



U.S.-Russia Relations in Putin's Second Term

A. Elizabeth Jones, Assistant Secretary for European and Eurasian Affairs

Testimony Before the House International Relations Committee
Washington, DC
March 18, 2004

Mr. Chairman, Members of the Committee, I am delighted to be with you this morning to discuss the current state of U.S.-Russian relations and the prospects for their evolution. Hardly a day goes by without our addressing aspects of this important relationship in one way or another, and yet the occasions for reflecting seriously on its entirety are surprisingly few. I especially value the chance to share my thoughts with you this morning on where we are in the relationship and where we are headed -- and to hear your comments and questions. The time is certainly right, now that the Russian presidential election is behind us and the shape of the new Russian administration has become clear.

Let me begin with a brief assessment of where we are at present.

As I reported to your Subcommittee on Europe earlier this month, we have made remarkable progress with the Russians on a broad range of issues on which we share a common interest. It is easy, but shortsighted, to take for granted the most notable achievement of the past decade: we have essentially eliminated the threat of global nuclear annihilation. No longer are Russian and American missiles targeted against our respective homelands. Instead, valuable work has been underway to make drastic reductions in strategic arsenals, to secure nuclear and other weapons of mass destruction-related materials on the territory of the former Soviet Union and to improve our cooperation in the area of nuclear and WMD (weapons of mass destruction) nonproliferation. In my view, there is no more important area of common interest between Washington and Moscow, and these cooperative efforts, which have enjoyed the strong support of the Congress, must continue.

Since the tragic events of 9/11, our consciousness of new threats to American security and the security of our friends and allies has been heightened and refined. The fact that President Putin was the first foreign leader to call President Bush on that horrific day has been widely commented on. The fact of the matter is that Russia and the United States have become strong allies in the global war on terrorism. A decade ago, it was inconceivable that the United States and the Russian Federation would exchange actionable intelligence on terrorism, but now we do. While there is much more that needs to be done before the scourge of terrorism is erased from our lives, our partnership with Russia in this area constitutes an important weapon in our struggle.

Because the prospect of terrorists' obtaining weapons of mass destruction is such an appalling one, we have been working hard to keep that danger from becoming a reality. Russia shares our basic goal of stemming the proliferation of weapons of mass destruction and the means to deliver them, and is cooperating with us to an extent that previously would have been unimaginable. Russia is playing a constructive role in multilateral fora such as the G-8, the Asia Pacific Economic Cooperation forum and the Wassenaar Arrangement. Russia is also working closely with us to combat the threat to aircraft posed by MANPADS (Man Portable Air Defense Systems) proliferation. While there remain some differences of perspective with regard to the nuclear programs of Iran and North Korea (the DPRK), we have enjoyed an increasingly satisfactory level of cooperation with Moscow on these problems.

Let me be more specific.

Our dialogue with Moscow on Iran's nuclear programs has become more fruitful since just over one year ago, when previously suspected but unconfirmed nuclear activities came to light. We are now working intensively with Russia and other partners in the IAEA to compel Iran to bring its nuclear programs into compliance with IAEA rules. Although some differences remain between the Russians and us over the Iranian nuclear program, the Russians are taking a more serious approach and the gap between us has narrowed. Russia's civilian nuclear industry views the Bushehr reactor project as an important source of income; we understand that, but will continue to urge that Russia keep further nuclear cooperation with Iran on hold until it is clear that Iran is committed to suspending indefinitely enrichment and reprocessing activities.

On North Korea, I am pleased to report that Russia has played a productive role in the process of organizing and carrying out the six-party talks aimed at ensuring the complete, verifiable and irreversible dismantling of the DPRK's nuclear programs. Moscow has a degree of access in Pyongyang that is unique, and we will continue to urge the Russians to use their influence to ensure that the Korean Peninsula is free of nuclear weapons.

We are exploring with the Russians how they might play a constructive role in support of the President's Proliferation Security Initiative (PSI), including possible membership in the Core Group. Russia has been receptive to the concept of practical cooperation in interdicting illicit WMD shipments.

Another area of cooperation is in space. Since the loss of the shuttle Columbia, Russian capability to lift payloads has supported the operations of the International Space Station. As we define future challenges in space, we believe that continuing our cooperation and combining Russian and American resources, technology and experience will benefit both nations and accelerate space exploration.

Our international cooperation with the Russian Federation is by no means confined to arms control and nonproliferation matters. On a number of geopolitical issues, in the Middle East and South Asia, for example, we and the Russians are headed in the same direction, despite occasional divergences of view on tactics.

As a member of the Middle East Peace Process "Quartet," Russia is an important partner, bringing to the table access and influence in Middle Eastern capitals that nicely complements our own. We are consulting with the Russians about the President's Greater Middle East Initiative, whose basic goals of bringing greater democracy and prosperity to the Middle East they support, although they naturally have, with their long and sometimes tragic historical experience in that part of the world, lots of questions.

Putting behind us last year's disagreement over Iraq, Russia has expressed a willingness to work with the United States and our Coalition partners to restore stability to Iraq and to help in that country's reconstruction. During his visit to Moscow in late January, Secretary Powell discussed with Russian leaders how the United Nations might play more of a role in the process of returning sovereignty to Iraq. Russia favors a strong UN role, including assistance in writing the new constitution, drafting new legislation, and designing the future electoral system.

Russia has not yet pledged major economic assistance to Iraq, but Russian companies are eager to participate in its reconstruction on commercial terms, and are already doing so under contracts already funded under the Oil-for-Food program, to the tune of almost two billion dollars. We have assured Russian leaders that Russian firms are welcome to bid on sub-contracts associated with U.S. tenders. Moscow has also expressed its willingness to reduce Iraq's Soviet-era debt of approximately \$8 billion in accordance with its memorandum of understanding with the Paris Club.

Of all the areas where U.S. and Russian interests most closely overlapped in the months following 9/11, Afghanistan is perhaps the one where U.S. and Russian actions dovetailed most neatly. Already prior to 9/11, we were partners in what was then the Afghanistan Working Group. Today we continue our discussion of possibilities for cooperation through the Counter-terrorism Working Group, which will meet again at the end of this month. In the weeks prior to the start of U.S. military operations in Afghanistan, President Putin worked behind the scenes to smooth the way for U.S. access to bases in Central Asia.

We have encouraged Russia to help us stabilize Afghanistan by contributing equipment to the Afghan National Army, police and border police. We are encouraging Russia to forgive Afghan debts and provide Soviet-era geological survey results to the Afghan Government. We share Russia's growing concern about the increasing trade in narcotics that originate in Afghanistan, and are working with the United Kingdom, the lead nation for that problem, to increase the effectiveness of counter-narcotics programs there, including poppy eradication and crop substitution. With its border forces in Tajikistan, Russia can support interdiction efforts and help cut the flow of drugs into Central Asia and Europe. NATO has accepted Russia's offer to provide blanket overflight and transit rights in support of NATO's ISAF operations.

We are working hard to develop NATO's partnership with Russia. The NATO-Russia Council is only two years old, but has already taken relations to a new level. Russia now interacts with the Allies as an equal at the table, discussing concrete cooperation programs, and security issues, but having no veto authority over NATO decisions. I would like to single out the NATO-Russia military interoperability program, which is laying the foundations for possible joint military actions. Since last May, the Russian Ministry of Defense has completed an impressive 80% of interoperability tasks identified by NATO's military headquarters (SHAPE). A Russian military liaison branch at SHAPE and a Status of Forces Agreement with Russia are in the works. These are modest steps in the direction of a genuine security partnership between NATO and Russia. The NATO-Russia Council still has great untapped potential, and we will continue to explore ways of enhancing our cooperation in such key areas as combating terrorism, civil emergency planning, missile defense and airspace management on the continent of Europe.

NATO will shortly be enlarging its membership by seven new countries, some of which border on the Russian Federation. NATO's new focus is on confronting new threats to security, not on perpetuating the Cold War. We have made clear to the Russians that NATO poses no threat to Russia. In fact, we are also consulting with Russia about the global review of our military posture that is underway, so that the Russians will understand that this review aims at dealing more effectively with new threats, not "encircling" Russia. Given the new threats to our common security, we want lighter, more readily deployable forces, not an expansion of Cold War Era garrisons further to the East.

Russia and the Former Soviet Space

The United States recognizes that Russia has legitimate interests in Eurasia based on geography, economics and history. We support good relations between Russia and its neighbors, and we have no desire to compete with Russia in a modern version of the "Great Game." Indeed, we hope to find ways to cooperate in addressing some of the problems of the region. But we also look to Russia to respect the sovereignty and independence of the other former Soviet states.

Certain developments over the past few months have given rise to concerns in this regard. Russia has become more assertive in its relations with many of the countries that formerly made up the Soviet Union. The pressure exerted on Georgia through the separatist regimes there, unilateral efforts to resolve the Transnistrian conflict in Moldova and heated rhetoric directed at certain of the Baltic States have caused concern, and not only in Washington: our European allies have also noted Russia's more assertive behavior in the region, which soon will be a "near abroad" for the European Union as well. We are still scratching our heads over the spat with Ukraine involving Tuzla Island and the Kerch Strait last fall.

Secretary Powell, while emphasizing that we favor deepening our partnership with Russia, raised these concerns with Russian leaders at the end of January. He emphasized that our preference was to cooperate, not to compete, with Russia in the former Soviet space. Our policies and programs in Eurasia aim to promote economic, political and military reform, to encourage the development of democracy, and civil society, and to help the people of the region become prosperous and stable partners. This is a goal, we believe, that is as much in Russia's interest as it is in ours.

The Russian leaders Secretary Powell talked to heard his message loud and clear. On certain issues they provided immediate feedback. For example, they stressed that they fully recognized Georgia's sovereignty and supported its territorial integrity. We believe that Russian-Georgian relations now have an opportunity to take a turn for the better. Newly elected Georgian President Saakashvili has invited President Putin to visit Tbilisi in the fall to sign a Russian-Georgian framework cooperation agreement that should be ready by that time. In the meantime, we are urging the two sides to agree on a timetable for the withdrawal of Russian forces from their bases in Georgia, in accordance with Russia's 1999 Istanbul commitments. How Russia approaches these negotiations will be an early indicator of how Russia intends to deal with the new Georgian leadership.

Another problem area the Secretary discussed with the Russians in Moscow was the separatist conflict in Moldova. After differing in our approaches to that problem last fall, when the Kremlin attempted to engineer a solution on its own rather than within the established OSCE process, we are now working to get the process of resolving the remaining questions back on track, including the matter of returning the weapons and materiel stockpiled in Transnistria to Russia, and completing the withdrawal of Russian military forces, in accordance with the 1999 Istanbul commitments. We will be holding bilateral consultations with the Russians in a few days, and hope formal talks on a settlement will resume shortly under OSCE auspices. In this regard, we note that Russia has significant influence with the Transnistrian leadership, which Moscow should use to expedite the withdrawal of its forces and a political settlement.

Russian Domestic Developments

The American public has long nurtured a special interest in Russia's domestic development. This is in part because so many American citizens trace their origins to that part of the world, in part because of the heightened focus on the Soviet Union during the Cold War, and also because of the enormous hopes we invested in Russia after the fall of Communism. Americans are genuinely interested in the fate of human rights, the rule of law, freedom of speech, assembly and religion and democracy in Russia. It is in our interest, but most of all in the interest of Russia's own citizens, to see political reforms take root. Yet it is precisely in this sensitive and important area that we have seen some erosion.

In particular, the pattern of official pressure on journalists and the independent broadcast media, irregularities in the Duma elections as noted by the OSCE, missed opportunities from last year's referendum and presidential election in Chechnya, and the arrest and lengthy pre-trial detention of Mikhail Khodorkovskiy have raised questions about the strength and depth of Russia's commitment to democracy and the rule of law. Reports of violence and human rights abuses in Chechnya continue to appear, despite the virtual news blackout from that unhappy, war-torn province. And there has been a

continuing stream of reports of unsolved crimes of violence, from terrorism to assassination and crimes against foreigners, often not pursued with sufficient vigor by the investigative organs and law enforcement authorities. All of these factors give us pause.

We wish Russia and Russians well. We would like to deepen and strengthen our partnership. But as Secretary Powell noted in an article he published in *Izvestiya* during his Moscow visit in January, "the capacity of any two nations to cooperate rests on a convergence of basic principles shared broadly in society...Without basic principles shared in common, our relationship will not achieve its potential."

Let me say a word about a most difficult issue, Chechnya. We sympathize with Russia for having suffered from terrorist attacks, such as the bombing of the Moscow metro in February. We recognize Russia's right to defend itself against terror, and we support its territorial integrity. We do not support Chechen separatism. Nothing can justify acts of terror, whether in Russia or elsewhere around the world, and we condemn such acts in no uncertain terms. At the same time, we fear that the cycle of violence in Chechnya is sustained by continuing human rights abuses on the part of Russian federal and local security forces. These cannot be justified by the abuses – and even acts of terror – committed by the other side. We do not underestimate the difficulties inherent in bringing the hostilities there to an end. But enough is enough. More than enough blood has been spilled in Chechnya.

Despite repeated statements that the situation in Chechnya is normalizing, we continue to hear that killing goes on, and that everyday life is overshadowed by acts or threats of violence. We deplore the absence of a political process. While we would be happy to be proven wrong, we do not believe the Kadyrov government has generated the legitimacy and credibility it needs with the Chechen people to bring about a political solution. For the last four years, the fighting has intensified in the spring. On the threshold of this spring, with renewed urgency, we call on all sides to this increasingly senseless conflict to desist from further hostilities and begin the work of rebuilding Chechen society. The time for peace and reconciliation in Chechnya is long overdue.

On the economic side, our engagement with Russia is steadily deepening, although it is not problem-free and has not reached the level it could. Our engagement is broad and varied, and has already created a wide range of commercial and institutional relationships between our countries. Trade, investment and other commercial links are essential if the Russian economy is to be fully integrated into the global market. Broad-based economic growth is essential for the development of Russia's small, but expanding middle class, whose development is essential to the growth of democracy and civil society in Russia.

The Russian economy, stimulated by high oil prices, is performing well, having posted a growth rate of 6.7% in 2003. The state budget is in surplus, a stability fund has been established to cushion against oil price shocks, and a strong balance of payments and good fiscal management have increased investor confidence. In addition there has been growth in the consumer sector, as real incomes rose in 2003 by about 14%.

The Russian Government continued its economic reforms in 2003, passing legislation connected with World Trade Organization accession, including a new Customs Code, a deposit insurance law, pension reforms and a restructuring of the electric power and rail industries. Yet President Putin and his new government understand that Russia still has major economic reform work to accomplish. The new Prime Minister, Mikhail Fradkov, has the profile of a tough-minded trade expert. The ministers named last week include known reformers, whose hand seems to have been strengthened in a slimmed-down governmental structure. With a strong popular mandate and a sizable working majority in the Duma, President Putin is well positioned to press a program of substantial economic reform. Businessmen and investors, both Russian and foreign, are looking to see such a program.

We support Russia's continued economic reform efforts, including its push for WTO accession. There is a direct connection between Russia's integration into the world trading system and internal reforms. Rule of law, respect for the sanctity of contracts, independence and effectiveness of the judiciary and curbing government corruption are all part of what is needed for Russia to become a major destination for investment. The sad fact is that U.S. investment in Russia is lower than it could be and the reasons are clear: official corruption, doubts about the quality of justice available in Russian courts, disregard for the sanctity of contracts, unpredictability of the tax system, excessive bureaucracy and lack of transparency. We hope the new government will be successful in grappling with these problems.

Russia's energy sector holds great promise for Russia and the world. Russia's 2003 oil production rose eleven percent over 2002 levels to 8.45 million barrels per day, second only to Saudi Arabia's. Oil exports also rose, to nearly 4.65 million barrels per day, but export pipeline capacity hindered export growth. Russia's gas exports were also profitable. Encouraging Russia to bring more of its energy to export markets enhances the world's energy security through increased supply diversity, but such cooperation should take place within a commercial framework, and with an understanding of the geopolitical benefits, including regional stability, that come with energy cooperation. Not only is government control – as opposed to regulation – fraught with the perception of manipulation for geo-strategic goals, but those countries that modernize their energy sectors along free market lines stand to benefit most overall.

We hope Russia will embrace a thoroughgoing market reform of both its oil and gas sectors. Given the prospect of increasing natural gas shortfalls that we now face in North America, we believe that if Russia developed a capacity to export liquefied natural gas, it would find a receptive market in the United States. The success of such projects will depend heavily on Russia's commitment to building a stable investment climate and openness to competition that encourages private investment in this sector. The U.S. Government and major international energy companies are looking to Russia for a clear signal that foreign investment is welcome in developing Russia's energy resources.

No discussion of U.S.-Russian relations would be complete without a mention of people-to-people contacts. When Secretary Powell visited Moscow in late January he met with alumni of the many exchange programs that have been conducted since the collapse of Communism. There are now some fifty thousand Russians who have visited the United States on some kind of U.S.-sponsored exchange, and they constitute one of the brightest factors of hope in our relationship over the long term. For example, the new Russian deputy premier, Alexander Zhukov, studied management at Harvard in the early 1990s.

But this picture is not free of clouds. Our goal is "secure borders but open doors," and yet the more stringent visa processing policies mandated by the USA Patriot Act, Enhanced Border Security and Visa Entry reform Act and other regulatory changes designed to enhance border security have generated concerns as some Russian businessmen, scientists and students have experienced visa delays. We recently held consular talks with Russian experts aimed at streamlining procedures as much as possible and bringing expectations into line with realities. For those relatively few cases that require special screening, this screening is being completed more quickly and predictably than immediately after 9/11. Consular Affairs is developing an electronic system that will establish better connectivity with clearing agencies to further improve the visa clearance process. In Russia's interior, distant from our consular offices in Moscow, St. Petersburg, Yekaterinburg and Vladivostok, we have developed online "virtual consulates" that help inform would-be travelers of the procedures that need to be followed and also promote understanding.

A negative phenomenon of the past few years is trafficking in persons. During the past year the Russian Government has intensified its efforts to combat this global problem. In October, President Putin called on Russian law enforcement authorities to "use all means and opportunities the law provides to combat this evil," and shortly thereafter the Duma unanimously passed amendments to the Criminal Code that criminalized trafficking and expanded criminal liability for related activities such as child pornography. More remains to be done in the area of victim assistance and protection. During his trip to Moscow, Secretary Powell appeared at a U.S.-Russian conference on trafficking in persons at which he recommitted the United States to working with

Russia to defeat the traffickers, and to rescue and rehabilitate the victims. A Russian delegation will be in the United States later this month to build our partnership in combating trafficking.

The Future of U.S. Russian Relations

It is not easy to talk about the future of a relationship as complex as that we now enjoy with the Russian Federation, but let me hazard some educated guesses.

I believe we are on the right track with Russia, though the track is not without its bumps and occasional setbacks. We have gradually moved the relationship from one based on confrontation and competition to one marked by cooperation across an expanding range of issues. There is more that can and should be done to remove barriers to greater cooperation, to repeal or amend out-dated legislation, and to eliminate irritants in the day-to-day relationship. Some Cold War stereotypes and reflexes still persist on both sides. This should not surprise us; after seventy years of Cold War, it would be remarkable if this were not the case. On balance our mutual interests outweigh our differences and our relations hold great potential. One of our challenges, as we expand cooperation on issues where we have had good interchange, is to find ways to address more successfully the more difficult issues on the agenda.

The U.S.-Russian relationship is already much more broadly based than at any time since the end of World War II. But the government administrations on each end still play an important role, and we are taking seriously our responsibility to improve the conditions for the overall relationship to flourish. At the Camp David meeting last September – I purposely do not call it a “summit” because such meetings have now become so routine – our two Presidents approved an action “checklist” that identifies a number of the issues the two bureaucracies need to work on resolving. They range from resolving remaining agricultural trade issues to implementing more effective intellectual property right protection, from consulting on regional issues such as Afghanistan to exploring closer cooperation on nonproliferation of weapons of mass destruction.

Our policy toward Russia must in the future, as today, be one of engagement. We are already engaged economically in Russia, and Russian investment has come to our shores as well. One thinks of the two thousand jobs in Michigan saved by the Russian purchase of Rouge Industries, once part of Henry Ford's historic Rouge River complex. At the far end of Pennsylvania Avenue in Georgetown there is now a Lukoil gas station. Over time, and given the reforms that we hope the new government in Moscow will promote, our economic relationship with Russia will grow. Expanding commercial and investment links will benefit both societies and give greater ballast to the overall relationship.

We must also stay engaged with Russia on the great issues affecting the regions of the world. Russia still has much to offer diplomatically and in terms of knowledge and access in various parts of the world, especially in some places where we are at a comparative disadvantage. To the extent that we can cooperate for the common good, we both will be better off, as will the greater global community.

Finally, we need to stay engaged in the never-ending business of building better societies. Russia faces serious demographic and health challenges over the next few decades. We already cooperate in fighting HIV/AIDS, and Russian science has much to offer in combating the diseases we are likely to see in the twenty-first century. Building better societies also means strengthening civil society, instilling and refining democratic habits and practices, and creating conditions that will support free and independent media. In the United States, we are constantly perfecting our democracy. We have already contributed much to Russia's young civil society and to individual Russians in this area, and we are prepared to do more, even given declining assistance budgets, if Russia wants our assistance.

But, Mr. Chairman, let me say one cautionary word about the future of democracy in Russia. We want to see Russia become a full-fledged democracy, but we must be patient. As Secretary Powell said in his Izvestiya article, “We hope that Russia's path to mature democracy and prosperity is cleared soon of all obstacles. We both have a large stake in that journey, and we trust in its eventual completion.” And when Russia does become a democracy in the fullest sense, it will be because Russians have built it. The United States can help, and has already done a lot. But foreigners cannot build Russia's democracy: only Russians can. We need to keep this fact firmly in mind.

Mr. Chairman, I would be pleased to take your questions and comments.

Released on March 18, 2004

 [BACK TO TOP](#)

Published by the U.S. Department of State Website at <http://www.state.gov> maintained by the Bureau of Public Affairs.