

# 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 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 sharply deteriorated 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. After pro-Russian Crimean elements staged a referendum on March 16, 2014, that approved joining Russia, the Russian legislature and President Putin quickly approved formal annexation. Russia’s military forces also massed on its borders with the rest of Ukraine, threatening further incursions. As Russia moved to annex Crimea, President Obama issued further executive orders sanctioning individuals and one Russian bank. A revised G-7 meeting on March 24, 2014, announced that Russia was suspended from further proceedings.

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## Most Recent Developments: Russia's Military Intervention and Annexation of Crimea<sup>1</sup>

On March 16, the Crimean authorities held a referendum on Crimea's annexation to Russia. Crimea's union with Russia was allegedly approved by 96.77% of those voting, with a turnout of 83.1%. Ukraine, the United States, the European Union, and other countries denounced the referendum as illegal and not held in a free or fair manner. President Putin signed a "treaty" with Crimean leaders on March 18 formally incorporating Crimea into Russia. This move was also denounced by Ukraine, the United States, the EU and other countries as a blatant violation of Ukraine's sovereignty and territorial integrity and a violation of international law.

Until March 18, the Russian takeover of Crimea had been achieved with no bloodshed with the Ukrainian government forces on the peninsula, even in cases where Russian troops forcibly seized Ukrainian installations. However, on that day one Ukrainian soldier was killed when Russian forces stormed a Ukrainian base in Simferopol. On March 24, Ukraine announced that it would withdraw its remaining military personnel from Crimea, due to threats against them and their families made by Russian forces. On March 28, Russian Defense Minister Sergei Shoigu said that military installations in Crimea were under its control and that all Ukrainian troops that remained loyal to Ukraine had left the peninsula.

On March 17, the Administration announced visa bans and asset freezes against several senior figures from Russia and the secessionist Crimean government. On March 16 and 20, after Russia moved to annex Crimea, the Administration issued two additional Executive Orders expanding the scope of sanctions. They permit the Administration to freeze the assets of persons working in key areas of the Russian economy, including "financial services, energy, metals and mining, engineering, and defense and related materiel" (see also below, "U.S.-Russia Relations after the Occupation and Annexation of Crimea").

On March 18, 2014, President Putin signed a treaty with Crimea annexing the region, and that same day presented it to the Russian Federal Assembly (legislature) for ratification, along with a bill changing the constitution to add Crimea and Sevastopol as federal units of Russia. A speech he delivered was viewed by many observers as reprising themes he and other officials made over the last few weeks of the crisis, and as indicative of his thinking and grievances. He emphasized the long history of Russian domination over Ukraine, but as depicted in Soviet historiography on nationality issues, viewed the relationship as beneficial to both Russians and Ukrainians. He did not distinguish between Ukrainian and Russian national identity, asserting that both nations were "one people, we cannot live without each other." He stressed that "Crimea has always been an inseparable part of Russia." He stated that in Ukraine in early 2014, "nationalists, neo-Nazis, and anti-Semites ... resorted to terror, murder, and riots," leading to a coup. He asserted that "these ideological heirs of Bandera, Hitler's accomplice during World War II," were Russo-phobes aiming to repress Russian-speakers in Crimea. Russia created conditions for Crimeans to freely vote on their future for the first time in history, he claimed. He asserted that the Crimean region of Ukraine had the same right as Ukraine itself took in 1991 to self-determination, and also averred that since Kosovo Albanians were encouraged by the United States and the West to claim independence, then Russians, Ukrainians, and Crimean Tatars could do the same.

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

In a second part of his speech, President Putin outlined what he viewed as a long history of U.S. and Western abuses against Russia. He asserted that what he viewed as the orchestration of a coup in Ukraine had finally “crossed the line,” that Russia had been backed into a corner from which it could not retreat, and that an overwound spring would “snap back hard.” Ticking off grievances, he depicted the world since the collapse of the Soviet Union as unstable, with the United States sweeping aside international law and “ruling by the gun,” believing in its own exceptionalism to unilaterally decide the destiny of the world. The United States acts as it pleases, he asserted, either forcing international organizations to approve its actions or ignoring them, as it did in Yugoslavia, Afghanistan, and Iraq. He also appeared to identify the United States as orchestrating “color revolutions” in other countries to impose standards that violate the way of life, traditions, and culture of the peoples of those countries, leading to chaos and violence, and the “Arab Winter.” Such “color revolutions” have been aimed at Ukraine and Russia and against Eurasian integration, he asserted. He claimed that Russia had to act to prevent NATO from taking over Crimea and threatening southern Russia. He termed the protection of Russian-speakers a priority of all Russians and hence a foundation principle of foreign policy. He depicted those in Russia who might object to the annexation as “national traitors” manipulated by the West, and argued that 95% of Russian citizens and the great majority of Crimeans support the annexation of the region.<sup>2</sup>

On March 20, the State Duma (lower legislative chamber) almost unanimously approved the annexation treaty and the constitutional changes. The next day, the Federation Council (upper legislative chamber) unanimously gave its approval. Putin signed the bill into law and the federal changes became part of the constitution. He immediately appointed a presidential representative to administer the new federal district.

On March 27, 2014, the U.N. General Assembly approved a resolution by the vote of 100-11, with 58 abstentions, affirming Ukraine’s territorial integrity and terming the March 16 referendum in Crimea illegitimate and not a basis for a change in the status of the region. Russia’s U.N. ambassador Vitaly Churkin argued that Russia could not ignore the right of Crimeans to self-determination and that Crimea had been “re-unified” with Russia. Armenia and Belarus joined Russia in voting against the resolution, while Azerbaijan, Georgia, and Moldova voted for it. Among other Soviet successor states that attended the session, Kazakhstan and Uzbekistan abstained. China, Afghanistan, and Pakistan also abstained. Kyrgyzstan, Tajikistan, and Turkmenistan did not participate in the vote.<sup>3</sup>

In late March 2014, President Obama expressed concern about the build-up of Russian forces on Ukrainian’s borders and called for their pullback. Press reports citing unnamed U.S. intelligence officials put their number at about 30,000, although the Secretary of Ukraine’s National Security and Defense Council has estimated them at about 100,000.

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<sup>2</sup> Ministry of Foreign Affairs of the Russian Federation, *Vladimir Putin Addressed State Duma deputies, Federation Council Members, Heads of Russian Regions and Civil Society Representatives in the Kremlin*, March 18, 2014.

<sup>3</sup> U.N. General Assembly, Department of Public Information, *General Assembly Adopts Resolution Calling upon States Not to Recognize Changes in Status of Crimea Region*, GA/11493, March 27, 2014; Louis Charbonneau, “Russia Threatened Countries Ahead of U.N. Vote on Ukraine–Envoys,” *Reuters*, March 28, 2014.

## 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, engagement 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. U.S.-Russia relations have faced severe challenges posed by Russian foreign behavior, including in Georgia in August 2008 and Ukraine in February-March 2014.

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>4</sup>

## Political and Human Rights Developments

### Background

Russia is a multi-ethnic state with over 100 nationalities and a complex federal structure inherited from the Soviet period that includes regions, republics, territories, and other subunits. During Boris Yeltsin's presidency, many of the republics and regions won greater autonomy. Only the Chechen Republic, however, tried to assert complete independence. 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.

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<sup>4</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.



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.

### 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 142.47 million (CIA, *The World Factbook*, mid-2014 est.). Administrative subdivisions include 46 regions, 22 republics, 9 territories, and 8 others (Crimea Republic and Sevastopol as a federal city were added on March 20, 2014..

**Ethnicity:** Russian 77.7%; Tatar 3.7%; Ukrainian 1.4%; Bashkir 1.1%; Chuvash 1.1%; Chechen 1.0%; other 14% (2010 estimate).

**Gross Domestic Product:** \$2.553 trillion; per capita GDP is about \$18,100 (*World Factbook*, 2013 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.

## **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>5</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," 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>6</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.

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<sup>5</sup> According to some measures, Russia has by far the greatest income inequality among industrialized countries.

<sup>6</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.

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>7</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 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.

## **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-

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<sup>7</sup> RFE/RL, *Newsline*, February 5, 20, 2008.

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. 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>8</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 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**

The stage would be set for the upcoming presidential election by a December 2011 State Duma election. As this 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. Russian authorities also moved against one prominent Russian nongovernmental monitoring group, Golos (Voice), to discourage its coverage of the election. According to OSCE observers 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.<sup>9</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. 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 release of those detained for protesting and other "political prisoners," the registration of

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<sup>8</sup> *Eurasia Daily Monitor*, October 3, 2011.

<sup>9</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. 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). 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.

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>10</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.

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 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

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<sup>10</sup> CEDR, May 7, 2012, Doc. No. CEP-6001.



gubernatorial elections were considered only semi-progressive by many observers (see below).

## 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. 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>11</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, 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

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

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 repressive laws were passed after Putin returned to the presidency that appeared to limit or reverse the initiatives carried out during Medvedev's presidency that were viewed as supporting democratization and human rights to some degree.<sup>12</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. 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. Reportedly, nearly 7,000 NGOs were inspected in 2012 under the new law.
- 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 reinstituting 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.

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<sup>12</sup> For one assessment of the vitiation of the Medvedev reforms, see *CEDR*, January 15, 2013, Doc. No. CEP-008011.

- 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>13</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>14</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 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 policy makers 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

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<sup>13</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>14</sup> *RIA Novosti*, April 2, 2013.



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>15</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>16</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 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>17</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.

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<sup>15</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>16</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.

<sup>17</sup> *Interfax*, October 15, 2012.

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>18</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>19</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.

## **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.

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<sup>18</sup> CEDR, June 12, 2013, Doc. No. CEN-49688694; June 13, 2013, Doc. No. CEL-40595330.

<sup>19</sup> CEDR, August 3, 2013, Doc. No. IML- 57494110.

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>20</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.

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.

<sup>20</sup> CEDR, February 29, 2012, Doc. No. CEP-950048.

### ***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>21</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.<sup>22</sup> 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, 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>22</sup>

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<sup>21</sup> The treaty may be terminated one year after notification by one of the parties.

<sup>22</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.

## *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>23</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>24</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 prejudice.<sup>25</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 countries.<sup>26</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.

<sup>23</sup> *Interfax*, December 13, 2012; *CEDR*, December 20, 2012, Doc. No. CEP-950103.

<sup>24</sup> *Interfax*, December 20, 2012.

<sup>25</sup> *CEDR*, December 28, 2012, Doc. No. CEP-950169.

<sup>26</sup> *CEDR*, January 24, 2013, Doc. No. CEP-049001.



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. 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 259 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 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. He refused to meet with Senator Landrieu and other Members of Congress concerned about the adoption ban.<sup>27</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>28</sup>

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.

<sup>27</sup> “U.S. Senator: Russia Stalling On Adoption, Children’s Rights Ombudsman An ‘Ass,’” *RFE/RL*, September 20, 2013; *Interfax*, September 23, 2013.

<sup>28</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 Inter-country 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.

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>29</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>30</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).

In late December 2013, Astakhov claimed that of the 259 children “in the pipeline,” all but 79 had been settled with Russian families, and of these, 31 would be settled soon. In late March 2014, he complained that the State Department was failing to provide timely information on the fate of “our children” in the United States.

### **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. Commenting on the sentences in early October 2012, President Putin stated that the sentences were appropriate given the fact that the singers were “undermining morality and destroying the country,” and because the case had been publicized internationally.<sup>31</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. A trial in the city of Kirov began in April 2013. On July 18, 2013, he was found guilty and sentenced

<sup>29</sup> CEDR, December 5, 2013, Doc. No. CEL-58382505; November 26, 2013, Doc. No. CER-30408268; *Interfax*, September 17, 2013.

<sup>30</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>31</sup> *Interfax*, October 7, 2012.

to five years in prison. 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 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 (see below).
- *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 (see below).

### **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 reportedly launched inspections of hundreds of suspect NGOs. 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>32</sup>

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>33</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.

In February 2014, the legislature amended the law on NGOs to provide more grounds for carrying out surprise inspections of NGOs.

On March 6, 2014, the For Human Rights NGO was ordered by the Justice Ministry to suspend most of its activities, since it had refused to register as a “foreign agent.” The NGO argued that it had not recently received such funds.

Not all Russian officials have endorsed the amended NGO law. On March 6, 2014, an official in the Office of the Human Rights Commissioner warned that the law had given the government excessive control over the finances and public activities of NGOs. Nonetheless, on March 27, 2014, President Putin called for tightening the law to ensure that civil society groups are not carrying out the bidding of foreign countries. One Senator in the Federation Council asserted that Russia needed to make sure that a situation did not transpire as in Ukraine, where foreign interests funded “violence.” The proposals included requiring research institutes and universities

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<sup>32</sup> *RFE/RL*, March 30, 2013; U.S. Department of State, Daily Press Briefing, March 28, 2013.

<sup>33</sup> *CEDR*, July 9, 2013, Doc. No. CEL-59143180; July 10, 2013, Doc. No. CEL-66549127.

that receive foreign funds and which “broadcast dangerous ideas” to register as “foreign agents.”<sup>34</sup>

## **The Post-Sochi Olympics Restrictions on Human Rights**

Some observers argued that the Putin government resumed suppressive actions against political oppositionists and human rights activists after international attention on Russia waned after the closing ceremony of the February Sochi Olympics. On February 24, 2014, the day after the end of the Games, a Moscow Court sentenced eight defendants in the Bolotnaya Square case to prison terms ranging from 2.5 to 4 years (one defendant received a suspended sentence). Several hundred individuals protesting the trial and convictions were detained outside the courthouse and elsewhere. Aleksey Navalny was among those detained, and he was placed under indefinite house arrest. Outgoing U.S. Ambassador McFaul termed the Bolotnaya convictions excessive and selective justice.

Razvozhayev and Udaltsov are among Bolotnaya defendants who remain in detention pending their trials. Reportedly, others under investigation have fled the country.

Some media restrictions were reported in the wake of the Olympics and after Russia’s occupation and annexation of Crimea.

## **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.

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

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<sup>34</sup> *Interfax*; March 27, 2014 and March 6, 2014; *CEDR*, March 7, 2014, Doc. No. CEL-44553545.

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>35</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>36</sup> In late 2012, the government 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.

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<sup>35</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>36</sup> *The Moscow Times*, June 20, 2012.

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>37</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>38</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>39</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-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

<sup>37</sup> To compare in terms of casualties, 1,826 U.S. troops were killed in Afghanistan during the same period.

<sup>38</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>39</sup> Mairbek Vatchagaev, “Violence in Dagestan Accelerated in 2012,” *North Caucasus Analysis*, January 10, 2013.

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>40</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>41</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.
- 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.

<sup>40</sup> CEDR, May 10, 2012, Doc. No. CEP-6019 and Doc. No. CEP-950199.

<sup>41</sup> CEDR, August 7, 2012, Doc. No. CEP-015006.

- 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>42</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).
- In January 2014, Abu Muhammad (Aliaskhab Kebekov), the Qadi’ of the Caucasus Emirate, referred to Umarev’s death. In March 2014, he reaffirmed that Umarev had died and announced that he had been selected as the new military head of the Caucasus Emirate. Since Umarev had appointed Kebekov as Qadi’ in 2010, many observers suggest that Kebekov will continue Umarev’s policies. These observers suggest that the apparent difficulty in finding a replacement for Umarev may indicate a weakening of the ranks of the Caucasus Emirate due to counterinsurgency operations of the Russian government. They also point out that Kebekov’s ethnicity as an Avar from Dagestan exemplifies the widened focus of the Caucasus Emirate beyond the earlier goal of independence for Chechnya.

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

<sup>42</sup> CEDR, January 14, 2014, Doc. No. CEL-53389107.



over time, the Caucasus Emirate has expanded its operations globally, with cells being discovered in Belgium, Germany, Czech Republic, France, and Azerbaijan.<sup>43</sup>

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

U.S. policy makers 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>44</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.

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 Obama Administration’s 2009-2014 Attempt to Improve 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.

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<sup>43</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.

<sup>44</sup> State Department, *Daily Press Briefing*, December 3, 1999; U.S. Senate, Select Committee on Intelligence, *Hearing on Worldwide Threats*, February 2, 2000.

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-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>45</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>46</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

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<sup>45</sup> U.S. Department of State, *Country Reports on Terrorism 2012*, May 30, 2013.

<sup>46</sup> *ITAR-TASS*, January 31, 2013.



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.

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>47</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>48</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

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<sup>47</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>48</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.

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>49</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.

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>50</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>51</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.

<sup>49</sup> *Congressional Record*, September 7, 2005, p. S9718.

<sup>50</sup> For more detail, see CRS Report R42006, *Russian Military Reform and Defense Policy*, by (name redacted). 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>51</sup> Members include Armenia, Azerbaijan, Belarus, Moldova, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, Ukraine, and Uzbekistan. Georgia withdrew following the August 2008 Russia-Georgia conflict.

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 conflict.<sup>52</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. Policy makers 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>53</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>54</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

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<sup>52</sup> *The Military Balance*, p. 211.

<sup>53</sup> The Kremlin, President of Russia, *Vladimir Putin Held an Expanded-Format Security Council Meeting, Novo-Ogarevo, Moscow Region*, August 31, 2012.

<sup>54</sup> *CEDR*, March 26, 2013, Doc. No. CEL-54682223.

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>55</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 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>56</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>57</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 Obama Administration's 2009-2014 Attempt to Improve 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.

<sup>55</sup> CEDR, May 15, 2012, Doc. No. CEP-358003.

<sup>56</sup> Roger McDermott, *Eurasia Daily Monitor*, November 13, 2012; CEDR, December 10, 2012, Doc. No. CEP-009016.

<sup>57</sup> Dmitry Gorenburg, *The Russian Military under Sergei Shoigu: Will the Reform Continue?* PONARS Eurasia Policy Memo No. 253, June 2013. See also Jakob Hedenskog and Carolina Vendil Pallin, eds., *Russian Military Capability in a Ten-Year Perspective*, Swedish Defense Research Agency, December 2013; Walter Pincus, "Russia's Military is the Largest in the Region, but it Isn't the Same Force as in Soviet Times," *The Washington Post*, March 10, 2014.

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
- 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>58</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

<sup>58</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.



2012, and discussed cadet exchanges and other matters. The Russian co-head, Chief of the Education Directorate of the Defense Ministry Yekaterina Priyezzheva, 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.”

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 Priyezzheva, and 30 commissioners. The Joint Commission held its first meeting under the new Russian co-chair in St. Petersburg in June 2012. However, Priyezzheva was dismissed in December 2012, and as of December 2013, Russia reportedly has not designated a new co-chair.

In January 2014, Director of National Intelligence James Clapper presented the intelligence community’s annual worldwide threat assessment, which included an appraisal that “following measured improvements to [Russian military] capabilities in the past year, it is setting its sights on the long-term challenges of professionalization and rearmament. The new [military] leadership ... has largely kept the military on the same strategic trajectory. The military in the past year has taken an increasingly prominent role in out-of-area operations, most notably in the eastern Mediterranean but also in Latin America, the Arctic, and other regions, a trend that will probably continue. Moscow is negotiating a series of agreements that would give it access to military infrastructure across the globe. These bases are generally intended to support ‘show the flag’ and ‘presence’ operations that do not reflect wartime missions or a significant power projection capability. He also assessed that “Russia will continue its engagement with the United States on issues that address its priorities—Syrian CW as well as Afghanistan, Iran, and North Korea.”<sup>59</sup>

In early March 2014, the Defense Department issued its *Quadrennial Defense Review 2014* (QDR), which similarly assessed that “the United States is willing to undertake security cooperation with Russia, both in the bilateral context and in seeking solutions to regional challenges, when our interests align, including Syria, Iran, and post-2014 Afghanistan. At the same time, Russia’s multi-dimensional defense modernization and actions that violate the sovereignty of its neighbors present risks. We will engage Russia to increase transparency and reduce the risk of military miscalculation.” In regard to the U.S. military presence in Europe, the QDR stated that “we will continue to work to achieve a Europe that is peaceful and prosperous, and we will engage Russia constructively in support of that objective.”<sup>60</sup> Perhaps marking a more cautious assessment, on March 23, 2014, General Philip Breedlove, Supreme Allied Commander Europe (SACEUR) stated that “Russia is acting much more like an adversary than a partner,” necessitating changes in NATO’s strategic planning (see below).<sup>61</sup>

<sup>59</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, January 29, 2014.

<sup>60</sup> U.S. Department of Defense, *Quadrennial Defense Review 2014*, March 5, 2014.

<sup>61</sup> Brooks Tigner, “Russia Behaving ‘Like an Adversary’, Says SACEU,” *Jane’s Defense Weekly*, March 23, 2014.

## Trade, Economic, and Energy Issues

### Russian Economic Conditions<sup>62</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, 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>63</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. Russian GDP growth slowed to 1.5% in 2013. 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>64</sup> On several occasions, former President Medvedev expressed the need for Russia to diversify its economy.<sup>65</sup> Looking ahead, an important issue regarding Russia is whether President Putin will carry through on economic reform or protect the status quo.

President Obama has issued three executive orders authorizing sanctions in the form of seizure of U.S. assets and travel to the United States. The latest, issued on March 20, expanded the list of sanctioned individuals to include additional government officials and non-government individuals and one institution—Bank Rossiya—reportedly with close ties to the Russian leadership. The sanctions targeted those who the Secretary of the Treasury determines to be operators and associates in various sectors of the Russian economy, including financial services, metals and mining, engineering, and defense. The sanctions target individuals rather than sectors of the Russian economy and therefore their effects are designed to hit more specifically rather than the

<sup>62</sup> Prepared by (name redacted), Specialist in International Trade and Finance.

<sup>63</sup> Economist Intelligence Unit.

<sup>64</sup> The World Bank, *Russian Economic Report*, No. 22, June 2010, p. 1.

<sup>65</sup> Economist Intelligence Unit. *Country Report—Russia*. January 2010.

Russian economy as a whole. Nevertheless, the tension that the crisis has caused may have some effect on the Russian economic environment, at least in the short term. For example, the Russian stock index decreased sharply during this period and the Russian ruble has depreciated. It is not certain to what degree these trends result from the crisis over Ukraine and to what degree they reflect declining Russian economic trends that were occurring prior to the crisis (see also below, “U.S.-Russia Relations after the Occupation and Annexation of Crimea”).

## **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 did not have a direct role in Russia’s accession to the WTO but had 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>66</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.

## **Russian Energy Policy<sup>67</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

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<sup>66</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.

<sup>67</sup> Prepared by (name redacted), Specialist in European Affairs.



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, about half of total Russian government revenue came from oil and natural gas taxes, according to President Putin. 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 about 30% 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>68</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>69</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 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

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<sup>68</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>69</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.

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. Moreover, the Russian seizure of Crimea could cause the EU to rethink the wisdom of moving forward with South Stream.

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 only 86 bcm were transported to Europe in 2013. Ukraine's system currently transports about 52% of Russian gas exports to Europe.

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.

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>70</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.

After the collapse of the Yanukovych regime in February 2014, Gazprom warned Ukraine that it could cut off supplies to Ukraine if it does not pay the debts it owes. Such a move by Gazprom could spark a third natural gas crisis in Europe in less than 10 years. Russian Prime Minister Dmitri Medvedev has said Russia will renounce the Kharkiv agreements, which provided Ukraine a natural gas price discount in exchange for basing rights for the Russian Black Sea Fleet in Crimea. Ukrainian leaders say that in such a case Gazprom could start charging Ukraine as much as \$500 per thousand cubic meters of gas, about a third more than it charges any other country in Europe.

## 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 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>71</sup> In February 2007, at the 43<sup>rd</sup>

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<sup>70</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).

<sup>71</sup> Dmitri Trenin, "Russia's Spheres of Interest, not Influence," *The Washington Quarterly*, October 2009.

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>72</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>73</sup>

## Russia and the European Union<sup>74</sup>

In recent years, the European Union (EU) has cast its relationship with Russia as a “strategic partnership.” Analysts observe that EU-Russia partnership has been based largely on commercial ties, natural gas, and practical cooperation on foreign policy issues such as Iran’s nuclear program. Russia’s annexation of Crimea has triggered a fundamental reappraisal of the EU’s approach to its eastern neighbor, however. With uncertainty over Russia’s future intentions, European policy makers have been confronted with the prospect of Russia as a potential adversary rather than a partner.

The EU joined the United States in condemning the March 16 Crimea referendum as illegal and refusing to recognize its outcome. The EU has also joined the United States in taking steps to diplomatically isolate Russia, including by suspending talks on a visa waiver agreement that has been a priority of the Russian government and on a new framework agreement under which the EU would help develop and modernize Russia’s economy. On March 17, EU foreign ministers imposed a visa ban and asset freeze on 21 officials involved in the takeover of Crimea, and added an additional 12 names to the blacklist on March 21. EU leaders have threatened to adopt considerably wider economic and financial sanctions against Russia should it take additional actions with relation to territory in eastern Ukraine.

Energy, trade, and economics have conditioned debates in Europe about sanctions and other ways of responding to Russia’s actions in Ukraine. 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

<sup>72</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>73</sup> Open Source Center, *Europe: Daily Report*, March 14, 2012, Doc. No. EUP-232005.

<sup>74</sup> Prepared by (name redacted), Analyst in European Affairs.

energy.<sup>75</sup> Russia is also the EU's third-largest trade partner (behind the United States and China). EU-Russia trade totaled €379.3 billion (approximately \$523.4 billion) in 2012.<sup>76</sup> Citing concerns about energy dependence and factors such as German jobs and exports, or even the outsized role of wealthy Russians in the London real estate market, Europeans reluctant to threaten harsher sanctions note that both sides pay a price. Others have argued that sanctions risk antagonizing Russia and escalating tensions.

Nevertheless, most European political leaders and many business leaders have asserted that EU countries must be willing to risk an economic hit as a price of standing against Russian aggression. The EU's economic leverage is not inconsiderable: in terms of trade and investment, the EU is far and away Russia's most important partner, accounting for nearly half of Russia's trade and three-quarters of its foreign direct investment (FDI). Beyond sanctions, therefore, perceptions of enhanced risk could have a large effect on the Russian economy if European investors increasingly decide to pull out or avoid the Russian market. In addition, 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, and gas sales to EU countries are an important revenue source for Russia.

As discussed above (see "Russian Energy Policy"), energy dependence and aggressive Russian energy policies have been a leading cause of tensions felt by some of the countries of Central and Eastern Europe with regard to Russia, and the apparent Russian inclination to use energy supplies as an instrument of foreign policy has long raised concerns about potential vulnerabilities. Many officials and analysts have long highlighted the need for the EU to further diversify its energy supply in order to decrease reliance on Russia. Recent events in Ukraine and Crimea have created a renewed sense of urgency in relation to such efforts, as well as efforts to mitigate the risks of dependence by completing a more interconnected internal EU energy market.<sup>77</sup>

Prior to the events in Ukraine, the EU had already begun to convey that Gazprom is expected to operate according to EU regulatory rules. In 2012, the European Commission launched 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. In addition, provisions of EU energy legislation adopted in 2009 seek to increase competition in the EU energy market by "unbundling" the ownership of gas production from distribution, and requiring 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 also 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.

Beyond the more tangible issues of energy and economic ties, traditional attitudes and outlooks on Russia differ considerably among the 28 EU member states. In broad terms, the governments of some countries, such as Germany, France, and Italy, have been inclined to an approach based on pragmatism and engagement. They have tended to believe that the maintenance of extensive

<sup>75</sup> See, for example, Daniela Schwarzer and Constanze Stelzenmüller, *What is at Stake in Ukraine*, German Marshall Fund of the United States, Europe Policy Paper 1/2014, p. 8.

<sup>76</sup> European Commission DG Trade, <http://ec.europa.eu/trade/policy/countries-and-regions/countries/russia/>. Energy accounts for more than three-quarters of Russia's exports to the EU.

<sup>77</sup> See European Council, *Conclusions*, March 21, 2014, pp. 9-10.



ties and constructive dialogue is the most effective way to influence Russia. Supporters of this approach also observe that Russian cooperation is important on foreign policy and security issues. Countries such as Poland and the Baltic States, on the other hand, have tended to view Russia more as a potential threat to themselves and their neighbors. Difficult relations between these countries and Russia are deeply rooted in the historical experiences of the Soviet domination of Eastern Europe. Analysts have observed that the sharpness of such divisions within the EU appeared to have diminished in recent years, giving way to an emphasis on economic and energy cooperation with Russia. The annexation of Crimea has caused a distinct shift in perceptions across the board, however, moving the traditional advocates of pragmatism more into alignment with those who have tended to view Russia with wary skepticism.

In past years, the EU-Russia relationship has had its share of tensions—over governance and human rights issues, energy issues, foreign policy disagreements, and trade disputes—but the two sides have been able to maintain their relationship on the basis of their pragmatic “strategic partnership.” Despite the adamant reaction to the annexation by EU and member state leaders, some observers suggest that many elements of “business as usual” are likely to remain, especially in the commercial and energy realms. Such skeptics suggest that the disruption to relations could be temporary if the situation in Ukraine de-escalates, citing the 2008 Russia-Georgia conflict and its aftermath as evidence of an up-and-down cycle of tensions between Russia and the West.

On the other hand, analysts have observed that forcible territorial annexation has an historical echo in Europe that should not be underestimated. Russia’s military build-up on its border with Ukraine and a lack of transparency about Russia’s plans, punctuated by Vladimir Putin’s March 18 speech, have raised alarms about the possibility of additional Russian intentions in areas populated by Russian speakers, not only in Ukraine and Moldova but also in EU member states Latvia and Estonia. Among some analysts and policy makers, a game-changing narrative has therefore emerged of Putin’s Russia as a threat to peace and stability in Europe, and as an adversarial power that flouts European principles and values.

Events in Ukraine have also made clear that the EU’s Eastern Partnership has become a major sticking point in the EU-Russia relationship. 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. From the viewpoint of the EU, partner countries participate in the Eastern Partnership under the principle that sovereign states are free to choose their associations and alliances. According to analysts, however, Russia has come to view the Eastern Partnership as a zero-sum game and an infringement on its perceived regional sphere of influence. Russia has pointedly sought to assert its own influence and counteract the Eastern Partnership, most notably in Ukraine, Armenia, and Georgia.

## **NATO-Russia Relations<sup>78</sup>**

Russia’s annexation of Crimea has been strongly condemned by NATO and its 28 member states and prompted the alliance to reassess its efforts to build a cooperative partnership with Russia. In late March 2014, NATO Secretary General Anders Fogh Rasmussen characterized Russian aggression in Ukraine as a turning point for NATO-Russia relations, declaring that NATO can “no

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<sup>78</sup> Prepared by (name redacted), Analyst in European Affairs.



longer do business as usual with Russia.”<sup>79</sup> This, at least for the short-term, marks the end of what was portrayed at NATO’s 2010 Lisbon Summit as the beginning of a new era in NATO-Russia ties, based on practical cooperation on common security challenges. NATO has suspended staff-level meetings with Russia and announced a review of all existing areas of cooperation. Noting an end-goal of improved relations, NATO has kept the door open for broader political dialogue.

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. Observers point out though that while some progress has been made, Russian officials, and particularly President Putin, have remained 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 has been a continuing 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.” As noted above, formal staff-level meetings of the NRC were suspended in March 2014.

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>80</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.

Russia’s actions in Ukraine have heightened long-standing tensions that last escalated in the wake of Russia’s August 2008 invasion of Georgia, after which the two sides also suspended formal ties in the NATO-Russia Council. Russia’s actions have 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 have argued that NATO’s unwillingness or inability to prevent Russia from moving to establish a permanent military presence in Abkhazia, South Ossetia, and Ukraine has diminished the credibility of the alliance’s core principle of collective defense, as enshrined in Article 5 of the North Atlantic Treaty. Although Georgia and Ukraine are not members of the alliance, some

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<sup>79</sup> NATO, “A strong NATO in a changed world,” Speech by NATO Secretary General Anders Fogh Rasmussen at the “Brussels Forum,” March 21, 2014.

<sup>80</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.

Georgian, Ukrainian, and allied leaders have 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 appropriate NATO contingency planning in response to the possibility of future Russian action against a NATO ally or partner.

Since the end of the Cold War, the allies have consistently sought to assure Moscow that NATO does not pose a security threat to Russia. However, in response to the annexation of Crimea, the alliance has also taken steps to affirm and demonstrate its commitment to defending its members. This includes augmenting NATO's Baltic Air Policing Mission, conducting surveillance flights over Poland and Romania to monitor the situation in Ukraine, and heightening military awareness. The U.S. Administration has also called for new and enhanced contingency plans to be drawn for the defense of NATO's eastern European member states, and many member states have indicated a willingness to conduct military exercises in these states. Such exercises could be similar to NATO's November 2013 Steadfast Jazz exercise in Estonia, Latvia, Lithuania, and Poland. Steadfast Jazz—the largest NATO exercise to take place in the region in over ten years—was intended to certify command and control elements of the NATO Response Force (NRF), including in response to a possible attack on the territory of a NATO member state. Some analysts and NATO member states criticized the United States for sending only 300 troops to participate in the 6,000-man exercise. 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>81</sup>

As NATO and Europe's response to Russia's actions in Ukraine continues to evolve, some areas of ongoing NATO-Russia cooperation could be impacted. After NATO's 2010 Lisbon Summit, the two sides 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 defined specific areas of cooperation. This included 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 have highlighted cooperation with Russia in Afghanistan as a key example of the success of enhanced NATO-Russia cooperation. 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

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<sup>81</sup> “Russia Slams ‘Cold War’ Spirit of NATO Exercise,” *RiaNovosti*, July 7, 2013. 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. 3.

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.

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 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>82</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.

## **Russia and the Soviet Successor States<sup>83</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>84</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>82</sup> "Russian Military Ups the Ante on Missile Defense," The Associated Press, May 3, 2012.

<sup>83</sup> Prepared by (name redacted), Specialist in Russian and Eurasian Affairs, and (name redacted), Specialist in European Affairs.

<sup>84</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>85</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>86</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>87</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>85</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>86</sup> The Collective Security Treaty was signed in 1992 and renewed in 1999.

<sup>87</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.

## **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 that led to the collapse of the Yanukovich regime in February 2014.

Russia reacted with hostility to the collapse of the Yanukovich regime and the emergence of a new, more pro-Western leadership. A Russian foreign ministry statement on February 24 claimed that "terroristic methods" were being used to suppress dissent in the Russian-speaking regions of the country. The statement also criticized "Western partners" for acting not out of concern for the people of Ukraine, but out of "unilateral geopolitical considerations." Moscow has not recognized the new government in Kyiv as legitimate, and still recognizes Yanukovich, now residing in Russia, as President.

Russia also moved quickly to seize Ukraine's Crimea region. Starting on February 27, heavily armed Russian-speaking troops poured into Crimea, seizing airports and other key installations throughout the peninsula. Russian President Vladimir Putin claims that the troops were not Russian Federation military forces, but only local Crimean self-defense forces. Most observers on the ground noted the training, equipment, vehicle license plates, and even statements by the soldiers themselves all point to the Russian armed forces, not unofficial, local militia. Ukrainian, U.S. and officials from EU countries flatly rejected Putin's statement as a falsehood, charging that Russian Federation military forces have in fact invaded and occupied Crimea in a clear violation of international law. On March 11, Ukraine's Foreign Ministry said there were nearly 19,000 Russian troops in Ukraine.

On March 16, the Crimean authorities held a referendum on Crimea's annexation to Russia. According to Crimean officials, Crimea's union with Russia was allegedly approved by 96.77% of those voting, with a turnout of 83.1%. Ukraine, the United States, the European Union, and other countries denounced the referendum as illegal and not held in a free or fair manner. Russian President Vladimir Putin signed a "treaty" with Crimean leaders on March 18 formally incorporating Crimea into Russia. This move was also denounced by Ukraine, the United States,



the EU and other countries as a blatant violation of Ukraine's sovereignty and territorial integrity and a violation of international law.

Until March 18, the takeover had been achieved with no bloodshed with the Ukrainian government forces on the peninsula, even in cases where Russian troops have forcibly seized Ukrainian installations. However, on that day one Ukrainian soldier was killed when Russian forces stormed a Ukrainian base in Simferopol. On March 24, Ukraine announced that it would withdraw its remaining military personnel from Crimea, due to threats against them and their families made by Russian forces. On March 28, Russia said that military installations in Crimea were under its control and that all Ukrainian troops that remained loyal to Ukraine had left the peninsula.

The Ukrainian government is struggling to establish control over eastern and southern Ukraine. Thousands of pro-Russian protestors have demonstrated in the region, especially in the cities of Donetsk and Luhansk in the Donbas region and in Kharkiv. Some demonstrators favor union with Russia, others only greater autonomy from the government in Kyiv. Demonstrators have seized and relinquished government buildings. The Ukrainian government complains that many of the most militant (and armed) demonstrators have come from Russia.

Observers have speculated about Russia's goals and next moves with regard to Ukraine. The seizure and annexation of Crimea appeared to surprise some policy makers by its speed and brazenness. Russia's moves in Crimea could be one stage in a multi-stage effort that could involve an effort to seize control over eastern and southern Ukraine. Ukrainian officials say they have proof that Russia is playing a key role in stirring up demonstrations in eastern Ukraine. Russian officials have said the situation in eastern Ukraine is "chaos," which could provide a pretext for invasion. Ukrainian officials claim there are 100,000 combat-ready Russian troops near Ukraine's borders. Ukraine's armed forces have only 6,000 combat-ready soldiers at present, according to acting President Turchynov.

Even if no invasion occurs, Russia could continue to try to destabilize and discredit the pro-Western government in Kyiv, as well as the Ukrainian presidential elections set for May 25. In addition to its seizure of Crimea and reported efforts to stir unrest in eastern and southern Ukraine, Russia has imposed some de facto trade sanctions against Ukrainian imports. Ukrainian government servers have been hit by sophisticated cyber attacks, which may have come from Russia, although no proof of this has been publicly disclosed so far. Russia could expand these trade and cyber attacks, and possibly harass or expel some of the large number of Ukrainian citizens living and working in Russia.

## **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. 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. 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.

Russia's invasion of Ukraine's Crimea region has appeared to put Lukashenko in a difficult position. He has said that Crimea is part of the Russian Federation on the one hand and that Ukraine should stay a single, undivided country on the other. Observers speculate that such apparently contradictory statements are an effort by Lukashenko to placate a possibly more menacing Putin while trying to maintain a shred of foreign policy independence from Moscow.

### **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 June 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. However, observers speculate that Moscow might be tempted to recognize Transnistria's independence (perhaps when Moldova signs its AA in June), now that it has already braved strong international condemnation for its seizure of Crimea 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 1

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>88</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 Bidzina 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>89</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 has appeared less evident after 2013, when Russia strongly and successfully advocated that Kyrgyzstan close the Manas airbase.

## **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>90</sup> However, tensions soon

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<sup>88</sup> CEDR, October 22, 2013, Doc. No. CEL-40829587; October 15, 2013, Doc. No. CEL-51285601; September 18, 2013, Doc. No. CEL-57379774.

<sup>89</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 (name redacted).

<sup>90</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 (name redacted).

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. Some observers have argued that this nadir in relations in 2008 is one bookend to the late February-March 2014 occupation and annexation of Ukraine's Crimea region, which constitutes the other bookend to the Obama Administration's 2009-2014 attempt to improve relations.

## **The Obama Administration's 2009-2014 Attempt to Improve 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>91</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

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<sup>91</sup> *Federal News Service*, July 8, 2009.

same time, the strategy stresses that the United States “will support the sovereignty and territorial integrity of Russia’s neighbors.”<sup>92</sup> The Administration plans to update the strategy in 2014.

Then-President Medvedev visited the United States on June 22-24, 2010, to focus on business and technology ties between the two countries.<sup>93</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>94</sup> Some observers in the United States and Russia speculated that the quick resolution of the spy case indicated a concerted effort among policy makers 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,

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<sup>92</sup> The White House. *National Security Strategy*, May 2010.

<sup>93</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>94</sup> *Financial Times* (London), July 1, 2010.

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>95</sup>

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>96</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>97</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>98</sup>

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<sup>95</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*, 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>96</sup> The White House, Office of the Spokesperson, *Fact Sheet: The United States and Russia: A Multifaceted Relationship*, June 18, 2012.

<sup>97</sup> “Kremlin’s TV Seeks to Influence Politics, Fuel Discontent in U.S.,” *Open Source Center Analysis*, December 12, 2012.

<sup>98</sup> *CEDR*, December 10, 2013, Doc. No. CER-49477923.



## 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 to attempt to sustain and build on cooperative ties where possible, while also expressing concerns about ebbing cooperation in some areas.<sup>99</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>100</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.

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).

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>101</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,

<sup>99</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>100</sup> U.S. Department of State, *Daily Press Briefing*, January 25, 2013.

<sup>101</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.



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 was 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, and that a regular “two plus two” dialogue would be launched involving the Secretaries of State and Defense and the Ministers of Defense and Foreign Affairs.
- A joint statement on countering terrorism called for the exchange of operational information between intelligence agencies and the conduct of coordinated operations.
- A joint statement on cyber-security noted that communications links had been 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 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”).

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>102</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>103</sup> Despite this announcement, Foreign Minister Lavrov and Defense Minister Shoygu proceeded with a “two plus two” visit to

<sup>102</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>103</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.

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, “**Error! Reference source not found.**”).

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>104</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 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>105</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 for the upcoming Sochi Olympic Games in February 2014. 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, and William Burns, Deputy Secretary of State, was named to head the delegation for the closing ceremonies. Several members of the presidential delegations to the opening and closing ceremonies were prominent members of the LGBT community. 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

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<sup>104</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.

<sup>105</sup> *CEDR*, June 14, 2013, Doc. No. CER-46749216.

civil society in Russia, as well as the harassment caused to those who protest corruption in Russia.”<sup>106</sup>

In testimony to Congress in January 2014 on worldwide threats, Director of National Intelligence James Clapper warned that Russia and China are the most persistent intelligence threats and aggressively target the U.S. government, defense industries, and companies that deal with energy, finance, and the media. He assessed that President Putin’s crackdown on the political opposition had defused popular challenges to his rule. He argued that political opponents might run for office to gain power (although he did not mention the OSCE’s assessments of the quality of such elections). He stated that the government must balance the risks of an increasing Muslim population needed to offset a shrinking labor pool against rising ethnic Russian nationalism. He cautioned that the legitimacy of Putin’s rule will face risks from slowing economic growth which could harm his military modernization and social welfare plans. He stated that the Russian-mediated chemical weapons initiative in Syria strengthened Russia’s role in a settlement of the Syrian conflict and added legitimacy to the Syrian regime. He warned that Russia was making overtures to Egypt. He assessed that Russia would continue to pursue Eurasian integration, and would have to compete with the EU in the West and increasingly with China in Central Asia in pursuit of Eurasian integration. He stated that “the bilateral relationship with the United States will remain a priority for Russian foreign policy. We assess that Russia will continue its engagement with the United States on issues that address its priorities—Syrian CW as well as Afghanistan, Iran, and North Korea.”<sup>107</sup>

In the run-up to the February 2014 Olympic Games, several terrorist attacks took place in Russia, and the United States and other Western countries offered to boost counter-terrorism cooperation with Russia. President Putin discounted that several Western leaders chose not to attend the Games, and welcomed those who did attend, including Japanese Prime Minister Shinzo Abe, Chinese President Xi Jinping, Italian Prime Minister Enrico Letta, Kazakh President Nursultan Nazarbayev, and others.<sup>108</sup>

## U.S.-Russia Relations after the Occupation and Annexation of Crimea

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 undertook other sanctions against Russia.

Among Administration actions, on March 6, 2014, the President issued Executive Order 13660, invoking his authority under the International Emergency Powers Act, the National Emergencies Act, the Immigration and Nationality Act, and other legislation. The EO finds that the actions of persons—including persons who asserted governmental authority in Ukraine’s Crimea region

<sup>106</sup> The White House, Office of the Press Secretary, *Press Briefing by Press Secretary Jay Carney*, December 18, 2013.

<sup>107</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, January 29, 2014.

<sup>108</sup> For details, see CRS Report R43383, *The 2014 Sochi Winter Olympics: Security and Human Rights Issues*, coordinated by (name redacted).

without authorization by Ukraine's central government—who undermine democratic processes and threaten the peace, sovereignty, and territorial integrity of Ukraine constitute an unusual and extraordinary threat to U.S. national security and foreign policy. The President thereby declared a national emergency and ordered blocking the U.S. property and interests of persons whose acts undermine democratic processes in Ukraine, threaten the peace, sovereignty, or territorial integrity of Ukraine, misappropriate assets of Ukraine, or illegitimately assert governmental authority over Ukrainian territory without the approval of the central government. He also declared that the immigrant entry of such persons into the United States is detrimental to U.S. interests and is suspended.

The Administration explained 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>109</sup> No list of individuals subject to the visa ban was released.

A statement by the White House press secretary issued on March 6 stressed that discussions with Russia on trade and investment had been suspended, military-to-military engagement had been put on hold, and planning for a G-8 meeting in Sochi had been put on hold.

On March 17, 2014, the President issued Executive Order 13661, invoking his authority under the International Emergency Powers Act, the National Emergencies Act, the Immigration and Nationality Act, and other legislation. This EO expanded on the March 6 EO, finding that the deployment of Russian military forces in Ukraine's Crimea region and other actions undermine democratic processes and threaten the peace, sovereignty, and territorial integrity of Ukraine, and thereby constitute an unusual and extraordinary threat to U.S. national security and foreign policy. He directed that U.S. property and interests of eleven individuals be blocked, and for the Treasury Secretary to determine who else may fall under the sanctions, among those who are Russian government officials, work in Russia's arms industries, or act on behalf of such persons. He also directed that entry into the United States of such persons is detrimental to U.S. interests and is suspended.

- The seven Russian individuals include: Russian Duma deputy Yelena Mizulina anti-LGBT legislator and architect of the ban on U.S. adoptions of Russian orphans; Chairman of the Duma's Commonwealth of Independent States Committee Leonid Slutsky; Chairman of the Federation Council's Constitutional Law Committee Andrey Klishas; Speaker of the Federation Council Valentina Matviyenko; Deputy Prime Minister Dmitry Rogozin; Presidential advisor Vladislav Surkov; and Presidential advisor Sergei Glazyev.
- The White House also announced that same day that four Ukrainian individuals were being sanctioned under EO13660: the former president of Ukraine, Viktor Yanukovich, two Crimean separatist leaders, Sergey Aksyonov and Vladimir Konstantinov, and the pro-Yanukovich head of the Ukrainian Choice Party Viktor Medvedchuk. Aksyonov

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<sup>109</sup> The White House, Office of the Press Secretary, *Background Briefing by Senior Administration Officials on Executive Order on Ukraine*, March 6, 2014.

claimed to be the prime minister of Crimea and requested Russian military intervention and annexation. Konstantinov has acted as the speaker of the Crimean legislature, which declared Crimea's independence from Ukraine on March 11, and later called for Russia to annex the region. After Yanukovich fled Ukraine, Medvedchuk advocated for Crimea's secession from Ukraine.

On March 20, 2014, the President issued Executive Order 13662, invoking his authority under the International Emergency Powers Act, the National Emergencies Act, the Immigration and Nationality Act, and other legislation. This EO expands the scope of the national emergency declared in the earlier EOs to include sectors of the Russian economy. The EO finds that Russia's purported annexation of Crimea and its use of force in Ukraine continue to undermine democratic processes and threaten the peace, sovereignty, and territorial integrity of Ukraine, and thereby constitute an unusual and extraordinary threat to U.S. national security and foreign policy. He directed that U.S. property and interests of 15 individuals and one business are blocked who operate in sectors of the Russian economy. He also directed that entry into the United States of certain aliens is detrimental to U.S. interests and is suspended. The list includes some of the richest people in Russia, political leaders, and others associated with or alleged to be close to President Putin, and the Rossiya Bank, controlled and patronized by senior officials.

- Among Putin's associates listed are: Aide to the President (and partner in the Rossiya Bank), Andrey Fursenko; chief of the presidential staff, Sergey Ivanov; and first deputy chief of the presidential staff, Aleksey Gromov.
- Politicians include: the head of the Defense Ministry's Main Intelligence Directorate, Igor Surgun; the Speaker of the Duma, Sergey Naryshkin; the Deputy Speaker of the Federation Council (upper legislative chamber), Evgeni Bushmin, who heads the Budget Committee; the First Deputy Chairman of the International Affairs Committee of the Federation Council, Vladimir Dzhaborov; Chairman of the Security and Defense Committee of the Federation Council; Duma member and head of the A Just Russia Party, Sergei Mironov; and head of Russian Railways, Vladimir Yakunin.
- Putin's alleged friends include: Yuri Kovalchuk, the largest single shareholder in Rossiya Bank; and Arkady and Boris Rotenberg, oligarchs.

President Putin and several of the named persons have been dismissive of the Administration's sanctions. On March 20, 2014, Russia issued its own list of nine U.S. citizens subject to visa bans, including assistants to the President, the Speaker of the House, and the Senate Majority Leader.

On March 20, 2014, President Obama delivered remarks condemning the "illegal referendum" in Crimea and Russia's "illegitimate move" to annex the region, and threats to southern and eastern Ukraine. He underlined that Russia's moves had been rejected by the international community as well as by Ukraine, and he announced that under the executive order he had just issued, more Russian officials would be sanctioned as well as the Rossiya Bank that supports many Russian oligarchs. He stated that the world was watching with "grave concern" as Russia masses troops further threatening Ukraine, and that the United States and its allies were discussing further actions to take if Russian escalates the situation. He stated that he had signed a new executive order to impose sanctions on parts of the Russian economy, if necessary, even though such sanctions might be disruptive to the global economy. He stressed that "Russia must know that further escalation will only isolate it further from the international community. The basic principles that govern relations between nations in Europe and around the world must be upheld



in the 21<sup>st</sup> century. That includes respect for sovereignty and territorial integrity.” He urged Congress and the world to support Ukraine’s economy during the crisis, and reaffirmed the U.S. commitment to strengthening NATO’s collective defense capabilities. He stated that U.S.-Russia diplomacy continued, with the United States continuing to urge a de-escalation of the conflict and talks between Russia and Ukraine. He averred that Ukraine should have good relations with the West as well as with Russia.<sup>110</sup>

The G-7 countries met on March 24, 2014, in the Netherlands, and issued the Hague Declaration reaffirming G-7 support for Ukraine’s sovereignty, territorial integrity, and independence. They stressed that international law prohibited the coercive acquisition of another state’s territory and stated that they did not recognize Russia’s illegal annexation of the region. The states affirmed that they would step up sanctions against Russia if it escalated the situation. The G-7 leaders reminded Russia of its responsibilities in the world economy and the need to diplomatically de-escalate the crisis through talks with Ukraine, and urged Russia to accept international mediation and monitoring of the situation. The G-7 leaders declared that Russia’s actions in recent weeks were incompatible with their countries’ shared values, so they would not take part in a planned Sochi summit in June and would suspend participation in the G-8 format “until Russia changes course.” They also directed that their energy ministers would meet to discuss means to strengthen collective energy security.<sup>111</sup>

In a speech in Brussels on March 26, 2014, President Obama argued that Russia’s claimed annexation of Crimea violated the international system of law and democracy that the United States and Europe had worked to build since World War II. He stated that Russia had challenged this world order by redrawing Europe’s borders by force, and that the world should condemn the Russian invasion and reject the legitimacy of the Crimean referendum. While the United States and others have moved to isolate Russia, this is not a new Cold War, he stated, since Russia does not lead a bloc of countries or espouse a global ideology and NATO does not seek conflict with Russia. He raised the hope that Western unity in condemning Russia’s actions would convince its people that their peace and prosperity are not ensured through “brute force.” He rejected Putin’s comparison of his annexation to Kosovo’s independence effort, and argued that in the case of U.S. operations in Iraq, the United States attempted to work within the international system and did not annex the country. He also stated that it was “absurd” for Russian “voices” to constantly repeat that the United States orchestrated political developments in Ukraine and does not respect the Russian people. He averred that successive U.S. administrations had attempted to strengthen U.S.-Russian relations and Russian engagement with the world, including backing for Russian membership in the WTO and the enlargement of the G-7 to the G-8, and that the world had benefitted from times when Russia chose to cooperate on such issues as Syria’s chemical weapons and the reduction of nuclear weapons. But he warned that Russia should not feel that it “can run roughshod over its neighbors. Just because Russia has a deep history with Ukraine does not mean it should be able to dictate Ukraine’s future.”<sup>112</sup>

Some policy makers have criticized the Obama Administration’s “reset,” pointing out that it was implemented in the months after Russia’s August 2008 military operation in Georgia and Moscow’s recognition of two Georgian regions as independent, and that Russia has again invaded

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<sup>110</sup> The White House, Office of the Press Secretary, *Statement by the President on Ukraine*, March 20, 2014.

<sup>111</sup> The White House, Office of the Press Secretary, *The Hague Declaration*, March 24, 2014.

<sup>112</sup> The White House, Office of the Press Secretary, *Remarks by the President in Address to European Youth*, March 26, 2014.



and (this time) formally annexed a region of Ukraine. Others have suggested that the “reset” was an attempt to launch a “virtuous cycle” of relations that ultimately has not been sustained. These policy makers and others nonetheless urge continued cooperation with Russia where possible on issues of mutual strategic interest.<sup>113</sup> At a press conference with Dutch Prime Minister Mark Rutte on March 26, 2014, visiting President Obama responded to a question about whether “in light of recent developments,” the assessment that “Russia is America’s biggest geopolitical foe,” had proven correct. President Obama stated that “Russia is a regional power that is threatening some of its immediate neighbors not out of strength, but out of weakness.... The fact that Russia felt compelled to go in militarily and lay bare these violations of international law indicates less influence, not more. And so my response to [critics] continues to be what I believe today, which is Russia’s actions are a problem. They don’t pose the number-one national security threat to the United States.”<sup>114</sup>

In other areas of the world, 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 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. 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>115</sup>

## Arms Control Issues<sup>116</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 supported 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 helped eliminate nuclear weapons and delivery vehicles in Ukraine, Belarus, and Kazakhstan, and transport, store, and eliminate weapons in Russia. They

<sup>113</sup> *Congressional Record*, March 25, 2014, pp. S1701-S1702; George Shultz and Sam Nunn, “The Leverage the West holds over Russia,” *The Washington Post*, March 28, 2014.

<sup>114</sup> The White House, Office of the Press Secretary, *Press Conference with President Obama and Prime Minister Rutte of the Netherlands*, March 25, 2014.

<sup>115</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>116</sup> Prepared by Amy Woolf, Specialist in Nuclear Weapons Policy.

also funded improvements in security at storage areas for both nuclear weapons and nuclear materials. The two sides also cooperated to construct a chemical weapons destruction facility in Shchuch'ye.

The focus of U.S. threat reduction and nonproliferation assistance 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 was completed, the United States allocated a growing proportion of its funding to projects that focused on securing and eliminating chemical and biological weapons and securing storage sites that house nuclear warheads removed from deployed weapons systems. The United States also increased funding for projects that sought to secure borders and track materials, in an effort to keep weapons of mass destruction away from terrorists. This has directed a growing proportion of the funding to nations other than Russia.

The Memorandum of Understanding 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 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 "reset" 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."

Questions about the future of the treaty arose in March 2014, during the crisis over the Crimea. Some in Russia suggested that Russia would suspend the inspection process under New START if the United States imposed sanctions on Russia. Others, however, indicated that New START implementation would continue. The U.S. State Department indicated that it believed the United States and Russia would, and should, continue New START inspections, in spite of growing tensions over Ukraine and Crimea.

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>117</sup>**

### ***Background: Recent U.S. Missile Defense Plans<sup>118</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.

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<sup>117</sup> For additional information, see CRS Report RL34051, *Long-Range Ballistic Missile Defense in Europe*, by (name redacted) and (name redacted).

<sup>118</sup> Prepared by (name redacted), Specialist in Missile Defense.

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>119</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 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

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<sup>119</sup> Prepared by (name redacted), Specialist in International Relations.

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>120</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>121</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>122</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.

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>123</sup>

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<sup>120</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>121</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>122</sup> “US/CEE: Biden Touts New Missile Plan In Central Europe,” *Oxford Analytica*, October 22, 2009.

<sup>123</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=](http://www.nato.int/cps/en/natolive/news_59699.htm?mode=) (continued...)



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>124</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>125</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."

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

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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>124</sup> U.S. Department of Defense. *Ballistic Missile Defense Review Report, Pt. IV*, February 2010.

<sup>125</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 Reneg on Patriot Missile Deployment Accord—Polish Daily," *BBC Monitoring European*, February 12, 2010.



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>126</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>127</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>128</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

[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>129</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

<sup>126</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>127</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>128</sup> CRS Report R41251, *Ballistic Missile Defense and Offensive Arms Reductions: A Review of the Historical Record*, by (name redacted) and (name redacted).

<sup>129</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)

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>130</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>131</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>132</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 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>133</sup> Moscow also stated that it sought written assurances from the United States and NATO that the interceptors not be aimed at Russia.<sup>134</sup>

<sup>130</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>131</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>132</sup> “Success of Russia-NATO Relations Improvement Process Not Guaranteed—Lavrov Tells Interfax,” *Interfax Russia and CIS General Newswire*. December 20, 2010.

<sup>133</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 (continued...) ”

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>135</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>136</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>137</sup>

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>138</sup>

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(...continued)

Kremlin Loves To Hate," *The Moscow Times*, February 8, 2011.

<sup>134</sup> "Russia Seeks Pledge From NATO On Missile Defense," *New York Times*, May 21, 2011.

<sup>135</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>136</sup> Medvedev Mollifies the West. *The Moscow Times*. November 20, 2011. NATO Rebuffs Russian Missile-Defense Threats. *Washington Post*. December 8, 2011.

<sup>137</sup> Russia and NATO Trade Barbs Over Missile Shield. Agence France Presse. December 7, 2011.

<sup>138</sup> "Russia May Develop Nuclear Offensive," *RIA Novosti*, June 8, 2011.

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>139</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>140</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>141</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>142</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 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>143</sup>

<sup>139</sup> Medvedev Urges Military To Parry U.S. Missile Shield. *International Herald Tribune*. March 22, 2012.

<sup>140</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>141</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>142</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>.

<sup>143</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).

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>144</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>145</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>146</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>147</sup> Speaking at a December 20, 2012, news conference, President Putin averred that “[t]he creation of [the 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>148</sup>

<sup>144</sup> Moscow Still Needs Legal Guarantees NATO Missile Defense Not Aimed At It—Lukashevich. *Interfax*. May 24, 2012.

<sup>145</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>146</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>147</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.

<sup>148</sup> Interfax Russia & CIS Diplomatic Panorama. *Interfax*. December 21, 2012. Russia, US Must Seek Compromises on Complex Problems—Putin. *ITAR-TASS*. December 20, 2012.



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>149</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>150</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>151</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>152</sup> Another Russian official later referred to the changed U.S. policy as a "cosmetic adjustment."<sup>153</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

<sup>149</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>150</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>151</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>152</sup> "Postponement of 4<sup>th</sup> Stage of U.S. Missile Defense Increases Chances of Agreement with Russia," *Interfax*, May 6, 2013.

<sup>153</sup> "U.S. Political Guarantees on Missile Defense Are Not Enough," *Interfax*, May 27, 2013.



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>154</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>155</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>156</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>157</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 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>158</sup> Also,

<sup>154</sup> “Transparency Cannot Solve Missile Defense Problems without Legal Guarantees—Antonov,” *Interfax*, May 6, 2013.

<sup>155</sup> “Kerry: No Concessions to Russia on European Missile Shield,” *The Canadian Press*, June 3, 2013.

<sup>156</sup> “Russian Security Council Secretary Believes Russia-U.S. Missile Defense Accord Possible,” *Interfax*, July 3, 2013.

<sup>157</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.

<sup>158</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.

Russian officials have been arguing that if Iran should agree to halt its nuclear program, there would be no need for the EPAA.

In March 2014, in response to Russia's aggressive stance toward Ukraine, along with its takeover of Crimea, some policy makers have argued that the United States should resurrect the Bush Administration's plan for European ballistic missile defense, which, as noted above, would have entailed stationing ten silo-based interceptors in Poland and an X-band radar facility in the Czech Republic. They argue that the cancellation of the fixed-silo BMD system was regarded by governments in the region as a walk-back, and that the move emboldened Russia. Revival of the plan, they argue, would both send a message of determination to Russia and of solidarity to Central and Eastern European allies.<sup>159</sup>

Others, however, contend that this would amount to an empty gesture, as such a system would not be able to serve as a deterrent against Russian ICBMs, as the Bush Administration repeatedly maintained in the past. To claim otherwise, they argue, would constitute an admission that earlier statements had consistently misrepresented U.S. intentions and were knowingly false. Critics also note that, even if the planned interceptors had been able to take out Russian ICBMs, they would have had only a very limited effect against Russia's extensive nuclear missile arsenal. There are other, far more effective means—such as a targeted sanctions regime—of pressuring Russia to curb its expansionist policies, some analysts contend.<sup>160</sup>

It was former Secretary of Defense Robert Gates, a holdover from the Bush to the Obama Administration, who proposed in 2009 that The European Phased Adaptive Approach (EPAA) replace the first, static plan (a plan he approved during the Bush Administration); the revised plan was designed in response to a new assessment by the intelligence community of the threat posed by Iran. However, even though Iran is the country against which the EPAA is intended to defend, some experts note that, because the new system is newer and largely sea-based, its mobility and sophistication might enable it to take down ICBMs launched from other locations.<sup>161</sup> According to a press report, “[t]he [Pentagon] budget retains a commitment to NATO and to building a missile defense system in Europe.”<sup>162</sup> Aegis-ashore interceptors are scheduled to be installed in Romania in 2015 and in Poland in 2018.

Russian President Putin in a wide-ranging speech on March 18 argued that NATO's adoption of a missile defense capability, along with multiple enlargements to include former member states and allies of the former Soviet Union, had created a sense of encirclement for Russia.<sup>163</sup> A senior Obama Administration official commented that missile defense “has never been about Russia.”<sup>164</sup>

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<sup>159</sup> Heat Rises As Obama Confronts Russia. *International Herald Tribune*. March 4, 2014. A Return to U.S. Realism. *International Herald Tribune*. March 15, 2014. Romney Slams Obama for ‘Faulty Judgement’ on Russia. *Associated Press Newswires*. March 23, 2014. U.S. Congress Republicans Want Small Arms Sent to Help Ukraine. *Reuters*. March 23, 2014.

<sup>160</sup> How to Sanction Russia; And Why Obama's Current Strategy Won't Work. By Lee S. Wolosky. *Foreign Affairs*. March 19, 2014.

<sup>161</sup> Upsetting the Reset: The Technical Basis of Russian Concern Over NATO Missile Defense. Federation of American Scientists. FAS Special Report No. 1. September 2011.

<sup>162</sup> 2015 Defense Plan Would Keep Links to Europe. *Associated Press Newswires*. March 4, 2014.

<sup>163</sup> Putin Signs Treaty to Add Crimea to Map of Russia. *Associated Press Newswires*. March 18, 2014.

<sup>164</sup> Threats Did Not Sway Putin, Now US Tries Pain. *Agence France Presse*. March 18, 2014.

Former U.S. Ambassador to Russia Michael McFaul stated that, in response to the Ukraine/Crimea crisis, the United States should cease cooperation with Russia on a number of fronts, including negotiations over joint missile defense under the auspices of the NATO-Russia Council.<sup>165</sup> The *Washington Times* reported on March 26, 2014, that the Administration had suspended talks with Russia on missile defense cooperation.<sup>166</sup>

## U.S.-Russia Economic Ties<sup>167</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. 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 1.2% of U.S. imports and 0.7% of U.S. exports in 2013, and the United States accounted for 2.7% of Russian exports and 6.0% of Russian imports. (See **Table 1**.) Russia was the 28<sup>th</sup>-largest export market and 18<sup>th</sup>-largest source of imports for the United States in 2013. According to Russian government data, by the end of 2012, the United States accounted for less than 0.5% of total accumulated foreign direct and portfolio investments in Russia. However, the first three countries were “other countries” (45.6%), the Netherlands (13.7%), Cyprus (10.6%) and Luxembourg (7.5%), suggesting that more than 70% of the investments might have been repatriated Russian funds.

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. U.S. exports to Russia of energy exploration equipment and technology, as well as industrial and agricultural equipment, have increased. Russian demand for these products could increase 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. U.S. Russian economic relations could be affected by the dispute over Russia’s annexation of Crimea and its confrontation with Ukraine.

On March 17, 2014, President Obama issued an executive order authorizing sanctions in the form of seizure of U.S. assets and travel to the United States. The sanctions were imposed on seven Russian officials who are influential in the Russian government and involved in Russian government actions against Ukraine. These individuals included aides and advisors to President Putin and leaders in both houses of the Russian parliament. The March 17 executive order also

<sup>165</sup> Confronting Putin’s Russia. *New York Times*. March 24, 2014.

<sup>166</sup> Bill Gertz, “Inside the Ring: U.S. Fears Russia Planning to Federalize Ukraine, Alarming Congress,” *Washington Times*, March 26, 2014.

<sup>167</sup> Prepared by (name redacted), Specialist in International Trade and Finance.

included three members of the Crimean government that declared Crimea's independence from Ukraine and also included former Ukrainian president Yanukovich because he called upon the Russian government to send forces into Crimea. On March 20, President Obama issued a second executive order expanded the list of sanctioned individuals to 16 additional government officials and three non-government individuals and one institution—Bank Rossiya—reportedly with close ties to the Russian leadership.

## 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>168</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>168</sup> See CRS Report RL32866, *U.S. Assistance to the Former Soviet Union*, by (name redacted).

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>169</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>170</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>169</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/usaaid-russia>.

<sup>170</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.

Since FY2012, the Administration and Congress have supported the provision of assistance via third parties to support democratization and human rights in Russia.

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

H.R. 4278 (Royce). Ukraine Support Act. Introduced on March 21, 2014. Passed the House on March 27, 2014. Authorizes \$50 million for FY2014 for democratization assistance, reaffirms the \$1 billion in loan guarantees to Ukraine (in H.R. 4152, see below), authorizes up to \$10 million for FY2014 for Radio Free Europe/Radio Liberty (RFE/RL) and the Voice of America to provide programming to Ukraine, and authorizes \$8 million for FY2014 for law enforcement assistance. Also calls for blocking assets and visas for Russians who influence Russian foreign policy, particularly with respect to violations of Ukraine's sovereignty, and for those responsible for corruption in senior levels of the government. States that it is the sense of Congress that the United States should suspend meetings of the NATO-Russia Council. Received in the Senate on March 27, 2014.

H.R. 4152 (Rogers). To provide for the costs of loan guarantees for Ukraine. Introduced on March 5, 2014. Passed the House on March 6, 2014. The House version called for amounts appropriated or otherwise made available under 'Economic Support Fund' in division K of the Consolidated Appropriations Act, 2014 (P.L. 113-76), and prior Acts making appropriations for the Department of State, foreign operations, and related programs, funding from unobligated balances shall be made available for the costs of loan guarantees for Ukraine. Passed the Senate with an amendment on March 27, 2014. The amended version contains similar language calling for loan guarantees for Ukraine. Authorizes \$50 million to be appropriated for FY2015 for democratization assistance for Ukraine. Authorizes \$100 million to be appropriated for FY2015-FY2017 for enhanced security cooperation with Ukraine. Calls for blocking assets and visas of persons threatening the peace, security, and sovereignty of Ukraine, with a national security waiver. Calls for blocking assets and visas of Russian government officials or associates responsible for corruption. Calls for a report on Russian military power and objectives.

S. 2124 (Menendez). Support for the Sovereignty, Integrity, Democracy, and Economic Stability of Ukraine Act of 2014. Introduced on March 12, 2014. Reported to the Senate by the Foreign Relations Committee on March 12, 2014. On March 13, 2014, a cloture motion on the motion to proceed was presented in the Senate. Calls for the unobligated balance of amounts appropriated or otherwise made available under the heading 'Economic Support Fund' under title III of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2014 (division K of P.L. 113-76) loan guarantees for Ukraine, authorizes \$50 million for FY2015 to be appropriated for democracy and economic reforms in Ukraine and Eastern Partnership countries, authorizes \$100 million for FY2015-FY2017 to be appropriated for additional security assistance for Central and Eastern Europe, including Ukraine, calls for a visa ban and asset freeze on



persons responsible for violence, gross human rights violations, or acts undermining stability and territorial integrity in Ukraine, calls for a visa ban and asset freeze on officials of the Russian government responsible for corruption in Ukraine or Russia, and appropriates an increase in the U.S. quota in the IMF the dollar equivalent of 40.8718 billion in special drawing rights.

H.R. 4154 (Poe). Russia Visa Sanctions Act. Introduced on March 5, 2014. Referred to the Committee on the Judiciary.

H.R. 4278 (Royce). To support the independence, sovereignty, and territorial integrity of Ukraine, and for other purposes. Introduced on March 21, 2014. Referred to the Committee on Foreign Affairs and the Committee on the Judiciary.

H.Res. 499 (Royce). Condemning the violation of Ukrainian sovereignty, independence, and territorial integrity by military forces of the Russian Federation. Introduced on March 5, 2014. Passed by the House on March 11, 2014.

S.Res. 370 (Coats). A resolution supporting the territorial integrity of Ukraine and condemning Russian military aggression in Ukraine. Introduced on March 5, 2014. Referred to the Committee on Foreign Relations.

S.Res. 378 (Durbin). A resolution condemning illegal Russian aggression in Ukraine. Introduced on March 11, 2014. Passed by the Senate on March 11, 2014.

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 1. U.S. Merchandise Trade with Russia, 1996-2013**

(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
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
2004	3.0	11.9	-8.9	2013	11.2	27.0	-15.8

**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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