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

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## Summary

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

### **Russia's Economy**

Russia's economy began to recover from the Soviet collapse in 1999, led mainly by oil and gas exports, but the decline in oil and gas prices and other aspects of the global economic downturn beginning in 2008 contributed to an 8% drop in gross domestic product in 2009. Since then, rising world oil prices have bolstered the economy, although reduced energy exports, faltering investment and consumer demand have contributed to slow economic growth in 2013. Other factors that retard economic growth include unreformed healthcare and educational institutions and high rates of crime, corruption, capital flight, and unemployment.

### **Russia's Armed Forces**

Russia's armed forces now number less than 1 million, down from 4.3 million Soviet troops in 1986. In the 1990s and much of the 2000s, troop readiness, training, morale, and discipline suffered, and most arms industries became antiquated. Russia's economic growth in recent years has supported greatly increased defense spending to restructure the armed forces and improve their quality. Mismanagement, changes in plans, corruption, manning issues, and economic constraints have complicated this restructuring.

### **U.S. – Russia Relations**

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

Reduction Treaty in April 2010; the approval of new sanctions against Iran by Russia and other members of the U.N. Security Council in June 2010; the accession of Russia to the World Trade Organization in August 2012; and the cooperation of Russia in Afghanistan as signifying the successful “re-set” of bilateral relations.

Many observers argued that the Obama Administration’s efforts to foster improved U.S.-Russia relations faced challenges during election cycles and from legislative and other actions in both countries in 2012-2013. In late 2012, Russia ousted the U.S. Agency for International Development (USAID) from the country and criticized the help that USAID had provided over the years as unnecessary and intrusive. Russia also declined to renew a long-time bilateral accord on nonproliferation assistance (although a new more limited agreement was concluded in June 2013). H.R. 6156 (Camp), authorizing permanent normal trade relations for Russia, was signed into law on December 14, 2012 (P.L. 112-208). The bill includes provisions sanctioning those responsible for the detention and death of lawyer Sergey Magnitsky and for other gross human rights abuses in Russia. A Russian bill ending U.S. adoptions of Russian children appeared to be a reaction to the Magnitsky Act. President Obama canceled a U.S.-Russia summit meeting planned for early September 2013 on the grounds of lack of progress by Russia on bilateral cooperation, and the Administration announced in December 2013 that lower-level delegations would attend the opening and closing of the Olympic Winter Games in Sochi, Russia, in February 2014.

U.S.-Russia relations appeared to sharply deteriorate following Russia’s deployment of military forces to Ukraine’s Crimea region at the end of February 2014. President Obama canceled plans to attend a G-8 (Group of eight industrialized nations) meeting to be hosted by Russia in Sochi in June 2014, some bilateral trade talks were halted, the Defense Department suspended planned military-to-military contacts, a visa ban and asset freeze were imposed, and the Administration and Congress explored other sanctions against Russia.

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## Most Recent Developments: Russia's Military Intervention in Ukraine<sup>1</sup>

In late 2013, Russia demonstrated its ability to force foreign policy concessions from Ukraine. In November 2013, Ukraine made a last-minute decision to not sign an Association Agreement with the European Union (EU), which included a free trade zone. Ukrainian officials admitted their decision was motivated by Russian threats of a serious disruption of Ukraine's exports to Russia, should Kyiv sign the accord. Perhaps to reward the Ukrainian government, and to support it in the run-up to presidential elections then planned for late next year, in December 2013 Moscow granted a large aid package to Ukraine, including a plan to purchase of up to \$15 billion in Ukrainian government bonds and a cut of more than one-third in the price of Russian natural gas supplied to Ukraine.

The suspension of plans to sign an Association Agreement with the EU and apparent Ukrainian government susceptibility to Russian influence triggered mass demonstrations in Ukraine. In February 2014, these escalated into violent clashes at Maidan Nezalezhnosti (Independence Square) in Kyiv between protestors and the police. Police snipers killed dozens, although some police also were killed. On February 21, 2014, an agreement was mediated by the German, French, and Polish foreign ministers on the behalf of the EU to restore the 2004 constitution, form a unity government, and develop a new constitution by September 2014. The government also agreed to pass new electoral laws and to hold a presidential election by the end of the year, and made a commitment not to impose a state of emergency. A Russian emissary was involved in mediation efforts, but did not sign the accord as a witness, although Russia indicated that it was interested in a peaceful solution. The next day, Yanukovich left Kyiv and later fled the country. The legislature voted to remove Yanukovich as president and set presidential elections for late May 2014, and on February 23, 2014, it approved Oleksandr Turchynov to serve as interim president. On February 27, it approved Arseniy Yatsenyuk as prime minister. That same day, pro-Russian militia (allegedly including Russian military and security personnel) occupied legislative and government buildings in the Crimea region of Ukraine. The pro-Russian forces proclaimed that a referendum would be held at the end of March 2014 on greater autonomy for the region.

After Yanukovich fled, Russian authorities stepped up their criticism of developments in Ukraine. On February 24, 2014, the Russian Foreign Ministry denounced the activities of the "militants," including plans for a May 2014 presidential election. It called on all political forces to be involved in decision-making, stating that Ukrainian legislators were depriving Russians and other national minorities in Ukraine of their rights through "dictatorship" and "terrorist methods." It also decried alleged calls to prohibit Russian language, neo-Nazi and anti-Semitic manifestations, and threats against Orthodox churches. It alleged that external forces sponsored such developments aimed at forcible regime change.

On February 27, 2014, pro-Russian forces occupied the Crimean legislature, after which a pro-Russian figure was appointed the new prime minister and he appealed to President Putin for assistance to restore "calm" in Crimea. The next day, Ukrainian media reported that Russian transport aircraft and helicopters had entered Crimea and troops were taking control of key

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<sup>1</sup> For background and details, see CRS Report RL33460, *Ukraine: Current Issues and U.S. Policy*, by Steven Woehrel.

transportation and communications centers. President Obama raised concerns about these reports and warned Russia that “there will be costs for any military intervention.” Some individuals and groups in other localities in eastern Ukraine also allegedly called for Russian military intervention.<sup>2</sup>

On March 1, 2014, both chambers of Russia’s Federal Assembly (legislature) appealed to President Putin to take measures to safeguard Russian citizens and interests in Crimea. Appearing to respond to this appeal, he called upon the Federation Council (upper legislative chamber) to meet later that day to approve sending troops into Ukraine. In considering the legislation, Federation Council Speaker Valentina Matviyenko asserted that the government of Crimea had appealed to Putin for assistance and that a “limited deployment” could safeguard the Black Sea Fleet and Russian citizens in Crimea. She also noted that there were a “number of dangerous facilities in Ukraine, [such as] nuclear power plants.... All these dangerous facilities must be protected,” and that Russian citizens throughout Ukraine and their relatives within Russia had called for help, a rationale for a wider possible Russian military intervention. Lastly, she claimed that Russians were fleeing Ukraine, “driven by fear and threats.” The deputy speaker, Yuri Vorobyov, asserted that President Obama’s warning on February 28 about Russian military intervention was a “direct threat” to Russia and an “insult.”<sup>3</sup>

On March 1, President Obama telephoned President Putin. Russian media reported that Putin asserted that Russia reserved the right to defend its interests and the Russian-speaking population in eastern Ukraine. U.S. officials reported on March 2, 2014, that much of the telephone conversation involved President Obama refuting Putin’s allegations about developments in Ukraine, and that President Obama called for any Russian concerns about the treatment of Russian speakers in Ukraine to be addressed through the United Nations. These officials also indicated that “Russian forces now have complete operational control of the Crimean peninsula.”<sup>4</sup>

On March 3, 2014, the Chairman of the Federation Council’s International Affairs Committee, Mikhail Margelov, asserted that Ukraine’s interim government was composed of Nazi sympathizers, and that these Nazis (whom he compared to Islamic terrorists in Nigeria) were threatening to invade Crimea and eastern Ukraine.

Russian ambassador to the U.N., Vitaly Churkin, claimed on March 3 in the U.N. Security Council that Russian forces in Crimea had acted lawfully. He asserted that Putin had received a letter two days previously from Yanukovich requesting that Russia send troops to restore the rule of law and stability in Ukraine, so Russia had the right to further actions if necessary (in Yanukovich’s only public appearance in Russia, he had opposed military intervention). Churkin asserted that ultra-nationalists and anti-Semites had threatened Russians and Russian-speakers and had taken over the government illegitimately, repeating arguments made by Foreign Minister Lavrov at the U.N. Human Rights Council in Geneva earlier in the day. Churkin asserted that Russian forces in Crimea were acting to protect their facilities and prevent extremist acts. He

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<sup>2</sup> According to the *New York Times*, there were at least some instances where Russians had entered Ukraine and fomented demonstrations and other actions aimed at showing that Ukrainians were inviting Russian military intervention. The newspaper reported that Russia’s mission to NATO had posted a map of Ukraine with Russian flags superimposed over several cities. *New York Times*, March 4, 2014.

<sup>3</sup> Open Source Center, *Central Eurasia: Daily Report*, March 1, 2014, Doc. No. CEN-49185164; Doc. No. CEN-50393106; Doc. No. CEN-57368499.

<sup>4</sup> *CEDR*, March 1, 2014, Doc. No. CEN-78120092; U.S. Department of State, *Background Briefing: Senior Administration Officials on the Situation in Ukraine*, March 2, 2014.

averred that Russia did not aim to return Yanukovych to power, but wanted the re-instatement of the deal.

U.S. Ambassador Samantha Powers criticized Churkin's speech, stating that many of his assertions were "without basis in reality." She listed various facts, including that Russian military forces had taken over or surrounded practically all Ukrainian military facilities in Crimea and that there was no evidence of violence against Russian or pro-Russian communities. She argued that Russia's military intervention was "an act of aggression" violating Ukraine's sovereignty and territorial integrity and vitiating Russia's Helsinki commitments and U.N. obligations. She dismissed Russia's argument that the change of government in Ukraine was enough of a danger to justify a military intervention, noting that Russian military bases in Crimea were secure and the new government had pledged to uphold the basing agreement. She also dismissed Russian allegations that residents of Crimea or eastern Ukraine were threatened by the new government, stating that there is scant evidence of threats being made or carried out. She averred that there was no evidence that Orthodox churches were being attacked or that the use of the Russian language was endangered. She underlined that there was no basis in international law for military intervention upon an appeal by a regional leader, such as the appeal by the disputed leader of Crimea. She also rejected Russia's assertion that the interim government in Ukraine was not representative of political interests and pointed out that presidential elections scheduled in May 2014 would permit a democratic choice of a successor to Yanukovych. She stressed that the United States was ready to address Russia's concerns about possible human rights threats against Russian speakers by supporting the deployment of U.N. or OSCE observers to Ukraine.<sup>5</sup>

In an interview on March 4, 2014, Putin asserted that the United States and the West had incited the months of protests to oust Yanukovych after he had declined to endorse an EU Eastern Partnership association and trade agreement. He even appeared to claim that protestors had received U.S. and Western military training, and denied that Yanukovych had ordered any shooting of protesters. Contending that Russian military forces had not yet invaded Ukraine, he nonetheless stated that Russia had "enhanced the defense of our military facilities" in Crimea. He judged that it now appeared that similar action would not need to be taken in eastern Ukraine. At the same time, he claimed that soldiers seen blocking Ukrainian defense sites and other facilities in Crimea were members of local militias, dismissing observations that they were wearing Russian uniforms. Despite the apparent easing of some tensions, he asserted that Russia reserved the right to use military force to protect Ukrainians and Russians in the east and south of Ukraine as a last resort, and averred that such a right also had been conferred through Yanukovych's supposed request for military assistance. He maintained that Russia would never war with the "brotherly" Ukrainian people but would only "protect them," and implied that if conditions deteriorated further, the Ukrainian military would join with their Russian military "comrades in arms" against the "other side." He averred that Russia still regards Yanukovych as the legitimate president, although he admitted that Yanukovych's political career is over. He stated that possible U.S. and EU sanctions would backfire by harming those applying them. He claimed that military exercises outside Ukraine had been planned beforehand, although he seemed to state that he had determined the timing of the exercises, and averred that they had been completed.<sup>6</sup>

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<sup>5</sup> U.S. Embassy, Kyiv, Ukraine, *Remarks by Ambassador Samantha Power, U.S. Permanent Representative to the United Nations, at a UN Security Council Meeting on Ukraine*, March 3, 2014.

<sup>6</sup> The Kremlin, President of Russia, *Vladimir Putin Answered Journalists' Questions on the Situation in Ukraine*, March 4, 2014. Some Ukrainian naval personnel in Sevastopol rejected Putin's arguments, asserting that Russian military forces were in fact blocking their activities. Embassy of Ukraine in the United States, *Appeal of the Command* (continued...)



Responding to Putin's interview, President Obama stated that Putin's arguments were not "fooling anybody," and that since Russian soldiers were carrying out aggressive actions in Crimea, Russia was clearly "seeking, through force, to exert influence on a neighboring country." He stated that Russia's actions were strategically not clever, since they would only drive countries near Russia further away. He mentioned that there were reports that President Putin may be pausing and reflecting on his actions in Ukraine, and called for Putin to support Ukraine's ability to govern itself by working with the international community to stabilize the country and by supporting the holding of free and fair elections in May 2014.<sup>7</sup> The White House later issued a fact sheet outlining ten statements made by Putin that were deemed untruthful or inaccurate and correcting them, repeating some of the points made earlier by Ambassador Smith (see above).

Russian state television and other media generally have decried Yanukovich's replacement as undemocratic and heavily stressed the dangers faced by Russian citizens and Russian speakers and the need for Russian military intervention. Russian media alleged that more than 140,000 people had fled Ukraine, that the interim government in Ukraine was supported by drug addicts and terrorists, that these forces were aligned with Chechen terrorists, and that U.S., Polish, British, German, Turkish, and other European politicians and mercenaries had assisted in ousting Yanukovich. Several analysts in Russia have suggested that President Putin was concerned that developments in Ukraine would undermine his authority at home, and that he believed that the West was ultimately intent on fomenting "regime change" in Russia.<sup>8</sup>

Some in Russia disagreed with the dominant narrative presented by the Putin government and state-controlled media. Reportedly, about 1,000 Russians protested against Russian actions in Ukraine on March 2, 2014, outside the Russian Defense Ministry, and dozens were detained. That same day, over two dozen members of Russia's presidential Human Rights Council issued a statement critical of Russia's military intervention in Ukraine, stating that this action violated Ukraine's sovereignty and was not a proportional response to violence in Ukraine, particularly since reports of violence in Crimea are unreliable and exaggerated. A member of the Human Rights Council visiting Crimea repudiated reports by the Federation Council that there was violence in Crimea. A professor at Moscow State Institute of International Relations was fired after he wrote an article critical of the Federation Council resolution on Ukraine.

On March 4, 2014, Secretary Kerry visited Ukraine. He warned that "if Russia does not choose to deescalate [the crisis], if it is not willing to work directly with the Government of Ukraine, as we hope they will be, then our partners will have absolutely no choice but to join us to continue to expand upon steps we have taken in recent days in order to isolate Russia politically, diplomatically, and economically." He rejected many of Russia's rationales for invading, stressing that Yanukovich had fled the country, that the Ukrainian Rada had approved the interim government, that Kyiv was calm, that Ukrainians were not fleeing the country, that there were no mass attacks on Orthodox churches, that there were no threats against ethnic Russians or Russian military bases, or that the government otherwise was threatening Crimea. He mentioned that Russia's actions had various repercussions on U.S.-Russia relations, including the cancelation of

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(...continued)

*of Sevastopol Brigade of Surface Ships, and of Crews of Slavutych and Ternopol ships of Ukrainian Navy to World Information Companies and Mass Media*, March 5, 2014.

<sup>7</sup> The White House, *Remarks by the President Announcing the FY2015 Budget*, March 4, 2014.

<sup>8</sup> Leonid Ragozin, "Ukraine, Putin TV and the Big Lie," *Politico*, March 04, 2014; Alexander Golts, "Putin Is Not Afraid of Becoming a Global Pariah," *Moscow Times*, March 4, 2014.

participation in a planned G8 summit in Russia, bilateral military-to-military engagement, and trade and investment talks. Other U.S. officials have indicated that if Russia continues to violate Ukraine's sovereignty and territorial integrity, sanctions would be considered, including visa and asset bans.<sup>9</sup>

During his Kyiv visit, Secretary Kerry announced an aid plan that, according to a White House factsheet, would include \$1 billion in loan guarantees "aimed at helping insulate vulnerable Ukrainians from the effects of reduced energy subsidies," technical advice to the National Bank and the Finance Ministry, technical advice on Ukraine's World Trade Organization rights regarding trade with Russia, technical and financial support for energy sector reforms, and financing to aid Ukrainian businesses find new export markets. Other aid, in cooperation with allies and the IMF, would be used to "restore economic stability and conduct free, fair, and inclusive new elections."<sup>10</sup> The next day, the House passed H.R. 4152, directing that unobligated Economic Support Funds appropriated in consolidated appropriations for FY2014 be authorized for loan guarantees for Ukraine (no amount was set).

According to the *Washington Post*, U.S. Administration officials have outlined four steps that Russia could take to address its concerns in Ukraine and avoid sanctions. These include supporting the deployment of international monitors from the United Nations or the OSCE, supporting free and fair presidential elections in Ukraine in May 2014, returning Russian troops deployed in Crimea to their barracks, and opening a dialogue with the interim Ukrainian government. Scenarios include Russia accepting these steps, escalating tensions by moving troops into eastern Ukraine, or maintaining the status quo occupation of Crimea, according to U.S. officials.<sup>11</sup>

On March 5, 2014, Secretary Kerry, French President Francois Hollande, and the foreign ministers of Britain, Germany and France met with Foreign Minister Lavrov in Paris in talks aimed at resolving the Ukrainian crisis. There were hopes that Lavrov would meet with an emissary from the interim Ukrainian government, but Lavrov refused. Lavrov reiterated Russia's insistence on returning to the provisions of the February 21 agreement and rejected calls to pull back Russian troops to their bases in Crimea, arguing that such individuals were members of self-defense forces. NATO announced the same day that many cooperative activities with Russia would be canceled.

On March 5, 2014, Defense Secretary Chuck Hagel announced that there would be increased joint aviation training with Poland and that participation in NATO's Baltic air policing mission would be augmented. In connection with the latter mission, six F-15s had arrived in Lithuania. On March 5-6, 2014, Defense Secretary Chuck Hagel and Chairman of the Joint Chiefs of Staff, Army General Martin Dempsey, outlined some military activities in testimony to the House and Senate Armed Services Committees. General Dempsey stated that he had talked over the past two days with Russian Chief of Staff Valery Gerasimov. At the SASC hearing, Senator John McCain raised concerns that U.S. intelligence had been unaware of Russia's plans to boost military forces in Crimea, but Secretary Hagel indicated that there was some awareness of a possible threat. *Stars*

<sup>9</sup> U.S. Department of State, *Remarks: John Kerry, Secretary of State, U.S. Embassy Kyiv*, March 4, 2014; *Background Briefing: Senior Administration Officials on the Situation in Ukraine*, March 2, 2014.

<sup>10</sup> The White House, Office of the Press Secretary, *Fact Sheet: International Support for Ukraine*, March 4, 2014.

<sup>11</sup> Karen DeYoung and Anne Gharan, "U.S. Prepares Unilateral Sanctions against Russians," *Washington Post*, March 5, 2014.

and *Stripes* magazine reported on March 6, 2014, that the guided missile Destroyer U.S.S. Truxtun had departed Greece for a “scheduled deployment” in the Black Sea. It will join the guided missile frigate U.S.S. Taylor, already deployed in the Black Sea, where they are scheduled to train with Romanian and Bulgarian naval forces.

On March 6, 2014, President Obama issued an executive order (EO) to facilitate applying asset freezes on the U.S. property and interests of “persons contributing to the situation in Ukraine,” and those acting on behalf of such persons. Targeted individuals include those who “undermine democratic processes and institutions in Ukraine, threaten its peace, security, stability, sovereignty, and territorial integrity, and contribute to the misappropriation of assets,” individuals who have asserted government authority in Crimea and elsewhere without the approval of the Ukrainian government, and those who “constitute an unusual and extraordinary threat to the national security and foreign policy of the United States.” The EO also bans immigrant entry to such persons and blocks U.S. citizens from donating or assisting such persons to avoid sanctions.

The Administration also announced on March 6 that “the State Department is putting in place visa restrictions on a number of officials and individuals, which reflects a policy decision to deny visas to officials or other persons who have been complicit in or responsible for supporting actions which threaten the sovereignty, territorial integrity or political independence of Ukraine, including the Russian troop movements not authorized to or consented to by the government of Ukraine, and potentially, any other unauthorized actions by regional authorities in Ukraine.”<sup>12</sup> No list of individuals subject to the visa ban was released.

A statement by the White House press secretary issued on March 6 outlined the EO and visa ban, and reiterated that discussions with Russia on trade and investment had been suspended, military-to-military engagement had been put on hold, and participation in a G8 meeting in Sochi. The statement outlined the steps (see above) to a diplomatic solution: that Russia should open talks with Ukraine’s interim government; pull back its military forces to bases; re-affirm Ukraine’s territorial integrity; support the deployment of international monitors who can ensure that human rights of all Ukrainians are respected; and support elections on May 25, 2014.<sup>13</sup>

On March 6, 2014, the Crimean legislature revised its earlier call for a referendum on autonomy at the end of the month and instead issued an appeal to Russia for annexation. It also set a referendum for March 16, 2014, on the issue of whether Crimea should join Russia or become independent. Indicative that the Crimean legislature’s move was orchestrated from Moscow, the chairman and others in Russia’s State Duma announced the next day that a bill soon would be introduced to simplify the process of incorporating Crimea into Russia. One legislator voiced the hope that the law could be passed before the end of the month, after the Crimean referendum, so that Crimea could be quickly annexed. At a meeting with visiting Crimean legislators on March 7, top Russian legislators vowed to support Crimea’s goal of joining Russia.

Many observers viewed the call by the Crimean legislature and its support by Russian legislators as reversing a statement that President Putin made in his interview on March 4 (see above) that he did not see a future for Crimea as part of Russia, although he did say that he believed it should

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<sup>12</sup> The White House, Office of the Press Secretary, *Background Briefing by Senior Administration Officials on Executive Order on Ukraine*, March 6, 2014.

<sup>13</sup> The White House, Office of the Press Secretary, *Statement by the Press Secretary on Ukraine*, March 06, 2014.

have the right of self-determination, as was “granted to the Albanians in Kosovo.” He also claimed that Russia would not encourage Crimea to take such a step.

Ukrainian media reported on March 7, 2014, that Russia’s Baltic Fleet ships were docking in Sevastopol and unloading more troops and equipment. They also reported that Russian troops smashed their way onto one Ukrainian base in the Crimea and forced the Ukrainian troops to surrender.

## Post-Soviet Russia and Its Significance for the United States

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

Russia is a potentially important trading partner. Russia is the only country in the world with a greater range and scope of natural resources than the United States, including oil and gas reserves. It is the world’s second-largest producer and exporter of oil (after Saudi Arabia) and the world’s largest exporter of natural gas. It has a large, relatively well-educated labor force and scientific establishment. Also, many of Russia’s needs—food and food processing, oil and gas extraction technology, computers, communications, transportation, and investment capital—are in areas in which the United States is highly competitive, although bilateral trade remains relatively low.<sup>14</sup>

## Political and Human Rights Developments

### Background

#### Russia: Basic Facts

**Area and Population:** Land area is 6.6 million sq. mi., about 1.8 times the size of the United States. The population is 142.5 million (CIA, *The World Factbook*, mid-2013 est.). Administrative subdivisions include 46 regions, 21 republics, 9 territories, and 7 others.

**Ethnicity:** Russian 79.8%; Tatar 3.8%; Ukrainian 2%; Bashkir

<sup>14</sup> According to the National Intelligence Council, Russia will face growing domestic and international challenges over the next two decades. It will need to diversify and modernize its economy, but the percentage of its working-age population will decline substantially. Under various scenarios, its economy will remain very small compared to the U.S. economy. Social tensions may increase as the percentage of Muslims increases in the population to about 19%. Putin’s legacy of mistrust toward the West could stifle the country’s integration into the world economy and cooperation on global issues, and increasing militarism could pose threats to other Soviet successor states. See *Global Trends 2030: Alternative Futures*, December 2012.

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

1.2%; Chuvash 1.1%; other 12.1% (2002 census).

**Gross Domestic Product:** \$2.5 trillion; per capita GDP is about \$17,700 (*World Factbook*, 2012 est., purchasing power parity).

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

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

The Russian Constitution combines elements of the U.S., French, and German systems, but with an even stronger presidency. Among its more distinctive features are the ease with which the president can dissolve the legislature and call for new elections and the obstacles preventing the legislature from dismissing the government in a vote of no confidence. The president, with the legislature's approval, appoints a prime minister, who heads the government. The president and prime minister appoint government ministers and other officials. The prime minister and government are accountable to the president rather than the legislature.

The bicameral legislature is called the Federal Assembly. The State Duma, the more powerful chamber, has 450 seats. In July 2005, a law was passed that all 450 Duma seats would be filled by means of party list elections, with a 7% threshold for party representation. The upper chamber, the Federation Council, has 166 seats, two from each of the current 83 regions and republics of the Russian Federation. These latter deputies are not directly elected (see below, "President Putin Redux").

In November 2008, constitutional amendments extended the presidential term to six years and the term of State Duma (lower legislative chamber) deputies from four to five years, and these provisions came into force with the most recent Duma election in December 2011 and the most recent presidential election in March 2012.

The judiciary is the least developed of the three branches. Some of the Soviet-era structure and practices are still in place, with the courts widely perceived to remain subject to political manipulation and control. Criminal code reform was completed in 2001. Trial by jury was planned to expand to cover most cases, but instead has been restricted following instances where state prosecutors lost high-profile cases. Jury tampering by prosecutors and defendants has been a persistent problem. The Supreme Court is the highest appellate body. The Constitutional Court rules on the legality and constitutionality of governmental acts and on disputes between branches of government or federative entities. A Supreme Arbitration Court handles commercial disputes. In December 2013, Putin proposed to amend the constitution to abolish the Arbitration Court, incorporating its judges into the Supreme Court. Some observers viewed the move as a government attempt to increase control over what these observers consider the most independent court.

## **Putin's First Two Presidential Terms: Consolidating Presidential Power**

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

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

A defining political and economic event of the Putin era was the October 2003 arrest of Mikhail Khodorkovsky, the head of Yukos, then the world's fourth-largest oil company. Khodorkovsky's arrest was triggered by his criticism of some of Putin's actions, his financing of political parties that had launched substantial efforts in the Duma to oppose Putin's policies, and his hints that he might enter politics in the future. Khodorkovsky's arrest was seen by many as politically motivated, aimed at eliminating a political enemy and making an example of him to other Russian businessmen. In May 2005, Khodorkovsky was found guilty on multiple criminal charges of tax evasion and fraud and sentenced to eight years in prison. Yukos was broken up and its principal assets sold off to satisfy alleged tax debts. Since then, the government has renationalized or otherwise brought under its control a number of other large enterprises that it views as "strategic assets," and installed senior government officials to head these enterprises. This phenomenon led some observers to conclude that "those who rule Russia, own Russia,"<sup>15</sup>

In December 2010, Khodorkovsky was found guilty in a new trial on charges of embezzlement, theft, and money-laundering and sentenced to several additional years in prison. In February 2011, an aide to the trial judge alleged that the conviction was a case of "telephone justice,"

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<sup>15</sup> According to some measures, Russia has by far the greatest income inequality among industrialized countries.

where the verdict had been dictated to the court by higher authorities. In late May 2011, the Russian Supreme Court upheld the sentence on appeal.<sup>16</sup> However, in December 2012, the Moscow City Court reduced the sentence slightly. In August 2013, the Supreme Court again upheld the sentence, but reduced it by two months, so that Khodorkovsky's sentence would end in August 2014. On December 19, 2013, President Putin commuted Khodorkovsky's sentence, ostensibly on humanitarian grounds, and he was released.

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

## The 2008-2012 Medvedev-Putin "Tandem"

Almost immediately after the 2007 Duma election—in which the United Russia Party, headed by Putin, won more than two-thirds of the seats—Putin announced that his protégé Dmitry Medvedev was his choice for president. Medvedev announced that, if elected, he would ask Putin to serve as prime minister. This arrangement was meant to ensure political continuity for Putin and those around him. The Putin regime manipulated election laws and regulations to block “inconvenient” candidates from running in the March 2008 presidential election, according to many observers. Medvedev garnered 70% of the vote against three candidates. As with the Duma election, the Organization for Security and Cooperation in Europe (OSCE) refused to submit to restrictions demanded by Moscow and did not send election monitors.<sup>17</sup>

Many observers hoped that President Medvedev would be more democratic than former President Putin. Despite some seemingly liberal statements and decisions by President Medvedev, the main trend was a continuation of the political system honed by Putin, according to most observers. In late 2008, President Medvedev proposed a number of political changes that were subsequently enacted or otherwise put into place. Observers regarded a few of the changes as progressive and

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<sup>16</sup> S.Res. 189 (111<sup>th</sup> Congress), introduced by Senator Roger Wicker on June 18, 2009, and a similar bill, H.Res. 588 (111<sup>th</sup> Congress), introduced by Representative James McGovern on June 26, 2009, expressed the sense of the chamber that the prosecution of Khodorkovsky was politically motivated, called for the new charges against him to be dropped, and urged that he be paroled as a sign that Russia was moving toward upholding democratic principles and human rights. S.Res. 65 (112<sup>th</sup> Congress), introduced by Senator Wicker on February 17, 2011, expressed the sense of the Senate that the conviction of Khodorkovsky and Lebedev constituted a politically motivated case of selective arrest and prosecution and that it should be overturned. For Congressional comments after Khodorkovsky received a second sentence, see Senator Wicker, *Congressional Record*, January 5, 2011, p. S54; Representative David Dreier, *Congressional Record*, January 19, 2011, p. H329.

<sup>17</sup> RFE/RL, *Newsline*, February 5, 20, 2008.

most of the others as regressive. These included constitutional changes extending the presidential term to six years and State Duma deputies' terms to five years (as mentioned above), requiring annual government reports to the State Duma, permitting regional authorities to dismiss mayors, reducing the number of signatures for a party to participate in elections, reducing the number of members necessary in order for parties to register, abolishing the payment of a bond in lieu of signatures for participation in elections, and giving small political parties more rights. In October 2011, President Medvedev signed legislation to reduce the voting hurdle for party representation in the State Duma elected in 2016 from 7% to 5% (Putin had raised the limit from 5% to 7% in 2005). The flip-flop in the percentage was proclaimed to mark advancing democratization.

### **The Run-Up to the 2011-2012 Elections**

At a meeting of the United Russia Party in May 2011, then-Prime Minister Putin called for the creation of a “broad popular front [of] like-minded political forces,” to participate in the upcoming December 2011 Duma election, to include United Russia and other political parties, business associations, trade unions, and youth, women’s and veterans’ organizations. Nonparty candidates nominated by these various organizations would be included on United Russia’s party list, he announced. Then-deputy prime minister and chief of government staff Vyacheslav Volodin was named the head of the popular front headquarters. Critics objected that it was illegal for government resources and officials to be involved in political party activities. They also claimed that the idea of the “popular front” was reminiscent of the one in place in the German Democratic Republic when Putin served there in the Soviet-era KGB. (As of late 2013, the popular front remains a mobilization forum used by Putin.)

### **Putin’s September 2011 Announcement of Candidacy for the Presidency**

In late September 2011, at the annual convention of the ruling United Russia Party, then-Prime Minister Putin announced that he would run in the March 2012 presidential election. Then-President Medvedev in turn announced that he would not run for reelection, and endorsed Putin’s candidacy. Putin stated that he intended to nominate Medvedev as his prime minister, if elected. The two leaders claimed that they had agreed in late 2007—when they decided that Medvedev would assume the presidency—that Putin could decide to reassume it in 2012. Putin suggested that Medvedev head the party list. In his speech to the compliant delegates, Putin warned that global economic problems posed a severe test for Russia, implying that Russia needed his leadership to solve these problems. The official news service hailed the continuation of the “effective” and “successful” Putin-Medvedev “tandem” as the best assurance of Russia’s future modernization, stability, and “dignity.”<sup>18</sup>

A United Russia Party convention to formally nominate Putin as its candidate was held in late November 2011. Russian analyst Pavel Baev stated that the legitimacy of Putin’s return to the presidency “is seriously compromised because the spirit, if not the letter, of the constitution is clearly violated” (at issue is one word in the constitution, which specifies that presidents are limited to two *successive* terms in office).<sup>19</sup> Some critics have warned that Putin might well feel free to fill out another two terms as president until the year 2024, making his term in office longer than that of former General Secretary of the Soviet Communist Party Leonid Brezhnev, who ruled

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<sup>18</sup> *ITAR-TASS*, September 25, 2011.

<sup>19</sup> *Eurasia Daily Monitor*, October 3, 2011.



for 18 years and who is remembered for his suppression of dissidence at home and in Eastern Europe and for the political and economic “era of stagnation” during the final years of his rule.

### **The December 4, 2011, State Duma Election**

In the run-up to the December 2011 State Duma election, seven political parties were approved to run, although during the period since the last election in late 2007, several other parties had attempted to register for the election but were blocked from doing so. These actions elicited criticism from the U.S. State Department that diverse political interests were not being fully represented. As the election neared, Russian officials became increasingly concerned that the ruling United Russia Party, which had held most of the seats in the outgoing Duma, was swiftly losing popular support. According to some observers, Russian authorities not only used their positions to campaign for the party but also planned ballot-box stuffing and other illicit means to retain a majority of seats for the ruling party. In addition, then-President Medvedev and Prime Minister Putin insisted on limiting the number of OSCE observers. Russian authorities also moved against one prominent Russian nongovernmental monitoring group, Golos (Voice), to discourage its coverage of the election.

According to the OSCE’s final report on the outcome of the election, the close ties between the Russian government and the ruling party, the refusal to register political parties, the pro-government bias of the electoral commissions and most media, and ballot-box stuffing and other government manipulation of the vote marked the election as not free and fair. OSCE observers reported that vote counting was assessed as bad or very bad in terms of transparency and other violations in one-third of polling stations they visited and in up to one-quarter of territorial electoral commissions.<sup>20</sup> Golos has estimated that just by padding the voting rolls, electoral officials delivered 15 million extra votes to United Russia, nearly one-half of its vote total (by this assessment, United Russia only received some 25% of the vote, even after authorities used various means to persuade or coerce individuals to vote for the party).<sup>21</sup> On December 23, 2011, the Presidential Human Rights Council called for the head of the CEC—Vladimir Churov—to resign because he had lost “the people’s trust,” and for new electoral laws to be drawn up in preparation for an early legislative election. Instead, outgoing President Medvedev later gave Churov one of the highest state awards for his service.<sup>22</sup>

### ***Protests after the State Duma Election***

On December 4-5, rallies were held in Moscow and St. Petersburg to protest against what was viewed as a flawed election, leading to hundreds of detentions by police. On December 5, about 5,000 protesters or more held an authorized rally in central Moscow. When many of the protesters began an unsanctioned march toward the Central Electoral Commission, police forcibly dispersed them and detained hundreds. On December 7, 2011, several U.S. Senators issued a statement

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<sup>20</sup> OSCE, Office for Democratic Institutions and Human Rights (ODIHR), *Russian Federation Elections to the State Duma, 4 December 2011, OSCE/ODIHR Election Observation Mission: Final Report*, January 12, 2012.

<sup>21</sup> Golos, *Domestic Monitoring of Elections to the 6<sup>th</sup> State Duma of the Federal Assembly, Russian Federation, 4 December 2011: Final Report*, January 27, 2012. In mid-March 2013, a Russian mathematician released a report that argued that the Communist Party actually had won the most seats in the election.

<sup>22</sup> CEDR, December 23, 2011, Doc. No. CEP-950175.

condemning Russian police crackdowns on those demonstrating against the “blatant fraud” of the Duma election.

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

According to one Russian analyst, although the authorities were alarmed by the December opposition protests, they quickly devised countermeasures, including the rallying of state workers and patriots to hold counter-demonstrations.<sup>23</sup>

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

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

- Amendments to the law on political parties were signed into law on April 3, 2012, permitting the registration of new parties after they submit 500 signatures from members (a reduction from the previous requirement of 40,000 signatures). However, the retention of strict reporting requirements on party activities and finances and the ban on electoral blocs were viewed by some observers as less progressive, the latter because it would prevent small parties from cooperating in elections. By the end of 2013, the number of registered parties had increased from seven to 63 eligible to participate in elections.
- A law signed on May 2, 2012, eliminated the need for political parties not represented in the Duma to gather signatures in order to participate in Duma

<sup>23</sup> CEDR, May 7, 2012, Doc. No. CEP-6001.

elections. The law also reduced the number of signatures required for these parties to field presidential candidates and the number required for self-nominated candidates. These changes were viewed by many observers as progressive.

- A law reestablishing gubernatorial elections was signed into law on May 2, 2012. It provides for a hybrid direct and indirect electoral procedure, whereby the president or municipal legislators may nominate candidates. The president also has the power to remove governors. At the same time, the law places new conditions on the election of mayors of regional capitals. The provisions on gubernatorial elections were considered only semi-progressive by many observers (see below).
- The establishment of public television appeared progressive, although its freedom of operation appeared to be vitiated by creating it by presidential edict (which could be repealed at any time), and by making its head a presidential appointee.<sup>24</sup>

### **The March 2012 Presidential Election and Its Aftermath**

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

According to the final report of the CEC, Putin won 63.6% of 71.8 million votes cast, somewhat less than the 71.3% he had received in his last presidential election in 2004. In their final report, OSCE monitors concluded that the election was well organized, but that there were several problems. Although the report did not state outright that the election was “not free and fair,” some of the monitors at a press conference stated that they had not viewed it as free and fair. According to the report, Putin received an advantage in media coverage, and authorities mobilized local officials and resources to garner support for him. The OSCE monitors witnessed irregularities in vote-counting in nearly one-third of the 98 polling stations visited and in about 15% of 72 higher-level territorial electoral commissions.<sup>25</sup>

### ***The May 6, 2012, Bolotnaya Square Protest***

The protests after Putin’s election by those who viewed the electoral process as tainted appeared smaller in size and number than after the Duma election. Opposition politicians Alexey Navalny,

<sup>24</sup> CEDR, April 27, 2012, Doc. No. CEP-49013.

<sup>25</sup> OSCE, ODIHR, *Russian Federation, Presidential Election, 4 March 2012, OSCE/ODIHR Election Observation Mission: Final Report*, May 11, 2012.

Boris Nemtsov, and Sergey Udaltsov were among the organizers of an approved demonstration on May 6, 2012, in Moscow. Turnout was approved for 5,000 participants, but police reported that about 8,000 turned out. Other observers estimated that over 20,000 turned out. Allegedly, regional authorities had been ordered to prevent dissidents from traveling to Moscow, and warnings appeared that military enlistment offices would issue conscription summonses to young male protesters. The demonstrators marched down Bolshaya Yakimanka Street to a destination point at Bolotnaya Square. Police blocked the square, creating chaos that eventually triggered large-scale violence. About 100 police and protesters reportedly were injured, and hundreds were detained, among them Navalny, Nemtsov, and Udaltsov. Most later were released, but 18 were held on serious charges of fomenting violence. The Investigative Committee, a presidential body, developed cases against these and others alleged involved in the May 6 protests (for further developments, see below, “Other Moves against Oppositionists”).

## President Putin Redux

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

Putin issued a number of decrees immediately after taking the oath of office, which he explained were aimed at implementing his campaign pledges. He ordered that healthcare and education improvements be formulated, that financial aid be provided for families with multiple children, that pay for government workers be increased, and that housing and utility services be improved. He ordered that reforms should result in increased birth rates and decreased death rates, that a new foreign policy concept (strategy document) be formulated, and that defense spending be increased.

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

Several laws were passed after Putin returned to the presidency that appeared to limit or negate the initiatives carried out during Medvedev’s presidency that were viewed as supporting democratization and human rights to some degree.<sup>26</sup>

- In June 2012, Putin approved a law increasing the fine for individuals convicted for “violating the public order” to over \$9,000 and for organizers of unapproved demonstrations to \$30,500. Most observers viewed the law as a further threat to freedom of assembly in Russia.
- In July 2012, Putin approved a law requiring NGOs that receive foreign grants to register as “foreign agents.” The law entered force on November 20, 2012.

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<sup>26</sup> For one assessment of the vitiation of the Medvedev reforms, see *CEDR*, January 15, 2013, Doc. No. CEP-008011.

Virtually all NGOs refused to register under the new law, and faced the threat of closure. In response to the statements by some groups that they would not register, the legislature enacted amendments to the law in October 2012 imposing fines of up to \$16,000 on NGOs that failed to register.

- In late July 2012, Putin approved a law partly restoring a law changed in 2011 that had de-criminalized defamation. Under the new law, a civil penalty of up to \$155,000 could be levied. The old law, which had classified defamation as a felony, had led to hundreds of convictions each year. Critics viewed the new law as reinstating means to suppress media reporting on, or citizens' complaints about, official malfeasance.
- In late July 2012, Putin approved a law "protecting children" from Internet content deemed harmful, including child pornography and advocacy of drug use, as well as materials that incite racial, ethnic, or religious hatred. A blacklist of Internet sites was established. Observers have raised concerns about the ambiguity of the law and about the danger that whole websites, rather than individual webpages, might be blocked.
- In late September 2012, the Supreme Court decreed that Russian citizens who received beatings from the police had no right to resist, because the beatings were presumed to be lawful unless they later were challenged in court.
- In early November 2012, Putin signed a law broadening the definition of treason to include divulging a state secret or "providing consulting or other work to a foreign state or international organization" that later is deemed to violate Russian security interests. The office of the High Representative of the European Union for Foreign Affairs and Security Policy issued a statement raising concerns about the ambiguous and broad scope of the legislation, and warned that it and other recent laws "would limit the space for civil society development, and increase the scope for intimidation."<sup>27</sup>
- In early April 2013, Putin signed a law permitting regions/republics to rescind direct gubernatorial elections. The law permits parties represented in regional/republic legislatures to propose a list of candidates, in consultation with the president, which is then winnowed by the president to three candidates. The legislature then selects one of these candidates as governor. The Russian government justified the legislation by claiming that officials in ethnically diverse North Caucasian republics were concerned that direct elections might violate the rights of minority ethnic groups (perhaps alluding to long-time arrangements of allocating posts among several ethnic groups) and contribute to violence.<sup>28</sup> Critics charged that the change was enacted because the United Russia Party feared any degree of open electoral competition. Another possible reason was that President Putin aimed to appoint new and more pliable governors in the region in the run-up to the 2014 Olympics in Sochi. While Dagestan, Ingushetia, and North Ossetia have opted out of direct elections of their heads, in December 2013, Aleksandr Khloponin, the Presidential Plenipotentiary

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<sup>27</sup> *Statement by the Spokesperson of High Representative on the New Law on Treason in Russia*, Press Release, Council of the European Union, October 25, 2012.

<sup>28</sup> *RIA Novosti*, April 2, 2013.

Representative in the North Caucasus Federal District, called for all North Caucasus republics to eschew such direct elections.

- At the end of June 2013, Putin signed a law amending a law on the protection of children from harmful information by adding fines for individuals and organizations that propagandize “non-traditional sexual relations,” which Russian policymakers said referred to homosexuality. The law prohibits propaganda presenting the “attractiveness of non-traditional sexual relations, a distorted picture of the social equivalence of traditional and non-traditional sexual relations, or [information] causing interest in such relationships....” The law also calls for arresting and deporting foreigners who engage in such information, raising concerns that LGBT individuals and organizations may be banned from attending or participating or ousted during the upcoming 2014 Sochi Olympics. On July 31, 2013, a State Department spokesperson called on Russia to protect the human rights of all people attending or participating in the Olympic Games. In early August 2013, a congressional letter was sent to Secretary Kerry calling for him to communicate with Congress on efforts the United States will take to ensure the rights of LGBT Americans traveling to the Olympic Games. In November 2013, eleven Senators sent a letter to the International Olympics Committee raising concerns that the law violates the Olympic Charter. A Russian Foreign Ministry official expressed “bewilderment” at the letter, asserted that the law is not aimed at discriminating against LGBT persons, and directed that those advocating LGBT rights attend to affairs in their own countries. The official also stated that all sportsmen and guests would be welcome to the Games, as long as they respected Russia’s laws.<sup>29</sup>
- At the end of June 2013, President Putin signed a law providing for up to three years in prison for individuals who commit acts offending the sensibilities of religious practitioners in Russia.
- In early July 2013, President Putin signed a law banning domestic and foreign adoptions by same-sex couples in order to prevent “spiritual suffering” by children.

In addition to these laws, President Putin submitted draft legislation to the Duma in late June 2012 to change the procedure for filling seats in the Federation Council.<sup>30</sup> He called for regional voters to have a role in “democratically” electing one of the two members of the Federation Council (often termed senators), proposing that a candidate running in a gubernatorial election select three possible senators who would appear on the ballot with him. After winning, the governor would designate one of the candidates as the regional senator. The other regional member of the Federation Council would be chosen by the regional legislature, he proposed. The bill was approved by both chambers of the Federal Assembly in November and entered into force on January 1, 2013. Critics charged that the process was at best an indirect means of choosing

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<sup>29</sup> Senator Chris Murphy, *Press Release: Murphy, Boxer, Merkley and Colleagues Urge International Olympic Committee to Reconsider Ruling on Russian Anti-LGBT Law*, November 8, 2013; Ministry of Foreign Affairs of the Russian Federation, *Comment by Russian Foreign Ministry Commissioner for Human Rights, Democracy, and the Rule of Law K.K. Dolgov in Connection With a Letter Sent by Some U.S. Senators to the International Olympics Committee*, November 15, 2013.

<sup>30</sup> Under current practice, where each region or republic has two senators, one senator is selected by the governor (and confirmed by the regional/republic legislature), and the other is selected by the regional/republic legislature.

senators. As mentioned above, the April 2013 law permitting regions/republics to rescind direct gubernatorial elections also contained new provisions for an indirectly chosen governor to propose three local or Duma deputies as possible members of the Federation Council, to be voted on by the regional legislature.

Several local elections were held on October 14, 2012, including five gubernatorial elections, the first held since they were banned in 2004. Golos reported that these elections gave no evidence of improvements in the registration of candidates, campaigning, and voting procedures since problematic Duma and presidential elections a few months previously. Observers also claimed that the selection of gubernatorial candidates had been substantially controlled by the ruling United Russia party, which facilitated the reelection of the incumbent governors.<sup>31</sup>

In mid-June 2013, Putin assumed the leadership of the Popular Front, in its new incarnation as a civic group, similar to those headed by Central Asian presidents. The organization is composed of some officials and members of the United Russia Party and pro-Putin parties and NGOs, as well as individuals. In his speech at the Popular Front Congress, Putin stated that the organization aimed to provide Russians with the opportunity to create a “Great Russia,” which would be “a center for culture and integration, a magnet to which other countries and other peoples are attracted.” This future Russia would be modern but would uphold traditional values, he stated. According to some speculation, the Popular Front may later become a new political party to supplant the United Russia Party, which is waning in popular appeal.<sup>32</sup>

Local elections were held in Russia on September 8, 2013. Some regions held direct gubernatorial elections, but the requirement that prospective candidates gather signatures from municipal deputies gave the United Russia Party control over the process, according to most observers. (In Ingushetia and Dagestan, however, candidates for president of the republic were nominated by parties and approved by the president, after which the regional legislative assemblies selected the republic head.) Civil Platform Party head Mikhail Prokhorov was among those calling for the abolition of the “municipal filter,” since it “discredits the very idea of political reform.... The further use of the filter to eliminate ... political opponents could backfire ... and society will view elections where it is used as illegitimate.”<sup>33</sup> Although the activities of Golos were suspended by the Justice Ministry in late June 2013 for refusing to register as a foreign agent, Golos registered as a civic organization (using the Popular Front’s registration as a model) under the same name in mid-July 2013. It monitored the September 2013 elections in 22 cities, regions, and republics, and concluded that electoral processes were increasingly problematic, although more competitive races with greater public scrutiny in Moscow and Yekaterinburg ensured fairer elections in those cities. Some observers pointed to wins by candidates not affiliated with United Russia in Yekaterinburg and Petrozavodsk, and Aleksey Navalny’s strong showing in Moscow, as indicating that the ruling party was slipping in popularity in large cities.

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<sup>31</sup> *Interfax*, October 15, 2012.

<sup>32</sup> *CEDR*, June 12, 2013, Doc. No. CEN-49688694; June 13, 2013, Doc. No. CEL-40595330.

<sup>33</sup> *CEDR*, August 3, 2013, Doc. No. IML- 57494110.

## Human Rights Problems and Issues

### The Magnitsky Case

The death of Sergey Magnitsky—a lawyer for the Hermitage Fund, a private investment firm—in November 2009 after being detained for 11 months has been a highly visible example of the failure of the rule of law in Russia, according to many observers. He had been detained on tax evasion charges after he alleged that police and other officials had illicitly raided Hermitage assets. In July 2011, a group of human rights advisors to the president issued a report providing evidence that Magnitsky’s arrest was unlawful, that he had been beaten and possibly tortured while in detention (including just before his death), and that prison officials and possibly higher-level officials had ordered doctors not to treat him. The Russian Prosecutor-General’s Office and Interior Ministry rejected the findings. Medvedev ordered an official investigation into Magnitsky’s death, and in September 2011 these investigators narrowly concluded that his death was due to the negligence of two prison doctors. In late November 2011, Hermitage Capital released a report giving details of how government officials allegedly ordered that Magnitsky be beaten and blocked medical treatment, resulting in his death. A prison doctor and the deputy head of the prison medical service were charged in mid-2011, but the case against the doctor was dropped in April 2012 on the grounds that the time limit for filing charges had expired. On December 20, 2012, President Putin asserted that Magnitsky had not died of torture but of a heart attack, and that the question was whether Magnitsky was given timely aid. A few days later, the prison medical official was acquitted on the grounds that the death was accidental and no negligence was involved.

In August 2011, the Constitutional Court upheld the resumption of criminal proceedings against the dead man, ostensibly on the grounds that Russian law allows for such a case to proceed at the request of the family. The family denied that it formally requested the resumption of the trial. In February 2012, the Moscow Helsinki Committee, a human rights NGO, condemned the ongoing trial of a dead man and persecution of the family as “a new alarming symptom of complete degradation of Russian justice.”<sup>34</sup> The unprecedented trial of the dead man was conducted and he was found guilty of tax evasion on July 11, 2013. It was reported in late 2013 that the judge in the case has been promoted.

In the 112<sup>th</sup> Congress, H.R. 4405 (McGovern), introduced on April 19, 2012; S. 1039 (Cardin), introduced on May 19, 2011; and S. 3406 (Baucus), introduced on July 19, 2012, imposed visa and financial sanctions on persons responsible for the detention, abuse, or death of Sergei Magnitsky, or for the conspiracy to defraud the Russian Federation of taxes on corporate profits through fraudulent transactions and lawsuits against Hermitage. In addition, the bills imposed global sanctions on persons responsible for other gross violations of human rights. H.R. 4405 was ordered to be reported by the Foreign Affairs Committee on June 7, 2012. One amendment to the bill changed the global applicability of some sanctions to specify that they pertain to Russia. S. 1039 was ordered to be reported by the Senate Foreign Relations Committee, as amended, on July 23, 2012. S. 3406 was ordered to be reported by the Senate Finance Committee on July 19, 2012. Sections 304-307 of S. 3406 contain language similar to S. 1039, as reported, along with language authorizing the extension of nondiscriminatory treatment (normal trade relations treatment) to Russia and Moldova.

<sup>34</sup> CEDR, February 29, 2012, Doc. No. CEP-950048.



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

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

### *Retaliating Against the Magnitsky Act: Russia's Dima Yakovlev Act*

A bill was introduced in the Duma on December 10, 2012, to bar U.S. citizens from entry who allegedly violated the rights of Russian citizens. As amended, the bill also barred designees from investing and froze their assets in the country. Another provision facilitated the closure of NGOs that received U.S. funding that were found to violate "Russian interests." The bill also barred U.S. adoptions of Russian children and called for terminating the U.S.-Russia adoption treaty, which had entered into force less than two months previously.<sup>35</sup> The bill was entitled the "Dima Yakovlev Act," in honor of a Russian adoptee who had died in the United States. The "Dima Yakovlev" bill was approved and signed into law by President Putin on December 28, 2012, and went into effect on January 1, 2013.

### *The Magnitsky and Yakovlev Lists*

On April 12, 2013, the U.S. Treasury Department released the "Magnitsky list" of names of 18 Russians subject to visa bans and asset freezes. The Magnitsky list contains the names of Russians involved in events leading to the death of accountant Sergey Magnitsky in Russia in 2009 or in other gross human rights violations. Most of the names are related to the Magnitsky case and include police and tax officials and judges, but two individuals are associated with human rights abuses in Chechnya. Besides this list, the State Department has an unreleased list of Russians subject to visa bans in connection with the Magnitsky case and human rights abuses. Russian presidential spokesman Dmitry Peskov warned that the publication of the "Magnitsky list" by the State Department would lead to a "symmetrical response" by Russia." Media in Russia reported that Moscow planned to release its own list of U.S. citizens to be barred from entry. Senator Jim McGovern earlier had proposed that 240 Russians associated with the Magnitsky case be listed. On April 12, he raised concerns that the published list was too limited,

<sup>35</sup> The treaty may be terminated one year after notification by one of the parties.

but indicated that he had been assured by the Administration that more individuals were being investigated for inclusion on the list.

On April 13, 2013, Russia released its own list, also containing 18 names of U.S. citizens, including former Bush Administration officials and Guantanamo base commanders allegedly implicated in torture, and lawyers and judges involved in prosecuting Russian organized crime figures. The Russian Foreign Ministry reported in August 2013 that a few U.S. citizens on the list had been denied visas.

On December 18, 2013, Foreign Minister Lavrov mentioned that the Magnitsky Act was an irritant in U.S.-Russia relations. An annual report required by the Magnitsky Act was submitted to Congress on December 20, 2013. It did not add any new names to the Magnitsky list of Russian officials subject to visa bans and asset freezes, but the Administration reportedly stated that cases were being evaluated and new names could be added at any time. Senator Bob Corker reportedly called for an explanation of why no new names had been added. Russian officials repeatedly have threatened that Russia will make a proportional response to the addition of new names.<sup>36</sup>

### *The Adoption Ban*

While initially silent while the Dima Yakovlev legislation was being considered in the Duma, on December 20, 2012, President Putin appeared to endorse it, stating that he had been “outraged” by the U.S. legal treatment of those who have harmed or killed Russian adoptees, and asserting that the U.S.-Russia adoption treaty had turned out to be “absurd,” since U.S. states are circumventing it. He also apparently referred to the U.S. Magnitsky law in terming U.S. actions as undeserved “provocations” and as slaps in the face, while at the same time the United States is “up to its ears” in its own human rights problems.<sup>37</sup> Foreign Minister Lavrov, in contrast, raised concerns about the Duma bill’s call for the termination of the adoption treaty. Moscow Helsinki Group head Lyudmila Alexeyeva also criticized the bill, arguing that 19 Russian adoptees had died in the United States over the past 20 years (other sources stated over 10 years), some of whom had health problems when they were adopted, while over 2,200 children adopted by Russian families had died over the past 20 years.<sup>38</sup>

After Putin signed the bill into law at the end of 2012, the Foreign Ministry harshly asserted that the ban was justified because U.S. culture is violent, resulting in many child murders; that Americans are prejudiced against Russian adoptees; and that the United States has not ratified the U.N. Convention on the Rights of the Child, including because Americans approve of spanking and incarcerating children. It also claimed that the deaths of Russian children “at the hands of American adopters”—Russian sources had claimed at the time that there were at least 19 such deaths—were the “tip of the iceberg,” since Russian authorities usually only became aware of deaths from U.S. news media, which might not report the origin of the child. The ministry also dismissed the argument that Americans adopt many otherwise unadoptable Russian children with disabilities, claiming that less than 10% of such adoptees in 2011 were disabled. It bitterly accused the U.S. judicial system of excusing the murders of Russian adoptees because of ethnic

<sup>36</sup> Anne Gearan, “No Names Added to Blacklist of Russian Officials,” *Washington Post*, December 21, 2013; *Interfax*, December 18, 2013; *The Voice of Russia World Service*, December 23, 2013.

<sup>37</sup> *Interfax*, December 13, 2012; *CEDR*, December 20, 2012, Doc. No. CEP-950103.

<sup>38</sup> *Interfax*, December 20, 2012.

prejudice.<sup>39</sup> On January 23, 2013, Lavrov additionally stated that the adoption ban was justified because Russian authorities had become convinced that the U.S. adoption system had low standards, which contributed to the deaths of adoptees, and he asserted that such problems and deaths did not occur among adoptees in other counties.<sup>40</sup>

On January 22, 2013, the Russian Supreme Court issued a letter clarifying that in implementing the new law, local courts should leave standing adoption cases finalized by the courts before the beginning of the year—about 56 cases—and proceed to transfer the children to the custody of their adoptive parents. According to the State Department, virtually all U.S. families since have received custody of these legally adopted children.

The State Department urged the Russian government to permit all U.S. families in the process of adopting Russian children to complete their adoptions, particularly the approximately 230 (some sources say up to 300) cases where the prospective parents have met with orphans. The Russian government, however, indicated that these latter cases would not move forward and claimed that some of the children recently have been placed with Russian families. In one case, an orphan who had met with a prospective U.S. family, but whose adoption was in abeyance, has since died.

Many Members of Congress joined in writing letters, sponsoring legislation, and otherwise protesting the adoption ban and urging Russia to reconsider its implications for prospective U.S. parents, Russian orphans, and U.S.-Russia relations. In the 113<sup>th</sup> Congress, the Senate approved S.Res. 628 (Landrieu) on January 1, 2013, expressing “deep disappointment” in and “disapproval” of the Russian Dima Yakovlev law, urging that it be reconsidered to protect the well-being of parentless Russian children, and calling for adoptions in process to be permitted to proceed. A similar bill to S.Res. 628 was introduced by Representative Michelle Bachmann in the 113<sup>th</sup> Congress (H.Res. 24) on January 14, 2013. On January 15, 2013, Representative Christopher Smith introduced H.Res. 34, which expresses “deep sadness over the untimely and tragic deaths in the United States of some adopted Russian children and over the other cases of abuse”; urges the United States and Russia to continue to abide by the bilateral adoption agreement; and calls for Russia to permit adoptions underway to proceed.

A 139-member bipartisan Congressional Coalition on Adoption (CCA), co-chaired by Senators Mary Landrieu and James Inhofe and Representatives Michele Bachmann and Karen Bass, has played a prominent role in protesting the adoption ban. In a letter to President Putin dated December 21, 2012, 16 Senators encouraged President Putin to veto the Yakovlev bill, arguing that the legislation, while harming prospective U.S. parents, mainly harmed Russian orphans.<sup>41</sup> In a strongly worded response, Konstantin Dolgov, the Foreign Ministry’s Special Representative on Human Rights, asserted that the law was passed because abuses against Russian adoptees lately had occurred lately “on a regular basis,” but U.S. federal and local officials had been “consistently non-constructive” in protecting Russian children and had “sabotaged” the adoption agreement. U.S. courts had often failed to adequately prosecute abusers of Russian children, while giving harsh sentences to abusers of U.S.-born children, he also alleged.<sup>42</sup>

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<sup>39</sup> CEDR, December 28, 2012, Doc. No. CEP-950169.

<sup>40</sup> CEDR, January 24, 2013, Doc. No. CEP-049001.

<sup>41</sup> *Congressional Record*, December 31, 2012, p. S8591.

<sup>42</sup> “Ambassador Dolgov’s Letter,” Congressional Coalition on Adoption Institute, January 14, 2013, at <http://ccainstituteblog.org/page/2/>, CEDR, January 31, 2013, Doc. No. CEP-046016.

On January 17, 2013, 46 Representatives signed a letter to President Putin urging him to permit adoptions to move forward where the prospective parents had met with the orphan. A similar bicameral letter to President Putin on January 18, 2013, signed by over 70 Members of Congress, also called for him to permit such adoptions to move forward, particularly those cases where the child was older or had special needs, and so would be more difficult to place and faced the risk of remaining institutionalized. An associated letter to President Obama urged him to make the adoption ban a priority issue in U.S.-Russia relations.

Ten U.S. Senators met with Russian Ambassador Sergey Kislyak in late January 2013 to urge the Russian government to reverse the adoption ban and carry through adoptions where the prospective parents already had met with Russian orphans. Ambassador Kislyak stated that the Yakovlev law was unlikely to be reversed and that the law was passed because of “prevailing concerns” in Russia over the fate of adoptees in the United States.<sup>43</sup>

A Russian governmental delegation including Child Rights Ombudsman Pavel Astakhov traveled to the United States and met with State Department officials, Members of Congress, and families on April 17, 2013, to discuss Russian concerns about the wellbeing of Russian adoptees and U.S. concerns about unblocking the process of adoption for the approximately 230 cases where the prospective parents had met with and were in process of adopting Russian children. (Reportedly, these are part of a larger pool of approximately 600 U.S. families that had begun the adoption process.) The two governments reportedly agreed to set up a working group to meet bi-yearly to monitor the treatment of Russian adoptees in the United States.

In early May 2013, nearly 200 Russian pediatricians and other child welfare professionals urged President Putin to permit some of the blocked U.S. adoptions to proceed. In mid-May 2013, a group of U.S. families facing blocked adoptions unveiled proposals to Russia to unfreeze the adoption process, including pledges of greater Russian access to adopted children in the United States. Later that month, a congressional delegation led by Representative Dana Rohrabacher raised the issue of blocked adoptions with Russian Duma deputies.

A letter signed by more than 150 Members of Congress was sent to President Obama before the June 2013 Obama-Putin summit in Northern Ireland urging the President to raise the issue of the U.S. families whose adoptions were not completed.

In late June 2013, Russian Child Rights Ombudsman Pavel Astakhov again visited the United States, and reiterated that the pipeline adoptions would not move forward. During the visit, he raised concerns about an unlicensed “Ranch for Kids” in Montana, where several Russian adoptees had allegedly been “re-homed.” He refused to meet with Senator Landrieu and other Members of Congress concerned about the adoption ban.<sup>44</sup> After his visit, the OSCE Parliamentary Assembly approved a resolution proposed by Senator Roger Wicker calling for member states to uphold the best interests of the prospective adoptee and the emotional bond formed with the nascent family by honoring adoptions in the pipeline even if the states may seek a halt to future adoptions.<sup>45</sup>

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<sup>43</sup> Olga Belogolova, “U.S. Lawmakers Press Russia to Ease Adoption Ban,” *National Journal*, February 3, 2013.

<sup>44</sup> “U.S. Senator: Russia Stalling On Adoption, Children’s Rights Ombudsman An ‘Ass,’” *RFE/RL*, September 20, 2013; *Interfax*, September 23, 2013.

<sup>45</sup> OSCE Parliamentary Assembly, *Istanbul Declaration and Resolutions Adopted by the OSCE Parliamentary Assembly at the Twenty-Second Annual Session*, July 3, 2013; “OSCE Parliamentarians Back Resolution On (continued...)”

In September 2013, NBC television and Reuters news service reported on Internet “re-homing” websites in the United States that facilitate the transfer of adoptees from one home to another. These websites generally operate outside the law. The Russian Foreign Ministry’s Special Representative for Human Rights, Democracy and the Rule of Law, Konstantin Dolgov, reportedly delivered a note to the U.S. Embassy in Moscow requesting that U.S. authorities probe the reports and deliver findings to Russia. The Russian Investigations Committee, a presidential body, launched a criminal case in early December 2013, alleging that 26 Russian adoptees had been subject to illegal trafficking.<sup>46</sup>

In November 2013, the European Court for Human Rights (ECHR) requested that the Russian government respond to 23 complaints it had received from U.S. families—whose “in the pipeline” adoptions had been halted—by providing information on the fate of the prospective adoptees.<sup>47</sup> Astakhov asserted that Russia was no obligation to report to the ECHR or to the U.S. Department of State, since such information is “confidential.” In response to the ECHR request, the Russian Foreign Ministry requested that U.S. authorities provide detailed information on the U.S. families, and claimed that the majority of the U.S. families had not visited the prospective adoptees in Russia (an assertion at odds with the ECHR findings).

On November 26, 2013, Dolgov claimed that most of the “in the pipeline” adoptees had been transferred to Russian families, although he provided no figures. In late December 2013, Russian media reported that in St. Petersburg, 8 of 33 children who were “in pipeline” for U.S. adoption had been adopted by Russian or foreign parents (one returned to his biological family), and 4 had been placed in foster care. Apparently, 21 children remained in orphanages at the end of the year, although 14 were in the process of being adopted.<sup>48</sup>

A delegation led by Astakhov reportedly will visit the United States in early 2014 to discuss the status of Russian children adopted by Americans.

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

On August 17, 2012, a Russian court sentenced punk rockers Mariya Alekhina, Yekaterina Samutsevich, and Nadezhda Tolokonnikova (members of the “Pussy Riot” singing group) to two years in prison on charges of hooliganism motivated by religious hatred and feminist extremism. The group briefly had sung anti-Putin songs in the Russian Orthodox Church of Christ the Savior in Moscow in February 2012. The court claimed that the songs were not political in nature so that the prosecution was not political. Many in the international community and in Russia had called for the charges against the singers to be reduced to a misdemeanor or dropped. Russian state media appeared to present the trial as juxtaposing the beliefs and attitudes of a majority of Russians against those of a minority of immoral oppositionists. Commenting on the sentences in

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(...continued)

Intercountry Adoption,” RFE/RL, July 3, 2013. See also Senator Roger Wicker, “Russia’s adoption freeze: Is a humanitarian solution within reach?” *Washington Times*, July 23, 2013.

<sup>46</sup> *CEDR*, December 5, 2013, Doc. No. CEL-58382505; November 26, 2013, Doc. No. CER-30408268; *Interfax*, September 17, 2013.

<sup>47</sup> European Court of Human Rights, *A.H. and Others Against Russia and 22 Other Applications*, November 4, 2013, at [http://hudoc.echr.coe.int/sites/eng/pages/search.aspx?i=001-138911#{\"itemid\":\[\"001-138911\"\]}](http://hudoc.echr.coe.int/sites/eng/pages/search.aspx?i=001-138911#{\).

<sup>48</sup> *Interfax*, December 24, 2013.

early October 2012, President Putin stated that the sentences were appropriate given the fact that the singers were “undermining morality and destroying the country,” and because the case had been publicized internationally.<sup>49</sup> A few days later, Samutsevich’s sentence was reduced to two years of probation, but the other two were sent to Siberian work camps. President Putin commuted Alekhina’s and Tolokonnikova’s sentences and they were released on December 23, 2013.

### Other Moves against Oppositionists

- *The Navalny case:* In mid-2012, The Investigative Committee ruled that a case should proceed against activist Alexey Navalny on charges that in 2009 he illicitly had stolen timber belonging to a state-owned firm. On December 20, 2012, the Investigative Committee additionally charged him with involvement in a scheme to defraud a mail delivery firm. A trial in the city of Kirov on the alleged timber theft began in April 2013. On July 18, 2013, he was found guilty and sentenced to five years in prison. U.S. Ambassador Michael McFaul expressed deep disappointment in the conviction and apparent political motivations in the trial. Although his intent was unclear, President Putin raised concerns that one defendant received a suspended sentence while Navalny received five years. Navalny was released pending appeal—reportedly an unusual judicial procedure, perhaps related to widespread domestic and international criticism of the verdict—and he campaigned as a candidate in the September 8, 2013, Moscow mayoral election, coming in second in the poll. The sentence was suspended in October 2013, but the conviction led to Navalny’s disbarment as a lawyer. The Justice Ministry has refused to register the People’s Alliance Party, led by Navalny, which held its founding congress in November 2013. Instead, the ministry quickly registered a same-name pro-government party.
- *The Osipova case:* On August 18, 2012, a Russian court sentenced opposition activist Taisiya Osipova to eight years in prison on charges of drug trafficking. She had been arrested in November 2010 and sentenced in late 2011 to 10 years in prison, but the case had been overturned on appeal. The court rejected witness testimony that police had planted the drugs in Osipova’s house. Her supporters suggested that authorities had prosecuted Osipova to pressure her husband, a leader of The Other Russia Party, to withdraw an application to register the party.
- *The Gudkov case:* In September 2012, the State Duma voted to remove the electoral mandate of deputy Gennady Gudkov, a member of the Just Russia Party, on the grounds that he was violating legislative rules by carrying out commercial activity incompatible with his status as a deputy. Gudkov and other observers argued that other Duma members had business interests, and that he was ousted because of his participation in opposition protests against the flawed Duma and presidential elections. In December 2013, he was named head of a new Social Democrats of Russia Party.
- *The Lokshina case:* In early October 2012, the Moscow office of Human Rights Watch, an international NGO, reported that the deputy director of the office,

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<sup>49</sup> *Interfax*, October 7, 2012.

Tanya Lokshina, had received emails threatening her bodily harm. U.S. Ambassador to Russia Michael McFaul and Russian human rights ombudsman Vladimir Lukin were among those calling on the Russian Interior Ministry to investigate the threats. Lokshina left Russia in October 2012, but returned in the spring of 2013.

- *The Razvozzhayev case.* Opposition A Just Russia Party activist Leonid Razvozzhayev allegedly was detained by Russian security forces in October 2012 in Ukraine, where he was meeting with the U.N. High Commissioner for Refugees to seek asylum, and was spirited back to Moscow, where he has been detained for involvement in the Bolotnaya Square violence. Charges include conspiracy to carry out mass disturbances with the aim of overthrowing the government. In late December 2013, the Moscow City Court sent the case back to the prosecutors for additional investigation, but Razvozzhayev remains in custody.
- *The Udaltsov case.* Opposition Left Front coalition leader Sergey Udaltsov was placed under house arrest in February 2013 on charges of involvement in the Bolotnaya Square violence. A lengthy investigation has been undertaken that authorities claim increasingly supports charges of a conspiracy to carry out mass disturbances with the aim of overthrowing the government. Case material for Udaltsov, Razvozzhayev, and ten other Bolotnaya defendants was submitted for trial in May 2013. In late December 2013, the Moscow City Court sent the case back to the prosecutors for additional investigation, but Udaltsov remains under house arrest.

### **Raids against Nongovernmental Organizations Suspected to be “Foreign Agents”**

In February 2013, Putin demanded that executive branch authorities strictly implement the law on NGOs receiving foreign funding, and agencies ranging from consumer protection to civil defense and the Justice Ministry launched inspections of over 200 suspect NGOs, according to a compilation by the Agora human rights group. NGOs that were inspected included the Moscow offices of Amnesty International, Human Rights Watch, Transparency International, the Konrad Adenauer Stiftung (closely connected to the ruling German Christian Democrats), and the Friedrich Ebert Stiftung (connected to the main German opposition Social Democratic Party), as well as prominent Russian NGOs such as the Moscow Helsinki Group, Golos, and Memorial human rights NGO. Visiting Germany in early April 2013, President Putin rebuffed concerns by Chancellor Angela Merkel about the inspections, asserting that they constituted proper “oversight” of NGO activity.

In late March 2013, the State Department raised “deep concerns” that the large number of NGO inspections, which included religious and educational organizations, constituted a “witch hunt” that harmed civil society. It also indicated that funding would be made available for NGOs in Russia through third parties. The Russian Foreign Ministry denounced the concerns as “provocative” and the plan to continue funding as an attempt to circumvent Russia’s laws and as interference in its internal affairs.<sup>50</sup>

<sup>50</sup> RFE/RL, March 30, 2013; U.S. Department of State, Daily Press Briefing, March 28, 2013.

Golos was prominent among those NGOs fined for not registering as foreign agents. In April 2013, a Moscow court fined Golos about \$12,000 for not registering as a foreign agent. After losing on appeal, it paid the fine but refused to register as a foreign agent, and the Justice Ministry suspended its operations (it has re-registered as a civic organization).

Only one NGO in Russia has registered as a foreign agent, an inter-CIS NGO. All accused NGOs have refused to comply. Russia's prosecutor general reported to President Putin in early July 2013 that—out of 2,226 NGOs that had received about \$1 billion in foreign funding from November 2012 (when the law went into effect) through April 2013—215 NGOs had been determined to be “foreign agents” because of their political activities. These latter NGOs had received over \$180 million in foreign funding over the past three years. He stated that 193 of these had closed down or stopped accepting foreign funding, but that 22 still operated and had not duly registered as foreign agents, so were subject to fines. While raising concerns that a few of these latter NGOs belonged to the President's Human Rights Council, he also argued that NGOs on the Council were engaging in politics by virtue of their Council work, perhaps inadvertently implying that all NGOs on the Council were foreign agents.<sup>51</sup>

Ostensibly to compensate for the restrictions on foreign funding, President Putin decreed at the end of July 2013 that a process of federal funding for human rights NGOs be set up. In early December 2013, grants totaling about \$6 million were provided to 124 human rights groups, including several that had faced questions about whether they should register as “foreign agents,” such as the Memorial Human Rights Center, Golos, For Human Rights, and the Moscow Helsinki Group. Although Memorial received a grant, a St. Petersburg court on December 12, 2013, upheld a ruling that a local branch of Memorial must register as a “foreign agent.” Some critics of the grants warned that they were aimed to make the NGOs dependent on the state and more compliant.

## Insurgency and Terrorism in the North Caucasus

During and after the breakup of the Soviet Union in 1991, the largely Muslim North Caucasus area of Russia—an area between the Black and Caspian Seas—experienced substantial disorder. Among such disorder, Chechen separatism gained ground, contributing to the breakup of the then-Chechen-Ingush Republic along ethnic lines. Russia's then-President Boris Yeltsin implemented a federal system that permitted substantial regional autonomy. While some of the ethnic-based “republics” pushed for greater autonomy, but otherwise opted to remain in Russia, Chechnya was at the forefront in demanding independence.

In 1994-1996, Russia fought against Chechen separatists in a bloody campaign that led to thousands of Russian and Chechen casualties and hundreds of thousands of displaced persons. Ceasefire accords in 1996 resulted in *de facto* self-rule in Chechnya. Organized crime and Islamic extremism subsequently greatly increased in Chechnya (see below)—infusing and supplanting the earlier, more secular, separatist movement—and spread into other areas of Russia. In 1999, Chechen terrorists were alleged to have bombed several apartment buildings in Moscow and elsewhere, and a group of Chechen guerrillas invaded the neighboring Dagestan republic to support Islamic extremism there.

<sup>51</sup> CEDR, July 9, 2013, Doc. No. CEL-59143180; July 10, 2013, Doc. No. CEL-66549127.



Ostensibly in response to this rising cross-border violence, Russia's then-Premier Putin ordered military, police, and security forces to reenter Chechnya at the end of 1999. By early 2000, these forces occupied most of the region. High levels of fighting continued for several more years and resulted in thousands of Russian and Chechen casualties and hundreds of thousands of displaced persons. In 2005, then-Chechen rebel leader Abdul-Khalim Saydullayev decreed the formation of a Caucasus Front against Russia among Islamic believers in the North Caucasus, in an attempt to widen Chechnya's conflict with Russia. After his death, his successor, Doku Umarov, declared the end of the secular-based Ichkeria Republic and called for continuing jihad to establish an Islamic fundamentalist Caucasus Emirate in the North Caucasus and beyond.

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

In January 2010, an existing administrative grouping of southern regions and republics was divided into two districts. A presidential envoy was appointed for each district.

- A North Caucasus Federal District was formed from more restive areas, including the Chechen, Dagestan, Ingush, Kabardino-Balkar, Karachay-Cherkess, and North Ossetia-Alania Republics and the Stavropol Kray.
- A Southern Federal District was formed from somewhat more stable areas, including the Astrakhan, Volgograd, and Rostov Regions, the Adygea and Kalmykia Republics, and the Krasnodar Kray.

The division appeared to permit the central government and envoys to focus on separate development plans for each district. According to some speculation, the division also was partly driven by the 2007 selection of Sochi, in Krasnodar Kray, as the site of the 2014 Winter Olympics, and the need to focus on building facilities and improving security in Sochi.

A North Caucasus Federal District development strategy was promulgated in September 2010. It sets forth goals through 2025, stressing investments in agriculture, tourism, health resorts, energy and mining, and light industry. It also calls for encouraging ethnic Russians to resettle in the area. The strategy sets forth an optimum scenario where average wages increase by 250% and unemployment decreases by 70% by 2025. An inter-agency commission to carry out the strategy was formed with then-Prime Minister Putin as its head. At a December 2011 commission meeting, Putin rejected the views of some that the North Caucasus should be permitted to secede from Russia, warning darkly that anti-Russian interests (presumably, foreign interests) would then launch efforts to break up the rest of Russia. Instead, he argued, Russia must continue to foster economic development in the region.<sup>52</sup> At a meeting of the commission in Grozny in late June 2012, the newly installed head, Prime Minister Medvedev, pledged that economic development of the area was "one of the government's most important priorities."<sup>53</sup> In late 2012, the government

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<sup>52</sup> Prime Minister of the Russian Federation, *During a Visit to the Chechen Republic, Prime Minister Vladimir Putin Holds a Meeting of the Government Commission on the Socio-Economic Development of the North Caucasus Federal District in Gudermes*, December 23, 2011.

<sup>53</sup> *The Moscow Times*, June 20, 2012.

called for spending \$76 billion on economic and social development through 2025, with 90% of the funding outside the state budget (presumably from foreign and domestic investment). At a commission meeting on December 18, 2013, republic heads rejected a claim by Medvedev at the meeting that the republics were in arrears on payments for electricity and gas.

Terrorist attacks in the North Caucasus increased from 2007 through 2009 and decreased thereafter, according to the Open Source Center and other sources. The number of killed or captured terrorists also increased in recent years, perhaps marking more successful counter-terrorist efforts. According to the Open Source Center, there were 527 terrorist incidents in Russia in 2008, 1,381 in 2009, 1,217 in 2010, 1,117 in 2011, 1,016 in 2012, and 741 in 2013. Over this six-year period, 1,185 security personnel and 2,038 terrorists were killed.<sup>54</sup> An appeal by Umarov in early 2012 that his fighters cease carrying out mass casualty attacks—in solidarity with Russians demonstrating against the flawed Duma election—was another possible contribution to the reduced number of terrorist incidents. In early July 2013, however, Umarov lifted this appeal (which was only partially obeyed) and called for his supporters “not to allow the Olympic Games to be held in Sochi.”<sup>55</sup>

A major change in the pattern of terrorist incidents has been a reduction since 2010 in the number of incidents in Chechnya and increases in other republics of the North Caucasus, including Dagestan, Kabardino-Balkaria, and Ingushetia. Dagestan has led in the level of violence. The republic is a multi-ethnic republic where Salafi Islam, as advocated by the Caucasus Emirate or imported from the Middle East, has made increasing inroads. Salafists have clashed with security forces and secular authorities, and with those practicing traditional Sufi Islam in the republic. Terrorist violence in Dagestan accounted for more than one-half of all terrorism in the North Caucasus in 2012 (262 out of 438 terrorist incidents), according to one estimation.<sup>56</sup> The situation in Dagestan remained serious in 2013, with the Russian military reportedly sending more troops to the republic.

Among recent terrorist incidents:

- In early March 2012, an alleged Caucasus Emirate plan to assassinate Putin and Medvedev, uncovered in Ukraine, was publicized by the Russian government during the final period of the presidential election campaign (perhaps coincidentally, an assassination plot also had been alleged during Putin’s 2000 presidential campaign). On May 4, 2012, two suicide car bombings occurred in downtown Makhachkala, the capital of Dagestan, reportedly killing over a dozen civilians and injuring nearly 100.
- On May 10, 2012, Russia’s National Anti-Terrorism Committee—NAK; an interagency coordinating and advisory body—announced that Russian and Abkhazian security agents had uncovered a plot by Umarov to launch a large-

<sup>54</sup> To compare in terms of casualties, 1,826 U.S. troops were killed in Afghanistan during the same period.

<sup>55</sup> “North Caucasus Incidents Database, Dataset 1: 1 January 2011 - 15 December 2013,” and “Dataset 2: 1 August 2008 - 31 December 2010,” *Open Source Center Summary*, December 17, 2013, Doc. No. CER-41368441; *CEDR*, July 15, 2013, Doc. No. CEL-36614850; *Interfax*, July 3, 2013; *Interfax*, December 25, 2012; Gordon Hahn, *Islam, Islamism and Politics in Eurasia Report (IIPER)*, Center for Strategic and International Studies, October 2, 2012; *IIPER*, January 13, 2013; *IIPER*, February 24, 2013; *The North Caucasus: The Challenges of Integration, Ethnicity, and Conflict*, International Crisis Group, October 19, 2012; *The North Caucasus: The Challenges of Integration, Islam, the Insurgency, and Counter-Insurgency*, International Crisis Group, October 19, 2012.

<sup>56</sup> Mairbek Vatchagaev, “Violence in Dagestan Accelerated in 2012,” *North Caucasus Analysis*, January 10, 2013.

scale attack at the planned 2014 Winter Olympics in Sochi. Several large stashes of grenade launchers, surface to air missiles, mines, and other weaponry were discovered in Abkhazia. The NAK asserted that Umarov “had close ties to Georgia’s intelligence services,” implying that Georgia was assisting Umarov. The Georgian Foreign Ministry called these allegations “absurd,” and pointed out that Russia has eliminated Georgian efforts to exercise authority in Abkhazia and that Russia had not raised such claims during meetings in Geneva on resolving issues associated with the 2008 Russia-Georgia conflict.<sup>57</sup>

- On July 19, 2012, Tatarstan Mufti Ildus Faizov was injured by a car bomb and his deputy and head of the Tatarstan Muslim Board educational department, Valiulla Yakupov, was shot and killed by assailants outside his home in Kazan. The “Mujahadeen of Tatarstan,” which appeared linked to Umarov, claimed responsibility. On August 20, 2012, a car exploded in Kazan, killing four alleged terrorists. Some observers have warned that Islamic fundamentalism has greatly increased in Tatarstan.<sup>58</sup>
- On August 28, 2012, Sufi scholar Sheikh Said-afandi al-Chirkavi (Said Atsayev) and five other victims were killed by a suicide bomber in the village of Chirkei in Dagestan. The bombing reportedly was carried out by Sunni Islamic extremists targeting Sufi religious leaders. The State Department condemned the killing and raised concerns that extremist attacks were increasing in some areas of Russia.
- In mid-January 2013, a Dagestani Supreme Court judge was killed, with the Caucasus Emirate’s Dagestani branch, the Dagestan Vilayet, taking responsibility. Perhaps related to this and other ongoing terrorism in Dagestan, the republic head was replaced in late January 2013 by former ambassador Ramazan Abdulatipov, who may have been viewed by Putin as a more pliable leader.
- On February 14, 2013, a suicide bomber killed four policemen and wounded six in Khasavyurt, Dagestan. Experts suggested that the Caucasus Emirate’s Dagestani branch, the Dagestan Vilayet, was responsible for this first suicide bombing in Russia in 2013.
- On May 25, 2013, a suicide bomber killed one policeman and wounded over a dozen other policemen and civilians in an attack in Makhachkala, Dagestan.
- On October 21, 2013, a female suicide bomber blew up a bus in Volgograd, Russia, in the Southern Federal District which includes Sochi, resulting in seven deaths and over three dozen injuries. Volgograd is about 430 miles northeast of Sochi and is a transportation hub between Moscow and southern Russia, leading to added speculation that the attacks were aimed against the Sochi Olympics. Russian media linked the bomber to the Dagestan jamaat (organization or front), linked to the Caucasus Emirate. This was the first operation by the jamaat since a bombing at Moscow’s Domodedovo Airport in January 2011. In mid-November 2013, Russian officials reported that police in Dagestan had killed the bomber’s husband and others reputedly involved in the bombing.

<sup>57</sup> CEDR, May 10, 2012, Doc. No. CEP-6019 and Doc. No. CEP-950199.

<sup>58</sup> CEDR, August 7, 2012, Doc. No. CEP-015006.

- On December 27, 2013, three people were killed when a car bomb exploded outside a police building in Pyatigorsk, Stavropol Kray, the administrative center of the North Caucasus Federal District. Six of the presumed terrorists were arrested in Kabardino-Balkariya.
- On December 29-30, 2013, two suicide bombings occurred in Volgograd, the first at a rail station and the second on a trolley car. Together they resulted in nearly three dozen deaths and over 100 injuries. On January 18, 2014, a video was released that allegedly showed the two suicide bombers as they planned their attacks. They claimed membership in Ansar al-Sunna, a unit of the Dagestan jamaat. They warned that more attacks would be carried out until Russia permits the North Caucasus region to secede, including a bloody “present” for participants and visitors to the Olympic Games.
- On January 8, 2014, four cars with the bodies of six men were discovered near villages in southern Stavropol Kray, just southeast of Pyatigorsk. Improvised explosive devices had been placed near the cars, apparently to target police and rescue workers, but only one harmlessly detonated.
- On January 12, 2014, a website associated with the Caucasus Emirate published a Fatwa justifying the Volgograd attacks. Citing Osama bin Laden, the Fatwa argued that such attacks were “essential” since they “enraged the infidels,” who were responsible for Muslim deaths in the North Caucasus and Syria (through Russia’s support for the Syrian government).<sup>59</sup>
- On January 15, 2014, three Russian security officers and four alleged terrorists were killed, and five officers wounded, in a shootout in Dagestan. Russia’s National Anti-Terrorism Committee stated that one of the alleged terrorists was responsible for the car bomb attack in Pyatigorsk (see above).

U.S. analyst Gordon Hahn has warned that the Caucasus Emirate forms the hub of Islamic terrorism in Russia and receives substantial material and ideological support from the global terrorist network. The Caucasus Emirate provides ideological, financial, and weapons support, and loose guidance and some coordination for the activities of perhaps up to three dozen republic/regional and local combat jamaats (assemblies or groups of believers) in the North Caucasus and Volga areas, Moscow, and elsewhere. The Caucasus Emirate may take the lead when major terrorist operations are planned. In April 2009, Umarov announced that the former “Riyadus Salikhin” Martyrs’ Battalion—which had taken responsibility for attacking the grade school in Beslan in September 2004 and which appeared defunct after its leader, Shamil Basiyev, was killed in 2006—had been revived and was carrying out suicide bombings across Russia. Hahn reports that major ideologists of the global jihadi movement have praised these bombings and have supported greater material and other aid for the Caucasus Emirate. He also warns that over time, the Caucasus Emirate has expanded its operations globally, with cells being discovered in Belgium, Germany, Czech Republic, France, and Azerbaijan.<sup>60</sup>

<sup>59</sup> CEDR, January 14, 2014, Doc. No. CEL-53389107.

<sup>60</sup> Gordon Hahn, *Russia’s Islamic Threat* (New Haven, CN: Yale University Press, 2007), pp. 59-66; Gordon Hahn, “The Caucasus Emirate’s Return to Suicide Bombing and Mass Terrorism,” *Islam, Islamism, and Politics in Eurasia Report*, November 30, 2009; Gordon Hahn, “Abu Muhammad Asem al-Maqdisi and the Caucasus Emirate,” *Islam, Islamism, and Politics in Eurasia Report*, January 8, 2010; Gordon Hahn, *Getting the Caucasus Emirate Right*, Center for Strategic and International Studies, August 2011; Gordon Hahn, “The Caucasus Emirate Goes Global,” *Islam, Islamism, and Politics in Eurasia Report*, November 30, 2012.

## U.S.-Russia Counter-Terrorism Cooperation

U.S. policymakers long have emphasized that U.S.-Russian cooperation in combating terrorism in Chechnya and elsewhere is an important U.S. priority. On December 3, 1999, State Department spokesman James Rubin averred that the United States was concerned about the links between Osama bin Laden and Chechen terrorism and thus had some understanding for Russian government counter-terrorism actions in Chechnya. In testimony to Congress on February 2, 2000, Central Intelligence Agency Director George Tenet tended to foresee lengthy Russian fighting in Chechnya to prevent the separatist region from “becom[ing] the calling card of this millennium in terms of where do terrorists go and train and act.”<sup>61</sup> He warned that sympathizers from abroad were going to Chechnya to train and fight, and that they later could directly threaten U.S. interests.<sup>61</sup>

At a U.S.-Russia summit in June 2000, then-President Bill Clinton and Russian President Putin agreed to set up a Working Group on Afghanistan to discuss joint efforts to stem the threats from Taliban support for terrorist activities worldwide. The meetings also involved cooperation on other counter-terrorism, and in mid-2002, the two sides renamed the conclave the Working Group on Counter-terrorism, to reflect enhanced bilateral cooperation in combating global terrorism in the wake of the September 11, 2001, attacks on the United States. At the July 2002 meeting, the two sides discussed the U.S. Georgia Train and Equip Program, under which the United States facilitated Georgia’s efforts to combat Chechen and al Qaeda-linked terrorism in Georgia’s Pankisi Gorge. The Working Group has met regularly, and has reported discussions involving Chechen and North Caucasian terrorism at several meetings. In 2009, it was included as one of the working groups under the U.S.-Russia Bilateral Presidential Commission (BPC; see below, “The Incoming Obama Administration “Re-sets” Bilateral Relations”). Some critics have charged that the Counter-terrorism WG has declined in significance, since it had been headed on the U.S. side by the Deputy Secretary of State in early 2001 and currently by an acting State Department Coordinator for Counter-terrorism.

In September 2002, a U.S.-Russia Letter of Agreement on Law Enforcement Cooperation and Counter-Narcotics was signed by the U.S. ambassador and the Russian deputy foreign minister. Under this agreement, training and other support was provided for combating terrorism and terrorist financing (but see below).

In June 2005, the then-chairman of the House Foreign Affairs Committee, Representative Henry Hyde, visited his Duma counterpart, the then-chairman of the International Affairs Committee, Konstantin Kosachev. The two sides signed a joint statement “On Opposition to International Terrorism and the Illegal Drugs Trade,” that called for developing legislation to combat terrorism.

Some observers have speculated that the early 2011 terrorist bombing at Moscow’s Domodedovo airport spurred Russia to step up its lagging counter-terrorism cooperation with the United States. Immediately after the bombing, President Obama phoned then-President Medvedev to propose greater cooperation in combating terrorism. At a summit meeting in Deauville, France in May 2011, the two presidents issued a joint statement on enhanced counter-terrorism cooperation. They agreed to bolster security at airports serving the two countries and to explore methods to enhance in-air security, such as the deployment of air marshals and greater use of high-

<sup>61</sup> State Department, *Daily Press Briefing*, December 3, 1999; U.S. Senate, Select Committee on Intelligence, *Hearing on Worldwide Threats*, February 2, 2000.

technology explosives detectors. They announced that an associated memorandum had been signed by the Transportation Security Administration and the Russian Ministry of Transport to boost reciprocal security assessments at such airports and to exchange threat information on civil aviation. President Medvedev also thanked the United States for its terrorist designation of the Caucasus Emirate (see below).

At a U.S.-Russia summit in June 2013, the two presidents issued a joint statement on countering terrorism that pledged both sides to strengthen cooperation, including through the exchange of operational information between intelligence agencies, and the conduct of coordinated operations. They also agreed to “interact” in providing security for the Sochi Olympic Games.

According to the State Department’s latest *Country Reports on Terrorism 2012*,

Under the framework of the [BPC], the U.S. and Russian Chairmen of the Counter-terrorism Working Group met in February 2012 ... The Chairmen discussed cooperation in the Global Counter-terrorism Forum [GCTF; a multilateral consultative group formed in 2011], countering violent extremism, countering terrorist threats to the tourism industry, terrorist designations, and preparations for the Sochi Olympics. Additional BPC activity in counter-terrorism included several joint military exercises ... , collaboration on nuclear and transportation security, and joint programs on financial monitoring. Russia also continued to participate in the yearly Four-Party Counter-terrorism Working Group, which includes the Federal Security Service (FSB), the Foreign Intelligence Service, the Federal Bureau of Investigation (FBI), and the Central Intelligence Agency. Operational and intelligence information regarding terrorism-related threats was shared among these four agencies, with senior leaders meeting in Moscow and in Washington. FBI-FSB relationships at the working level showed improvement during the year.

Russia also is an active member of the NATO-Russia Council’s Counter-terrorism Working Group, according to the State Department.<sup>62</sup>

President Obama and newly re-elected Russian President Vladimir Putin pledged further counter-terrorism cooperation at their June 2012 summit meeting. However, in late 2012, Russia informed the United States that it was abrogating the U.S.-Russia Letter of Agreement on Law Enforcement Cooperation, effective on January 31, 2013, on the grounds that it no longer needed the assistance provided under the agreement. Cooperative efforts would be continued under other arrangements, according to Russian officials.<sup>63</sup>

In April 2013, in the wake of the explosions in Boston, allegedly carried out by two ethnic Chechen brothers who emigrated to the United States, Presidents Obama and Putin agreed in a phone conversation to step up counter-terrorism cooperation, and Secretary of State John Kerry and Russian Foreign Minister Sergey Lavrov met on the sidelines of the NATO-Russia Council meeting in Brussels on April 23, 2013, to discuss counter-terrorism cooperation. FBI Director Robert Mueller visited Moscow on May 7 to discuss cooperation on the Boston bombing. The two Presidents issued a statement pledging greater counter-terrorism cooperation during a summit meeting in June 2013 (see below). Such cooperation has faced various challenges, including new tensions in U.S.-Russia relations.

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<sup>62</sup> U.S. Department of State, *Country Reports on Terrorism 2012*, May 30, 2013.

<sup>63</sup> *ITAR-TASS*, January 31, 2013.

Among U.S. terrorist designations, on September 14, 2003, then-Secretary of State Colin Powell issued Executive Order 13224, denoting three Chechen organizations—the Islamic International Brigade (IIB), the Special Purpose Islamic Regiment (SPIR), and the Riyadus-Salikhin Reconnaissance and Sabotage Battalion of Chechen Martyrs—as Specially Designated Global Terrorists. They had carried out acts of terrorism in Russia, including hostage-taking and assassinations, which “have threatened the safety of U.S. citizens and U.S. national security or foreign policy interests.” All three groups, it stated, had been involved in the Moscow theater incident that included the death of one U.S. citizen. The State Department asserted that “the IIB, the SPIR, and the Riyadus-Salikhin are clearly associated with al Qaeda, Osama bin Laden, and the Taliban.” The executive order blocks assets of these groups that are in the United States or held by U.S. persons.<sup>64</sup>

On June 23, 2010, then-Secretary of State Clinton designated Caucasus Emirates leader Doku Umarov as a terrorist under Presidential Executive Order 13224, which targets terrorists and those providing support to terrorists or acts of terrorism, to help stem the flow of financial and other assistance to Umarov. On May 26, 2011, the United States similarly designated the Caucasus Emirate under Presidential Executive Order 13224 as a Specially Designated Global Terrorist group, and included Doku Umarov in its “Rewards for Justice” program, offering a reward of up to \$5 million for information leading to his location.<sup>65</sup>

### *Congressional Response*

Congress has consistently criticized Russia’s human rights abuses in Chechnya since the conflict resumed in 1999 and called for various sanctions. Even after September 11, 2001—when the Administration’s focus was on forging an international anti-terrorist coalition that included Russia—Congress retained a provision first included in FY2001 foreign assistance appropriations (P.L. 107-115) that cut some aid to Russia unless the President determined that international nongovernmental organizations (NGOs) were given full access to Chechnya to provide humanitarian relief to displaced persons. However, another provision—cutting aid if Russia provides certain technical assistance to Iran—consistently took precedence in Presidential determinations about cutting or reprogramming Russian aid. Among other legislative action, in November 2006, Senator Patrick Leahy urged then-President Bush to intercede with President Putin to end the ongoing human rights abuses by Russian troops in Chechnya and suggested that the U.N. should play a larger role in the demilitarization and political settlement of the conflict.<sup>66</sup> H.Res. 1539 (Alcee Hastings), introduced in July 2010, urged the Secretary of State to raise the issue of human rights abuses in the North Caucasus and elsewhere in Russia during meetings of the OSCE and other international forums.

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<sup>64</sup> The IIB had been founded and run by long-time Chechen military and political figure Shamil Basayev and the Saudi Arabian terrorist Emir Khattab. Basayev resigned from IIB after the Moscow hostage crisis, but remained the head of Riyadus-Salikhin until his death in 2006. SPIR’s founder, Chechen figure Movsar Barayev, was killed in the siege at the Moscow theater, and also was a commander of Riyadus-Salikhin. The State Department reported that Basayev and Khattab had received commitments of financial aid and guerrillas from bin Laden in October 1999, just after Russia had launched its Chechnya campaign, and that al Qaeda helped train Chechen terrorists. U.S. Department of State, *Press Statement: Terrorist Designation Under Executive Order 13224*, February 28, 2003; U.S. Department of State, *Statement of the Case: Chechen Groups*, September 28, 2003.

<sup>65</sup> U.S. Department of State, *Press Statement: Designation of Caucasus Emirates Leader Doku Umarov*, June 23, 2010; *Media Note: Rewards for Justice - Doku Umarov Reward Offer*, May 26, 2011.

<sup>66</sup> *Congressional Record*, September 7, 2005, p. S9718.

From FY2005 until Russia banned U.S. assistance at the end of FY2012 (see below, “The Ouster of the U.S. Agency for International Development”), Congress allocated humanitarian and other assistance for Chechnya and the North Caucasus, calling for between \$5 and \$9 million in each fiscal year. This aid was provided through U.N. agencies and U.S.-based and international NGOs operating in the region. For FY2012, conference managers for the Consolidated Appropriations Act (P.L. 112-74; signed into law on December 23, 2011) endorsed language proposed by the Senate calling for not less than \$7 million to be made available for humanitarian, conflict mitigation, human rights, civil society, and relief and reconstruction assistance for the North Caucasus. The act continued to restrict aid to Russia unless access to Chechnya was provided to international NGOs. Despite Russia’s ban on U.S. direct bilateral assistance to the North Caucasus, some indirect assistance has continued through allocations to U.N. agencies operating in the region.

## Defense Reforms

Despite the sizeable reduction in the size of the armed forces since the Soviet period—from 4.3 million troops in 1986 to a reported 700,000 at present—the Russian military remains formidable in some respects and is by far the largest in the region.<sup>67</sup> Because of the reduced capabilities of its conventional forces, however, Russia relies on nuclear forces to maintain its status as a major power. Russia is trying to increase security cooperation with the other Soviet successor states that belong to the Commonwealth of Independent States (CIS).<sup>68</sup> The passage of legislation in October 2009 providing for the Federation Council to authorize the use of troops abroad to protect its “peacekeepers” and citizens, and to combat piracy at sea, appears to underline that Russia might use military force to reinforce the “lesson” that small countries adjacent to Russia may disregard Moscow’s interests and warnings only at their peril.

The improvement of Russia’s economy since 1999, fueled in large part by the cash inflow from rising world oil and gas prices, enabled Russia to reverse the budgetary starvation of the military during the 1990s. Defense spending increased substantially in the 2000s, despite a dip after the global financial crisis of 2008 impacted Russia’s economy. However, even after factoring in purchasing power parity, Russian defense spending lags far behind current U.S. or former Soviet levels. The efficacy of the larger defense budgets is reduced by systemic corruption. Some high-profile military activities have been resumed, such as large-scale multi-national military exercises, show-the-flag naval deployments to the Mediterranean and the Atlantic, and strategic long-range bomber patrols that approach U.S. and NATO airspace.

In early 2007, then-President Putin appointed Anatoly Serdyukov as defense minister. With a career outside the military establishment, many observers suggest that Serdyukov was chosen to carry out a transformation of the armed forces from a mobilization model—large divisions only partially staffed and dependent upon the mobilization of reserves during emergencies—to permanently staffed smaller brigades. Problems of force composition, training, command and control, equipment, and doctrine were highlighted during the August 2008 Russia-Georgia

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<sup>67</sup> For more detail, see CRS Report R42006, *Russian Military Reform and Defense Policy*, by Jim Nichol. For the report of 700,000 troops, see Dmitry Gorenburg, *The Russian Military under Sergei Shoigu: Will the Reform Continue?* PONARS Eurasia Policy Memo No. 253, June 2013.

<sup>68</sup> Members include Armenia, Azerbaijan, Belarus, Moldova, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, Ukraine, and Uzbekistan. Georgia withdrew following the August 2008 Russia-Georgia conflict.



conflict.<sup>69</sup> Partly in response, a reform plan entitled “The Future Outlook of the Russian Federation Armed Forces and Priorities for its Creation for the period of 2009–2020” was launched in October 2008 that called for accelerating planned cuts in the bloated officer corps, revamping the training of noncommissioned officers, cutting the number of personnel at the Defense Ministry and General Staff, and reducing the number of higher military schools. Also, the four-tier command system of military districts, armies, divisions, and regiments would be altered to a three-tier system of strategic and tactical commands and brigades. The total size of the armed forces would be reduced from 1.2 million to 1 million, according to this plan.

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

In late 2010, the existing six military districts were consolidated into Western, Eastern, Southern and Central military districts. An over \$700 billion weapons modernization plan for 2011-2020 also was launched. Substantial modernization is contingent on rebuilding the largely obsolete defense industrial complex. Policymakers decided to import some weapons and technologies to spur this rebuilding effort.

The policy of legally acquiring some arms technologies from abroad came under scrutiny in 2012, however, after the appointment of former NATO emissary Dmitry Rogozin as deputy prime minister in charge of arms procurement. He and Putin have appeared to question the continuation of foreign arms technology acquisitions. At a meeting with his Security Council in late August 2012, President Putin allowed that cooperation with “foreign partners” was desirable in some areas, but stressed that Russia should not merely “launch screwdriver facilities assembling foreign ... military hardware,” but should develop the full range of capabilities, from weapons design through series production.<sup>70</sup> In March 2013, Rogozin stated that Russia would not purchase finished military products abroad, but would emphasize the granting of citizenship and other incentives to encourage military arms specialists to move to Russia (see also below).<sup>71</sup>

On May 7, 2012, immediately following Putin’s inauguration, edicts were signed on greatly boosting military pay, pensions, and housing allowances; on increasing the number of troops under contract; on creating a reserve of troops; and on modernizing defense industries (OPK). One Russian critic pointed out that none of these spending initiatives had been included in the 2012 budget or planned budgets for 2013-2014, and warned that the initiatives would raise military spending as a percentage of GDP to over 4% (and possibly much more, given the opaque nature of much of this spending), approaching the U.S. percentage.<sup>72</sup> At a conference on defense industries in May 2012, President Putin stressed that \$89 billion out the \$700 billion allocated for weapons modernization through 2020 was targeted for modernizing the defense industrial sector

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<sup>69</sup> *The Military Balance*, p. 211.

<sup>70</sup> The Kremlin, President of Russia, *Vladimir Putin Held an Expanded-Format Security Council Meeting, Novo-Ogarevo, Moscow Region*, August 31, 2012.

<sup>71</sup> CEDR, March 26, 2013, Doc. No. CEL-54682223.

<sup>72</sup> CEDR, May 15, 2012, Doc. No. CEP-358003.

and increasing pay and educational opportunities for defense workers. Putin had announced several of these defense initiatives in an earlier presidential campaign article.

In November 2012, Serdyukov was fired by President Putin after media reports highlighted his alleged involvement in corrupt transfers of defense-owned real estate. Other reports alleged that an important factor in the dismissal was ongoing opposition to Serdyukov's reforms by a large number of officials and active and retired military officers, who finally were able to convince Putin to remove him. The governor of the Moscow region and former emergencies minister, Army General Sergey Shoygu, was appointed the new defense minister. Putin also quickly replaced Makarov with Colonel General Valery Gerasimov as Chief of the General Staff.

Those opposed to Serdyukov's reforms strongly urged Shoygu to roll back the reforms. In making the appointment, however, Putin directed that Shoygu should continue the reforms. Some analysts have suggested that a major factor in Serdyukov's dismissal was increasing friction between the minister and defense industries that have refused to modernize the weaponry they sell to the ministry. These analysts also have suggested that the defense industries now have triumphed in their opposition to foreign arms technology acquisitions, with the Defense Ministry ceasing its threats to pursue foreign purchases to encourage home-grown innovation.<sup>73</sup> According to U.S. analyst Dmitry Gorenburg, Shoygu has so far upheld other major features of Serdyukov's reforms, including the reduction of officers, the establishment of unified strategic commands and the three-tiered command structure based on brigades, and the commitment to eventually achieving a professional, contract-based armed forces. However, these elements of a more modern military are stymied by the political influence of the arms industries, he argues.<sup>74</sup>

## U.S. Perspectives

As part of the Obama Administration's "reset" in U.S.-Russia relations, at the July 2009 U.S.-Russia Summit, the two sides agreed to the resumption of military-to-military activities—which had been suspended since the August 2008 Russia-Georgia conflict—by setting up a Military Cooperation Working Group as part of the Bilateral Presidential Commission (BPC; see below, "The Incoming Obama Administration "Re-sets" Bilateral Relations"). The United States has pursued military-to-military ties in order to promote cooperation in counter-terrorism and international peace-keeping, including Russia's support for U.S. and ISAF operations in Afghanistan, to advocate democracy and respect for human rights within the Russian military, and also to assess Russian military reforms and civil-military relations.

In April 2013, the U.S. and Russian sides signed a Military Cooperation Working Group work plan. Among the 78 programming events contained within the work plan that were reported to have taken place,

- a delegation from Russia's Military Academy of the General Staff visited U.S. National Defense University
- officers from the U.S. Pacific Command visited Russia's Asia-Pacific Region/Eastern Military District headquarters

<sup>73</sup> Roger McDermott, *Eurasia Daily Monitor*, November 13, 2012; *CEDR*, December 10, 2012, Doc. No. CEP-009016.

<sup>74</sup> Dmitry Gorenburg, *The Russian Military under Sergei Shoigu: Will the Reform Continue?* PONARS Eurasia Policy Memo No. 253, June 2013.

- a Russian delegation led by General-Major Konstantin Smeshko, the Deputy Chief of Engineering Forces, visited the Joint Improvised Explosive Device Defeat Organization headquarters in Washington, D.C.
- the Afghanistan-Pakistan Sub-Working Group held a meeting in Moscow
- the U.S. Defense Threat Reduction Agency participated in a Russian Ministry of Defense-hosted Nuclear Security Exercise at the Abramovo Counter-Terrorism Training Center.<sup>75</sup>

Reportedly, a planned trip by the Chairman of the Joint Chiefs of Staff, General Martin Dempsey, to Russia in June 2013 to convene a meeting of the Military Cooperation Working Group was canceled, although a video-conference was held. In November 2013, the European Command's Colonels Working Group (a pre-BPC body said to be a component of the Defense Cooperation Working Group) met in Berlin to finalize the 2014 work plan of military contacts. Bilateral military cooperation also has been evidenced by the signing of a memorandum of understanding on counter-terrorism cooperation in May 2011 by the then-Armed Forces Chief of Staff, General Nikolay Makarov, and the then-Chairman of the Joint Chiefs of Staff, Admiral Mike Mullen.

In September 2010, the United States and Russia also agreed to set up a Working Group on Defense Relations as part of the BPC, co-headed by the U.S. Defense Secretary and the Russian Defense Minister, with eight subgroups ranging from logistics to strategy. The brief public accounts of these meetings seem to indicate that Russia seeks knowledge of best practices as part of its modernization effort. The Working Group met in March 2011 and the State Department reports that Defense Secretary Chuck Hagel held security consultations with visiting Defense Minister Shoygu on August 9, 2013, during which the two also met as co-chairs of the Working Group. The two agreed to boost military cooperation and directed staff to work out more frequent engagement. The two officials also met on the sidelines of the NATO defense ministerial meeting in Brussels in October 2013, where they reportedly discussed stability and security in Afghanistan post-2014, missile defense issues, and chemical weapons in Syria. On December 6, 2013, Under Secretary of Defense James Miller and Deputy Minister of Defense for International Military Cooperation Anatoly Antonov met in New York under the auspices of the Defense Relations Working Group to discuss missile defense, prompt global strike, a proposal for a counter-improvised explosive device (Counter-IED) cooperation project, and enhanced bilateral defense engagement.

Among sub-working group meetings, the State Department reported that the Training/Education/Human Resources Sub-Working Group met in Colorado Springs in October 2012, and discussed cadet exchanges and other matters. The Russian co-head, Chief of the Education Directorate of the Defense Ministry Yekaterina Priyetzheva, was ousted a few weeks later. The Enhanced Missile Defense sub-Working Group met for the first time since 2011 in April 2013. Reportedly, elements of the Working Group were responsible for coordinating the holding of the "Vigilant Eagle 13" exercise in late August 2013 to cooperatively detect, track, identify, and follow a hijacked aircraft, and are now planning for "Vigilant Eagle 14."

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<sup>75</sup> U.S. Department of State, U.S.-Russia Bilateral Presidential Commission, *April-May Newsletter on Upcoming and Recent BPC Events*, April 1, 2013; *Summer Newsletter on Upcoming and Recent BPC Events*, September 18, 2013; *Fall Newsletter on Upcoming and Recent BPC Events*, December 24, 2013.

Although agreeing at the July 2009 summit to also renew the activities of the Joint Commission on POW/MIAs—that seeks to account for personnel from World War II, the Korean War, the Vietnam War, and the Cold War, including Soviet military personnel unaccounted for in Afghanistan—Russia only moved in June 2011 to appoint its co-chair, Yekaterina Priyetzheva, and 30 commissioners. The Joint Commission held its first meeting under the new Russian co-chair in St. Petersburg in June 2012. However, Priyetzheva was dismissed in December 2012, and as of December 2013, Russia reportedly has not designated a new co-chair.

In March 2013, Director of National Intelligence James Clapper presented the intelligence community's annual worldwide threat assessment, which included an appraisal that “the reform and modernization programs will yield improvements that will allow the Russian military to more rapidly defeat its smaller neighbors and remain the dominant military force in the post-Soviet space, but they will not—and are not intended to—enable Moscow to conduct sustained offensive operations against NATO collectively.” He stated that “funding, bureaucratic, and cultural hurdles,” complicate Russia's efforts to modernize its conventional, asymmetric, and nuclear capabilities. Nuclear deterrence will remain the focal point of defense planning to offset Russia's weakness vis-a-vis potential opponents with more capabilities, at least until high-precision conventional arms become operational, he assessed.<sup>76</sup>

## Trade, Economic, and Energy Issues

### Russian Economic Conditions<sup>77</sup>

The Russian economy has experienced periods of turmoil and impressive growth since the end of the Soviet Union in 1991. These various trends reflect in part the inevitable consequences of an economy adjusting to the collapse of central planning and the introduction of market forces; an economy in which the production of oil, natural gas, and other commodities plays a dominant role and therefore makes economic growth highly subject to the vagaries of world commodity prices; and poorly executed, and in some cases, conceived economic policies.

Russia experienced a decade of strong economic growth. From 1999 to 2008, Russia's gross domestic product (GDP) *increased* 6.9% on average per year. This trend contrasts with an average annual *decline* in GDP of 6.8% during the previous seven years (1992-1998)—the period immediately following the dissolution of the Soviet Union. The surge in economic growth—largely the result of increases in world oil prices—helped raise the Russian standard of living and brought a large degree of economic stability.

However, the Russian economy was hit hard by the global financial crisis and resulting economic downturn that began in 2008. The crisis exposed weaknesses in the economy, including its significant dependence on the production and export of oil and other natural resources and its weak financial system. The Russian government's reassertion of control over major industries, especially in the energy sector, has also contributed to an underachieving economy. As a result,

<sup>76</sup> U.S. Senate. Select Committee on Intelligence, *Statement for the Record: Worldwide Threat Assessment of the US Intelligence Community, James R. Clapper, Director of National Intelligence*, March 12, 2013.

<sup>77</sup> Prepared by William H. Cooper, Specialist in International Trade and Finance.

Russia's period of economic growth came to an abrupt end. Although Russian real GDP *increased* 5.6% in 2008 it *declined* 7.9% in 2009.<sup>78</sup>

Russia is slowly emerging from its recession. Russian real GDP is estimated to have increased by 4.5% in 2010, 4.3% in 2011, and 3.4% in 2012. Russia is once again benefitting from an increase in world oil prices. Nevertheless, in the long term, unless Russia can reduce its dependence on the production of oil and other commodities and diversify and reform its economy, any recovery will likely remain fragile.<sup>79</sup> On several occasions, former President Medvedev expressed the need for Russia to diversify its economy.<sup>80</sup> Looking ahead, an important issue regarding Russia is whether President Putin will carry through on economic reform or protect the status quo.

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

In 1993, Russia formally applied for accession to the General Agreement on Tariffs and Trade (GATT). In 1995, its application was taken up by the World Trade Organization (WTO), the successor organization of the GATT. However, after a number of fits and starts during the 18-year process, the 153 members of the WTO, on December 16, 2011, invited Russia to join the organization. Russia officially joined the WTO on August 22, 2012, after both houses of the national legislature approved the protocol of accession. In joining the WTO, Russia has committed to bring its trade laws and practices into compliance with WTO rules. Those commitments include nondiscriminatory treatment of imports of goods and services; binding tariff levels; ensuring transparency when implementing trade measures; limiting agriculture subsidies; enforcing intellectual property rights for foreign holders of such rights; and forgoing the use of local content requirements and other trade-related investment measures.

Congress does not have a direct role in Russia's accession to the WTO but has an indirect role in the form of permanent normal trade relations (PNTR) status. "Normal trade relations" (NTR), or "most-favored-nation" (MFN), trade status denotes nondiscriminatory treatment of a trading partner compared to that of other countries.<sup>81</sup> Title IV of the U.S. Trade Act of 1974 applied conditions on Russia's status, including compliance with freedom of emigration criteria under Section 402—the so-called Jackson-Vanik amendment. Therefore, the United States was not in compliance with the WTO requirement of "unconditional MFN" without Congress lifting the applicability of Title IV as it applied to Russia and authorizing the President to grant Russia PNTR before Russia enters the WTO.

On November 16, 2012, the House passed H.R. 6156 that authorizes PNTR for Russia. The Senate followed by passing the bill on December 6, 2012. The bill was signed into law on December 14, 2012 (P.L. 112-208). The legislation also contained provisions of the "Magnitsky Act" discussed above.

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<sup>78</sup> Economist Intelligence Unit.

<sup>79</sup> The World Bank, *Russian Economic Report*, No. 22, June 2010, p. 1.

<sup>80</sup> Economist Intelligence Unit. *Country Report—Russia*. January 2010.

<sup>81</sup> MFN has been used in international agreements and at one time was used in U.S. law to denote the fundamental trade principle of nondiscriminatory treatment. However, "MFN" was replaced in U.S. law, on July 22, 1998, by the term "normal trade relations." (P.L. 105-206). MFN is still used in international trade agreements. The terms are used interchangeably in this report.

## Russian Energy Policy<sup>82</sup>

The Russian oil and natural gas industries are key players in the global energy market, particularly in Europe and Eurasia. In 2012, Russia had by far the largest natural gas reserves in the world, possessing about 18% of the world's total. It has about 5% of global oil reserves. Firms in these industries are either directly controlled by the Russian government or are subject to heavy government influence. The personal and political fortunes of Russia's leaders are tied to the energy firms. In 2012, half of total Russian government revenue came from oil and natural gas taxes, according to President Putin. Other estimates put this figure much higher. Russia's economic revival in the Putin era has been heavily dependent on the massive wealth generated by energy exports to Europe.

Some Members of Congress, U.S. officials, and European leaders (particularly those in Central and Eastern Europe) have claimed that European dependence on Russian energy and Russia's growing influence in segments of Europe's energy distribution infrastructure poses a long-term threat to transatlantic relations. Russia accounts for just over one-quarter of the EU's natural gas supplies. Some central and eastern European countries are almost entirely dependent on Russia for their oil and natural gas. Analysts have noted that Russia views its natural resources as a political tool. Russia's "National Security Strategy to 2020," states that "the resource potential of Russia" is one of the factors that has "expanded the possibilities of the Russian Federation to strengthen its influence on the world arena."<sup>83</sup>

This dependence does not go only in one direction, however; Europe is also the most important market for Russian natural gas exports. In 2011, about 53% of the Russian-government controlled firm Gazprom's natural gas exports went to the EU. About 30% went to the Commonwealth of Independent States (CIS), many of which have been unreliable in paying what they owe and/or receive natural gas at subsidized prices.<sup>84</sup> The rest went to Turkey and other non-EU countries in Europe, and to Asia.

Concerns about Russian energy policy have centered mainly on Russia's natural gas supplies to Europe. In 2009, the state-controlled Russian natural gas firm Gazprom halted all gas supplies transiting Ukraine for nearly three weeks after the two sides failed to reach agreement on several issues, including a debt allegedly owed by Ukraine to Gazprom and the price that Ukraine would pay for gas supplies. At the time, about 80% of Europe's natural gas imports from Russia transited Ukrainian pipelines. A similar Russian-Ukrainian dispute had led to a gas cutoff to Europe at the beginning of 2006. In 2010 and 2011, disputes between Russian and Belarus led to temporary reductions of oil and natural gas supplies to Belarus and neighboring countries.

These incidents provided evidence of Russia's unreliability as an energy supplier, according to some observers. Conversely, concerns about the reliability of gas transit through Ukraine caused Russia and some European countries to support new pipeline projects to bypass Ukraine and other countries in Central and Eastern Europe. In 2011, Gazprom began transporting natural gas

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<sup>82</sup> Prepared by Steven Woehrel, Specialist in European Affairs.

<sup>83</sup> The text of the National Security Strategy, which was released in 2009, can be found at the website of the Russian National Security Council at <http://www.scrf.gov.ru/documents/99.html>

<sup>84</sup> The Commonwealth of Independent States (CIS) includes Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, and Uzbekistan with Turkmenistan and Ukraine having unofficial status. Georgia withdrew from the CIS in 2009.

directly from Russia to Germany under the Baltic Sea via the Nord Stream pipeline. Nord Stream has a total capacity of 55 billion cubic meters (bcm) per year. Russia has proposed a third and even a fourth Nord Stream pipeline, but Germany has rejected the idea so far.

Many European Union countries are concerned about the possible consequences of overdependence on Russia for energy. The EU has supported the building of a “Southern Corridor” of pipelines circumventing Russian territory that would transport gas supplies from Azerbaijan and Central Asia to Europe. The TAP pipeline is expected to transport Azerbaijan’s gas from its Shah Deniz 2 project from Turkey through Greece and Albania to Italy by 2019, but its small capacity (about 10 bcm per year to Europe initially, expandable to 20 bcm) will not significantly reduce European dependence on Russia. It is unclear when additional pipeline capacity in the Southern Corridor will be built.

Russia’s main goal appears to be to frustrate Europe’s efforts to diversify its natural gas supplies, so that it may retain its dominant position. It has tried to undermine the Southern Corridor in many ways, including by casting doubt on a possible Trans-Caspian Pipeline project, which would transport gas from Turkmenistan (which has very large gas reserves) and other Central Asian countries across the Caspian Sea to connect up with other pipelines that would carry gas on to Europe.

Russia has also tried to maintain its grip on EU energy supplies by planning a rival project to the Southern Corridor. Gazprom and the Italian firm ENI are partnering to build South Stream, which would run from Russia under the Black Sea to Bulgaria, with branches to Austria and Italy. Serbia, Hungary, and Slovenia have also signed on to the project. In order to build political support in European countries for South Stream, Russia enticed key Western European companies to participate. Russia has expanded its influence in the Balkans through South Stream construction deals and transit fees. The start of construction began in late 2013, and the first deliveries are planned for the end of 2015. South Stream is supposed to reach its planned capacity of 63 bcm per year in 2019.

However, the project faces some problems. In December 2013, the European Commission warned countries participating in South Stream that they must renegotiate their deals with Gazprom because they violate provisions of EU law that bar a company from both owning a pipeline and supplying it with gas. Relatedly, the Commission said that the pipeline must provide nondiscriminatory access to third-party gas producers. Another potential problem is that observers question Russia’s ability to substantially expand its gas production to fill South Stream and other current and planned pipelines.

While building pipelines that circumvent Ukraine, Russia nevertheless continues to try to gain control of Ukraine’s pipeline system, which can transport over 140 bcm per year to western Europe, although actual totals fall considerably short of that figure. Ukraine’s system currently transports about 60% of Russian gas exports to Europe. Gazprom has warned Ukrainian leaders that they should sell control of Ukraine’s pipelines to it while it can get a good price. Otherwise, Gazprom officials say, Gazprom may find it more profitable to use South Stream rather than modernize Ukraine’s aging system.

Until recently, Russia rejected Ukraine’s demands to renegotiate the current gas supply contract in order to reduce the price Kyiv pays for gas. However, in December 2013, Ukraine finally secured from Russia a gas price cut of more than one-third. Russia’s move appeared to be motivated by in part political concerns—to reward Yanukovich for not signing an Association Agreement with

the EU in November, and to bolster his political position against pro-Western protestors who were angered in part by his about-face on the EU agreement. However, it is possible that Russia will try to use the gas price reduction (which will be reviewed on a quarterly basis) as leverage to secure economic concessions, including Russian control of Ukraine's natural gas infrastructure. Kyiv has resisted this option so far, calling instead for control by a consortium of Ukraine, Russia and the EU.

Russia gained full control of Belarus's gas infrastructure in 2011 in exchange for sharply reduced gas prices. The Yamal-Europe gas pipeline, which runs through Belarus and Poland, has a capacity of 33 bcm. Gazprom has said it plans to modernize the Belarusian system and add an additional pipeline by 2019. The proposal may perhaps put yet more pressure on Ukraine to cede control of its system to Russia.

There are factors that could diminish Russia's leverage over Eurasian natural gas supplies. Previously difficult-to-develop "unconventional" gas deposits, including shale gas, in the United States, Europe and elsewhere could diversify supplies and keep prices down. The rapid growth of the spot market for natural gas and the expansion of liquefied natural gas infrastructure in Europe could also help diversify supplies as well as reduce dependence on Russian-controlled pipelines. Already, European companies have successfully pressured Gazprom into cutting prices. However, Gazprom is still strongly resisting major changes to its pricing formula (based on the price of oil, not on gas spot market prices) or to reliance on long-term, inflexible "take or pay" contracts.

The Russian government plans to increase gas exports to Asian countries such as China, South Korea, and Japan until they make up 19%-20% of total Russian gas exports by 2030. In 2010, gas exports to Asia made up about only 7% of total Russian gas exports, all in the form of LNG. Russian hopes of providing large amounts of natural gas to China have been stymied so far by the fact that China can secure Central Asian gas for about two-thirds of the price Russia is demanding.<sup>85</sup> The Trans-Asia Gas Pipeline delivers 30 bcm per year from Central Asia to China. This is expected to increase to 55 bcm by 2015.

In December 2013, Gazprom lost its monopoly over LNG exports. Other Russian firms, especially Rosneft and Novatek, are expected to export LNG to Asia, and possibly also to Europe. The move could be the first step to breaking Gazprom's monopoly of gas exports by pipeline as well. It is possible that the end of Gazprom's export monopoly could lead to an increase in gas supplies and price reductions. However, the Russian government will still retain control over gas exports through export licenses and tax policy.

## Foreign Policy

### Russia and the West

After the collapse of the Soviet Union and the turmoil associated with the Yeltsin period, a consensus emerged as the Putin era began on reestablishing Russia's global prestige as a "great power" and its dominance in "the former Soviet space." The pursuit of these goals by President

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<sup>85</sup> For more information on Russia's official energy strategy, see Energy Strategy of Russia for the Period up to 2030, at [http://www.energystrategy.ru/projects/docs/ES-2030\\_\(Eng\).pdf](http://www.energystrategy.ru/projects/docs/ES-2030_(Eng).pdf).



Putin and his closest policy advisors seemed to be driven by the belief that the West, and in particular the United States, had taken advantage of Russia's political turmoil and overall weakness during the Yeltsin years. Putin and his advisors were determined to restore what they believed to be Russia's rightful place as a significant influence on the world stage.

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

According to analyst Dmitri Trenin, President Putin became greatly alarmed following the "orange revolution" in Ukraine in 2004-2005 and the "tulip revolution" in Kyrgyzstan later in 2005, and his attitude toward the United States hardened. Trenin claims that Putin viewed these popular revolts as "part of a U.S.-conceived and led conspiracy. At minimum, these activities ... aimed at drastically reducing Russia's influence.... At worst, they constituted a dress rehearsal for ... installing a pro-U.S. liberal puppet regime in the Kremlin."<sup>86</sup> In February 2007, at the 43<sup>rd</sup> annual Munich Security Conference, President Putin delivered a particularly harsh speech attacking Bush Administration policies and condemning the "unipolar" world he alleged the United States wanted to create.<sup>87</sup> Such criticism of alleged U.S. foreign policies has remained a regular theme in Putin's speeches and writings.

During Medvedev's first two years in office (2008-2009), Russia's relations with the West became increasingly tense. In the aftermath of the August 2008 Russia-Georgia conflict, relations between Russia and the West reached what many considered to be their lowest point since the Cold War. Russia continued to voice strong opposition to NATO enlargement to Georgia and Ukraine; invaded Georgia and occupied two of its regions; refused to recognize Kosovo's independence; cut off or reduced energy supplies in disputes with Ukraine and Belarus; boosted ties with Cuba and Venezuela; and attempted to end the use of airbases in Central Asia by the United States and NATO. However, President Obama's efforts to "reset" bilateral ties in 2009 somewhat overlapped and then ameliorated some of these elements of tension.

Russian analyst Liliya Shevtsova argued that Medvedev's presidency presented a face of foreign policy reasonableness that facilitated the "reset" in U.S.-Russia relations and the EU-Russia Partnership for Modernization. She argued that these ties would not have developed if Putin had remained the visible leader, but that the West was essentially responding to the fictitious liberalization of the Russian political system.<sup>88</sup>

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<sup>86</sup> Dmitri Trenin, "Russia's Spheres of Interest, not Influence," *The Washington Quarterly*, October 2009.

<sup>87</sup> The full text of Vladimir Putin's speech at the 43<sup>rd</sup> Munich Conference on Security Policy, February 10, 2007, can be found at <http://www.securityconference.de>.

<sup>88</sup> Open Source Center, *Europe: Daily Report*, March 14, 2012, Doc. No. EUP-232005.

## NATO-Russia Relations<sup>89</sup>

Post-Cold War efforts to build a cooperative NATO-Russia partnership have had mixed results, at best. Russian views toward NATO, particularly since the beginning of the Putin era, have been marked predominantly by suspicion and skepticism regarding NATO's intentions. In an effort to improve relations, at NATO's 2010 summit in Lisbon, Portugal, the two sides announced what was characterized as the beginning of a new era in NATO-Russia ties, based on practical cooperation on common security challenges. Observers point out though that while some progress has been made, Russian officials, and particularly President Putin, remain critical of many aspects of NATO policy. Within the alliance, member states have criticized what some consider increasingly hostile rhetoric toward NATO and the United States and have expressed heightened concern about the Russian government's human rights record and perceived rejection of democratic principles and institutions. Disagreement over NATO missile defense plans remains a key obstacle to closer cooperation.

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

Most observers agree that despite having advanced NATO-Russia cooperation in some areas, the NRC has failed to live up to its potential. The NRC's perceived shortcomings are often attributed to Russian suspicion about NATO's long-term intentions. Many in Russia viewed NATO's enlargement in 1999 and 2004 to 10 former Soviet-oppressed states as a serious affront to Russian power and prestige and Russian leaders continue to oppose the idea of NATO enlargement to former eastern bloc countries.<sup>90</sup> The establishment of U.S. and NATO airbases in Central Asia for operations in Afghanistan after the September 11, 2001, terrorist attacks and a United States decision to establish military facilities, albeit nonpermanent, in Bulgaria and Romania after NATO's 2004 enlargement were viewed by some in Moscow as further evidence of an encirclement of Russia by NATO and the United States.

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

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<sup>89</sup> Prepared by Paul Belkin, Analyst in European Affairs.

<sup>90</sup> The Czech Republic, Poland, and Hungary joined the alliance in March 1999; Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia, and Slovenia joined in March 2004.

The allies have consistently sought to assure Moscow that NATO does not pose a security threat to Russia. NATO leaders emphasize the two sides' shared interests and have pushed to make these interests the basis for enhanced cooperation. NATO and Russia have developed a Joint Review of 21<sup>st</sup> Century Security Challenges, intended to serve as a platform for future cooperation. Common security challenges identified include ongoing instability in Afghanistan; terrorism; the proliferation of weapons of mass destruction; piracy; and natural and man-made disasters. Since the 2010 Lisbon Summit, NATO-Russia cooperation has expanded in some of these and other areas, while NRC working groups have made little or no progress in others. In December 2013, the NATO-Russia Council agreed to a "program of activities" for 2014 that defines specific areas of cooperation. This includes expanding support to the Afghan government, including in the area of mine disposal countering roadside bombs, and enhancing joint counterterrorism efforts and initiatives to combat piracy and armed robbery at sea. The NRC also announced a new five-year program to dispose of obsolete and dangerous ammunition in the Russian enclave of Kaliningrad on the Baltic Sea.

U.S. and NATO officials highlight several areas of enhanced NATO-Russia cooperation, citing Afghanistan as a key example. Since 2008, Russia has allowed the transit over its territory (via air and land) of cargo for NATO's International Security Assistance Force (ISAF). The transit routes are of particular importance to NATO as ISAF coordinates the withdrawal of forces in line with NATO's goal to transition away from a lead security role in Afghanistan by the end of 2014. Moscow and NATO member states have also jointly been training Afghan, Pakistani, and Central Asian counter-narcotics officers, with a view toward reducing narcotics transit to and through Russia. By the end of 2013, over 3,000 officers had been trained under the program. Finally, Russian helicopters, operated by civilian crews, have been providing transport in Afghanistan, and the NATO-Russia Council has established a Helicopter Maintenance Trust Fund (HMTF) to provide maintenance, repair support, and training to the Afghan National Security Forces. By the end of 2013, 40 Afghan helicopter maintenance staff had been trained by the program.

In April 2011, the NRC approved a new Action Plan on Terrorism, designed to improve both sides' capabilities to deter, combat, and manage the consequences of terrorist attacks. Joint activities include exchange of classified information, development of technology to detect explosive devices, and improved protection of critical infrastructure. One aspect of the counterterrorism cooperation agenda is the Cooperative Airspace Initiative (CAI), aimed at preventing attacks like those of September 11, 2001, through coordinated interception of renegade aircraft. As part of the CAI, NATO and Russian fighter aircraft have conducted joint exercises since 2011. These are expected to continue in the coming year.<sup>91</sup> Additional joint counterterrorism projects include the so-called STANDEX (Stand-off Detection of Explosives) initiative. Under the initiative, a consortium of Russian and European research institutions has sought to develop technology to detect explosives on potential suicide bombers in mass transport hubs. According to NATO, the technology was successfully tested in the metro system of a major European city in June 2013. In December 2013, the NRC announced its intention to explore additional technologies which could build on the success of the STANDEX initiative.

Observers point out that while progress has been made in the aforementioned areas, disagreement both within the alliance and between NATO and Russia persists on some core issues. NATO and Russia's November 2010 agreement to pursue cooperation on missile defense was seen as a significant breakthrough and was recognized as one of the primary achievements of the Lisbon

<sup>91</sup> See NATO, *NATO-Russia Relations*, [http://www.nato.int/cps/en/natolive/topics\\_50090.htm?](http://www.nato.int/cps/en/natolive/topics_50090.htm?)

Summit. Negotiations have, however, been marked by disagreement and increasingly vocal Russian opposition to NATO plans, with Russian officials even reportedly suggesting that Russia could use preemptive force against NATO missile defense installations (discussed in more detail below).<sup>92</sup> In addition, little, if any, progress has been made on the issue of Georgia's territorial integrity and NATO membership prospects, the unratified Conventional Armed Forces in Europe (CFE Treaty), and Russian calls for more influence within the Euro-Atlantic security architecture. Moscow has criticized NATO member states for their refusal to recognize the Russian-encouraged independence of Abkhazia and South Ossetia and has vocally opposed proposals to enhance NATO ties with Georgia and Ukraine. Moscow was also highly critical of NATO's Libya operation in 2011, which it believes was intended to topple the Qadhafi regime, despite a U.N. mandate and stated intention to protect civilians.

Moscow expressed strong opposition to a NATO military exercise that took place in early November 2013 in Estonia, Latvia, Lithuania, and Poland. The so-called Steadfast Jazz 2013 exercise—intended to certify command and control elements of the NATO Response Force (NRF)—was the largest NATO exercise to take place in the region in over ten years. The live exercise involved Land, Air, Maritime, and Special Forces components. Envisioned scenarios included responding to a possible attack on the territory of a NATO member state. Russian officials objected to the exercise so close to its border, stating, among other things, that it was “in the spirit of the Cold War.”<sup>93</sup> NATO officials noted that they invited Russian observers to attend the exercise, and, in turn, accepted a Russian invitation to observe a joint Russian-Belarusian military exercise in Belarus and parts of the Barents and Baltic Sea in September 2103. Some NATO member states reportedly viewed the planned Russian Zapad exercise as a provocation aimed at the alliance.

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

## Russia and the European Union<sup>94</sup>

Many analysts observe that the European Union (EU) has had difficulty developing a consistent and comprehensive strategic approach to Russia. On the one hand, the EU considers Russia to be a “strategic partner.” The EU and Russia have extensive economic and energy ties, and many Europeans assert that Russian cooperation is important on issues such as energy, Iran, Syria, climate change, and arms control. On the other hand, there are tensions in the relationship related

<sup>92</sup> “Russian Military Ups the Ante on Missile Defense,” The Associated Press, May 3, 2012.

<sup>93</sup> “Russia Slams ‘Cold War’ Spirit of NATO Exercise,” *RiaNovosti*, July 7, 2013.

<sup>94</sup> Prepared by Derek E. Mix, Analyst in European Affairs.

to energy policy, governance and human rights issues, and perceived attempts by Russia to extend its influence over neighboring countries. There are also a number of foreign policy disagreements involving the Middle East, the Balkans, and the Caucasus. A central challenge for European policymakers has been how to balance values with pragmatism in managing the presentation of disputes and objections alongside a desire to maintain constructive engagement and cooperation. Perceptions and preferences as to the correct weighting of priorities vary between and within the EU institutions and the 28 member states.

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

To a large extent, however, the EU-Russia energy relationship works two ways: while Russia is a crucial energy supplier for Europe, Europe is also a vital energy market for Russia. In terms of trade and investment, the EU is an even more important partner for Russia, accounting for nearly half of Russia’s trade and three-quarters of its foreign direct investment (FDI). Russia, in turn, is the EU’s third-largest trade partner (behind the United States and China); EU-Russia trade totaled €379.3 billion (approximately \$515.6 billion) in 2012.<sup>95</sup> Energy accounts for more than three-quarters of Russia’s exports to the EU.

In March 2013, the EU and Russia signed an *Energy Roadmap 2050* that presents the two sides’ joint long-term priorities for cooperation in the energy sector, including open, transparent markets and integrated network infrastructure.<sup>96</sup> The agreement was concluded despite Russia’s unhappiness with a 2012 decision by the European Commission to launch an investigation into allegations of price fixing and other rules violations by Gazprom in eight eastern EU member states. The Commission has been considering whether to bring anti-trust charges against Gazprom that could result in a fine of up to €10 billion. Russia also continues to object to provisions of EU energy legislation that seek to increase competition in the EU energy market by “unbundling” the ownership of gas production from distribution, and which requires an independent operator of transit and transmission systems. Russian officials have argued that the requirements unfairly target Gazprom and other Russian firms and violate WTO rules. The European Commission has challenged bilateral deals between Russia and six EU member states related to the construction of the South Stream pipeline as illegal under the EU legislation. Some analysts assert that these moves by the EU indicate a shift in the power dynamics of the EU-Russia energy relationship, in that a more unified European position has diminished perceptions of its members’ defenselessness and made it clear that Gazprom is expected to operate according to EU regulatory rules.

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<sup>95</sup> European Commission DG Trade, <http://ec.europa.eu/trade/policy/countries-and-regions/countries/russia/>.

<sup>96</sup> European Commission DG Energy, *EU-Russia Energy Cooperation until 2050*, [http://ec.europa.eu/energy/international/russia/doc/2013\\_03\\_eu\\_russia\\_roadmap\\_2050\\_signed.pdf](http://ec.europa.eu/energy/international/russia/doc/2013_03_eu_russia_roadmap_2050_signed.pdf).

The EU and Russia have filed trade disputes against one another in the WTO. The EU filed a complaint with the WTO in July 2013 over Russia's imposition of a "car recycling fee" on imported vehicles, and in November 2013 the WTO agreed to set up an arbitration panel. Although the EU welcomed Russia's accession to the WTO in August 2012, EU Trade Commissioner Karel de Gucht has long pointed to this fee and Russia's ban on European live animal imports as examples that Russia is not moving forward to apply WTO rules on market liberalization. In January 2014, Russia filed a complaint about anti-dumping duties imposed by the EU on Russian steel products and ammonium nitrate.

The most significant recent dispute between the two sides, however, concerns Ukraine. Under Russian pressure and threats of trade sanctions, Ukraine declined to sign an Association Agreement with the EU at the November 28-29 "Eastern Partnership summit." The Association Agreement, the product of multiyear negotiations, would have included financial assistance, a Deep and Comprehensive Free Trade Agreement, and support in enacting political and economic reforms. EU leaders subsequently offered clear and strong support to the many thousands of Ukrainians who turned out to protest the decision. In December 2013, Ukrainian President Yanukovich subsequently signed a deal with President Putin in which Russia agreed to buy \$15 billion of distressed Ukrainian bonds and to cut the price of Russian gas supplied to Ukraine. Many analysts observe that Russia views the EU's Eastern Partnership initiative as a zero-sum game. The Eastern Partnership is designed to deepen ties between the EU and former Soviet states, encouraging partner countries to undertake reforms and adopt EU standards in exchange for expanded political cooperation, trade and economic support, and potentially a perspective on future EU membership. According to analysts, Russia has sought to assert its influence and counteract the Eastern Partnership, most notably in countries such as Ukraine, Armenia, and Georgia.

In addition, EU leaders have long expressed concerns about human rights, political pluralism, and rule of law in Russia. At the biennial EU-Russia summits and regular human rights consultations, the EU routinely raises issues including the situation of civil society in Russia, the independence of the judiciary, harassment of human rights defenders and opposition leaders, and the lack of investigation into numerous criminal cases. As in the United States, EU officials and many Members of the European Parliament have voiced strong concerns about the death and posthumous conviction of Sergei Magnitsky, as well as cases such as the conviction of Alexey Navalny and the Bolotnaya Square prosecutions. The EU welcomed the release from prison in December 2013 of Mikhail Khodorkovsky, Nadezhda Tolokonnikova, Maria Alyokhina, and the detained Greenpeace activists, while urging Russia to pursue reforms to its judicial system and uphold commitments to human rights, rule of law and basic political freedoms.

The EU and Russia have been negotiating a new framework agreement to replace the EU-Russia Partnership and Cooperation Agreement (PCA) that came into force in 1997.<sup>97</sup> Under that agreement, the EU and Russia launched efforts in 2003 to develop a more open and integrated Common Economic Space (CES) and to establish deeper cooperation on issues such as rule of law, human rights, research, education, crisis management, and nonproliferation.<sup>98</sup> The 2010 EU-Russia Summit launched a "Partnership for Modernization" in which the EU pledged to help develop and diversify the Russian economy while encouraging reforms related to governance and

<sup>97</sup> The PCA was valid for an initial period of 10 years. Since 2007, it has been renewed on an annual basis.

<sup>98</sup> European Union External Action Service, *EU-Russia Common Spaces*, [http://eeas.europa.eu/russia/common\\_spaces/index\\_en.htm](http://eeas.europa.eu/russia/common_spaces/index_en.htm).

rule of law.<sup>99</sup> Some analysts have asserted that progress on most of these initiatives appears to have stalled, although Russia has voiced satisfaction with some business cooperation and European Investment Bank financing support for Russian enterprises under the Partnership for Modernization program.<sup>100</sup>

EU visa liberalization and mobility issues have long been a priority and a topic of frustration for the Russian government. Negotiations on upgraded visa facilitation appear to be progressing, but EU member states are monitoring the implementation of a set of conditions related to document security, border security, and rule of law issues, before deciding whether to launch negotiations on a visa waiver agreement. The European Commission issued a progress report in December 2013 which concluded that Russia had made progress but that further work is still needed.<sup>101</sup>

In addition to regular leadership summits, most recently held in June 2013, the EU and Russia meet twice a year for human rights consultations. The next EU-Russia summit is scheduled for January 27-28, 2014.

## Russia and the Soviet Successor States<sup>102</sup>

Russia's May 2009 National Security Strategy and February 2013 foreign policy concept hail cooperation within the CIS as a priority. The National Security Strategy proclaims that the Collective Security Treaty Organization (CSTO; see below) is "the main interstate instrument" to combat regional military threats. The February 2010 Military Doctrine states that the priorities of military-political cooperation are Belarus (formally part of a union with Russia), the CSTO, and the CIS.<sup>103</sup> Despite Russia's emphasis on interests in the CIS, there has long been scant progress toward overall CIS integration. Many CIS summit meetings have ended in failure, with many of the presidents sharply criticizing lack of progress on common concerns and Russian attempts at domination.

As an alternative, in early October 2011, then-Prime Minister Putin published an article calling for the creation of a "Eurasian Union" of Soviet successor states. This "Eurasian Union" would be integrated economically, politically, and militarily, and would unite the structures and functions of the CIS, the Union State between Belarus and Russia, and the CSTO, as well as the Eurasian Economic Community among Russia, Belarus, and Kazakhstan (a wider element of the Customs Union between the three states). Putin raised the hope that the Soviet successor states would be able to integrate more rapidly than states forming the EU. The "Eurasian Union" would forge close links with the EU, he argued. The argument's strong presumption appears to be that

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<sup>99</sup> Council of the European Union, *Joint Statement on the Partnership for Modernization*, June 1, 2010, [http://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/er/114747.pdf](http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/er/114747.pdf).

<sup>100</sup> European Investment Bank, *EIA increases support for SMEs and mid-caps by EUR 200 million*, November 22, 2013, [http://europa.eu/rapid/press-release\\_BEI-13-191\\_en.htm](http://europa.eu/rapid/press-release_BEI-13-191_en.htm).

<sup>101</sup> European Commission, *First Progress Report on the implementation by Russia of the Common Steps towards visa free short-term travel of Russian and EU citizens under the EU-Russia Visa Dialogue*, December 18, 2013.

<sup>102</sup> Prepared by Jim Nichol, Specialist in Russian and Eurasian Affairs, and Steven Woehrel, Specialist in European Affairs.

<sup>103</sup> Russian Federation Security Council, *Russian Federation National Security Strategy Until 2020*, May 12, 2009; The Kremlin, President of Russia, *The Military Doctrine of the Russian Federation*, February 5, 2010; Ministry of Foreign Affairs, *Concept of the Foreign Policy of the Russian Federation Approved by President of the Russian Federation V. Putin*, February 12, 2013.

economic and other contacts between Soviet successor states and the rest of the world (including the EU) would be mediated by Russia. One Russian critic dismissed the article as campaign rhetoric, arguing that in his past elections, Putin had attempted to attract the votes of those nostalgic for the Soviet era.<sup>104</sup> In late July 2012, Putin appointed a Russian ultranationalist as his advisor on Eurasian integration.

During 2013, Russia increasingly pressured Soviet successor states to join the Eurasian Economic Community and the Customs Union, rather than signing association agreements with the EU. In early September 2013, Armenia suspended negotiations with the EU on an association agreement, and pledged to join the Customs Union, and in November 2013, Ukraine similarly suspended talks with the EU and instead reached agreement with Russia on economic assistance and subsidies (see below).

The worth of the CSTO (currently composed of CIS members Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan) has been a matter of debate among its members and others, since it has not been efficacious in protecting borders or halting internal disorder. The CSTO was formed in 2002 with a headquarters in Moscow.<sup>105</sup> An airbase at Kant, Kyrgyzstan, was designated in 2002 to provide support for Central Asian rapid reaction forces, but the base has housed Russian troops. Then-President Medvedev called in February 2009 for forming a new and sizeable CSTO rapid reaction force based in Russia, which he claimed would rival NATO. Uzbekistan raised concerns that the force could be used by Russia to intervene in its internal affairs, and refused to sign a June 2009 agreement on the formation of the force. Belarus too balked at signing the agreement until October 2009 (see below). Despite the lack of consensus within the CSTO, Russia moved forward unilaterally, assigning the 98<sup>th</sup> Airborne Division and the 31<sup>st</sup> Airborne Assault Brigade (reportedly 8,000 troops) to the force. The rapid reaction force ostensibly is to be used to repulse military aggression from outside the CSTO, react to natural disasters, and to combat terrorist groups, trans-national organized crime, and drug traffickers. The decision to use the rapid reaction force is made by the presidents of the member-states at the request of one or a group of member states.

At a CSTO summit in December 2011, all the members signed a pledge that no nonmember military bases could be established on their territories unless all members agreed, a measure that appeared aimed against the United States. They also reportedly agreed on procedures for intervening in domestic “emergency” situations within a member state at the behest of the member. Uzbekistan reportedly objected to these procedures, perhaps spurring its decision to leave the CSTO.<sup>106</sup> At a CSTO summit in December 2012, a new CSTO Collective Security Force was proclaimed, to include the rapid reaction forces, as well as new special operations, aviation, and emergencies (natural and man-made disasters) components. A CSTO General Staff with a dedicated chief also was created, and Russia appointed Lieutenant-General Alexander Studenikin to the post. President Putin, addressing the other heads of the member-states, called for bolstering the capabilities of the organization to cope with the challenges posed by the ISAF drawdown in Afghanistan in 2014. Armenian President Serzh Sargsyan stated that he expected the CSTO to

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<sup>104</sup> Vladimir Socor, “Putin’s Eurasian Manifesto Charts Russia’s Return To Great Power Status,” *Eurasia Daily Monitor*, October 7, 2011; Pavel Felgenhauer, “Putin Prioritizes Rebuilding the Lost Empire,” *Eurasia Daily Monitor*, October 6, 2011.

<sup>105</sup> The Collective Security Treaty was signed in 1992 and renewed in 1999.

<sup>106</sup> *Interfax*, December 21, 2011.



act in case of aggression by Azerbaijan against Nagorno Karabakh, but raised concerns that the member-states were not voicing support for Armenian foreign policy regarding Azerbaijan.

### **Belarus-Russia Relations**

Belarus is perhaps Russia's most loyal ally. Russian policy toward Belarus has been focused on gaining control of Belarus's key economic assets and ensuring the country remains in Moscow's geopolitical orbit. Moscow forced Belarus to sell full control of its natural gas infrastructure to Russia in 2011 by threatening steep gas price rises if it did not. Moscow has manipulated the supply of inexpensive Russian crude oil to Belarusian refineries, which has been a key de facto subsidy to Belarus's economy. Russia has also provided loans to prop up Belarus's economy, in exchange for a commitment by Belarus to privatize state-owned firms. For its part, Belarus has focused on developing joint ventures between Belarusian and Russian firms, but Russia has been cautious about investing in Belarusian firms that it does not control. Belarus, already member of a Russia-led Customs Union, is further integrating its economy with Russia's in the Eurasian Union, which is planned to be operational in 2015. Russia's membership in the World Trade Organization (WTO) has created problems for the competitiveness of Belarusian firms. As a result, Belarus is seeking to accelerate its own efforts to join the WTO. However, current WTO member-states will demand that Lukashenko reduce state control of the country's economy, which he has been reluctant to do so far.

Belarus has shown independence from Moscow on some issues, such as refusing to recognize the independence of Georgia's breakaway regions of Abkhazia and South Ossetia, despite Russian pressure. Belarus is a member of the CSTO, but has distanced itself from the CSTO's rapid reaction force, saying that Belarus would not deploy its forces outside its borders. In other circumstances, Russian economic pressure on Belarus has caused Minsk to seek closer ties with the United States and EU. However, relations with the West remain seriously damaged as a result of Lukashenko's repression of the political opposition in Belarus.

### **Moldova-Russia Relations**

In Moldova, Russian objectives appear to be to thwart that country's moves toward EU integration as well as any prospect of closer cooperation with NATO. In what many experts viewed as an attempt to dissuade Moldova from initialing an Association Agreement (AA) with the EU, Russia barred imports of Moldovan wine and spirits, dealing a blow to Moldova's economy. Nevertheless, Moldova initialed the agreement in November 2013, and intends to sign it in 2014. Judging from its past conduct, Russia could try to pressure Moldova to not sign the AA by barring imports of other Moldovan goods (such as fruits and vegetables) and cause problems for the large number of Moldovan economic migrants in Russia. Another important tool in this effort has been Russia's support for Moldova's breakaway Transnistria region. Russian forces remain stationed in Transnistria against the wishes of the Moldovan government. Russia provides subsidies to bolster the pro-Russian regime in Transnistria and Russian firms own key Transnistrian businesses. Russian leaders have conditioned the withdrawal of their troops on the resolution of Transnistria's status. Transnistrian leaders have sought Russia's recognition of their region's independence, so far without success.

## **Ukraine-Russia Relations**

Relations between Russia and Ukraine improved after pro-Russian Viktor Yanukovich became President of Ukraine in 2010. Yanukovich renounced the NATO membership aspirations of the previous government, saying that the country will remain outside all military blocs. Russia and Ukraine agreed to extend the stay of the Russian Black Sea Fleet in Crimea until 2042. In exchange, Russia agreed to provide Ukraine with discounted prices for natural gas supplies for 10 years. However, rising global energy prices negated much of the savings Kyiv counted on from the accord, and Yanukovich sought further gas price reductions from Russia. This situation has given Moscow more leverage to secure foreign policy and economic concessions from Kyiv.

In late 2013, Russia demonstrated its ability to force concessions from Ukraine. Starting in August 2013, as it appeared possible that Ukraine would sign an Association Agreement (AA) with the EU (which included a free trade zone), Russia banned imports of Ukrainian chocolates from a firm owned by a supporter of the AA and briefly held up steel and other Ukrainian exports to Russia at the border. Russian officials warned that if Ukraine signed the AA, it would result in an even more serious disruption of Ukraine's exports to Russia. Under this pressure, the Ukrainian government announced just days before the planned signature of the accord in November 2013, that it would in fact not sign it, citing the impact on trade with Russia. The government's move sparked massive anti-government demonstrations in Ukraine.

In December 2013, Moscow granted a large aid package to Ukraine, including Russia's plan to purchase of up to \$15 billion in Ukrainian government bonds and a cut of more than one-third in the price of Russian natural gas supplied to Ukraine. The move may have been intended to reward the Ukrainian government for not signing the AA and to bolster it against the pro-Western opposition in the run-up to presidential elections next year. There has been no public disclosure so far of other possible Ukrainian concessions, such as Russian purchase of Ukraine's natural gas infrastructure or of other key Ukrainian assets, or of Ukraine's joining the Customs Union. However, Moscow is apparently keeping Kyiv on a short leash; the gas price cut will be reviewed each quarter, and the bond purchases will be doled out on an "as-needed" basis.

See also above, "Most Recent Developments: Russia's Military Intervention in Ukraine."

## **South Caucasus-Russia Relations**

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

On September 3, 2013, visiting Armenian President Serzh Sargsyan announced after talks in Russia with President Putin that Armenia aimed to join the Russia-led Customs Union and would postpone plans to initial an association agreement with the EU. He and other Armenian officials and observers argued that the country is heavily dependent on Russia for security, that over one

million or more Armenians are migrant workers in Russia, and that major industries in Armenia are dominated by Russian interests, including the energy sector.<sup>107</sup>

Russia and Georgia have yet to reestablish diplomatic relations that Georgia broke off following the August 2008 conflict. In 2011, Switzerland mediated talks between Georgia and Russia to address Georgia's calls for customs control along its borders between Russia and the breakaway regions, as a condition for Georgia's consent for Russia's joining the World Trade Organization. Then-President Medvedev stated in November 2011 that Russia would accept some private third-party monitoring of the border and electronic data on trade, resolving this issue blocking Russia's WTO accession. After Bidzana Ivanishvili became prime minister of Georgia in October 2012 (succeeded by fellow Georgia Dream party coalition member Irakli Garibashvili in November 2013), the Georgian government raised hopes that political and economic relations with Russia could improve. Some formerly restricted trade relations have been partly restored, but ties remain cool on the issue of the status of South Ossetia and Abkhazia.

## Central Asia-Russia Relations

Citing instability and the threatened spread of Islamic extremism on its southern flank as a threat to its security, Moscow intervened in Tajikistan's civil war in 1992-1996 against Tajik rebels. Russia's policy of trying to exclude U.S. influence from Central Asia as much as possible was temporarily reversed by President Putin after the September 11, 2001, attacks, but appeared to be put back in place as the 2000s progressed. In July 2005, the Uzbek government directed the United States to cease its operations at the Karshi-Khanabad (K2) airbase within six months. Tashkent is believed to have acted not only in response to Russian and Chinese urging but also after the United States criticized the Uzbek government's repression in Andijon in May 2005. In February 2009, Kyrgyzstan accepted a large loan proffered by Russia and simultaneously requested that the United States wind up operations at the Manas airbase by August 2009. After intense U.S.-Kyrgyz talks, Kyrgyzstan reversed course in late June 2009 and agreed to permit U.S. and NATO cargoes to transit through Manas, reportedly angering Putin.<sup>108</sup> In the wake of the "reset" in U.S.-Russia relations since 2009, however, there appeared to be some cooperation from Russia regarding the transit of U.S. and NATO materiel to and from Afghanistan. However, this cooperation appeared less evident in 2013, when Russia strongly supported Kyrgyzstan's declaration that it would close the Manas airbase by July 2014.

## U.S.-Russia Relations

The spirit of U.S.-Russian "strategic partnership" of the early 1990s was replaced by increasing tension and mutual recrimination in succeeding years. In the aftermath of the September 11, 2001, attacks, the two nations reshaped their relationship on the basis of cooperation against terrorism and Putin's goal of integrating Russia economically with the West.<sup>109</sup> However, tensions soon

<sup>107</sup> CEDR, October 22, 2013, Doc. No. CEL-40829587; October 15, 2013, Doc. No. CEL-51285601; September 18, 2013, Doc. No. CEL-57379774.

<sup>108</sup> For more on Russian policy in these regions, see CRS Report RL33453, *Armenia, Azerbaijan, and Georgia: Political Developments and Implications for U.S. Interests*, and CRS Report RL33458, *Central Asia: Regional Developments and Implications for U.S. Interests*, all by Jim Nichol.

<sup>109</sup> For the change in Russian policy toward integration with the West and cooperation with the United States, see CRS Report RL31543, *Russian National Security Policy After September 11*, by Stuart D. Goldman.

increased on a number of issues that contributed to ever-growing discord in U.S.-Russian relations. Cooperation continued in some areas, and then-Presidents Bush and Putin strove to maintain at least the appearance of cordial personal relations. In the wake of the August 2008 Russia-Georgia conflict, however, bilateral ties deteriorated to their lowest point since the Cold War.

## The Incoming Obama Administration “Re-sets” Bilateral Relations

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

At the July 2009 summit in Moscow, President Obama stated that “the relationship between Russia and the United States has suffered from a sense of drift” in recent years, and that the two presidents had “resolved to re-set U.S.-Russian relations.” He stressed that the United States wanted “to deal as equals” with Russia, since both countries are nuclear superpowers, and that the United States has recognized that its role “is not to dictate policy around the world, but to be a partner with other countries” to solve global problems. Some observers have argued that these statements were aimed at assuaging Russian sensitivities about the country’s status in the world. President Obama met with then-Prime Minister Putin during the summit, and stated that Putin was “tough, smart, shrewd, very unsentimental, [and] very pragmatic,” but reportedly added that he did not anticipate a meeting of the minds anytime soon on areas of disagreement such as Georgia.<sup>110</sup>

One achievement of the summit was the establishment of a U.S.-Russia Bilateral Presidential Commission (BPC) intended to strengthen consultations and diplomacy. President Obama highlighted the commission as the “foundation” element in re-setting relations, since it would greatly expand communications between the two countries. The presidents are the co-chairs, and the Secretary of State and the Foreign Minister coordinate meetings. In some respects, the BPC is similar to what was commonly termed the Gore-Chernomyrdin Commission that was set up during the Clinton Administration to advance U.S.-Russia relations.

The Obama Administration’s National Security Strategy, released in May 2010, asserts that the United States endeavors “to build a stable, substantive, multidimensional relationship with Russia, based on mutual interests. The United States has an interest in a strong, peaceful, and prosperous Russia that respects international norms.” The strategy calls for bilateral cooperation with Russia—termed one of the 21<sup>st</sup> century centers of influence in the world—in bolstering global nonproliferation; in confronting violent extremism, especially in Afghanistan; in forging new trade and investment arrangements; in promoting the rule of law, accountable government, and universal values within Russia; and in cooperating as a partner in Europe and Asia. At the same time, the strategy stresses that the United States “will support the sovereignty and territorial integrity of Russia’s neighbors.”<sup>111</sup> The Administration plans to update the strategy in 2014.

<sup>110</sup> *Federal News Service*, July 8, 2009.

<sup>111</sup> The White House. *National Security Strategy*, May 2010.

Then-President Medvedev visited the United States on June 22-24, 2010, to focus on business and technology ties between the two countries.<sup>112</sup> Just days after Medvedev's U.S. visit, the United States announced on June 28, 2010, the arrest of 11 Russian spies (one spy was outside the United States and apparently escaped). The spies had lived in several U.S. metropolitan areas for up to 10 years or longer. They were arrested on charges that included money-laundering and not registering as foreign agents. An FBI investigation against the "deep cover" agents reportedly had been ongoing for several years. The timing of the arrests may have been determined by suspicions of one of the agents that her cover had been blown. The 10 agents were swapped in Vienna, Austria, on July 9 for 4 Russian citizens whom Moscow had alleged were U.S. or British spies. Some U.S. observers suggested that the focus of the 10 Russian agents on seemingly public information gathering was a reflection of the paranoia and myopia of Russia's political leaders.<sup>113</sup> Some observers in the United States and Russia speculated that the quick resolution of the spy case indicated a concerted effort among policymakers in both countries to preserve the "re-set" in bilateral relations.

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

In May 2011, President Obama and then-President Medvedev met on the sidelines at the Group of 8 (G-8; a grouping of industrialized countries) meeting in Deauville, France. The main topics discussed included U.S. plans for missile defense deployments in Central Europe, counter-terrorism cooperation, and economic issues, including Russia's efforts to obtain entry into the WTO. Medvedev indicated that Russia would continue discussions about its concerns over NATO missile defense plans, but stated that there was no breakthrough at the talks and suggested that progress might have to be deferred to 2020 (the then-planned final phase of missile deployments) and to "other politicians." The two sides signed or issued nine agreements, statements, memoranda of understanding (MoU), and reports, ranging from statements of cooperation on visa issues, counter-terrorism, and the Bering Strait Region to a report assessing future missile challenges (the presidents stated that the latter report had been finalized, but it was not released). It also was announced that two new working groups had been created as part of the BPC, a working group on innovation and a working group on the rule of law. According to McFaul, a major goal of the working group on innovation was to assist in then-President Medvedev's modernization campaign (which has received lukewarm verbal support from his successor, President Putin), and a major goal of the working group on the rule of law was to strengthen legal institutions in Russia to facilitate investment.<sup>114</sup>

<sup>112</sup> The White House, Office of the Press Secretary, *U.S.-Russia Joint Statements*, June 24, 2010; *Remarks by President Obama and President Medvedev of Russia at Joint Press Conference*, June 24, 2010.

<sup>113</sup> *Financial Times* (London), July 1, 2010.

<sup>114</sup> The White House, Office of the Press Secretary, *Remarks by President Obama and President Medvedev of Russia after Bilateral Meeting in Deauville, France*, May 26, 2011; *Fact Sheet: U.S.-Russia Agreements and Joint Statements*, (continued...)

President-elect Putin cancelled plans to attend the May 18-19, 2012, G-8 meeting at Camp David—giving as a reason his preoccupation with selecting new cabinet ministers—although he detailed Medvedev to attend. Other observers viewed the cancelation as reflecting a related decision to cancel the NATO-Russia Council meeting in Chicago to be held immediately thereafter, particularly because of lack of progress on missile defense issues, or as a snub in the wake of Putin’s anti-American presidential election campaign.

At the presidential summit on June 18, 2012, on the sidelines of the G-20 (Group of 20 major developed and developing countries) summit in Los Cabos, Mexico, Presidents Obama and Putin issued a long joint statement listing areas of existing and proposed cooperation, including on Afghanistan, bilateral investment and trade, health, the environment, and educational and cultural exchanges.<sup>115</sup> However, it appeared that the activities of the many Working Groups and Sub-Working Groups of the BPC had fallen off somewhat, perhaps related to the electoral cycles in both countries, and on the Russian side, to the anti-Americanism that was a *leitmotif* of Putin’s presidential campaign. Putin and Medvedev openly indicated that they supported Obama’s reelection.

In September 2012, Russia requested that the United States wrap up USAID programs in Russia by October 1, 2012, many of which had been part of the BPC process (see below, “The Ouster of the U.S. Agency for International Development”). In late 2012, Russia also informed the United States that it was unwilling to renew an agreement in its current form sanctioning Cooperative Threat Reduction (Nunn-Lugar) programs in Russia (see below, “Cooperative Threat Reduction”). In both cases, Russia asserted that the United States was interfering in its affairs and that it was capable of carrying out further activities by its own means.

As a sign of Putin’s continuing anti-Western and anti-American orientation, the RT (Russia Today) news agency, a propaganda organ of the government, reportedly has stepped up its activities, including in the United Kingdom and the United States. The U.S. governmental Open Source Center warned in late 2012 that an RT television channel in the United States was working to undermine faith in the US Government and fuel political protest.<sup>116</sup> In early December 2013, Putin ordered that a state news agency and radio broadcasting agency be absorbed into RT, and appointed state television official and news anchor Dmitry Kiselev as its head. Some observers have viewed the consolidation as part of Putin’s efforts to explain and justify what he terms his conservative foreign and domestic policies to international audiences.<sup>117</sup>

## Bilateral Relations during Obama’s Second Term

Although there was some media speculation in late 2012 and early 2013 that the Obama Administration would alter its Russia policy during its second term, the Administration appeared

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(...continued)

May 26, 2011; *Press Briefing by National Security Council Senior Director for Russia and Eurasia McFaul and Deputy National Security Advisor Rhodes*, May 26, 2011.

<sup>115</sup> The White House, Office of the Spokesperson, *Fact Sheet: The United States and Russia: A Multifaceted Relationship*, June 18, 2012.

<sup>116</sup> “Kremlin’s TV Seeks to Influence Politics, Fuel Discontent in U.S.,” *Open Source Center Analysis*, December 12, 2012.

<sup>117</sup> *CEDR*, December 10, 2013, Doc. No. CER-49477923.

to attempt to sustain and build on cooperative ties where possible, while also expressing concerns about ebbing cooperation in some areas.<sup>118</sup>

Indicating stresses in relations, on January 25, 2013, the State Department announced that the United States was withdrawing from the Civil Society Working Group because it was not effective in addressing the increasing restrictions on civil society in Russia. At the same time, the State Department stated that it hoped to continue assisting civil society groups in Russia and rejected that the withdrawal signaled that the BPC was not working on other issues.<sup>119</sup>

Another ongoing issue of contention—Syria policy—was the main topic discussed during a meeting between new Secretary of State John Kerry and Foreign Minister Lavrov in Berlin on February 26, 2013. Lavrov termed the meeting “constructive,” and indicated that he had raised concerns about the lack of diplomatic notification and access to Russian adoptees.

In testimony to Congress in March 2013 on worldwide threats, Director of National Intelligence James Clapper argued that Russian foreign policy was a nexus of organized crime, state policy, and business interests. He warned that Russia and China are the most persistent intelligence threats and aggressively target U.S. business and finance. He predicted that social discontent might increase in Russia in 2013, including because of a sluggish economy, increasing restrictions on political pluralism, and ongoing corruption. He estimated that Russian foreign policy would not greatly change in 2013. Putin would continue to be very sensitive to U.S. criticism of Russian domestic policy, but views some ties with the United States as useful on certain issues. Russia would continue to look for U.S. and NATO guarantees that a missile defense system is not directed at Russia. On Syria, Russia would remain focused on preventing outside military intervention to overthrow the Asad regime, since Putin is suspicious that the West is pursuing regime change that could be aimed against Russia. Moscow also would not likely alter its argument that an incremental system of rewards is the best means to move Iran to address the concerns of the International Atomic Energy Agency. Despite these differences between the United States and Russia on Syria and Iran, Russia would continue to support the Northern Distribution Network as a pillar of U.S.-Russia cooperation. Russian foreign policy would place more emphasis on integration among the Soviet successor states.<sup>120</sup>

Kerry met with Lavrov on April 10, 2013, on the sidelines of the G-8 foreign ministerial meeting in London. Reportedly, Syria was again a major topic, with Lavrov also stating that the two sides agreed to step up the activities of the BPC. The two sides also discussed North Korea and the Middle East peace process. National Security Advisor Thomas Donilon visited Russia and met with officials on April 15, 2013. Russian officials reported that he carried a letter from President Obama to President Putin outlining possible areas of cooperation between the two countries. Some of these areas appeared to be reflected in a statement issued at a June 2013 bilateral summit (see below).

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<sup>118</sup> For examples of these statements, see U.S. Department of State, *Background Briefing on Secretary of State Kerry's Trip to Great Britain, Germany, and France: Special Briefing, Senior State Department Official*, February 24, 2013; The White House, Office of the Press Secretary, Readout of Telephone Call between President Obama and President Putin, March 1, 2013; U.S. Embassy, Moscow, Ambassador McFaul's Blog, *28 Days of Cooperation: U.S. and R.F.*, March 1, 2013.

<sup>119</sup> U.S. Department of State, *Daily Press Briefing*, January 25, 2013.

<sup>120</sup> U.S. Senate. Select Committee on Intelligence, *Statement for the Record: Worldwide Threat Assessment of the US Intelligence Community, James R. Clapper, Director of National Intelligence*, March 12, 2013.

In written testimony during a hearing in April 2013 on his nomination to be the commander of the U.S. European Command and Supreme Allied Commander, Europe, General Philip Breedlove stated that Russia was an “aspirational superpower,” as well as a regional power, but that “mounting internal stressors—politico-economic, socio-cultural, and demographic,” would challenge its aspirations. The United States and NATO will need to reassure allies and partners who reside in Russia’s declared sphere of influence of their resolve to counter untoward influence efforts, he stated. At the same time, he called for continuing successful engagement with Russia, such as through the Arctic Council and the NATO-Russia Council, and on such issues as health, combating terrorism, and countering piracy, and for encouraging Russia to play a constructive role in world affairs.<sup>121</sup>

Presidents Obama and Putin met on June 17, 2013, on the sidelines of the G-8 meeting in Northern Ireland. The presidents issued three joint statements, including on bilateral relations, counter-terrorism cooperation, and cyber-security. Both indicated that they continued to disagree on many issues related to the Syria crisis, but that they were continuing to work to hold a conference between the warring factions.

- The Statement on Enhanced Bilateral Relations is similar to those of past Administrations in mentioning areas of engagement, including arms control and nonproliferation, trade and investment, countering terrorism, and exchanges. The two Presidents announced that Vice President Biden and Prime Minister Medvedev would expand their dialogue, particularly in the realm of U.S.-Russia trade and investment. In addition, a regular “two plus two” dialogue would be launched involving the Secretaries of State and Defense and the Ministers of Defense and Foreign Affairs, and the security councils of each state would maintain mutual dialogue.
- A joint statement on countering terrorism pledged both sides to strengthen cooperation, including through the exchange of operational information between intelligence agencies, and the conduct of coordinated operations. They reaffirmed existing cooperation through the BPC’s Counter-terrorism Working Group and international organizations, and agreed to counter the use of the Internet by terrorist groups, while respecting the right to freedom of expression. They also agreed to “interact” in providing security for the Sochi Olympic Games.
- A joint statement on cyber-security pledged both sides to cooperate to protect information and communications technologies from political-military, criminal, and terrorist threats. To deal with these threats, communications links had been or were being authorized or established between each country’s computer emergency response teams, Nuclear Risk Reduction Centers, and the U.S. Cybersecurity Coordinator and the Russian Deputy Secretary of the Security Council. The two sides also agreed to form a new Cyber Security Working Group as part of the BPC.
- President Obama stated that the summit had finalized negotiations leading to the signing of a follow-on protocol to the expiring Comprehensive Threat Reduction Agreement (see below, “Cooperative Threat Reduction”).

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<sup>121</sup> U.S. Senate, Committee on Armed Services, Hearing on the Nomination of Air Force Gen. Philip Breedlove, for Reappointment to the Grade of General and to be Commander of the U.S. European Command and Supreme Allied Commander, Europe., *Testimony by Philip Breedlove*, April 11, 2013.



U.S.-Russia relations faced further strains after intelligence leaker Edward Snowden fled to Russia (via China) on June 23, 2013. Despite high-level requests that Snowden be returned to the United States, Russia instead granted him temporary asylum on August 1, 2013. Responding to the granting of asylum, Senator John McCain termed it a “deliberate effort to embarrass the United States,” and called for “a more realistic approach to our relations with Russia,” including by expanding the Magnitsky list, pushing for Georgia’s quick admission to NATO, moving forward with all phases of missile defense deployment in Europe, and denouncing human rights abuses in Russia.<sup>122</sup>

### “Inadequate Progress in Our Bilateral Agenda”

On August 7, 2013, the White House announced that it had “postponed” a planned early September 2013, U.S.-Russia presidential summit in Russia because of “inadequate progress in our bilateral agenda [in] the last twelve months,” appearing to refer to Vladimir Putin’s return as president of Russia. The Administration referred to lack of progress on missile defense, arms control, trade and commercial relations, global security issues, and human rights, and stated that the grant of temporary asylum to Edward Snowden also was a factor in the decision. Pro-Putin ultranationalist academic Sergey Markov claimed that the cancelation was due to Obama’s weakness *vis-a-vis* the “cold war lobby” in Congress.<sup>123</sup> Despite this announcement, Foreign Minister Lavrov and Defense Minister Shoygu proceeded with a “two plus two” visit to Washington, DC, on August 9, 2013, to meet with Secretaries Kerry and Hagel to engage in “intense” discussions on a range of bilateral issues, according to the White House. Reportedly, Syria and the Snowden featured prominently. President Obama still traveled to St. Petersburg, Russia, to attend the G-20 (Group of Twenty industrial and industrializing countries) meeting on September 5-6. Despite the cancelation of the summit, the two presidents did meet briefly on the sidelines of the G-20 meeting, and focused on the Syria conflict (see below, “Bilateral Relations and Syria”).

The Annual Report of the BPC, issued in late December 2013, and combining 2012 and most of 2013, as well as the latest issues of the Administration’s BPC Newsletter, list a number of meetings of the Working Groups and sub-Working Groups that have taken place and are scheduled to take place in coming months, perhaps indicating some revivification of the BPC.<sup>124</sup> However, many activities appear to have been delayed or postponed, or involve person-to-person contacts rather than more substantive meetings.

Russia’s February 2013 foreign policy concept views relations with the Euro-Atlantic states (including the United States) as a top foreign policy priority, just behind relations with the CIS states. The concept echoed statements by Russian officials in calling for the development of trade and other U.S.-Russian economic ties as the central focus of a post-“reset.” The concept also spells out that Russia expects the United States not to interfere in the domestic affairs of other states and that Russia will work to prevent the U.S. imposition of sanctions against Russian

<sup>122</sup> U.S. Senate, Senator John McCain, *Press Release: Statement by Senator John McCain on Russian Government Asylum for Edward Snowden*, August 1, 2013.

<sup>123</sup> The White House, Office of the Press Secretary, *Statement by the Press Secretary on the President’s Travel to Russia*, August 7, 2013; *Interfax*, August 7, 2013.

<sup>124</sup> U.S. Department of State, *U.S.-Russia BPC 2013 Joint Annual Report*, December 27, 2013; *U.S.-Russia BPC: Newsletter*, February-March 2013; April-May 2013; Summer 2013; Fall 2013.

citizens and businesses. The concept cautions that further reductions in strategic nuclear arms depend on global strategic stability and the balance of strategic offensive and defensive warfare.

In mid-June 2013, President Putin suggested that U.S.-Russia relations were complicated by “fundamental cultural differences” that made understanding difficult. He claimed that American identity is based on individual wants, racism, and genocidal and other extreme violence, while Russia identity is based on “loftier ambitions, more of a spiritual kind.” He also argued that the “reset” in U.S.-Russia relations had faced problems because the United States continued to view itself as the sole superpower, an “imperial” attitude that was only slowly changing within the U.S. “ruling elite.”<sup>125</sup> After granting Snowden temporary asylum (see above), Putin stated that he hoped that U.S.-Russia relations would not be harmed.

On December 17, 2013, President Barack Obama announced the names of members of the presidential delegations for the opening and closing ceremonies. Neither delegation included the President or the Vice President. Janet Napolitano, former Secretary of Homeland Security, was named to lead the delegation for the opening ceremony, which also included then-Ambassador Michael McFaul; Robert Nabors, Assistant to the President and Deputy Chief of Staff for Policy; Billie Jean King, “member of the President’s Council on Fitness, Sports and Nutrition” (she later was unable to attend); and Brian Boitano, Olympic gold medalist in figure skating.<sup>126</sup> William Burns, Deputy Secretary of State, was named to head the delegation for the closing ceremonies. He was joined by McFaul; Bonnie Blair, “five-time gold medalist and one-time bronze medalist in speed skating”; Caitlin Cahow, “Olympic silver medalist and bronze medalist in women’s ice hockey”; and Eric Heiden, “five-time Olympic gold medalist in speed skating.” Several members of the presidential delegations to the opening and closing ceremonies were prominent members of the LGBT community.<sup>127</sup> While stating that scheduling problems had prevented the President or Vice President from attending the Games, the Administration also averred that the selection was not the only means through which the President had underlined that “he finds it offensive, the anti-LGBT legislation in Russia, for example. And we take very clear and strong stands on that issue, as well as the curtailment of civil society in Russia, as well as the harassment caused to those who protest corruption in Russia.”<sup>128</sup>

U.S.-Russia relations appeared to sharply deteriorate following Russia’s deployment of military forces to Ukraine’s Crimea region at the end of February 2014. President Obama canceled plans to attend a G-8 (Group of eight industrialized nations) meeting to be hosted by Russia in Sochi in June 2014, some bilateral trade talks were halted, the Defense Department suspended planned military-to-military contacts, a visa ban and asset freeze were imposed on persons involved with violating Ukraine’s sovereignty, and the Administration and Congress explored other sanctions against Russia.

Russia’s recent role in the Iranian sanctions agreement, the Middle East Quartet, the International Conference on Syria, chemical weapons removal from Syria, and other Middle Eastern issues (see below) have led some observers to speak of “Russia’s return” to the region, although most argue that Russia’s moves are mainly diplomatic and reflect limited capabilities and interests.

<sup>125</sup> CEDR, June 14, 2013, Doc. No. CER-46749216.

<sup>126</sup> The White House, Office of the Press Secretary, *President Obama Announces Presidential Delegations to the Opening and Closing Ceremonies of the 2014 Olympic Winter Games*, December 17, 2013.

<sup>127</sup> *Ibid.*

<sup>128</sup> The White House, Office of the Press Secretary, *Press Briefing by Press Secretary Jay Carney*, December 18, 2013.

Analyst Tarek Fahmy argues that President Putin appears to want to increase Russia's influence in the Middle East, but has not formulated a coherent policy and instead reacts to U.S. policies in a limited fashion. He also claims that some elements of the Russian elite oppose a robust superpower role for Russia in the region. Analyst Richard Weitz argues that Russian foreign policy places a lower priority on relations with the Middle East than with Europe and Asia, and with Soviet successor states. In the Middle East, Russia offers itself as a mediator of regional conflicts, but generally has played only a minor role compared to the United States, Weitz argues. Columnist Michael Weiss argues that while Russia does not have the capability or reputation to negate U.S. influence in the Middle East, its recent "little performance" in the region does pose a risk to U.S. interests.<sup>129</sup>

## Bilateral Relations and Afghanistan

In a meeting with Afghan President Hamid Karzai in August 2008, then-President Medvedev called for "opening a new page in relations" between the two countries, "because, unfortunately, our countries are coming up against similar threats and problems." Russia provides some foreign assistance and investment to Afghanistan, although it has rejected sending military forces. At the July 2009 U.S.-Russia summit, a joint statement on assistance to Afghanistan called for enhancing cooperation within the U.S.-Russia Counter-Terrorism Working Group; further implementing the Russia-NATO Council's counter-narcotics project; supporting Afghanistan-related activities of the OSCE; increasing training for the Afghan National Army, police, and counter-narcotics personnel; and greatly increasing cooperation to halt illicit financial flows related to heroin trafficking in Afghanistan.

Russia's reaction to NATO's announcement in late 2010 of a planned drawdown of ISAF by the end of 2014 appeared complex and evolving. On the one hand, Russia welcomed a lessened U.S. presence in Afghanistan and Central Asia, but on the other was concerned about regional security during and after the drawdown. In January 2011, Russia's Ambassador to Afghanistan, Andrey Avetisyan, stressed that NATO forces should not leave Afghanistan until the country is able to defend itself. He stated that Russia was ready to assist Afghanistan in rebuilding infrastructure and facilities that had been constructed by the former Soviet Union, but that such rebuilding would need international financing. He also renewed Russia's call for NATO to combat drug production.<sup>130</sup>

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

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<sup>129</sup> Tarek Fahmy, "Debate: Russia Can Play a Major Role in the Middle East," *Asharq Al-Awsat*, November 4, 2013; Richard Weitz, "Debate: Russia Cannot Play a Major Role in the Middle East," *Asharq Al-Awsat*, November 4, 2013; Michael Weiss, "Russia's Return to the Middle East," *The American Interest*, December 13, 2013. See also "Russia: Eyeing Broader Middle East Role After 2013 Diplomatic 'Successes,'" *Open Source Center Analysis*, January 7, 2014.

<sup>130</sup> *Interfax*, January 27, 2011.

Russian cooperation has included training Afghan maintenance personnel.<sup>131</sup> Russia's cooperation on Afghanistan was not emphasized at the June 2013 Obama-Putin summit.

Russia has called for any foreign troops remaining in Afghanistan after 2014 and providing advice, training, and equipment should serve under a new United Nations mandate. Russia eschews sending any of its own troops to Afghanistan after 2014, but pledges to provide some security assistance. To counter the possible spillover of instability from Afghanistan, Russia also is attempting to strengthen the CSTO.<sup>132</sup>

### *Alternative Supply Routes to and from Afghanistan*

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

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

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

Reportedly, the first flight by the United States using this route took place in early October 2009, and another took place in November 2009. Allegedly, Russia was slow in facilitating such flights, and the United States and NATO used alternative air transit through the Caspian region to reach Afghanistan. According to Assistant Secretary of State Philip Gordon, these air transit problems soon were resolved.<sup>133</sup>

<sup>131</sup> U.S. Department of State, *Fact Sheet: U.S.-Russia Cooperation on Afghanistan*, June 18, 2012.

<sup>132</sup> "Russia Warns of Post-ISAF Afghan Instability, Likely Favors UN-Sanctioned Presence," *Open Source Center Analysis*, July 8, 2013.

<sup>133</sup> U.S. Department of State. *U.S.-Russia Relations Under the Obama Administration: Remarks at the German Marshall Fund*, June 16, 2010.

A June 2010 Administration factsheet on the results of the “re-set” gave some information on Russian *commercial* support for the Afghan conflict. It stated that Russian companies had made over 12,000 flights in support of U.S. operations in Afghanistan and Iraq, had supplied over 30% of the fuel U.S. military troops use in Afghanistan, and provided over 80 MI-17 helicopters to the Afghan National Army, Afghan National Police, and Afghan Drug Interdiction Forces.<sup>134</sup>

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

Russia is a substantial supplier of jet fuel for U.S. and NATO operations in Afghanistan. This relationship became more apparent in September 2011 when the U.S. Defense Logistics Agency placed its first order for fuel with the Gazpromneft-Aero-Kyrgyzstan joint venture, which is majority-owned by Russia’s Gazprom state-controlled gas firm, to supply aviation fuel to the Manas Transit Center in Kyrgyzstan. The Transit Center is the main U.S. airbase in Central Asia, and provides major aerial refueling services over northern Afghanistan. According to one report, the fuel is directly supplied from Gazprom’s oil refineries and transported by the Russian Transoil company to the transit center.<sup>135</sup>

In early February 2012, Russian media reported that NATO and Russia had agreed that cargo aircraft bringing materials out of Afghanistan could land at the Ulyanovsk airport, north of the Caspian Sea. From there, the materials would transit by railway to Riga or Tallinn. Russian planes reportedly would haul some of the cargoes. Such flights circumvent road and railway transit delays in Central Asia, according to some reports.<sup>136</sup> At a military meeting in early August 2012, President Putin stated that Russia had an interest in peace and stability “on our southern borders” (apparently including Central Asia as part of Russia), and so would assist NATO forces in Afghanistan, including by opening the Ulyanovsk airport to NATO transport. He averred that it was better for Russia to support NATO than to have to mobilize Russian troops to deal with insecurity emanating from Afghanistan.<sup>137</sup>

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

On April 1, 2013, a Russian newspaper published an interview with Alexander Vershbow, Deputy Secretary-General of NATO, who reportedly stated that the Ulyanovsk transit center had proven to be a costly route for the egress of materiel from Afghanistan, so that NATO preferred other routes, even though the center had been approved for use and one test flight through the center had occurred. In October 2013, NATO reported that the route had not been used for several months.<sup>138</sup> At the NATO-Russia Council meeting in early December 2013, NATO Secretary

<sup>134</sup> The White House. Office of the Press Secretary. *U.S.-Russia Relations: “Re-set” Fact Sheet*, June 24, 2010.

<sup>135</sup> *CEDR*, September 28, 2011, Doc. No. CEP-950073.

<sup>136</sup> *Interfax*, February 3, 2012.

<sup>137</sup> *Interfax*, August 2, 2012.

<sup>138</sup> *Interfax*, October 16, 2013.

General Anders Fogh Rasmussen reportedly stated that although NATO appreciated Russia's offer of Ulyanovsk as a trans-shipment point for material entering or exiting Afghanistan, the costs of using the route were an impediment. The costs are the subject of ongoing commercial negotiations. Russia has argued that the route is competitive in terms of security and the transport time, and satisfies NATO's desire for multiple transit routes.<sup>139</sup>

In early December 2013, the United States temporarily halted shipments through Pakistan due to instability. According to one report, the Defense Department has not yet shifted more material exiting Afghanistan to the NDN. The report also alleges that the NDN is used more for material entering than leaving Afghanistan.<sup>140</sup>

## Bilateral Relations and Iran

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

Russia agrees with the United States and many other nations that a nuclear-armed Iran would be destabilizing and undesirable. After Iran's clandestine program to master the entire nuclear cycle, including uranium reprocessing, was revealed, Russia withheld delivery of nuclear fuel for the Bushehr reactor, pending agreement with Tehran about return of spent fuel to Russia for reprocessing. Russia joined the United States and the "EU-3" group (Great Britain, France, and Germany) in approving a series of limited U.N. Security Council (UNSC) sanctions related to Iran's nuclear infrastructure, including asset freezes and trade bans targeting certain Iranian entities and individuals.<sup>141</sup> Moscow temporarily withdrew most of its technicians and scientists from the unfinished Bushehr reactor in 2007. However, Russia soon resumed construction and shipment of nuclear fuel to Bushehr. Fuel delivery was completed in early 2008. In early 2011, Russia's permanent representative to NATO alleged that a computer virus had delayed the start-up of the reactor.<sup>142</sup> Reportedly, some damaged systems had to be replaced, but Russian officials announced that the reactor had begun operation on May 8, 2011. The plant began supplying power for the electric grid in September 2011. Russia handed over control of the first 1,000 MW generating unit at Bushehr to Iran in September 2013, but the Russian general contractor will continue as guarantor and its specialists will remain on site until 2015.

Some observers argue that while Russia agrees that an Iran with nuclear weapons would be a threat, and has supported some nuclear-related sanctions, it has endeavored in the medium term to maintain good working relations with the Iranian government. According to this argument, Russia

<sup>139</sup> *Interfax*, December 2, 2013.

<sup>140</sup> Joshua Kucera, "Pentagon: Pakistan Border Closure to Have No Effect on NDN," *Eurasianet*, December 9, 2013.

<sup>141</sup> See CRS Report RL32048, *Iran: U.S. Concerns and Policy Responses*, by Kenneth Katzman.

<sup>142</sup> *Interfax*, January 27, 2011.

opposes more coercive trade or military actions by the West that might result in regime change in Iran, fearing that such change could result in a more hostile Islamic fundamentalist regime or a pro-Western government, both of which might be expected to have poor relations with Russia. Currently, Russia is one of Iran's major economic partners, and Russia gains some revenues through arms sales. The West's sanctions against Iran include energy imports, which enhances Russia's role as a major energy supplier to Europe, discourages the use of Iran as a transit route for energy exports by Caspian littoral states, and boosts Russia's economy by keeping world energy prices high, according to this argument.<sup>143</sup>

Iran informed the IAEA in September 2009 that it had been building a second uranium enrichment plant near the city of Qom. Many observers considered the disclosure further evidence that Iran intended to build nuclear weapons. A few days later, President Obama reported that a meeting he held with then-President Medvedev on the sidelines of a U.N. General Assembly session dealt mostly with Iran. Medvedev stated that the international "task is to create ... a system of incentives that would allow Iran to continue its fissile nuclear program, but at the same time prevent it from obtaining nuclear weapons."<sup>144</sup> In a meeting with concerned nations on October 1, 2009 (termed the P5+1 or the Sextet, consisting of the United States, United Kingdom, France, Russia, China, and Germany), Iran agreed to a late October IAEA inspection of the Qom enrichment site and initially appeared positive toward a plan to export most of its low-enriched uranium to Russia or France to be further enriched to fuel the Tehran Research Reactor. Russia reportedly mediated with Iran to urge it to accept the research reactor fuel deal, but Iran rejected the deal. In late November, Russia joined other representatives of the IAEA in censuring Iran for concealing the enrichment plant near Qom. In February 2010, Iran announced that it would start enriching uranium to 20% to fuel the Tehran Research Reactor.

In June 2010, Russia supported the approval of UNSC Resolution 1929, which expressed growing international concern with Iran's lack of compliance with ensuring that its nuclear program is peaceful and directed an expanded international arms embargo and added restrictions on commerce dealing with "proliferation-sensitive activities" in Iran. Explaining Russia's vote for the resolution, U.N. Permanent Representative Vitaly Churkin stated that "it has become inevitable that additional restrictive measures should be adopted to constrain development in those Iranian activities that run counter to the task of strengthening the nonproliferation regime."<sup>145</sup> Perhaps also a significant factor, simultaneously with Russia's agreement on the draft resolution, its state arms export agency, Rosoboronexport, and other Russian firms were removed from U.S. lists of sanctioned entities.<sup>146</sup> Appearing to be one strategy to deflect Iran's anger, Russia has denounced added sanctions imposed by the United States, the EU, and other countries in the wake of the approval of UNSC Resolution 1929.

After CIA revelations about Iran's possession of highly enriched uranium, then-President Medvedev concurred in July 2010 that "Iran is nearing the possession of the potential which in principle could be used for the creation of a nuclear weapon." He also stated that "we should not forget that Iran's attitude [toward cooperation with the international community] is not the best

<sup>143</sup> Richard Weitz, "Debate: Russia Cannot Play a Major Role in the Middle East," *Asharq Al-Awsat*, November 4, 2013.

<sup>144</sup> The White House. Office of the Press Secretary. *Remarks by President Obama and President Medvedev of Russia after Bilateral Meeting*, September 23, 2009.

<sup>145</sup> United Nations. Security Council. 6335<sup>th</sup> Meeting, *Meeting Record*, S/PV.6335, June 9, 2010.

<sup>146</sup> CRS Report RL32048, *Iran: U.S. Concerns and Policy Responses*, by Kenneth Katzman.

one.”<sup>147</sup> Causing further strains in Russian-Iranian relations, in September 2010 President Medvedev signed a decree banning the supply of the S-300 surface-to-air missile system to Iran, asserting that the weapons transfer to Iran was blocked by UNSC Resolution 1929.

Lavrov reported that in November 2010, he urged the Sextet (P5+1) to back a “step-by-step” approach to resolving tensions over Iran’s nuclear program, involving easing and eventually eliminating UNSC sanctions in response to Iranian moves to comply with IAEA concerns.<sup>148</sup>

In testimony in December 2010, Under Secretary of State William Burns asserted that “Russia’s partnership [with the United States] in the diplomacy which led to Resolution 1929 and to its own decision to cancel the S–300 sale was crucial. Without Russia’s partnership, I don’t think we would have had Resolution 1929 [or] as significant a set of measures from the EU and from many others. So that painstaking effort to work together with regard to a shared concern about Iran’s nuclear ambitions has been right at the core of our relationship with Russia over the last couple of years.” At the hearing, some Members raised concerns that Russia’s past and ongoing support for Iran’s civil nuclear program might have facilitated its nuclear weapons ambitions. Under Secretary Burns argued that Russia and other countries have become increasingly worried about Iran’s nuclear intentions and have intensified their support for countervailing international actions.<sup>149</sup>

In January 2011, Russia joined the other members of the Sextet (P5+1) at a meeting with Iran in Istanbul to urge Iran to commit to a modified agreement worked out by Russia, the United States, and France to exchange the bulk of Iran’s low-enriched uranium for fuel rods for the Tehran research reactor. Iran raised preconditions to such an agreement that were rejected by the Sextet (P5+1). Just before the meeting, Russia joined the Sextet (P5+1) in calling for fully implementing the sanctions under UNSC Resolution 1929, but again refused to join what it termed “unilateral sanctions” beyond those agreed to by the UNSC.

On June 1, 2011, the Russian Foreign Ministry reported that Lavrov rejected a call by visiting Israeli Deputy Prime Minister Moshe Ya’alon for concerned countries to warn Iran that it faces military reprisals if it proceeds with its nuclear weapons development program. According to the Foreign Ministry, Lavrov reiterated Russia’s views that concerns about Iran’s nuclear program should be resolved exclusively through negotiations and that Iran has the right to pursue a peaceful nuclear program.<sup>150</sup>

In November 2011, the IAEA issued a report warning that Iran had intensified its nuclear weapons development program. Lavrov denounced the report as making “a totally unsupported conclusion that Iran’s nuclear program had a military dimension.”<sup>151</sup> Russia reportedly opposed UNSC action on the report, terming further sanctions an attempt to trigger “regime change” in

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<sup>147</sup> Ministry of Foreign Affairs of the Russian Federation. *Speech by Dmitry Medvedev, President of the Russian Federation, at the Meeting with Russian Ambassadors and Permanent Representatives to International Organizations*, July 13, 2010; *Agence Presse France*, July 13, 2010.

<sup>148</sup> *Transcript of Sergey Lavrov Interview*, Ministry of Foreign Affairs, June 2, 2011.

<sup>149</sup> U.S. House of Representatives, Committee on Foreign Affairs, *Hearing on Implementing Tougher Sanctions on Iran: A Progress Report*, December 1, 2010.

<sup>150</sup> *CEDR*, June 1, 2011, Doc. No. CEP-950139; June 1, 2011, Doc. No. CEP-365001.

<sup>151</sup> *CEDR*, January 25, 2012, Doc. No. CEP-950142.



Iran. Russia has instead urged the Sextet (P5+1) to pursue its “step-by-step” plan for easing sanctions in return for actions by Iran to dispel international concerns.

In November 2011, the *Washington Post* alleged that Russian scientists were assisting Iran’s nuclear program. Refuting the *Washington Post* and other Western media reports, on January 8, 2012, Russia’s state-owned Rosatom nuclear energy and weapons firm asserted that it had played no role in Iran’s nuclear program beyond building the Bushehr nuclear power plant and supplying medical isotopes.

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

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

On April 14, 2012, Iran and the Sextet (P5+1) (formally led by the EU High Representative for Foreign Affairs) resumed talks in Istanbul after a 15-month lapse, and agreed to present detailed proposals at a May 23-24, 2012, meeting in Baghdad. At this meeting, Iran rejected proposals put forth by the Sextet (P5+1), insisting that economic sanctions be immediately lifted and its right to enrich uranium be acknowledged. Russia’s emissary to the talks, Deputy Foreign Minister Sergey Ryabkov, stated that Russia was satisfied with its level of cooperation with the United States at the talks, although there were some differences. According to some reports, Russia wanted to play a larger role in the talks, and it agreed to host another meeting on June 18-19. This meeting, as well as a Sextet (P5+1) experts’ session in Istanbul on July 3, 2012, were reported to be inconclusive, although the sides agreed to continue meeting.

During Putin’s June 25-26, 2012, visit to Israel, President Shimon Peres urged him to take actions to prevent Iran from acquiring nuclear weapons. Prime Minister Benjamin Netanyahu stated that he called for Russia to demand that Iran halt enriching uranium, relinquish all its enriched uranium, and dismantle its underground nuclear facility near Qom. He also averred that the international community must boost sanctions against Iran. President Putin stated that calls in Iran for Israel’s annihilation were unacceptable, that the question of Iran’s nuclear program should be the subject of negotiations, and that Iran has the right to the peaceful use of nuclear energy if the international community has “absolute guarantees” that the program will not lead to nuclear weapons.<sup>152</sup>

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<sup>152</sup> The Kremlin, President of the Russian Federation, *Vladimir Putin Answered Russian Journalists’ Questions*, June 27, 2012; Israel, Government Press Office, *Press Release: PM Netanyahu’s Statement After Meeting with President of the Russian Federation, Mr. Vladimir Putin*, June 25, 2012.

In August 2012, the Russian Foreign Ministry raised concerns that newly implemented U.S. sanctions against Iran could harm the interests of Russian firms operating in Iran, and thus impact U.S.-Russia relations.<sup>153</sup> Foreign Minister Lavrov argued in October 2012 that support for the Arab Spring and for “so-called democratization in the Middle East,” presumably by the United States, created a situation where Iran and other countries may contemplate developing nuclear weapons to counteract revolutions and regime changes.<sup>154</sup>

Russia’s February 2013 foreign policy concept states that Russia will stress a “political and diplomatic settlement” to the Iranian nuclear issue “through a dialogue based on a phased approach, reciprocity, and strict compliance with the nuclear nonproliferation regime.”

At the February 26-27, 2013, Sextet (P5+1) talks with Iran in Almaty, Kazakhstan, Ryabkov reportedly took a stronger stance in criticizing Iran’s noncompliance with UNSC resolutions and IAEA requests, and hinted that Russia might back added sanctions in the UNSC against Iran. At the April 5-6, 2013, Sextet (P5+1) talks with Iran in Almaty, Ryabkov indicated that “one of our bigger worries,” was Iran’s refusal to halt uranium enrichment above 5%. At the same time, he praised Iran’s participation in the talks and urged that they continue. Days after these talks, Iran announced plans for new uranium mining and milling activities. The Russian Foreign Ministry stated that such plans hinder the development of trust between the Sextet (P5+1) and Iran that is necessary for the continuation of talks.

In mid-June 2013, President Putin asserted that Iran has a right to pursue a peaceful nuclear program and that there is “no proof of the opposite.” He also seemed to argue that the United States is using the idea of a “real or fake” Iranian nuclear threat in order to maintain influence over its allies.<sup>155</sup>

In mid-July 2013, then-Acting U.S. Permanent Representative to the U.N. Rosemary DiCarlo called for the UNSC’s Iran Sanctions Committee to tighten sanctions as a result of a report of Iranian violations of U.N. sanctions, and stated that until Iran had met existing requests by the Sextet (P5+1), “we remain committed to steadily increasing isolation and pressure” on Iran.<sup>156</sup> Russia and China challenged the findings of the report as a basis for further sanctions.

Sextet (P5+1) talks were in hiatus during Iran’s presidential election campaign. After Hassan Rouhani was inaugurated as president, he called for talks with the United States, while asserting that sanctions would not affect the nuclear program. The State Department averred on August 6, 2013, that there was a new “opportunity for Iran to act quickly to resolve the international community’s deep concerns about their nuclear program,” but that “the ball is in their court.”<sup>157</sup> That same day, Russian officials called for the renewal of the Sextet (P5+1) talks as soon as Rouhani had formed a negotiating team, and rejected calls for more sanctions.

After several days of Sextet (P5+1) talks with Iran, which included intervention by Secretary Kerry and Foreign Minister Lavrov, an accord was signed in Geneva on November 24, 2013, to

<sup>153</sup> Ministry of Foreign Affairs of the Russian Federation, as reported in *CEDR*, August 13, 2012, Doc. No. CEP-950144.

<sup>154</sup> *Interfax*, October 18, 2012; October 23, 2012.

<sup>155</sup> *CEDR*, June 14, 2013, Doc. No. CER-46749216.

<sup>156</sup> U.S. Department of State, U.S.U.N. Press Release, *Ambassador DiCarlo at U.N. on Iran*, July 15, 2013.

<sup>157</sup> U.S. Department of State, *Daily Press Briefing*, August 6, 2013.

freeze some aspects of Iran's nuclear program and provide some easing of economic sanctions, pending further talks over the next six months on a comprehensive settlement. According to an account of the talks provided by Lavrov, Russia played a complementary role in supporting negotiations involving the United States and Iran.<sup>158</sup> Putin and Lavrov hailed the agreement as embracing Russia's call for a step-by-step process, and underlined that it was the first phase of more complex talks. Putin stressed that a comprehensive settlement should aim to "guarantee[] Iran's inalienable right to promote the development of a peaceful nuclear program under IAEA control, and the security of all the Middle East nations, including Israel."<sup>159</sup> Russia and Iran have continued to assert that Iran should retain some right to enrich uranium, reportedly in contention with U.S. views as further talks are pursued. Russia reportedly stressed this position during talks in January 2014 on implementing the interim agreement.

On November 25 and again at a NATO-Russia Council meeting on December 5, 2013, Foreign Minister Lavrov argued that the implementation of the agreement with Iran would mean that NATO missile defenses are no longer needed, a point that was rejected by the Allies. Secretary Kerry reportedly stressed that not only Iran's nuclear program, but also its ballistic missile program—which permits the delivery of other forms of WMD—requires the continuation of missile defense efforts.<sup>160</sup> According to some late 2013 reports, Russia is discussing assistance to Iran in building new nuclear power reactors and may be reconsidering the supply of S-300 missiles. Some observers argue that Russia is seeking to buttress influence with Iran in the face of Iran's moves to improve relations with the West.

## Russia's Role in the Middle East Quartet

Russia is a member of "the Quartet" (formed in 2002 by Russia, the United States, the EU, and the U.N.) that mediates between Israel and the Palestine Liberation Organization (PLO), chaired by President Mahmoud Abbas.<sup>161</sup> Russia supported the holding of the U.S.-brokered Annapolis Conference in 2007 on a two-state solution, and the Quartet has agreed in principle to a Russian proposal to hold a follow-on conference in Moscow at some point.

According to Russian analyst Dmitry Trenin, Russia seeks to present itself as an unbiased arbiter in the Quartet, and participates in order to demonstrate its status as a great power.<sup>162</sup> Russian Foreign Minister Lavrov met with Hamas leader Khaled Meshaal in 2006 to discuss the future of the peace process after Hamas won a majority of seats in the Palestinian National Authority Legislative Council. Russia argues that Hamas has popular support among Palestinians and that Russian contacts with Hamas enable Russia to urge Hamas to moderate its behavior and take part in the establishment of a peaceful Palestinian state. The move reportedly created friction with other members of the Quartet, who maintain that there should be no engagement with Hamas

<sup>158</sup> Gareth Porter, "Geneva Talks on Iran's Nuclear Program: Lavrov Reveals Amended Draft Circulated at 'Last Moment,' Russia not Consulted," *Global Research*, November 17, 2013.

<sup>159</sup> *Interfax*, November 25, 2013.

<sup>160</sup> U.S. Department of State, *Background Briefing on the NATO-Russia Meeting [by] Senior State Department Officials En Route to Chisinau, Moldova*, December 5, 2013.

<sup>161</sup> See also CRS Report RL34074, *The Palestinians: Background and U.S. Relations*, by Jim Zanotti.

<sup>162</sup> Dmitry Trenin, *Russia's Policy in the Middle East: Prospects for Consensus and Conflict with the United States*, The Century Foundation, 2010. See also Zvi Magen, *Russia and the Middle East: Policy Challenges*, Institute for National Security Studies, May 2013, pp. 51-55; "Global Insider: Russia Cultivates All Sides of Israeli-Palestinian Conflict," interview with Robert Freedman, *World Politics Review*, December 30, 2013.

until it forswears terrorism, recognizes Israel's right to exist, and supports the Middle East peace process as outlined in the 1993 Oslo Accords. Russia's then-President Medvedev met with Meshaal during his May 2010 trip to Syria. Israel condemned Medvedev's meeting with Meshaal.<sup>163</sup>

Russia and other members of the Quartet urged the resumption of direct talks between the PLO and Israel after the last such talks in 2008. The sides agreed to resume direct talks in August 2010 and PLO chairman Mahmoud Abbas and Israeli Prime Minister Netanyahu met on September 2, 2010, in Washington, DC. Just days before the end of Israel's moratorium on settlements on the West Bank, the Quartet met and issued a statement on September 21, 2010, calling for the moratorium to be continued. On February 18, 2011, the United States vetoed a UNSC draft resolution supported by Russia that the United States termed "unbalanced and one-sided" in its condemnation of all Israeli settlements established in occupied Palestinian territory since 1967 as illegal.

Russia supported the signing of the agreement in May 2011 between Fatah and Hamas on forming a power-sharing Palestinian Authority government for the West Bank and the Gaza Strip. Russia endorsed the formation of a cabinet that would "base [its] policies on the platform of the PLO and on the Arab peace initiative," including the recognition of Israel, rejection of violence, and adherence to Quartet decisions.<sup>164</sup> On May 20, 2011, the Quartet issued a statement of support "for the vision of Israeli-Palestinian peace outlined by U.S. President Barack Obama on May 19, 2011. The Quartet agrees that moving forward on the basis of territory and security provides a foundation for Israelis and Palestinians to reach a final resolution of the conflict through serious and substantive negotiations and mutual agreement on all core issues."<sup>165</sup> Deputy Prime Minister Moshe Ya'alon visited Russia in early June 2011 and reportedly praised Russia's participation in the Quartet, but stressed that "Hamas cannot be a partner for negotiations [and] cannot be recognized as the legitimate authority in Gaza until it recognizes the State of Israel and renounces terror entirely."<sup>166</sup> The United States has rejected dealing with Hamas unless it renounces terrorism and meets other principles enunciated above by the Quartet, and has been wary of French and Russian proposals for convening international conferences until the Israelis and the Palestinians themselves make progress toward reopening talks.

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

In February 2012, Fatah and Hamas agreed that Abbas would form and lead a temporary unity government. Russia welcomed the agreement, stating that a government led by Abbas would promote Israeli-Palestinian negotiations in line with the proposals made by the Quartet in

<sup>163</sup> "Israel Slams Russia's Hamas Stance," *Jerusalem Post*, May 12, 2010; Baraq Ravid, "Are Russia-Israel Ties Really 'Better Than Ever' Under Lieberman?" *Haaretz*, November 15, 2010.

<sup>164</sup> *Bloomberg Full Transcript Of Sergey Lavrov Interview, June 1, 2011*, Moscow Ministry of Foreign Affairs of the Russian Federation, June 2, 2011; *Transcript of Foreign Minister Sergey Lavrov's Interview with Russian Media after Attending CSTO Foreign Ministers Council Meeting in Minsk, May 31, 2011*, Moscow Ministry of Foreign Affairs of the Russian Federation, June 1, 2011.

<sup>165</sup> U.S. Department of State, Office of the Spokesman, *Joint Statement by the Quartet*, May 20, 2011.

<sup>166</sup> *CEDR*, June 1, 2011, Doc. No. CEP-365001.

September 2011. In March 2012, Islamic Jihad took responsibility for launching missiles from Gaza into Israel, attacks that occurred days before a meeting of the Quartet at the U.N. in New York. Israel stated that it held Hamas fully responsible for security in Gaza. The Quartet, including then-Secretary Clinton and Foreign Minister Lavrov, issued a statement deploring “provocative actions” by both sides. In the UNSC, however, Clinton condemned “in the strongest terms” the precipitating missile attacks from the Gaza Strip.

In November 2012, Russia supported a proposed UNSC press statement expressing grave concern about the violence in Gaza and calling for a halt to all military activities, but U.N. Ambassador Churkin reported that it was blocked by “one country,” presumably a reference to the United States. The United States and others objected that the statement did not mention the ongoing missile attacks from Gaza. Russia hailed the ceasefire that was brokered by Egypt on November 22, 2012.

Russia voted in favor of a November 29, 2012, U.N. General Assembly resolution granting the Palestinian Authority the status of a nonmember observer state. The United States voted against the resolution. Russia stated that it hoped that the approval of the resolution would facilitate the renewal of direct Israeli-Palestinian negotiations and the convocation of a ministerial meeting of the Quartet. The next day, Israel announced the approval of new construction of 3,000 dwellings in East Jerusalem and the West Bank. Russia raised serious concerns that the new construction jeopardized the reopening of direct Israeli-Palestinian talks, but the United States noted that the construction plan came on the heels of the “provocative” U.N. vote, and called for both sides to renew direct talks without preconditions.<sup>167</sup>

In an interview in early December 2012, Foreign Minister Lieberman described Russia’s position on the Israeli-Palestinian conflict as frequently enigmatic. At his meeting with Secretary Kerry on April 10, 2013, Foreign Minister Lavrov reported that the two sides agreed that a ministerial meeting of the Middle East Quartet should be soon convened. Lavrov stated that he urged the participation of representatives of Arab States, Israel, and the Palestinians in the meeting.

On July 22, 2013, the Russian Foreign Ministry hailed an announcement by Secretary Kerry on July 19 that Israeli and Palestinian negotiators would meet to work out a formula for further direct final status talks.<sup>168</sup> The direct talks began at the end of the month. The Quartet met in late September 2013 to consider progress in the direct talks and the members confirmed support for the talks. In October 2013, Foreign Minister Lavrov issued a statement supporting Secretary Kerry’s efforts to advance direct talks. In early November 2013, Lavrov urged the United States and other members of the Quartet and others to step up efforts to move Israeli-Palestinian negotiations forward to meet an April 2014 goal, including because the unresolved conflict was providing grounds for Islamic terrorist recruitment efforts.

## Bilateral Relations and Syria

U.S.-Russia relations increasingly have become strained as a result of a Syrian government crackdown on civil unrest that intensified in early 2011.<sup>169</sup> Russia has maintained ties with the

<sup>167</sup> Mark Lander, “For Obama, Israel’s Timing on Settlements Is Old News,” *The New York Times*, December 1, 2012.

<sup>168</sup> *CEDR*, July 22, 2013, Doc. No. CEL-41566777.

<sup>169</sup> See also CRS Report RL33487, *Armed Conflict in Syria: Overview and U.S. Response*, coordinated by Christopher M. Blanchard.

regime of Syrian President Bashar Hafez Asad throughout the conflict. These ties include arms sales and a naval base at Tartus—Russia’s only Mediterranean Sea facility—which Russia had refurbished before the intensified unrest. Russian firms also allegedly sell Syrian oil on world markets. Putin has asserted that Russia will not tolerate a replay of the “regime change” in Libya that transpired after Russia abstained on UNSC Resolution 1973. Also, Putin and other Russian officials have long intimated that Western interests orchestrated the so-called “color revolutions” (changes in government) in several Soviet successor states, and they remain concerned about such possible Western “regime change.”

In contrast to the Russian government, some Russian citizens have decried the growing violence of the Asad government, including ethnic Circassians, some of whom have called for the Russian government to evacuate or otherwise provide assistance to the approximately 50,000-100,000 ethnic Circassians who had fled imperial Russia and had settled in Syria in the 19<sup>th</sup> century. Russian officials and others have alleged that a few members of the Chechen mujahidin have traveled to Syria to fight against the Asad government.<sup>170</sup>

In October 2011, Russia and China vetoed a UNSC resolution that strongly condemned “the continued grave and systematic human rights violations and the use of force against civilians by the Syrian authorities” and called on all states “to exercise vigilance and restraint” in supplying arms to the Syrian government. Russia had continued to provide weaponry to the Asad government as the violence had intensified. In early February 2012, the United States strongly urged Russia and China to support a second, stronger UNSC resolution condemning “gross violations” of human rights by the Asad government against civilians and calling for the “political transition to a democratic, plural political system.” Both countries, however, vetoed the resolution on February 4, 2012. Then-U.S. Permanent Representative to the U.N. Susan Rice stated after the veto that “the United States is disgusted that a couple of members of this Council continue to prevent us from ... addressing an ever-deepening crisis in Syria.... This intransigence is even more shameful when you consider that at least one of these members continues to deliver weapons to Asad.”<sup>171</sup> Foreign Minister Lavrov rejected the resolution as unbalanced, arguing that it gave more support to the oppositionists than to the Asad government, and urged negotiations between conflicting parties to end the violence.

On March 5, 2012, the Russian Foreign Ministry issued a statement that the 1980 Soviet-Syria Friendship and Cooperation Treaty remained in force, including the provision that “in case of emergence of situations threatening peace and security of one of the Parties or creating a threat to peace or a threat of violation of peace and security in the whole world the High Contracting Parties will immediately contact each other for the purpose of coordination of their positions and cooperation in order to remove a threat emerged and to restore peace.” However, the Foreign Ministry stressed that the provision called for consultations, and that the treaty does not mention anywhere rendering military support, and that “Russia is not going to do anything of the kind.”<sup>172</sup>

On March 20, 2012, Lavrov appeared to signal greater Russian displeasure with actions of the Asad government, and indicated that Russia would support a presidential statement by the UNSC

<sup>170</sup> CEDR, August 24, 2012, Doc. No. CEP-377001.

<sup>171</sup> U.S. Mission to the United Nations, *Explanation of Vote by Ambassador Susan E. Rice, U.S. Permanent Representative to the United Nations, At a Security Council Session on Syria*, February 4, 2012.

<sup>172</sup> Russian Ministry of Foreign Affairs, *Official Representative of the MFA of Russia A.K. Lukashovich Answers the Question of Media*, March 5, 2012.

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

Following the killing of over 100 civilians in the village of al Hawlah (Houla) on May 26, 2012, Russia agreed to a UNSC resolution that condemned Syrian government artillery and tank shelling of the village, but rejected accusations that the Syrian government was involved in the point-blank killings of many of the civilians. Russian U.N. emissary Aleksandr Pankin claimed that the killings were in effect a provocation by the insurgents and those opposed to the Annan peace efforts. On May 28, 2012, Foreign Minister Lavrov claimed that Russia’s main interest was halting the violence in Syria and that Russia did not care what regime ruled the country. However, he immediately appeared to contradict this statement by criticizing those calling for regime change.

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

The main issue of discussion at the June 2012 U.S.-Russia summit appeared to be Syria. Both leaders claimed that they had agreed on some aspects of the situation in Syria, and both called for a cessation of violence, adherence to the peace efforts undertaken by Kofi Annan, and a political transition to a democratic system “implemented by the Syrians themselves.” The latter formulation appeared based on Russia’s insistence on noninterference in Syria’s internal affairs. Tensions appeared exacerbated during the summit by a report that a Russian ship was on its way to deliver attack helicopters to Syria. The supply ship subsequently turned around after British insurers cancelled the ship’s coverage. Foreign Minister Lavrov later verified that the ship was carrying refurbished attack helicopters and air defense equipment, and asserted that the latter was aimed to enhance Syria’s ability to “expel external aggression.”<sup>173</sup>

At an international meeting in Geneva on the Syria conflict in late June 2012, U.N. Envoy Kofi Annan reportedly worked to achieve agreement between the United States and Russia on a peace plan for Syria. The conferees agreed that the Asad government and the rebels would form a transitional government leading to a political settlement of the conflict. Russia objected to a U.S. call for Asad not to be part of the transitional government. At a conference of the Friends of Syria group of countries in Paris on July 6, 2012, then-Secretary Clinton called for Russia (which boycotted the conference) to support sanctions against the Asad government in case of noncompliance with the peace plan.

On July 19, 2012, Russia (and China) vetoed a UNSC resolution that extended the mandate of the Annan observer mission if the Asad government moved troops and heavy weapons from populated civilian areas. If the Asad government failed to comply, the resolution called for possible sanctions against the Syrian government upon further UNSC action. Russia claimed that approval for possible sanctions could open the way to military intervention, a stance that U.S.

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<sup>173</sup> Open Source Center, *Central Eurasia: Daily Report* (hereafter *CEDR*), June 21, 2012, Doc. No. CEP-950170.

ambassador to the U.N. Susan Rice asserted was “paranoid if not disingenuous.”<sup>174</sup> An alternative resolution—extending the mandate of the mission without provisions opposed by Russia—was approved.

On December 3, 2012, during his state visit to Turkey, President Putin argued that “we are not the inveterate defenders of the Syrian regime,” but that Russia is concerned that terrorists seek to take over in Syria. On December 11, 2012, Lavrov condemned a U.S. announcement of recognition of the National Coalition for Syrian Revolutionary and Opposition Forces as the legitimate representative of the Syrian people. He claimed that the announcement violated the Geneva peace plan for talks between the opposition and the Asad government. Russia likewise criticized the overwhelming support by the Friends of Syria of the legitimacy of the National Coalition for Syrian Revolutionary and Opposition Forces on December 12.<sup>175</sup>

During his first meeting in Berlin in late February 2013 with Kerry in the new post of Secretary of State, he reportedly urged Russia to work with the rest of the international community to implement the Geneva accords on a transition to a democratic Syria. He also called for Russia to halt arms deliveries and other support to the Asad regime. In testimony on March 20, 2013, U.S. Ambassador to Syria Robert Ford pointed out that although Russia has agreed to the Geneva peace framework, Moscow should “go far, far beyond that,” first of all by halting arms transfers to the Syrian government, and secondly by joining the international community in the economic sanctions regime against the Asad government.<sup>176</sup> Russia criticized the decision of the Arab League in late March 2013 to seat the National Coalition for Syrian Revolutionary and Opposition Forces.

In May 2013, the Chairman of the Joint Chiefs of Staff, Army General Martin Dempsey, warned that Russia’s intention to deliver anti-ship missiles and the S-300 air defense system to Syria “is at the very least an unfortunate decision that will embolden the regime and prolong the suffering” in the country. Defense Secretary Hagel, speaking along with Dempsey, stated that the Administration would “continue to work with the Russians and do everything we can to convince the powers in the region to be careful with escalation of military options and equipment.”<sup>177</sup> On June 20, 2013, Foreign Minister Lavrov stated that Russia had not yet finalized a decision on supplying S-300s to Syria (see also below). Israel has raised concerns that if S-300s are supplied to Syria, they may find their way to Iran.

In mid-June 2013, the Obama Administration indicated that it had determined that the Asad government had used chemical weapons against civilians, and that in response it would provide some small arms shipments to the Syrian rebels.<sup>178</sup> Reportedly, some in Congress raised concerns about the arms support, but lifted their objections in late July 2013. At the G-8 summit in Northern Ireland on June 17-18, 2013, and elsewhere, President Putin denounced such Western

<sup>174</sup> U.N. Security Council, 6810<sup>th</sup> Meeting, *Security Council Fails to Adopt Draft Resolution on Syria That Would Have Threatened Sanctions, Due to Negative Votes of China, Russian Federation*, Press Release, July 19, 2012.

<sup>175</sup> Andrey Fedyashin, “U.S. Recognizes Syrian Opposition and Offers Moscow Mediator Role,” *Voice of Russia*, December 12, 2012; Open Source Center, *Europe: Daily Report*, December 4, 2012, Doc. No. EUP-335001.

<sup>176</sup> U.S. House of Representatives, Committee on Foreign Affairs, Hearing on the Crisis in Syria: The U.S. Response, March 20, 2013.

<sup>177</sup> Jim Garamone, “Russian Missiles in Syria will Prolong Suffering, Dempsey Says,” American Forces Press Service, May 17, 2013.

<sup>178</sup> The White House, *Statement by Deputy National Security Advisor for Strategic Communications Ben Rhodes on Syrian Chemical Weapons Use*, June 13, 2013.



arms shipments, asserting that the weapons could fall into the hands of al Qaeda. The G-8 issued a statement on Syria that reflected Russia's insistence that a political transition process in Syria not preclude a role for Asad. In late July 2013, Russia issued its own chemical weapons "study" that claimed that the rebels had used such weapons against civilians (it later highlighted this report to counter evidence of Syrian regime culpability in the August 2013 gas attack; see below).

On July 2, 2013, Secretary Kerry discussed details of a possible Syria conference with Foreign Minister Lavrov in Brunei, mentioning that September or thereafter were possible dates. Kerry stressed that the outcome of a "Geneva II" conference must include setting up "a transitional government ... with the full transfer of power."<sup>179</sup>

According to a July 31, 2013, article in the *New York Times*, continuing Russian arms shipments to Syria have included Yakhont anti-ship cruise missiles, SA-17 and SA-26 surface-to-air missiles, and two refurbished Mi-24 Hind helicopters. Iran also has supplied weapons, including Fateh-110 short-range ballistic missiles. Both Russia and Iran have sent technical trainers along with the weapons, and Iran has deployed members of its Quds paramilitary force and supported the deployment of Badr Corps fighters from Iraq to assist Asad. U.S. and Israeli officials increasingly have raised concerns that some of the weapons may be given to or fall into the hands of Lebanon's Hezbollah militia, which is assisting Asad. Israel has carried out four known bombing missions to destroy the Russian- and Iranian-supplied weaponry, most recently on July 5, 2013, to destroy Yakhont missiles, although allegedly not all were destroyed.<sup>180</sup>

An August 21, 2013, gas attack in Syria killed over 1,000 civilians, including hundreds of children. The Russian Foreign Ministry issued a statement that the "purported" gas attack may have been phony and staged by the rebels. However, Russia convinced Syria to permit a U.N. investigations team already in Syria with a mandate to examine sites of other alleged gas attacks to examine the new alleged site.

On August 26, Foreign Minister Lavrov underscored that "we do not intend to go to war with anyone," referring to a possible U.S. military action in Syria and speculation about Russia's response.<sup>181</sup> Russian media also reported that a military source stated that "the time when we waged wars for someone else is in the past."<sup>182</sup> A Russian Navy spokesman announced on August 28 that remaining Russian personnel at the Tartus naval docking facility were planning to leave by sea, and the Russian Emergency Situation Ministry reported that it had evacuated over 100 Russian citizens by air on August 27-28, and would continue such flights as necessary (the personnel at Tartus reportedly remain on site).<sup>183</sup>

On August 28, Russia (and China) blocked discussion in the UNSC of a possible resolution introduced by the United Kingdom condemning the August 21 gas attack in Syria and authorizing necessary measures—including military action—to protect civilians, with Foreign Minister Lavrov stating that any such resolution should await the findings of the mission of U.N. inspectors. He stressed that possible military action in Syria without UNSC authorization would violate international law and vitiate efforts to find a peaceful solution to the conflict, such as the

<sup>179</sup> U.S. Department of State, *Press Statement after Meeting with Russian Foreign Minister Lavrov*, July 2, 2013.

<sup>180</sup> Michael Gordon, "Some Syria Missiles Eluded Israeli Strike, Officials Say," *The New York Times*, July 31, 2013.

<sup>181</sup> *CEDR*, August 27, 2013, Doc. No. CEL-45634080.

<sup>182</sup> *CEDR*, August 28, 2013, Doc. No. CEL-34189719.

<sup>183</sup> *Interfax*, August 28, 2013.

planned Syrian government-rebel conference that was being organized by the United States and Russia prior to the gas attack. He also alleged that the gas attack may have been a provocation by the rebels, as Russia has asserted in previous cases, and warned that any Western military action could further destabilize the Middle East.<sup>184</sup>

The U.S. State Department criticized Russia for refusing to consider the UNSC resolution, with a spokesperson stating on August 28 that the United States “believe[s] that the Syrian regime should not be able to hide behind the fact that the Russians continue to block action on Syria at the United Nations.”<sup>185</sup> The State Department seemed to indicate that the Administration would not push at that time for a formal UNSC vote on a resolution authorizing possible military action, since Russia (and China) would be expected to veto it.

In an interview on September 3, 2013, President Putin made four points:

- He asserted that Russia will only be convinced to support a resolution in the UNSC authorizing retaliation against Syria for chemical weapons use against civilians if the evidence is compelling beyond a shadow of a doubt, particularly since faulty data had been presented by the United States in the past as grounds for U.S. action in Iraq, he alleged. He also raised the possibility that the rebels may have gassed civilians to trigger Western action against the Asad government.
- He underlined that only the UNSC may approve the legitimate use of force against a sovereign state, and that the use of force outside U.N. approval is aggression. He stressed that Russia was not defending the Asad regime, but was upholding the norms and principles of international law, and warned that if illegitimate force is used against the Asad regime, there is a danger that it might again be used “against anybody and on any pretext.”
- He reiterated that Russia is supplying arms under contracts with the legitimate government of Syria, so is not violating any international laws. He admitted that some components of the S-300 surface-to-air missile system had been delivered, but the delivery of remaining components had been suspended.
- He stressed that Russia would not become militarily involved in the Syrian conflict.<sup>186</sup>

Supporting President Putin’s statement, the Russian Foreign Ministry the next day reiterated that a Russian investigation into an alleged March 2013 chemical attack in Syria had found evidence

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<sup>184</sup> *Ministry of Foreign Affairs of the Russian Federation, On a Telephone Conversation between Russian Foreign Minister Sergey Lavrov and British Secretary of State for Foreign and Commonwealth Affairs William Hague*, reported in Open Source Center, *Central Eurasia: Daily Report (CEDR)*, August 28, 2013, Doc. No. CEL-65802960; Ministry of Foreign Affairs of the Russian Federation, *Statement by Russian Foreign Affairs Minister S. V. Lavrov and His Responses to Questions Posed by the Mass Media in the Course of a Press Conference on the Topic of Chemical Weapons in Syria and the Situation Surrounding the Syrian Arab Republic*, CEDR, August 27, 2013, Doc. No. CEL-45634080. See also *Statement by Russian Foreign Ministry spokesman A.K. Lukashevich in Connection with the U.S. Defense Secretary’s Remarks*, Russian Ministry of Foreign Affairs, August 25, 2013.

<sup>185</sup> U.S. Department of State, *Daily Press Briefing*, August 28, 2013.

<sup>186</sup> President of Russia, *Interview to Channel One and Associated Press News Agency*, September 4, 2013, at <http://eng.kremlin.ru/transcripts/5935>.

that the rebels had used the gas against civilians and the Syrian Army, and the Ministry suggested that evidence pointed to the rebels in the case of the August 21 attack.<sup>187</sup>

On September 4-5, 2013, the Russian government rejected U.S. and Polish government statements that the former Soviet Union and Russian sources had assisted Iraq in developing chemical weapons, with Russian presidential administration head Sergey Ivanov terming such statements “raving nonsense,” since Russia is against the proliferation of weapons of mass destruction.<sup>188</sup>

On September 9, 2013, Secretary Kerry made what the State Department termed a rhetorical comment that Syria could avoid a U.S. strike if the regime turned over all chemical weapons to international control within a week, but that Assad would not do it. Appearing to seize on this remark, Foreign Minister Lavrov a few hours later proposed that the U.N. assume control over and eventually remove chemical weapons from Syria. Lavrov had been meeting with the visiting Syrian foreign minister and the two countries apparently agreed on the proposal before Lavrov’s announcement. President Obama and other U.S. officials stated that U.S.-Russia discussions about Syria’s relinquishment of chemical weapons had taken place over the past few months, but that the breakthrough was Russia’s commitment to a plan involving Syrian compliance.

In a letter published by the *New York Times* on September 11, 2013, (written after the Russian chemical weapons proposal but before the Administration and Congress postponed consideration of a resolution on military action against the Syrian regime), President Putin argued that

- the United Nations could collapse and international law would suffer if nations take military action without U.N. approval;
- such military action against Syria would result in more civilian casualties and a widening of conflict, terrorism, and other regional instability;
- Russia is protecting international law rather than the Assad regime;
- evidence points to the rebels’ use of chemical weapons;
- many in the world increasingly view the United States as “relying solely on brute force,” and that such U.S. reliance has proven ineffective and pointless;
- the United States should pursue Russia’s proposal on international control over Syria’s chemical weapons as an alternative to U.S. military action; and

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<sup>187</sup> Russian Ministry of Foreign Affairs, *Commentary by the Information and Press Department of the Russian Ministry of Foreign Affairs in Connection with the Situation Concerning the Investigations into the Use of Chemical Weapons in Syria*, September 4, 2013. On Putin’s assertion of U.S. action as “aggression,” see Russian Ministry of Foreign Affairs, *Comment by the Information and Press Department of the Russian Ministry of Foreign Affairs regarding a possible US military action against Syria*, September 4, 2013. Belying Russian assertions of possible culpability by the Syrian rebels in the August 2013 gas attack, the *Wall Street Journal* reported in late November 2013 that Russian officials had contacted Syrian officials after the attack to strongly criticize it. Adam Entous Nour Malas, and Rima Abushakra, “As Syrian Chemical Attack Loomed, Missteps Doomed Civilians,” *Wall Street Journal*, November 22, 2013.

<sup>188</sup> *Interfax*, September 5, 2013. Ivanov was responding to testimony by Defense Secretary Chuck Hagel that Russia had supplied chemical weapons to Syria (later stated to be components). See “House Foreign Affairs Committee Holds Hearing on the Authorization for Use of Military Force in Syria,” *CQ Congressional Transcripts*, September 4, 2013. See also Russian Ministry of Foreign Affairs, *Commentary by the Russian Foreign Ministry’s Information and Press Department in connection with statements by Polish Foreign Minister R. Sikorski, which have appeared in the mass media, regarding Syria’s chemical weapons*, September 3, 2013.

- President Obama's statement that the United States should act when possible to uphold international norms was "extremely dangerous." Putin argued that all countries are equal (apparently implying that they shouldn't be interfered with).

The U.S. Administration and leaders of Congress tended to view the letter as interference in U.S. affairs. Other critics argued that it was hypocritical for Putin to uphold the value of the UNSC in solving the Syria conflict when Russia had vetoed several Syria resolutions and to decry U.S. action without a UNSC imprimatur after Russia had invaded Georgia in 2008. They also pointed out that the letter did not mention the large number of civilians killed by the regime or the many refugees, or the fact that Russia is one of the regime's main suppliers of arms used against civilians.<sup>189</sup>

Following a meeting in Geneva on September 12-14, 2013, between Kerry and Lavrov to work out details of the Russian proposal, the two sides worked out a framework for international control over Syria's chemical weapons and their eventual elimination.

On September 16, 2013, the Administration welcomed the release of a report by the U.N. mission that investigated allegations of chemical weapons use in Syria, which the Administration assessed as pointing to the Syrian regime as responsible for the use of sarin on August 21, 2013, against civilians in the suburbs of Damascus. President Obama stressed the Syrian regime's culpability in his speech to the U.N. General Assembly on September 24, and stated that without a credible military strike threat from the United States, the UNSC had been reluctant to act. He underlined that he had expressed to President Putin over the past year that the United States preferred a diplomatic solution, and that Russia and the United States had reached an agreement to place Syria's chemical weapons under international control and to destroy them. At the same time, President Obama called for Russia and Iran to cease supporting the Asad regime.<sup>190</sup>

On September 27, 2013, the UNSC approved Resolution 2118 that endorsed the destruction of Syria's chemical weapons program under the direction of the Organization for the Prohibition of Chemical Weapons (OPCW). Secretary Kerry praised the resolution in showing that "when we put aside politics for the common good, we are still capable of great things," and stressed that the resolution declared that noncompliance by Syria would lead to the imposition of Chapter VII actions (authorizing actions that include military options). Foreign Minister Lavrov argued that since the resolution had not been passed under the U.N. Charter's Article VII provisions allowing for military action, it did not authorize coercive measures against noncompliance except following an investigation that proved 100% culpability. He pledged that Syria and Russia would continue to cooperate with international inspectors and to implement the chemical disarmament program. The resolution endorsed Russia's call for holding an international conference on a political transition in Syria.<sup>191</sup>

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<sup>189</sup> Anna Neistat, *Dispatches: What Putin Didn't Tell the American People*, Human Rights Watch, September 12, 2013; Max Fisher, "Vladimir Putin's New York Times Op-Ed, Annotated and Fact-Checked," *Washington Post*, September 12, 2013; Julia Ioffe, "Here's What Went Unmentioned in Putin's New York Times Op-Ed," *New Republic*, September 12, 2013.

<sup>190</sup> The White House, Office of the Press Secretary, *Statement by the President on U.S.-Russian Agreement on Framework for Elimination of Syrian Chemical Weapons*, September 14, 2013; *Statement by National Security Advisor Susan E. Rice on the U.N.'s Report on Chemical Weapons Use*, September 16, 2013; *Remarks by President Obama in Address to the United Nations General Assembly*, September 24, 2013.

<sup>191</sup> UNSC, *Security Council Requires Scheduled Destruction of Syria's Chemical Weapons, Unanimously Adopting Resolution 2118 (2013)*, SC/11135, September 27, 2013.

On December 4, 2013, the NATO-Russia Council issued a statement affirming support for the full implementation of the UN.S.C. Resolution 2118, the Framework for the Elimination of Syrian Chemical Weapons between Russia and the United States, and the decision by the OPCW-United Nations Joint Mission in the elimination of Syrian chemical weapons.

In a speech on December 7, 2013, Secretary Kerry stated that Russia had become increasingly concerned that chemical weapons would spread among various al Qaeda and other terrorist groups, and had worked with the United States to contain the weapons and move them out of Syria.<sup>192</sup>

On December 18, 2013, the OPCW released a plan for the transport of chemical weapons to the Syrian port of Latakia by Russian trucks for loading onto Danish and Norwegian ships. Denmark and Norway also would provide naval escorts. The weapons then would be transported to Italy, where they would be loaded onto a U.S. Navy ship for destruction at sea. Russia assumed responsibility for making sure that Syria secured the safe land transport of chemical weapons. Russia quickly sent 75 trucks and other equipment to move the most critical blister gas agents to port. Russia and China also positioned naval vessels for port protection. The United States provided container drums and Global Positioning System locaters. The OPCW reported on January 7, 2014, that a first batch of chemical materials had been loaded onto a Danish ship.<sup>193</sup>

Russia and the United States have cooperated on holding the Geneva II international conference on a political transition in Syria, scheduled to be held on January 22, 2014.<sup>194</sup> The Syrian Opposition Coalition has threatened not to attend, stating that Russia and other countries backing the conference have failed to restrain the Asad regime from stepped-up attacks.

## The Rosoboronexport Arms Export Firm

In 2011, the Defense Department signed a contract with Rosoboronexport for \$375 million for the delivery of 21 helicopters for the Afghan National Security Forces, along with parts and support. The final delivery of the 21 helicopters occurred in mid-2012, but the Defense Department exercised an option to purchase an additional 10 helicopters for \$171.4 million. The Defense

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<sup>192</sup> U.S. Department of State, *Remarks: Secretary of State John Kerry at the Saban Forum*, December 7, 2013. Assistant Secretary of State Thomas Countryman stated in testimony that “the Russians share our concern that the longer these chemicals hang around Syria, the greater the risk they could be diverted to extremist groups of any complexion inside or outside of Syria.” U.S. Senate, Committee on Foreign Relations, Hearing on Syria, *Testimony by Assistant Secretary of State Thomas Countryman*, October 31, 2013

<sup>193</sup> CEDR, December 16, 2013, Doc. No. CEL-59131265; Madeleine Albright and Igor Ivanov, “On Syria and Iran, U.S. and Russia Can Work Together,” *Foreign Policy*, November 21, 2013; OPCW, *News: Executive Council Receives Destruction Plan for Syrian Chemicals*, December 18, 2013; OPCW-U.N. Joint Mission in Syria, *Statement by the Special Coordinator, Ms. Sigrid Kaag: First Removal of Chemical Weapons Materials from the Syrian Arab Republic*, January 7, 2014.

<sup>194</sup> U.S. Senate, Committee on Foreign Relations, Hearing on Syria, *Testimony by Ambassador to Syria Robert Ford*, October 31, 2013. Chairman Robert Menendez raised concerns that Russia had not agreed that Asad should relinquish power. Ambassador Ford stated that Russian officials “are concerned about [Syria], were Asad to leave, becoming a totally anarchical place, and they therefore talk about the need for a managed transition.” He indicated that the United States and Russia extensively had discussed the nature of a transitional government. Senator Robert Corker and Senator John McCain raised concerns about Russian support for Asad that had increased the humanitarian crisis in Syria, and Senator Marco Rubio expressed concerns that Russia was taking advantage of destabilization in the region. Ambassador Ford stated that Russian arms transfers to Syria had increased over the past year, and that “the Russians would help everyone get to the negotiating table faster if they would stop these deliveries.”

Department argued in a late March 2012 letter to Senator John Cornyn and others that procurement from Rosoboronexport gave the best assurance of quality and support.

Objecting to sales by Russia's Rosoboronexport state arms export firm to the Assad regime, on July 19, 2012, the House of Representatives approved language in H.R. 5856 (Young), the Department of Defense Appropriations Act for FY2013, to prohibit the provision of U.S. funds to Rosoboronexport. In introducing the language, Representative James Moran criticized the contract and called for the Defense Department to make alternative supply arrangements.

On December 4, 2012, the Senate attached the National Defense Authorization Act for FY2013 as an amendment to H.R. 4310, and included language submitted by Senator John Cornyn to bar the Defense Department from allocating FY2013 funds to enter a contract or agreement with Rosoboronexport. However, a presidential waiver was exercised to provide 30 additional helicopters at \$553.8 million, triggering a challenge from Representative James Moran at a hearing on April 16, 2013, that U.S. funds should not be supporting a Russian defense firm that sells weapons to Syria. Defense Secretary Chuck Hagel responded that it was a "cold-blooded decision," to supply the added helicopters, because the Afghan armed forces are used to operating and maintaining the helicopters.<sup>195</sup> The Defense Department awarded the contract modification to Rosoboronexport on June 16, 2013. However, the Special Inspector General for Afghanistan Reconstruction had advised against awarding the contract modification on the grounds that the Afghan military faces serious challenges in operating and maintaining the helicopters.<sup>196</sup>

On November 13, 2013, the Defense Department announced that it had decided not to move forward with the plan to purchase additional Mi-17s from Rosoboronexport, as it had requested during consideration of the National Defense Authorization Act for FY2014. Senators John Cornyn and Richard Blumenthal reportedly were among Members hailing the cancelation of the planned additional acquisition.<sup>197</sup>

In early December 2013, U.S. media alleged that the Defense Department earlier had determined that a U.S.-made helicopter would be more cost-effective for a fleet for the Afghan Air Force over a 20-year period, although in the short term such an acquisition might be disruptive, since the Afghan Air Force was used to dealing with Mi-17s. Senator Cornyn and Representative Rosa DeLauro reportedly raised concerns that the findings of the report had not been fully discussed with Congress and questioned any further acquisition of Mi-17s for the Afghan Air Force.<sup>198</sup> Section 1255 of the National Defense Authorization Act for FY2014 prohibits a contract or other agreement with Rosoboronexport, although a national security waiver is provided.

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<sup>195</sup> U.S. House of Representatives, Committee on Appropriations, Subcommittee on Defense, *Budget Hearing: Department of Defense*, video feed, at <http://appropriations.house.gov/calendar/eventsingle.aspx?EventID=326870>.

<sup>196</sup> Special Inspector General for Afghanistan Reconstruction, *Afghan Special Mission Wing: DOD Moving Forward with \$771.8 Million Purchase of Aircraft that the Afghans Cannot Operate and Maintain*, SIGAR Audit 13-13, June 2013.

<sup>197</sup> Warren Strobel, "Pentagon Cancels Plans to Buy Russian Helicopters," *Reuters*, November 13, 2013; Aaron Mehta, "U.S. to End Controversial Russian Helicopter Purchases," *Defense News*, November 14, 2013.

<sup>198</sup> Richard Lardner, "Questions Over \$1 Billion U.S. Purchase of Russian Helicopters for Afghan Military," *AP*, December 7, 2013; Rebecca Shabad, "Report: Lawmakers Question Merits of U.S.-Russia Helicopter Deal," *The Hill*, December 7, 2013.

## **Arms Control Issues<sup>199</sup>**

### **Cooperative Threat Reduction**

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

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

Many of the CTR projects in Russia will wind down in the coming year, as the Memorandum of Understanding that governs implementation of U.S.-Russian cooperation in threat reduction and nonproliferation expired in June 2013. The two nations have replaced it with a bilateral protocol under the Multilateral Nuclear Environmental Program in the Russian Federation Agreement (MNEPR). Under this new agreement, the two countries will continue to cooperate on some areas of nuclear security, but nuclear weapons dismantlement and chemical weapons destruction projects will cease.

### **The New Strategic Arms Reduction Treaty**

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

After nearly a year of negotiations, the United States and Russia signed the New START Treaty on April 8, 2010. This treaty limits each side to no more than 800 deployed and nondeployed

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<sup>199</sup> Prepared by Amy Woolf, Specialist in Nuclear Weapons Policy.

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

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

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

On September 16, 2010, the Senate Foreign Relations Committee approved the Resolution of Ratification on the New START by a vote of 14-4. The full Senate approved the treaty's ratification by a vote of 71-26, on December 22, 2010. New START entered into force on February 5, 2011. According to the U.S. State Department, implementation is well underway, and "the process so far has been positive and pragmatic."

The Obama Administration has indicated that it believes the United States can reduce its nuclear weapons further. In a speech in Berlin, in June 2013, President Obama stated that he would seek to negotiate with Russia to bring about reductions in strategic nuclear weapons of up to one-third below the New START levels. Russia has shown little interest in this proposal. It has, in the past, indicated that it will not reduce offensive nuclear weapons further until the United States agrees to legally binding limits on its missile defense programs. The United States has rejected this proposal and has sought to engage Russia in separate talks on missile defense cooperation.



## Russia and Missile Defense<sup>200</sup>

### *Background: Recent U.S. Missile Defense Plans*<sup>201</sup>

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

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

In March 2013, the Obama Administration dropped Phase 4 of the EPAA, which would have deployed no earlier than 2022 in Europe land- and possibly sea-based versions of advanced naval BMD interceptors designed to destroy limited numbers of first generation Intercontinental Ballistic Missiles (ICBMs). Instead, the Administration proposed adding 14 additional ground-based interceptors to the existing GMD (Ground-based Midcourse Defense) site in Alaska by 2017. This would represent an almost 50% increase in the numbers of ICBM interceptors designed to destroy potential long-range missile threats from North Korea and Iran and available at least five years before Phase 4 would have been available. Plans for Phases 2 and 3 of the EPAA remain unchanged and on track, according to the Department of Defense. The Pentagon is currently examining options for “beyond Phase 3” of the EPAA.

### *The Russian Response*<sup>202</sup>

The EC program significantly affected U.S.-Russia relations. At the February 2007 Wehrkunde security conference in Munich, President Putin strongly criticized the Bush Administration’s

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<sup>200</sup> For additional information, see CRS Report RL34051, *Long-Range Ballistic Missile Defense in Europe*, by Steven A. Hildreth and Carl Ek.

<sup>201</sup> Prepared by Steven A. Hildreth, Specialist in Missile Defense.

<sup>202</sup> Prepared by Carl Ek, Specialist in International Relations.

proposal, maintaining that it would lead to “an inevitable arms race.” Russia announced that it had suspended compliance with the Conventional Forces in Europe Treaty. In August 2008, following the signing of the U.S.-Poland agreement, Russia once more vociferously objected to the Bush Administration’s missile defense plan; a Russian general stated that Poland’s hosting of the interceptors could make it a target for a nuclear attack.

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

In a joint statement issued at their “get acquainted” meeting on April 1, 2009, Presidents Obama and Medvedev acknowledged that differences remained in their views toward the placement of U.S. missile defenses in Europe, but pledged to examine “new possibilities for mutual international cooperation in the field of missile defense.” In a Russian media interview, Russian Deputy Foreign Minister Sergey Ryabkov was asked to comment on U.S.-Russia-NATO cooperation on missile defense through the use of Russian radar installations. He explained that the Russian offer was predicated on the fulfillment of “certain preliminary stages,” including the U.S. cancellation of the EC program, followed by a threat assessment, and then by political and economic measures to eliminate the threat.<sup>203</sup>

As noted above, in September 2009 the Obama Administration’s announced a new program for a European-based BMD. In Russia, President Medvedev called the change “a responsible move,” adding that “we value the responsible approach of the U.S. President to our agreement. I am ready to continue our dialogue.”<sup>204</sup> In addition, Moscow appeared to back away from an earlier signal that it might deploy Iskander missiles to Kaliningrad. In October 2009, during a visit to Warsaw by Vice President Biden, Polish President Donald Tusk announced that Poland would participate in the Obama Administration’s new BMD program by hosting SM-3 short- to medium-range missiles.<sup>205</sup>

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

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<sup>203</sup> “President Obama, Russian President Medvedev Commit To Reduce Nuclear Arms, Reset Relationship,” *US Fed News*, April 11, 2009; “Russia Warns U.S. Stepping Up Shield Plans—Agency,” *Reuters*, April 21, 2009; Russian Ministry of Foreign Affairs. *Interview of Russian Deputy Minister of Foreign Affairs Sergey Ryabkov on Disarmament Issues*, April 23, 2009.

<sup>204</sup> “Obama Cancels Bush Plan For European Missile Shield That Had Soured Relations With Russia,” *Associated Press Newswire*, September 17, 2009; “Medvedev Praises Obama’s Move on Europe Missile Shield,” *RIA Novosti*, September 17, 2009.

<sup>205</sup> “US/CEE: Biden Touts New Missile Plan In Central Europe,” *Oxford Analytica*, October 22, 2009.

In December 2009, NATO foreign ministers commented favorably on the new U.S. missile defense plan, and reiterated the alliance's willingness to cooperate with Russia on the issue, stating that they reaffirmed "the Alliance's readiness to explore the potential for linking United States, NATO and Russian missile defense systems at an appropriate time. The United States' new approach provides enhanced possibilities to do this." The Russian media reported that NATO and Russia had formed a working group to study the issue. In a speech shortly thereafter, NATO Secretary General Anders Fogh Rasmussen said that he hoped the alliance and Russia would have a joint system by 2020.<sup>206</sup>

Before long, however, Russia began to criticize the new U.S. plan, reviving the argument that it would compromise Russia's nuclear forces. Later in December 2009, Prime Minister Putin tied discussions over missile defense to the renegotiation of START. He asserted that Moscow would need to beef up its offensive nuclear weapons forces in order to "preserve a strategic balance" with the planned U.S. missile defense system. The State Department acknowledged the relationship between offensive and defensive missile capabilities, but maintained that the two countries should discuss missile defense "in a separate venue." The Administration also said that it would "continue to reject any negotiated restraints on U.S. ballistic missile defenses."<sup>207</sup>

In January 2010, the United States and Poland announced that, under the terms of the August 2008 agreement between Warsaw and Washington, a battery of short-range, surface-to-air Patriot missiles would be rotated from Germany to Poland in June and stationed close to Poland's border with Kaliningrad. Foreign Minister Lavrov claimed that he "doesn't understand" the apparent need for Poland to defend itself from Russia. In response to the planned deployment of the Patriots, a Russian official indicated that Moscow might strengthen its Baltic fleet.<sup>208</sup>

On February 4, 2010, the U.S. and Romanian governments announced that Bucharest had agreed to host U.S. short-to-medium-range interceptor missiles to extend missile defense into southern Europe. The Romanians reportedly hope that the deployment would help cement bilateral ties, as well as protect Romanian territory—the Bush Administration's plan would only have covered the western part of the country from a possible Iranian missile launch. A State Department spokesperson and Romanian President Traian Basescu both stated that the system was not intended to guard against Russia. Russian officials, including the chief of Russia's general staff, countered that the missile defense system was indeed directed at Russia, and that the proposed deployment likely would delay negotiations in arms talks between Russia and the United States. Moscow also expressed vexation over the possibility of U.S. Aegis anti-missile ships patrolling the Black Sea. Nevertheless, commenting on Iran's stepped-up uranium enrichment activities, the head of Russia's National Security Council appeared to confirm international concerns about whether Iran's eventual goals are scientific or military; he stated that doubts about Iran's intentions "are fairly well-grounded."

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<sup>206</sup> NATO. *Meeting of the North Atlantic Council at the level of Foreign Ministers held at NATO Headquarters, Brussels: Final Statement*, December 4, 2009, at [http://www.nato.int/cps/en/natolive/news\\_59699.htm?mode=pressrelease](http://www.nato.int/cps/en/natolive/news_59699.htm?mode=pressrelease); "Russia, NATO Form Working Group on Missile Defense—Rogozin," *RIA Novosti*, December 5, 2009; "Russia Not Ready to Set Up Missile Defense Shield Together With U.S.—Lavrov," *Interfax*, January 22, 2010.

<sup>207</sup> U.S. Department of Defense. *Ballistic Missile Defense Review Report, Pt. IV*, February 2010.

<sup>208</sup> "CEE/Russia: CEE Attitudes to Russia become More Sober," *Oxford Analytica*, January 21, 2010; "Polish Missile Base Reignites Tension with Russia," *Deutsche Welle*, January 22, 2009; "USA May Renege on Patriot Missile Deployment Accord—Polish Daily," *BBC Monitoring European*, February 12, 2010.

Similarly, a Russian military analyst, writing in *RIA Novosti*, conceded that the Obama-proposed SM-3 interceptors stationed anywhere in Europe would be incapable of downing Russian long-range ballistic missiles. He argued that Moscow's main objections were that (1) it had not been consulted on the decision, and (2) the U.S. system might be subject to change. On the first point, a spokesperson for the Romanian Foreign Ministry maintained that Russia had been kept in the loop, stating that "information coming from our American partners indicate that in the time that followed the September 2009 announcement by the U.S. president, the U.S. had detailed consultations with Russia concerning their plans for the anti-missile defense system." Also, on February 16, a State Department official said that Russia had been told of the planned deployment to Romania. On the latter point, Russia is concerned that the SM-3 interceptors could eventually be upgraded to bring down ICBMs without Russia's knowledge, as the United States is not required to share information about its missile defense system.<sup>209</sup>

On February 12, Bulgaria's prime minister announced that he supported participation in the U.S. missile defense system. Bulgaria's foreign minister noted that the missile shield would also protect Russia from the threat of Iranian missiles. Russia, however, professed that it had been caught unawares by the announcement; Foreign Minister Lavrov stated that "we have already questioned our U.S. partners in Washington ... as to the meaning of this, and why we have this Bulgarian surprise after the Romanian surprise."<sup>210</sup>

Russia sought to tie discussions over missile defense to the renegotiation of START, contrary to the July 2009 agreement reached by Presidents Obama and Medvedev not to link the two. However, the United States refused to accede to the Russian position, and on April 8, 2010, the two governments signed the New START Treaty, which was ratified by the U.S. Senate in December and by the Russian Duma in January 2011. The agreement acknowledges that there is a relationship between offensive and defensive systems, but does not place any limits on missile defense or on the expanded system that has been proposed by the Obama Administration.<sup>211</sup>

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

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

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<sup>209</sup> "Romania Says U.S. Informed Russia on Anti-missile Shield Plan," *BBC Monitoring European*, February 10, 2010; "U.S. Kept Russia Informed About Romania Missiles Plan—U.S. Diplomat," *Interfax*, February 16, 2010; "U.S. and Romania: A New Alignment?" *RIA Novosti*, February 9, 2010; "Russia Cool to U.S. Plan for Missiles in Romania," *New York Times*, February 6, 2010.

<sup>210</sup> "Bulgaria Wants to Participate in US Missile Defense Shield: PM," *Agence France Presse*, February 12, 2010; "Russia Wants Bulgaria to Explain favor of U.S. Missile Shield," *Agence France Presse*, February 14, 2010; "U.S. Missile Shield Not Targeting Russia, Bulgaria Says," *Agence France Presse*, February 17, 2010.

<sup>211</sup> CRS Report R41251, *Ballistic Missile Defense and Offensive Arms Reductions: A Review of the Historical Record*, by Steven A. Hildreth and Amy F. Woolf.

[w]e agreed to discuss pursuing missile defense cooperation. We agreed on a joint ballistic missile threat assessment and to continue dialog in this area. The NRC will also resume Theater Missile Defense Cooperation. We have tasked the NRC to develop a comprehensive Joint Analysis of the future framework for missile defense cooperation. The progress of this Analysis will be assessed at the June 2011 meeting of NRC Defense Ministers.<sup>212</sup>

The NATO-Russia accord did not constitute immediate full collaboration; rather, Russia approved the involvement of Russian technicians in the planning and development of the system. President Medvedev cautioned that missile defense cooperation must eventually amount to “a full-fledged strategic partnership between Russia and NATO.” However, a State Department official emphasized that, although Russia would be involved in the program, the United States would “continue to reject any constraints or limitations on our missile defense plans.” In a televised interview with Larry King, Prime Minister Putin indicated that if Russia perceives that the PAA/NATO missile defense program is compromising Moscow’s nuclear deterrent, “Russia will just have to protect itself using various means, including the deployment of new missile systems to counter the new threats to our borders.”<sup>213</sup>

Analysts have argued that, despite its often-voiced reservations, Moscow may have believed itself compelled to cooperate on missile defense; because Russia could “neither block the [emergence of missile defense] in Europe nor restrict its capacity by means of treaty constraints, [instead] the only way ... to influence its shape is to join the [missile defense] program on as favorable terms as can possibly be snatched.”<sup>214</sup> On December 20, 2010, Foreign Minister Lavrov indicated that Russian acceptance of and participation in NATO missile defense would be fundamental to the success of such a system—and for improved Russia-NATO relations.<sup>215</sup> Although details as to how Russia might cooperate technologically remain to be seen, it is clear that NATO and the United States want to find ways to engage Russia in partnership on BMD.

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

Although Moscow is advocating a “common” system with sectoral defense responsibilities, NATO Secretary General Rasmussen has insisted that NATO and Russia must maintain independent systems, and that cooperation will consist of information sharing. The Russian

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<sup>212</sup> NATO-Russia Council Joint Statement. November 20, 2010. NATO website: [http://www.nato.int/cps/en/natolive/news\\_68871.htm?selectedLocale=en](http://www.nato.int/cps/en/natolive/news_68871.htm?selectedLocale=en)

<sup>213</sup> “NATO Invites Russia To Join Europe Missile Shield,” *The Washington Post*, November 20, 2010. “Russia To Aid NATO On Anti-Missile Network In Europe.” *The Washington Post*, November 20, 2010. Europe and Eurasia: The Obama Administration’s Efforts To Implement the European Phased Adaptive Approach. Testimony before the House Armed Services Subcommittee on Strategic Forces by U.S. Deputy Assistant Secretary of State Frank A. Rose. December 2, 2010. Transcript of TV Interview Vladimir Putin to CNN’s Larry King. *RIA-Oreanda News*. December 2, 2010.

<sup>214</sup> Prospects For Joint Russia-NATO Missile Defense System. By Beata Gorka-Winter, Robert Smigielski. Bulletin of the Polish Institute of International Affairs. No. 129 (205). October 29, 2010.

<sup>215</sup> “Success of Russia-NATO Relations Improvement Process Not Guaranteed - Lavrov Tells Interfax,” *Interfax Russia and CIS General Newswire*. December 20, 2010.

proposal is unacceptable to NATO for reasons of both sovereignty and capabilities. According to Rasmussen, NATO “is responsible for protecting the territory of NATO member states and for the safety of their populations. We do not intend to transfer that responsibility to anyone else.” In addition, analysts note that current Russian missile defense technology lags far behind that of the NATO countries.<sup>216</sup> Moscow also stated that it sought written assurances from the United States and NATO that the interceptors not be aimed at Russia.<sup>217</sup>

Negotiations over a new missile defense architecture continued through the first half of 2011. Vice President Biden met with President Medvedev and Prime Minister Putin in March 2011, and the U.S. Chairman of the Joint Chiefs of Staff, met with his Russian counterpart in May 2011; and at the end of the month, President Obama and Medvedev discussed the issue during the G-8 meeting in Deauville, France. Russia voiced objections to the announcement that Turkey would permit missile defense radar to be based on its soil, and to Spain’s decision in October to permit Aegis ships to be stationed at its the naval port at Rota.<sup>218</sup>

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

In November 2011, Russian officials renewed their objections to NATO’s plans to proceed with its missile defense plans, and countered by indicating that Moscow would develop new missiles equipped with counter-measures capable of foiling missile defenses. The Russians also once more said that they might deploy Iskander missiles in Kaliningrad. In addition, Moscow announced its intention to base a radar station in the Russian exclave, a move that one Russian analyst argued was already planned. Finally, officials indicated that Russia might withdraw from the New START Treaty and disallow NATO use of the northern supply routes to Afghanistan.<sup>219</sup> In response, at the NATO-Russia Council meeting of foreign ministers in early December, U.S. and NATO officials reiterated their intention to continue with the development of EPAA. NATO Secretary General Rasmussen argued that “It would definitely be a waste of valuable money if Russia started to invest heavily in countermeasures against an artificial enemy that doesn’t exist.... That money could ... be invested to the benefit of the Russian people in job creation and modernization.”<sup>220</sup>

<sup>216</sup> “Medvedev Wants Missile Defense Carve-up Of Europe: Reports,” *Agence France Presse*, November 22, 2010. “NATO, Russia Missile Systems To Stay Separate: NATO Chief,” *Agence France Presse*, January 20, 2011. “NATO, Russia vow unity on terrorism, disagree on shield,” *Agence France Presse*, January 26, 2011. “The Boogeyman the Kremlin Loves To Hate,” *The Moscow Times*, February 8, 2011.

<sup>217</sup> “Russia Seeks Pledge From NATO On Missile Defense,” *New York Times*, May 21, 2011.

<sup>218</sup> “Moscow Anxious On Turkey’s Shield Role,” *Hurriyet Daily News [Turkey]*, July 28, 2011. “Russia Says U.S. Approach to Missile Defense ‘Unacceptable,’” *Bloomberg Government*, October 6, 2011.

<sup>219</sup> Medvedev Mollifies the West. *The Moscow Times*. November 20, 2011. NATO Rebuffs Russian Missile-Defense Threats. *Washington Post*. December 8, 2011.

<sup>220</sup> Russia and NATO Trade Barbs Over Missile Shield. *Agence France Presse*. December 7, 2011.

Some observers have questioned whether the Russian leadership might have realized at the outset that their proposals would be unacceptable, but stuck to them anyway because they never intended to cooperate on missile defense and wished to portray the alliance as unreasonable. Other observers speculate that the hardline stance might be motivated by domestic political considerations. Finally, some argue that Russia may be hoping to create a rift within NATO.<sup>221</sup>

In March 2012, Medvedev said Russia would adopt its nuclear forces—in phases—to account for upgrades of the EPAA, arguing that “we are not closing the door on dialog, [b]ut we need to prepare ourselves.”<sup>222</sup> A few days later, in a side meeting during an arms control summit in Korea, President Obama discussed missile defense with Medvedev—in the vicinity of a “hot” microphone. During the conversation, Obama told the Russian leader “This is my last election, and after my election I’ll have more flexibility.” Medvedev replied that he understood, and that he would transmit that point to “Vladimir”—then-Prime Minister Putin. Obama’s comments were sharply criticized by presidential candidate Mitt Romney as “caving” to Russia. Representative Turner, chairman of the House Armed Services Subcommittee on Strategic Forces, requested a clarification of the remarks. Vice President Joseph Biden later argued that, given the political environment in both countries during an election year, President Obama had “stated the obvious.”<sup>223</sup>

During a conference on missile defense hosted in early May 2012 by Russia, a State Department official said that “[w]e cannot agree to preconditions outlined by the Russian government. We cannot agree to any limitations on our missile defense deployment.... We are able to agree, however, to a political statement that our missile defenses are not directed at Russia.” Later, at the same conference, Russian Armed Forces Chief of Staff General Nikolai Makarov indicated that “[w]e’re open to consider different kinds of guarantees.” However, Makarov also warned that, in response to continued development of EPAA, “a decision to use destructive force preemptively will be taken if the situation worsens.”<sup>224</sup>

Newly reelected President Putin, claiming he needed to remain at home to form a new government, declined to attend either the NATO summit in Chicago or the G-8 meeting, held in Camp David, MD—both were in late May 2012. At the NATO summit, the alliance declared EPAA to have an “interim capability.” It is scheduled to achieve “initial operational capability” in 2015, and “full operational capability” by 2018.<sup>225</sup> In their summit declaration, alliance leaders proposed

to develop a transparency regime based upon a regular exchange of information about the current respective missile defense capabilities of NATO and Russia. Such concrete missile defense cooperation is the best means to provide Russia with the assurances it seeks regarding NATO’s missile defense plans and capabilities. In this regard, we today reaffirm

<sup>221</sup> “Russia May Develop Nuclear Offensive,” *RIA Novosti*, June 8, 2011.

<sup>222</sup> Medvedev Urges Military To Parry U.S. Missile Shield. *International Herald Tribune*. March 22, 2012.

<sup>223</sup> Obama To Medvedev: No Missile Deal Before the Vote. *Wall Street Journal*. March 26, 2012. Obama ‘Stated the Obvious’ In Russia Remarks: Biden. *Agence France Presse*. April 1, 2012.

<sup>224</sup> Russia To Make Hi-tech Case Against NATO Missile Shield. *Reuters*. May 2, 2012. Moscow Raises Alarm On European Missile-Defense Plan. *Wall Street Journal*. May 3, 2012. Russia’s Military Threatens Preemptive Strike If NATO Goes Ahead With Missile Plan. *Canadian Press*. May 3, 2012.

<sup>225</sup> NATO Activates Missile Shield, Reaches Out To Russia. *Agence France Presse*. May 20, 2012. Fact Sheet: Chicago Summit—NATO Capabilities. The White House. Office of the Press Secretary. May 20, 2012. <http://www.whitehouse.gov/the-press-office/2012/05/20/fact-sheet-chicago-summit-nato-capabilities>.

that the NATO missile defense in Europe will not undermine strategic stability. NATO missile defense is not directed against Russia and will not undermine Russia's strategic deterrence capabilities.... While regretting recurrent Russian statements on possible measures directed against NATO's missile defense system, we welcome Russia's willingness to continue dialogue.<sup>226</sup>

The Kremlin remained unsatisfied. On May 24, a Russian Foreign Ministry spokesman said that, while the declaration was “a step in the right direction ... political statements cannot serve as a foundation for cooperation. Reliable and based on precise military and technical parameters, legal guarantees of the nontargeting of the deploying missile defense network against the Russian nuclear deterrence forces are essential to us.”<sup>227</sup> However, this appeared to contradict General Marakov's statement (see above) three weeks earlier that Russia was “open to consider different kinds of guarantees.”

In response to Russian statements about developing strategic countermeasures, Secretary General Rasmussen told Russian officials that NATO had no intention of attacking their country, and advised that they not to step up their defense budget to defend against an “artificial enemy.”

In a sideline meeting of the G-20, Presidents Putin and Obama discussed missile defense, among other issues. They issued a joint statement, declaring that “[d]espite differences in assessments, we have agreed to continue a joint search for solutions to challenges in the field of missile defense.”<sup>228</sup>

Russia has continued to press for a joint missile defense system, and for written guarantees. As noted above, the May 2012 NATO Chicago summit declaration reaffirmed that the alliance's missile defense capability would not be directed against Russia, and would not compromise strategic stability. But in July, Russia's acting NATO ambassador reiterated Moscow's stance that this was “not enough. It must be upheld by explanations as to why it is so, what parameters of this system need to be taken into consideration, and how Russia, regardless of what it hears, could judge by itself that these parameters are being observed.” Perhaps in response, NATO Secretary General Rasmussen on July 16 pointed out that 15 years ago, the alliance and Russia had signed a statement declaring that they “would not use force against each other. ... We are still committed to this declaration.”<sup>229</sup>

There was little movement on the missile defense issue in the months after the U.S. elections. Following a December 4, 2012, NATO-Russia Council meeting, Russia's NATO envoy pronounced the talks stalemated; however, Foreign Minister Lavrov indicated that the two sides would hold further consultations to assess a proposal regarding joint threat analysis.<sup>230</sup> Speaking at a December 20, 2012, news conference, President Putin averred that “[t]he creation of [the

<sup>226</sup> Chicago Summit Declaration. May 20, 2012. NATO website, [http://www.nato.int/cps/en/natolive/official\\_texts\\_87593.htm?mode=pressrelease](http://www.nato.int/cps/en/natolive/official_texts_87593.htm?mode=pressrelease).

<sup>227</sup> Moscow Still Needs Legal Guarantees NATO Missile Defense Not Aimed At It—Lukashevich. *Interfax*. May 24, 2012.

<sup>228</sup> US, Russia to Seek ‘Joint Solutions’ To Missile Defense Row. *Agence France Presse*. June 18, 2012. Russia Hopes to Resume Missile Defense Talks After US Elections—Aide. *ITAR-TASS World Service*. June 22, 2012.

<sup>229</sup> Moscow Insists On Legal Guarantees That European Missile Shield Not Targeted Against It—Diplomat. *Interfax*. July 12, 2012. Rasmussen Notes Lack of Progress with Russia on Missile Defense System. *Interfax*. July 16, 2012.

<sup>230</sup> Dialogue Over Missile Defense With NATO Stalled—Grushko. *ITAR-TASS*. December 7, 2012. Russia, NATO To Hold Consultations on Missile Defense—Lavrov. *Interfax*. December 5, 2012.



U.S./NATO PAA] annuls our nuclear missile potential.” He added that “deployment of a missile defense does worsen our relations. But we are not enemies. We’ve got to be patient and look for compromises,” and added that, although these disputes will not likely “harm the investment climate or hinder the development of the economy ... we must defend the interests of Russia.”<sup>231</sup>

For the first few weeks of 2013, Russian officials sent mixed signals on missile defense, announcing on the one hand that they were prepared to discuss the issue, while on the other continuing to call for legal assurances from NATO and the United States that EPAA would not be used to deter Russia’s nuclear forces. In mid-February, following a meeting with U.S. Assistant Secretary of State Rose Gottemoeller, Russian Deputy Foreign Minister Ryabkov stated that Russia’s “position remains without any new nuances....” He also took note of the most recent U.S. test launch, observing that “it was, I think, the 24<sup>th</sup> successful test of the 30 accomplished. The U.S. capabilities must not be underestimated.”<sup>232</sup>

As noted above, the Obama Administration on March 15, 2013, announced the curtailment of the fourth phase of EPAA, along with plans to emplace additional interceptors in Alaska. Observers noted that this final phase, which was intended to establish the capability to intercept long-range ballistic missiles, was the one that Russia most objected to. Soon after this, some observers detected an apparent effort by Russia to call for dialogue. On March 25, Russian Defense Minister Sergey Shoygu telephoned Secretary of Defense Chuck Hagel and invited him to hold discussions on missile defense. NATO officials also expressed optimism that talks could move forward.<sup>233</sup>

During his April 11, 2013, confirmation hearing to become commander of the U.S. European Command and Supreme Allied Commander, Europe, U.S. Air Force General Phillip Breedlove reaffirmed the NATO/U.S. commitment to continue negotiations with Moscow by stating “Both the U.S. and NATO Russia Council are working on constructive engagements with Russia on Missile Defense, to include joint technical studies and exercises when Russia is ready.”<sup>234</sup>

On May 6, 2013, Russia’s Deputy Defense Minister, Anatoly Anonov responded to the cancellation of the 4<sup>th</sup> stage of EPAA by saying that “essentially nothing has changed,” and complained about a lack of predictability on the American side. He added, however, that “the window of opportunity exists today to agree on missile defense.”<sup>235</sup> Another Russian official later

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<sup>231</sup> Interfax Russia & CIS Diplomatic Panorama. *Interfax*. December 21, 2012. Russia, US Must Seek Compromises on Complex Problems - Putin. *ITAR-TASS*. December 20, 2012.

<sup>232</sup> Russia Ready to Discuss Missile Defence Cooperation with NATO. *ITAR-TASS*. January 16, 2013. Russia, US Can Start Concrete Missile Defence Talks After Kerry’s Appointment. *ITAR-TASS*. January 28, 2013. Moscow Insists on Being Given Legally-binding Guarantees on European Missile Defense—Duma Chairman. *Interfax*. February 6, 2013. Russia, U.S. Positions on Missile Defense Have Not Changed—Ryabkov. *Interfax*. February 15, 2013. Russia to Press for Legal Guarantees that US Missile Defence Not Aimed at It. *ITAR-TASS*. February 18, 2013.

<sup>233</sup> RF Sees No Grounds to Change Stance on Missile Defense—Deputy FM. *ITAR-TASS*. March 18, 2013. U.S. Cancels Part of Missile Defense that Russia Opposed. *New York Times*. March 16, 2013. Moscow to Discuss Changes in the US Missile Defense Plans. *RIA Novosti*. March 20, 2013. Russia Tones Down Criticism of New U.S. Missile Plans. *Reuters*. March 21, 2013. Russia Keen for Talks on Missile Defense: Pentagon. *AFP*. March 25, 2013. NATO Eyes Missile Shield Progress with Russia After US Move. *Reuters*. March 31, 2013.

<sup>234</sup> The nomination of Air Force Gen. Philip Breedlove, to be Commander of the U.S. European Command and Supreme Allied Commander, Europe. U.S. Senate Armed Services Committee Hearing. April 11, 2013.

<sup>235</sup> “Postponement of 4<sup>th</sup> Stage of U.S. Missile Defense Increases Chances of Agreement with Russia,” *Interfax*, May 6, 2013.

referred to the changed U.S. policy as a “cosmetic adjustment.”<sup>236</sup> Andonov also rebuffed the proposal to provide written assurances on missile defense transparency that had “allegedly” been made in a letter from President Obama to President Putin, arguing that it was no substitute for “legal guarantees.” He also noted that the U.S. side would be unable to secure congressional ratification of an agreement, and that some Members of Congress had urged that the missile defense system be used as a deterrent against Russia.<sup>237</sup>

On March 13, 2013, Representative Mo Brooks introduced H.R. 1128, the Protecting U.S. Missile Defense Information Act of 2013, which would restrict the Administration from sharing information on missile defense capabilities with Russia. On July 24, 2013, during consideration of the Defense Appropriations Act (H.R. 2397), the House approved by voice vote an amendment by Mr. Brooks to prohibit funds from being used to implement or execute any agreement with Russia concerning missile defenses.

In a press conference held during a visit to Poland, Secretary of State Kerry stated that “the United States has made zero—zero—concessions to Russia with respect to missile defense.”<sup>238</sup>

Russian officials continued to reiterate their insistence that, although Moscow was open to discussions over data sharing, legal guarantees constituted the single main condition for Russian cooperation. Nonetheless, in July, Russia’s Security Council secretary stated that “I think we will reach an understanding [on missile defense] in the end,” noting the U.S. view “that the main threat is coming from Iran and North Korea. Actually [the United States] is farther than us from these countries ..., so it must understand that threats to it also threaten us.”<sup>239</sup>

In August 2013, Russia announced that it had destroyed the S-300 missiles that had been once been intended for sale to Iran; Moscow had cancelled the \$800 million deal in 2010. The following month, a Russian analyst speculated that his country’s government was beefing up its naval presence in the Arctic in response to possible voyages to the region by NATO/U.S. Aegis-equipped frigates. In addition, the Kremlin registered its objections in October when construction began on the “Aegis Ashore” missile defense facility in Romania; U.S. Undersecretary for Defense Policy James Miller was present for a ceremony at the base in Deveselu.<sup>240</sup>

Although Foreign Minister Lavrov in October 2013 said that Russia open to talks and compromise, shortly thereafter it was announced that President Putin had scrapped an interagency working group on missile defense cooperation with NATO and eliminated the position of Special Envoy for missile defense negotiations.

In mid-December, the governments of Lithuania and Poland, as well as the U.S. State Department, expressed concern over media reports—later confirmed by a Russian defense ministry spokesperson—that Russia had deployed 10 Iskander tactical ballistic missiles to Kaliningrad, within striking range of the planned NATO EPAA interceptor site. However, the

<sup>236</sup> “U.S. Political Guarantees on Missile Defense Are Not Enough,” *Interfax*, May 27, 2013.

<sup>237</sup> “Transparency Cannot Solve Missile Defense Problems without Legal Guarantees—Antonov,” *Interfax*, May 6, 2013.

<sup>238</sup> “Kerry: No Concessions to Russia on European Missile Shield,” *The Canadian Press*, June 3, 2013.

<sup>239</sup> “Russian Security Council Secretary Believes Russia-U.S. Missile Defense Accord Possible,” *Interfax*, July 3, 2013.

<sup>240</sup> “Russia Destroys Missiles Destined for Iran: Report,” *Agence France Presse*, August 29, 2013. “Russia’s Arctic Military Moves Seen as NATO Missile Shield Response,” *UPI*, September 15, 2013.

initial confirmation was subsequently contradicted by President Putin, who said that “one of the possible responses it to deploy Iskander complexes in Kaliningrad ... but I want to draw your attention to the fact that such a decision has not yet been taken, let them be calm.”<sup>241</sup> Also, Russian officials have been arguing that if Iran should agree to halt its nuclear program, there would be no need for the EPAA.

## U.S.-Russia Economic Ties<sup>242</sup>

U.S.-Russian trade and investment flows have increased in the post-Cold War period, reflecting the changed U.S.-Russian relationship. Many experts have suggested that the relationship could expand even further. U.S.-Russian trade, at least U.S. imports, has grown appreciably. See **Table 1**. The surge in the value of imports is largely attributable to the rise in the world prices of oil and other natural resources—which comprise the large share of U.S. imports from Russia—and not to an increase in the volume of imports. U.S. exports span a range of products including meat, machinery parts, and aircraft parts.

Russia accounted for 1.3% of U.S. imports and 0.7% of U.S. exports in 2012, and the United States accounted for 2.7% of Russian exports and 5.3% of Russian imports.<sup>243</sup> Russia was the 28<sup>th</sup>-largest export market and 16<sup>th</sup>-largest source of imports for the United States in 2012. According to Russian government data, by the end of 2011, the United States accounted for less than 1.2% of total accumulated foreign direct and portfolio investments in Russia. However, the first four countries were Switzerland (48.2%), Cyprus (10.6%), the Netherlands (8.8%), and Luxembourg (2.5%), suggesting that more than 70% of the investments might have been repatriated Russian funds.<sup>244</sup>

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

The greater importance of Russia’s economic policies and prospects to the United States lies in their indirect effect on the overall economic and political environment in which the United States and Russia operate. From this perspective, Russia’s continuing economic stability and growth can be considered positive for the United States. Because financial markets are interrelated, chaos in

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<sup>241</sup> “Russia Confirms Tactical Missile Deployment on NATO Borders,” *RIA Novosti*, December 16, 2013. “Putin Says Missiles Not Yet Deployed to Kaliningrad Region,” *Reuter*, December 19, 2013.

<sup>242</sup> Prepared by William H. Cooper, Specialist in International Trade and Finance.

<sup>243</sup> *World Trade Atlas*. Global Trade Information Services, Inc.

<sup>244</sup> Russian Federal Statistics Service. <http://www.gks.ru>.

even some of the smaller economies can cause uncertainty throughout the rest of the world. Such was the case during Russia's financial meltdown in 1998 and more recently with the 2008-2009 crisis. Promotion of economic stability in Russia has been a basis for U.S. support for Russia's membership in international economic organizations, including the IMF, the World Bank, and the WTO. As a major oil producer and exporter, Russia influences world oil prices that affect U.S. consumers.

## U.S. Assistance to Russia

U.S. assistance to Russia began around the time of the collapse of the Soviet Union to address concerns over possible nuclear proliferation risks and humanitarian needs. The former was authorized by the Soviet Threat Reduction Act (P.L. 102-228; termed the Nunn-Lugar program after its sponsors), and the latter was formalized in the FREEDOM Support Act of 1992 (P.L. 102-511). Initially, more U.S. assistance was provided to Russia than to any other Soviet successor state, but aid to Russia as a percentage of all aid to Eurasia declined over the years. From FY1992 through FY2010, the U.S. government budgeted nearly \$19 billion in assistance to Russia (see **Table 2** and **Table 3**, below; the amounts are intended to represent budgeting for all agencies and programs, but a few classified amounts possibly may not be included). The bulk of this assistance (nearly 60%) was expended on CTR (Nunn-Lugar) and other security-related programs aiming to prevent the proliferation of WMD, combat drug-trafficking and transnational crime, foster law enforcement and criminal justice sector reforms, and support reconciliation and recovery efforts in Chechnya and other areas of the North Caucasus. Other aid was provided for democratization, market reform, and health needs.<sup>245</sup>

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

- A restriction on aid to Russia was approved in the FY1998 appropriations act and each year thereafter, prohibiting any aid to the central government (local and regional government assistance is permitted) unless the President certified that Russia had not implemented a law discriminating against religious minorities. Other democratization and human rights conditions were added for FY2008 and retained thereafter in the face of abuses during the run-up to the December 2007 State Duma election. Although religious freedom generally was respected in recent years, successive administrations issued waivers to overcome the restrictions on aid because of ongoing problems of democratization and other human rights.
- Since FY1996, direct assistance to the government of Russia hinged on whether it was continuing the sale of nuclear reactor technology to Iran. As a result, 60% of planned U.S. assistance to Russia's central government was cut. In actuality, little if any aid was provided directly to the central government in recent years.
- The FY2001 foreign aid bill prohibited 60% of aid to the central government of Russia if it was not cooperating with international investigations of war crime allegations in Chechnya or providing access to NGOs doing humanitarian work in Chechnya. Possibly as a result of Russian cooperation with the United States

<sup>245</sup> See CRS Report RL32866, *U.S. Assistance to the Former Soviet Union*, by Curt Tarnoff.

in anti-terrorism efforts, the war crime provision was dropped in subsequent years.

- A condition in the FREEDOM Support Act prohibited aid to a Soviet successor state that had violated the territorial integrity of another successor state. Presidential waivers for Russia were exercised after the 2008 Russia-Georgia conflict.

## The Ouster of the U.S. Agency for International Development

During a September 8, 2012, meeting between then-Secretary Clinton, Russian President Putin, and Russian Foreign Minister Lavrov (a meeting that took place on the sidelines of the Asia-Pacific Economic Cooperation, or APEC, summit in Vladivostok), Clinton was informed that Russia was planning to end USAID programs in the country by October 1, 2012. A formal diplomatic note was sent to the State Department on September 12. On September 19, the Russian Foreign Ministry stated that the work of USAID in Russia “did by no means always meet the stated purposes of contributing to the development of bilateral humanitarian cooperation. There were attempts to influence, by means of allocating grants, political processes including elections at different levels and civic institutions. The activity of USAID in Russian regions, especially in the North Caucasus, raised serious questions.... It should also be noted that Russia ... rejects the status of recipient of aid from all international organizations. As for the Russian society, it has become mature enough and does not need ‘external guidance.’”<sup>246</sup> The State Department asked for time beyond the deadline to close its USAID office and wind up existing programs.

In a press briefing on September 18, State Department Spokesperson Victoria Nuland stated that USAID had administered about \$2.7 billion in assistance to Russia since 1992 and that its programs in FY2012 amounted to about \$51 million. She averred that it was Russia’s sovereign right to end the programs, but voiced the hope that the United States would be able to continue some support to Russian nongovernmental organizations (NGOs) that support democratization and human rights. However, she appeared to acknowledge that other U.S. programs might not be continued after the end of FY2012 when she stated that the United States has “worked over the years with the Russian Government on programs that fight AIDS there, fight tuberculosis, help orphans, help the disabled, combat trafficking, support Russian programs in the environmental area, [such as] wildlife protection. So it is our hope that Russia will now, itself, assume full responsibility and take forward all of this work.” She also indicated that the planned USAID funding for Russia (\$52 million was requested for FY2013, of which the bulk would have been administered by USAID) could now be reallocated to other countries with needs.<sup>247</sup> Many of these programs have been part of cooperation efforts discussed by the working groups of the BPC and had been the subject of accords reached at the U.S.-Russia summit in Los Cabos, Mexico, in June 2012, and at other U.S.-Russia summits.

<sup>246</sup> “Comment from the Russian Foreign Ministry’s Official Spokesman Aleksandr Lukashevich on the USAID Shutting Down its Activity in the Russian Federation,” reported in *CEDR*, September 19, 2012, Doc. No. CEP-950104. On September 18, 2012, USAID had issued a fact sheet on its 20 years of activities in Russia, including support for health, civil society, rule of law, judicial reform, and entrepreneurship. USAID stated that it had given support for the writing of Russia’s constitution, civil code, tax code, and land code. See USAID, *USAID in Russia*, September 18, 2012, at <http://www.usaid.gov/news-information/fact-sheets/usaid-russia>.

<sup>247</sup> U.S. Department of State, *Daily Press Briefing*, September 18, 2012; *Press Statement: On Russian Decision to End USAID Activities in Russia*, September 18, 2012.

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

On March 28, 2013, Nuland indicated that the United States hoped to continue some aid to Russian NGOs through third parties, referring to international organizations. The Russian Foreign Ministry denounced such plans as attempts to circumvent Russian law and as interference in Russia's internal affairs.

## **Legislation in the 113<sup>th</sup> Congress**

H.R. 1881 (Bishop)/S. 17 (Vitter). Energy Production and Project Delivery Act of 2013. H.R. 1881 was introduced February 27, 2013; referred to the Committee on Energy and Natural Resources. Sec. 305 prohibits the U.S. government from enforcing any regulations, proposals, or actions establishing any carbon dioxide or greenhouse gas emissions reductions until a certification is made that Russia and others have enforced such measures. A similar bill, S. 17, was introduced May 8, 2013, and referred to the Committee on Natural Resources, and in addition to the Committees on Energy and Commerce, Transportation and Infrastructure, and the Judiciary.

H.R. 893 (Ros-Lehtinen). Iran, North Korea, and Syria Nonproliferation Accountability Act of 2013. Introduced February 28, 2013; referred to the to the Committee on Foreign Affairs, and in addition to the Committees on Oversight and Government Reform, the Judiciary, Science, Space, and Technology, Financial Services, and Transportation and Infrastructure. Directs the President to impose sanctions on any foreign person, entity, or country that engaged in a uranium-related joint venture with Iran, North Korea, or Syria, or with its agents. Prohibits the U.S. government transfer of extraordinary payments to Russia in connection with the International Space Station unless the President reports to Congress that it is Russian policy to oppose the proliferation to or from Iran, North Korea, and Syria of weapons of mass destruction and missile delivery systems and transfers that could contribute to Iran's nuclear, biological, chemical weapons, or missile programs. Authorizes some payments under certain conditions.

H.R. 1128 (Brooks). Protecting U.S. Missile Defense Information Act of 2013. Introduced March 13, 2013; referred to the Committee on Armed Services, and in addition to the Committee on Foreign Affairs. Requires the President to submit a semi-annual report on any discussions on missile defense between the U.S. government and the Russian government. Prohibits the use of certain FY2014 funds for missile defense cooperation with Russia. Directs the President to encourage Russia to disclose any support provided for the ballistic missile programs of China, Syria, Iran, or North Korea.

H.R. 1692 (McGovern). Sudan Peace, Security, and Accountability Act of 2013. Introduced April 24, 2013; referred to the Committee on Foreign Affairs, and in addition to the Committees on Financial Services, Oversight and Government Reform, and the Judiciary. Requires a semi-annual report that includes a description of efforts to work with Russia and other governments and persons that have significant influence or interests related to Sudan to engage the Government of Sudan in achieving a comprehensive agreement for democratic reform.

H.R. 1793 (Connolly). Global Partnerships Act of 2013. Introduced April 26, 2013; referred to the Committee on Foreign Affairs, and in addition to the Committees on Oversight and Government

Reform, Rules, and Ways and Means. Sec. 4384 calls for a Congressional review period for licenses for export of commercial communications satellites for launch from Russia.

H.R. 2281 (Mike Rogers)/S. 1111 (Ron Johnson). Cyber Economic Espionage Accountability Act. H.R. 2281 was introduced June 6, 2013; referred to the Committee on Foreign Affairs, and in addition to the Committees on the Judiciary, and Financial Services. Calls for U.S. diplomacy to emphasize cyber economic espionage as a priority issue in all economic and diplomatic discussions with Russia and other countries determined to encourage, tolerate, or conduct cyber economic espionage. Calls on the Department of Justice should increase its efforts to bring economic espionage criminal cases against offending foreign actors. Calls for the denial of visas for U.S. entry of persons who are officials of a foreign government or persons acting on behalf of a foreign government that the President determines are responsible for cyber espionage. A similar bill, S. 1111, was introduced on June 6, 2013, and referred to the Committee on the Judiciary.

H.R. 2397 (Young). Department of Defense Appropriations Act, 2014. Introduced and reported by the Committee on Appropriations June 17, 2013, (H.Rept. 113-113). Passed July 24, 2013. Received in the Senate July 30, 2013; referred to the Committee on Appropriations. Sec. 10033 prohibits funding to execute any U.S.-Russia agreement pertaining to missile defense other than a treaty or to provide Russia with information about the ballistic missile defense systems of the United States.

H.R. 2855 (Granger). FY2014 Department of State, Foreign Operations, and Related Programs Appropriations Act. Introduced and reported (H.Rept. 113-185) July 30, 2013. Sec. 7072 directs that no bilateral economic assistance is to be provided for the Russian government. Calls for the Secretary of State to report on Russian arms and other support for the Syrian government and nuclear support for Iran, as well as on the Russian government's persecution of civil society organizations, corruption, discrimination against religious minorities, and efforts to prosecute law enforcement personnel alleged to have committed human rights abuses.

H.R. 3304 (Deutch). National Defense Authorization Act for Fiscal Year 2014. Introduced October 22, 2013. Passed October 28, 2013. Passed the Senate with amendments November 19, 2013. House agreed to the Senate amendments with an amendment December 12, 2013. Senate agreed to the House amendment to the Senate amendment December 19, 2013. Signed into law December 26, 2013, (P.L. 113-66). Sec. 1051 expresses the sense of the Congress that the President should not reduce dual-capable aircraft based in Europe unless consideration is given to whether Russia has undertaken such reductions. Also calls for notification of whether Russia's force posture changed as a result of such plans. Sec. 1056 expresses the sense of the Congress that the force structure required by the New START Treaty should preserve Minuteman III intercontinental ballistic missile silos that contain a deployed missile. Sec. 1057 calls for the retention of the capability to deploy multiple independently targetable vehicles on Minuteman III missiles. Sec. 1060 expresses the sense of the Congress that future U.S.-Russia strategic nuclear arms reductions be pursued through a verifiable treaty and take into account the full range of nuclear weapons threatening the United States. Sec. 1246 expresses the sense of the Congress that any missile defense cooperation with Russia should not limit U.S. or NATO missile defense capabilities, and should be mutually beneficial and reciprocal in nature, and that Russia should not be provided with missile defense information that would compromise U.S. national security. The section also limits the provision of certain missile defense information to Russia. Sec. 1248 expresses the sense of the Congress that the U.S. government elicit Russian cooperation as part of a plan to reduce the proliferation of ballistic missile technology to Iran, North Korea, and Syria. Sec. 1251 expresses the sense of the Congress that any U.S.-Russia executive agreement not limit

the deployment or capabilities of U.S. or NATO ballistic missile defense systems. Sec. 1254 calls for the Secretary of Defense to report on Russia's security and military strategy and on U.S.-Russia military cooperation. Sec. 1255 prohibits contracts or agreements with Rosoboronexport for FY2014, although a national security waiver is provided.

H.R. 3561 (Kingston). Prevent Russian Infiltration Act of 2013. Introduced November 20, 2013; referred to the House Committee on Foreign Affairs. Prohibits Department of State approval for the Russian space agency to build or operate a ground monitoring station in the United States unless the station does not raise counterintelligence or other national security concerns.

H.R. 3547 (Lamar), Consolidated Appropriations Act, 2014. Introduced on November 20, 2013. Passed the House on December 2, 2013. Passed the Senate on December 12, 2013. House agreed to the Senate amendment on January 15, 2014. Senate concurred in the House amendment on January 16, 2014. Signed into law on January 17, 2014, (P.L. 113-76). Sec. 8138 bans funding contravening Sec. 1246 of the NDAA (see above) on providing certain missile defense information to Russia. Sec. 7071 directs that before obligating assistance to the central government of Russia, the Secretary of State should consult with the Committees on Appropriations on how such assistance supports the national interests of the United States. Calls for funds appropriated to countries designated by the European Union to be Eastern Partnership countries (Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine) to be made available to advance the signing and implementation of Association Agreements, trade agreements, and visa liberalization agreements with the European Union (EU), and to reduce the vulnerability of the states to external pressure not to enter into such accords with the EU. Also calls for a report on pressure by Russia on the Eastern Partnership states to prevent their further integration into Europe, and an assessment of whether Russia is erecting nontariff barriers against imports of goods from these countries, and a description of actions by the U.S. government to ensure that the countries maintain full sovereignty in their foreign policy decisionmaking. Also calls for a report describing efforts by Russia to prosecute police and government personnel credibly alleged to be responsible for gross human rights violations against Russians affiliated with civil society organizations, the private sector, opposition political parties, and the media. Also calls for a report detailing Russia's support to Syria, including arms sales, and to Iran, including for nuclear research cooperation and sanctions relief.

H.Con.Res. 53 (Barbara Lee). Urges all parties to the conflict in Syria to resolve the crisis in Syria through a negotiated political settlement and to work through the United Nations and with the international community to hold the Assad regime accountable. Introduced September 12, 2013; referred to the Committee on Foreign Affairs.

H.Res. 24 (Bachmann). Expresses the deep disappointment of the House of Representatives in the enactment by the Russian government of a law ending inter-country adoptions of Russian children by United States citizens and urges the Russian government to reconsider the law and prioritize the processing of inter-country adoptions involving parentless Russian children who were already matched with United States families before the enactment of the law. Introduced January 14, 2013; referred to the House Committee on Foreign Affairs.

H.Res. 34 (Christopher Smith). Calls on the United States and Russia to continue cooperation in securing safe and loving homes for un-parented children. Introduced January 15, 2013; referred to the House Committee on Foreign Affairs.



H.Res. 402 (Engel). Supports the European aspirations of the peoples of the European Union's Eastern Partnership countries. Introduced November 12, 2013; referred to the House Committee on Foreign Affairs. Ordered to be reported November 20, 2013. Calls on Russia to respect the rights of states to make their own sovereign choices with regard to international partnerships, including to sign Association Agreements with the European Union.

S. 960 (Menendez). Syria Transition Support Act of 2013. Introduced May 15, 2013; referred to the Committee on Foreign Relations. Reported July 24, 2013, (S.Rept. 113-79) and placed on the legislative calendar. Calls for the Secretary of State to submit a report on a strategy for ensuring a political transition in Syria, providing humanitarian assistance, and limiting extremist and weapons proliferation threats, to include a description of efforts to establish a consensus with Russia on ending Russian financial and military support for the Assad regime; establishing a transition and post-transition period and government in Syria; and avoiding the expansion of extremist ideologies and terrorist groups in Syria and the region.

S. 1021 (Shaheen). Next Generation Cooperative Threat Reduction Act of 2013. Introduced May 22, 2013; referred to the Committee on Foreign Relations. Calls for the U.S. government to seek increased financial and other support from Russia and other countries for stronger worldwide physical security for WMD-related weapons and materials and for other international nonproliferation efforts, particularly in the Middle East and North Africa.

S.Res. 198 (Graham). Expresses the sense of the Senate that Russia should turn over Edward Snowden to U.S. authorities. Introduced July 18, 2013; referred to the Committee on Foreign Relations.

S.Res. 311 (Merkley). Calls on the International Olympic Committee (IOC) to strongly oppose Russia's discriminatory law against the freedom of expression for lesbian, gay, bisexual, and transgender persons and to obtain written assurance that host countries of the Olympic Games will uphold all international human rights obligations for all persons observing or participating in the Games regardless of race, sex, sexual orientation, or gender identity. Introduced November 21, 2013; referred to the Committee on Commerce, Science, and Transportation.

S.Res. 317 (Sessions). Expresses the sense of the Senate on the continuing relationship between the United States and Georgia. Introduced December 11, 2013; referred to the Committee on Foreign Relations. States that contrary to the 2008 Russia-Georgia ceasefire agreement, Russia has constructed barriers along the administrative boundaries between South Ossetia and the rest of Georgia, declares that the United States supports Georgia's sovereignty, independence, and territorial integrity, and raises concerns over the continued Russian occupation of South Ossetia and Abkhazia.

**Table I. U.S. Merchandise Trade with Russia, 1995-2012**

(in billions of dollars)

Year	U.S. Exports	U.S. Imports	U.S. Trade Balances	Year	U.S. Exports	U.S. Imports	U.S. Trade Balances
1995	2.8	4.0	-1.2	2004	3.0	11.9	-8.9
1996	3.3	3.6	-0.3	2005	3.9	15.3	-11.3
1997	3.4	4.3	-0.9	2006	4.7	19.8	-15.1
1998	3.6	5.7	-2.1	2007	7.4	19.4	-12.0
1999	2.1	5.9	-3.8	2008	9.3	26.8	-17.5
2000	2.1	7.7	-5.6	2009	5.4	18.2	-12.8
2001	2.7	6.3	-3.5	2010	6.0	25.7	-19.7
2002	2.4	6.8	-4.4	2011	8.3	34.6	-26.3
2003	2.4	8.6	-6.2	2012	10.7	29.3	-18.6

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

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

**Table 2. U.S. Government Funds Budgeted for Assistance to Russia, FY1992-FY1999**

(in millions of dollars)

Fiscal Year/ Program Area	1992	1993	1994	1995	1996	1997	1998	1999
Economic Growth	84.68	137.21	1,187.92	231.37	72.69	39.35	51.21	74.0
Governing Justly & Democratically	33.93	63.82	238.65	70.8	49.97	38.16	67.27	83.85
Humanitarian Assistance	167.89	1060.4	39.49	48.44	35.34	0.93	6.34	1,167.34
Investing in People	13.1	8.31	79.85	12.67	10.98	10.59	10.55	15.42
Peace & Security	28.81	182.71	361.69	203.19	323.18	456.21	461.36	790.05
Program Support	0	0	4.0	0.44	0	0	0	0
Cross-Cutting	0	0	0	0	0	0	0	0
<b>Total</b>	<b>2320.41</b>	<b>3445.45</b>	<b>3,905.6</b>	<b>2561.91</b>	<b>2488.16</b>	<b>2542.24</b>	<b>2594.73</b>	<b>4,129.66</b>

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

**Notes:** Includes "all spigot" program and agency assistance. Classified assistance is excluded.

**Table 3. U.S. Government Funds Budgeted for Assistance to Russia, FY2000-FY2010, and Totals, FY1992-FY2010**

(in millions of dollars)

<b>Fiscal Year/ Program Area</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>Total FY1992- FY2010</b>
Economic Growth	58.65	60.13	60.62	54.47	33.93	9.54	7.71	3.41	1.21	0.91	1.3	2,170.3
Governing Justly & Democratically	68.26	82.26	79.89	79.98	64.31	64.04	78.7	57.41	67.88	60.57	64.6	1,414.3
Humanitarian Assistance	243.1	92.37	23.83	26.1	19.97	1.5	13.23	0.0	3.67	4.2	1.7	2,955.8
Investing in People	15.88	21.92	21.92	19.36	21.31	28.59	23.82	23.95	29.64	23.71	9.9	366.0
Peace & Security	667.52	694.86	822.79	727.59	802.43	897.75	854.8	926.66	779.58	1,093.58	790.5	1,1865.3
Program Support	0	0	0	0	0	0	0.1	1.25	1.41	7.84	5.9	20.9
Cross-Cutting	0	4.19	5.49	5.0	2.71	6.88	4.48	0	0	0	0	28.74
<b>Total</b>	<b>3053.41</b>	<b>2956.73</b>	<b>3016.54</b>	<b>2915.5</b>	<b>2948.66</b>	<b>3013.3</b>	<b>2988.84</b>	<b>3019.68</b>	<b>2891.39</b>	<b>3,199.81</b>	<b>2883.9</b>	<b>18,821.4</b>
As % of Eurasia aid												48

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

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

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