-Russian relationship, as we—meaning Ukrainians—seek EU membership, or whatever status they will seek, as we discuss what our role, if any, will be with NATO. Don't hold us hostage to your relationship with Russia. I would be curious if you would comment about that.

Secondly, explain to me what seems to be a dichotomy, if you could, with the manner in which President Putin approached President Bush in two respects. I think maybe the line that President Putin said that was most memorable was Russia has made its own choice in favor of democracy, at the mini-summit. Is that just public relations or how does that, in fact, fit with the ever-growing stifling of political dissent and an independent media?

The Chairman referenced the meeting that was had at the White House a week or 2 ago, if I understand the President correctly and if I understand the news articles correctly, President Bush and President Putin entered into some kind of understanding. President Bush seemed satisfied that he had constructively engaged with President Putin to reach that conclusion. How does that then square with the actions of the last 2 or 3 weeks?

Ms. WALLANDER. I will do my best on those three points. On the first point, on Ukraine—and I appreciate the opportunity, because CSIS was one of the NGOs involved in democracy promotion efforts in Ukraine and so I know quite well that many Russians don't believe that the NGO efforts were on the side or the purpose was to promote truly free and fair elections. I have done my best to convince them that from all the conversations I was in, both in Washington and in Kyiv throughout 2004, the focus of discussions about these efforts of these NGOs was on process, was on training election monitors and so on, and was not in support of one candidate or another. And I was in many discussions where it was discussed

that in fact the Government's candidate could well win, based on some of the opinion polls.

That is a hard case to make right now in the current atmosphere, but I think it is important and it is important to get back to answering, Congressman Wexler, your question. I think that is exactly right that the United States risks casting its Ukraine policy either too much in a Russia context or not enough in a Russia context.

What do I mean by that? We risk doing things in our relationship with Ukraine in order to cope with Russia, such as fast track membership on NATO. Fast track membership, well we can't do anything about the EU, but in a broader foreign policy context, the EU. Fast track membership on WTO.

That would be a problem for two reasons: One is it would be unfair to the Ukrainians. We have to take the Ukrainians seriously. They showed themselves to be a serious country with a serious commitment to their own political process and society, and we have to treat them as they deserve as a serious country that can live up to the membership criteria necessary to become a member of NATO and should, that can live up to this same criteria we hold Russia to, to be a member of the WTO.

We should treat Ukraine as its own country in its own right and by the same token, yes, we should not hold back on Ukrainian membership in NATO, if and when it qualifies in order to somehow, in some misguided way, try to prop up our relationship with Russia.

So we have to, again as Dr. Rumer mentioned, we have to find a balance between extremes and it is not that hard. We have the principles there. We have the track record on how to bring countries into NATO, how to bring them into the WTO and we ought to treat Ukraine as a country that deserves that respect.

On the dichotomy on democracy, I don't have a simple answer for you about whether President Putin really means it when he says Russia has chosen its path to democracy, but I will answer in a slightly different vein.

I think that the word democracy is really problematic in our relationship with Russia, partly because of the 1990s. Democracy to Russians means instability, it means the 1998 economic crisis, it means fall of GNP of 50 percent in the post-Soviet period, it means corruption, it means unfair privatization, it means all kinds of problems that they face in the 1990s.

I prefer to talk about what makes up a democracy specifically. Free media, rule of law, independent judiciary, free and fair elections, independent parties, active civil society, competent NGOs.

To me that is what a democracy is, all those things. And then when we talk with the Russian Government and also with Russian society, we ought to be talking about those specific aspects of what makes up a democracy and I think we will find it a much more successful basis for engagement. Excuse me for going on so long, but you asked a multi-faceted set of questions.

Mr. SIMES. Let me say a couple of words about democracy. I am not impressed with the commitment of President Putin's Government to democracy. I don't think that President Putin is insincere,

when he talks about democracy, but I think his definition of democracy is quite different from ours.

I also think, as Dr. Wallander said quite correctly, that Russians are a product of not only their experience with democracy in the 1990s, but also Russian history, tradition, and beliefs, which really conditions them not to view democracy in the same light. And they believe that their country is in a very different stage of development. They are interested in American opinions, among other reasons because they understand that the United States is the only super power and they want to have a good relationship with the United States.

So we do have leverage, but we have to be very careful not to overstate our case. Sadly, when we talk about a Russian totalitarian society, a new gulag, you have to understand we will lose credibility.

The second thing is that we have to be realistic about our leverage, about what we can accomplish. We should not overreach.

Finally, we should remember the Russian political spectrum today. If you look at the so-called democrats, the liberals, Mr. Chairman, Congressman Wexler, they did very poorly during last elections. This was not primarily because of government manipulation, but because according to every public opinion poll, they were not popular.

I know leaders of these parties. They were on the record, both publicly and privately, admitting that they were not and are not popular.

My concern is that if we push too hard and if we are too "fundamentalist" in our pro-democracy commitment, we may get some very dangerous people on top in Russian politics. We should be aware of that.

Mr. GALLEGLY. I guess you heard the buzzer, which means we have a vote on the Floor, but we still have enough time to each ask one more question. It sounds like there is a series of votes.

Dr. Rumer, can you give me your assessment of what Russia's upgrading of its strategic offensive nuclear forces, if you feel that poses any kind of a heightened threat to the United States? That is kind of your area, isn't it?

Mr. RUMER. Not really, Mr. Chairman, because you know I think that requires the kind of specialized knowledge and access that probably I currently don't have and probably is not appropriate for this format.

But in general terms, I would say that I don't lose sleep over Russian declarations that they have a new super secret, super powerful missile. That is not the issue.

I am more concerned about loss of control, about unauthorized use, about Russian early warning capabilities and this is based on my reading of just unclassified media reports that appear in the Russian press about the condition of the Russian military. That worries me.

Mr. GALLEGLY. Rob, do you have anything you want to conclude with before we have to vote?

Mr. WEXLER. Just quickly. Congressman Weldon talked about the need to satisfy Jackson-Vanik as to Russia. Do you have any concerns that the order in which we were to do it, assuming we

were to do it, in relationship to Ukraine, should it be done together? Does Russia need to be first? What if Ukraine was first? Do you have any thoughts?

Mr. SIMES. I would say something about this very briefly, because I actually am both a beneficiary of and minor contributor to the Jackson-Vanik commitment. I am a beneficiary because without it I would not have been able to leave the Soviet Union. I made a contribution because at a moment when the amendment was in doubt and at the request of Senator Jackson and Richard Perle, I went to Andrei Sakharov, who issued a very strong appeal in support of the amendment.

I agree with Congressman Weldon. The time for this amendment has passed and when this amendment is linked to matters which have nothing to do with Jewish immigration, any other immigration, we only lose our credibility in Russia.

Having said that, I don't particularly believe that it would be a big problem if we give Ukraine relief from the amendment first. I think it would actually be a reminder to the Russians that they are not making as much progress on democracy as we want to see.

On the other hand, if we decide to demonize Russia and try to exclude it from the G-8, that would be a different problem all together.

I was against bringing Russia into G-8. From the standpoint of their democracy and economic development they were not supposed to be there. If we tried to remove them now, it would do serious damage to our ability to cooperate on other matters and could isolate the United States from the Europeans.

Ms. WALLANDER. Both because you have to go and because I completely agree with what Dimitri is saying, I will just say I completely agree with him.

Mr. GALLEGLY. I want to thank all three witnesses and I want to again thank Congressman Weldon. I will personally thank him, I think he is an excellent witness as well.

I would just like to, in close, make reference to Dr. Rumer, who mentioned that you thought it was a good idea that there was maybe a little more attention given to the issue of Russia by this Committee. I can assure you that it is my intent to make sure that we do the proper amount of hearings on this issue, because I can't think of many issues that are more important to this Committee than the role that Russia plays in the whole region.

I thank all of you, Dr. Wallander, Mr. Simes, Dr. Rumer, for being here today. I wish we could go on longer, but you know how the process works around here. When the bells ring, we run. I thank you all very much for being here today.

The Subcommittee stands adjourned.

[Whereupon, at 2:17 p.m., the Subcommittee was adjourned.]

A P P E N D I X

MATERIAL SUBMITTED FOR THE HEARING RECORD

PREPARED STATEMENT OF THE HONORABLE ROBERT WEXLER, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF FLORIDA

Mr. Chairman, thank you for holding today's hearing. Given the highly anticipated mini-summit that took place between President Bush and President Putin in Slovakia, it is evident we are at a critical juncture in US-Russian relations.

Despite President Putin's statement in Bratislava that "Russia has made its own choice in favor of democracy," I am troubled by Russia's policies that have stifled dissenting political and economic voices as well as the independent media. I was encouraged by President Bush's decision to confront Mr. Putin and state unequivocally that America will not remain silent as Russian democracy backslides.

It is essential that the Bush Administration remain steadfast in promoting Russian political, economic and legal reform. Steps must be taken to assist those who are building Russia's "infrastructure of democracy" by increasing aid to NGO's, election monitors and independent media groups. Also, it would be prudent for the United States and the international community to focus on the 2008 Presidential election as a benchmark to determine Russia's democratic progress.

America and Russia must build a new policy of "open and constructive dialogue" and focus on the difficult issues that pose grave security threats to America and our allies; including Russia's continued support for the construction of Iranian nuclear reactors, the transfer of missile technology to Tehran, new weapons sales to Syria as well as Russia's unwelcome interference in the evolution of democracy in Ukraine, Georgia and other Soviet successor states.

An early test of Russian willingness to address American and international concerns will be whether President Putin follows through on his agreement with President Bush that Iran not become a nuclear threat. I remain skeptical of President Putin's intentions given Moscow's track record and the March 7 signing of a Russian-Iranian nuclear fuel agreement, paving the way for Iran to get its first reactor up and running.

The Bush-Putin meeting in Bratislava did produce some positive results especially in the areas of energy and economic cooperation as well as countering the threat of nuclear terrorism including an agreement to speed up bilateral efforts to secure more of Russia's nuclear materials. It is critical that Presidents Bush and Putin conclude an agreement that leads to the disposal of Russian weapons grade plutonium and secures vulnerable weapons material.

Despite the significant differences between us and the Russians, it is in our interest to engage Moscow and continue to express in unequivocal terms to the Russian people that America wants a fruitful partnership, one built on the principles of democracy, security and economic prosperity.

Response to written Questions for the Record

COMMITTEE ON INTERNATIONAL RELATIONS
U.S. HOUSE OF REPRESENTATIVES
SUBCOMMITTEE ON EUROPE AND EMERGING THREATS
HEARING ON
“Developments in U.S.-Russia Relations”
March 9, 2005

by

Eugene B. Rumer¹

Senior Fellow
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- * What is the status of the US-Russian relationship? On the one hand the US heavily criticizes the Russian democracy and on the other the relationship is still very sound? These different stands are contradictory.

Answer: The relationship between the United States and Russia does not lend itself to easy characterizations. It is no longer adversarial across the board, as it was during the Cold War. In a number of areas, Russia has cooperated with the United States—it was helpful during the military campaign in Afghanistan; it has taken part in efforts to resolve the crisis on the Korean peninsula; it has joined the Proliferation Security Initiative (PSI). In other areas, U.S. and Russian positions differ—the war in Iraq was one such area of disagreement. How to deal with Iran is another such area. However, with the end of the Cold War, the United States and Russia have found ways to agree to disagree on some issues, while continuing to work on projects that both find in their interest. This situation is not unique. The United States has had disagreements with its allies and partners in Europe, for example. Yet, in key areas of agreement the United States and Europe continue to cooperate. They have learned to manage their differences. Hopefully, U.S.-Russian relations will continue to develop and mature.

No doubt, the United States will continue to watch the development of Russian democracy with great interest. Russian leaders are likely to resist U.S. pressures for faster democratic change because, among other reasons, they

¹ The views expressed in this testimony are those of the author and do not reflect the official policy or position of the National Defense University, the Department of Defense or the U.S. Government.

consider it an internal Russian matter and resent U.S. statements as interference in Russian internal affairs. Many Russians are also wary of U.S. involvement in Russian internal affairs because they associate their chaotic experience of the 1990's with what they perceive as close U.S. involvement in Russia under Yeltsin. To the present day, many Russians do not trust the United States and perceive an ulterior motive in U.S. dealings with Russia—alleged U.S. designs to gain control over Russian oil, marginalize Russia in the international arena, etc. These misperceptions can only be defeated through continued active involvement with Russia, greater contacts between the two nations and an active public diplomacy effort on the part of the United States.

- * With President Bush's mission to encourage freedom, as stated in his inaugural speech, how can the US keep up such good relations with Russia? Is the administration going to sanction Russia due to its violations of human rights in Chechnya and suppression of democracy in general? If not, the fight for freedom would seem hypocritical.

Answer: Given the attitudes of many Russians referred to in the previous answer, U.S. sanctions against Russia for undemocratic practices would seem counterproductive. It does not appear to make sense, for example, to cut off Cooperative Threat Reduction funds for Russia, since the program to secure Russian weapons, nuclear materials and technology is very much in the interest of the United States. Nor does it seem promising to impose travel restrictions on Russia, since they would deny even greater numbers of Russian citizens the opportunity to gain first-hand impressions of the United States. It is important for all of us to keep in mind that despite continuing significant problems and setbacks in recent years, today's Russia is not the Soviet Union, not a totalitarian dictatorship, but a country where access to the Internet is growing, where thousands of people were free to organize and protest against government policies in recent months, where many print media outlet have been filled with vigorous criticism of the government and where major religions are experiencing an upsurge after decades of state oppression.

- * The strong point of US-Russian relations is the common war on terrorism. How does the Russian cooperation with Iran does effect the relationship? Should the US increase the pressure on Russia in order to stop further Russian cooperation with Iran?

Answer: Russian-Iranian relations have been a problem between Russia and the United States for nearly 15 years. It is one of those areas where the United States and Russia agree that they disagree, but continue to discuss and work

on their differences. Russia is not the only country with which the United States has had disagreement over Iran. The United States has differed from its European allies with regard to Iran as well. In Bratislava, Presidents Bush and Putin jointly stated that Iran should not be allowed to obtain nuclear weapons. The United States should definitely continue to engage Russia on this important issue, building on that declaration and emphasizing to the Russians the importance of keeping that pledge.