

Russian Political, Economic and Security Issues Series

# Encyclopedia of RUSSIA



*Samantha E. Caulfield*  
*Editor*

NOVA



**RUSSIAN POLITICAL, ECONOMIC, AND SECURITY ISSUES**

**ENCYCLOPEDIA OF RUSSIA  
(3 VOLUME SET)**

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## **RUSSIAN POLITICAL, ECONOMIC, AND SECURITY ISSUES**

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**SAMANTHA E. CAULFIELD**  
**EDITOR**

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## PREFACE

In the early 1990s, Georgia and its breakaway South Ossetia region had agreed to a Russian-mediated ceasefire that provided for Russian "peacekeepers" to be stationed in the region. Moscow extended citizenship and passports to most ethnic Ossetians. Simmering long-time tensions escalated on the evening of August 7, 2008, when South Ossetia and Georgia accused each other of launching intense artillery barrages against each other. Georgia claims that South Ossetian forces did not respond to a ceasefire appeal but intensified their shelling, "forcing" Georgia to send in troops. This book provides a post-conflict assessment of the Russian-Georgian conflict of August 2008, with a focus on the implications for US interests and the organizational change in the Russian airborne forces.

The author's examines the current political, economic, security, and U.S. interest issues facing Russia today. Although Russia may not be as central to U.S. interests as was the Soviet Union, cooperation between the two is essential in many areas. Russia remains a nuclear superpower and 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 and the fight against terrorism. Russia is an important trading partner and is the only country in the world with a greater range and scope of natural resources than the United States, including vast oil and gas reserves. Many of Russia's needs - food and food processing, oil and gas extraction technology, computers, communications, transportation, and investment capital - are in areas which the United States is highly competitive, although bilateral trade remains relatively low.

Human rights practices chronicles dramatic changes and the stories of the people defending human rights in the countries of Belarus, Russia and Ukraine, with a focus on providing lawmaker's decisions on foreign military and economic aid. Respect for human rights is not a western construct or a uniquely American ideal; it is the foundation for peace and stability everywhere. Universal human rights include the right of citizens to assemble peacefully and to seek to reform or change their governments, a central theme around the world.

The author's provide overview of general legal and technical requirements for food and agricultural imports and exports imposed by the Russian Federation and Ukraine. Many of Russia's food and trade regulations have or are undergoing reform as the Russia-Belarus-Kazakhstan Customs Union (CU) continues policy integration. Russia also continues to adjust policies pursuant to its recent WTO accession. In practice, Russia continues coordinating policy reform closely with the European Union, and as a result, changes in regulation reflect

those of its primary trade partner. Additionally, the Ukraine possesses a complicated and costly food safety system inherited from the Soviet Union. Controls are implemented by various state agencies that often have overlapping functions. In late 2010, the Government of Ukraine started a major reform of the regulatory system aimed at reducing the number of controlling bodies and clear separation of their authorities.

In his 2013 State of the Union Address, President Obama stated that the United States would "engage Russia to seek further reduction in our nuclear arsenals." These reductions could include limits on strategic, nonstrategic and nondeployed nuclear weapons. Yet, arms control negotiation between the United States and Russia have stalled, leading many observers to suggest that the United States reduce its nuclear forces unilaterally, or in parallel with Russia, without negotiating a new treaty. Many in Congress have expressed concerns about this possibility, both because they question the need to reduce nuclear forces below New START levels and because they do not want the President to agree to further reductions without seeking the approval of Congress. This book reviews the role of nuclear arms control in the U.S.-Soviet relationship, looking at both formal, bilateral treaties and unilateral steps the United States took to alter its nuclear posture. An analytic framework is discussed reviewing the characteristics of the different mechanisms, focusing on issues such as balance and equality, predictability, flexibility, transparency and confidences in compliance, and timeliness.

Russian select trade and investment analyses, with a focus on Russia's accession to the WTO; Permanent Normal Trade Relations (PNTR) status for Russia and U.S.-Russian economic ties; recent sales of military equipment and technology to European NATO allies to Russia; and a Russian 2013 investment climate analysis.

In the context of growing human rights abuses, religious freedom conditions in Russia suffered serious setbacks. The Russian government's application of its extremism law violates the rights of members of certain Muslim groups and allegedly "non-traditional" religious communities, particularly Jehovah's Witnesses, through raids, detentions, and imprisonment. Various laws and practices increasingly grant preferential status to the Moscow Patriarchate of the Russian Orthodox Church. The Russian Federation has a highly centralized political system, with power increasingly concentrated in the president, and a weak multiparty political system. The most significant human rights problems include the restriction of civil liberties; violations of electoral processes; and the administration of justice. This book provides an overview of Russian human rights and religious freedom reports.

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. This book discusses in further detail, the politics and economics in Putin's Russia; and provides insight on the Russian political, economic, and security issues and United States interests.

The North Caucasus region has been a source of instability for the past several centuries. Underlying social, economic, and political issues of the region remain. A low-level

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insurgency persists in the North Caucasus region, with occasional terrorist attacks in the Russian heartland. Chechnya functions as a de facto independent entity; Islamist influence in Dagestan is growing, as terror attacks continue, and the rest of the North Caucasus requires massive presence of Russian security services to keep the situation under control. This book examines these underlying issues and finds few reasons to expect any substantial improvement in the situation for years to come.



*Chapter 1*

## **RUSSIA-GEORGIA CONFLICT IN AUGUST 2008: CONTEXT AND IMPLICATIONS FOR U.S. INTERESTS\***

*Jim Nichol*

### **SUMMARY**

In the early 1990s, Georgia and its breakaway South Ossetia region had agreed to a Russian-mediated ceasefire that provided for Russian “peacekeepers” to be stationed in the region. Moscow extended citizenship and passports to most ethnic Ossetians. Simmering long-time tensions escalated on the evening of August 7, 2008, when South Ossetia and Georgia accused each other of launching intense artillery barrages against each other. Georgia claims that South Ossetian forces did not respond to a ceasefire appeal but intensified their shelling, “forcing” Georgia to send in troops. On August 8, Russia launched air attacks throughout Georgia and Russian troops engaged Georgian forces in South Ossetia. By the morning of August 10, Russian troops had occupied the bulk of South Ossetia, reached its border with the rest of Georgia, and were shelling areas across the border. Russian troops occupied several Georgian cities. Russian warships landed troops in Georgia’s breakaway Abkhazia region and took up positions off Georgia’s Black Sea coast.

French President Nicolas Sarkozy, serving as the president of the European Union (EU), was instrumental in getting Georgia and Russia to agree to a peace plan on August 15-16. The plan called for both sides to cease hostilities and pull troops back to positions they held before the conflict began. It called for humanitarian aid and the return of displaced persons. It called for Russian troops to pull back to pre-conflict areas of deployment, but permitted temporary patrols in a security zone outside South Ossetia.

The plan also provided for a greater international role in peace talks and peacekeeping, both of seminal Georgian interest. On August 25, President Medvedev declared that “humanitarian reasons” led him to recognize the independence of the regions. This recognition was widely condemned by the United States and the international community. President Sarkozy negotiated a follow-on agreement with Russia on September 8, 2008, that led to at least 200 EU observers to be deployed to the

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\* This is an edited, reformatted and augmented version of the Congressional Research Service Publication, CRS Report for Congress RL34618, dated March 3, 2009.

conflict zone and almost all Russian forces to withdraw from areas adjacent to the borders of Abkhazia and South Ossetia by midnight on October 10.

On August 13, former President Bush announced that then-Secretary of State Condoleezza Rice would travel to France and Georgia to assist with the peace plan and that Defense Secretary Robert Gates would direct US humanitarian aid shipments to Georgia. Secretary Rice proposed a multi-year \$1 billion aid plan for Georgia. Several Members of Congress visited Georgia in the wake of the conflict and legislation has been passed in support of Georgia's territorial integrity and independence. P.L. 110-329, signed into law on September 30, 2008, provides \$365 million in added humanitarian and rebuilding assistance for Georgia for FY2009.

The August 2008 Russia-Georgia conflict is likely to have long-term effects on security dynamics in the region and beyond. Russia has augmented its long-time military presence in Armenia by establishing bases in Georgia's breakaway Abkhazia and South Ossetia regions. Georgia's military capabilities were at least temporarily degraded by the conflict, and Georgia will need substantial US and NATO military assistance to rebuild its forces.

The conflict temporarily disrupted railway transport of Azerbaijani oil to Black Sea ports and some oil and gas pipeline shipments, although no pipelines were reported damaged by the fighting. Although there have been some concerns that the South Caucasus has become less stable as a source and transit area for oil and gas, Kazakhstan has begun to barge oil across the Caspian to fill the oil pipeline from Baku, Azerbaijan, to Ceyhan, Turkey (the BTC pipeline) and the European Union still plans to begin construction of the Nabucco gas pipeline from Azerbaijan to Austria in 2010.

## **MOST RECENT DEVELOPMENTS**

At the Munich Security Conference on February 7, 2009, Vice President Joe Biden stated that "the United States will not recognize Abkhazia and South Ossetia as independent states. We will not recognize a sphere of influence. It will remain our view that sovereign states have the right to make their own decisions and choose their own alliances."<sup>1</sup> The Vice President met with Georgian President Mikheil Saakashvili, who later stated that the "main message" he received in Munich was that "it has been confirmed that we have very serious, unequivocal, detailed support from the new US Administration."<sup>2</sup>

Czech Foreign Minister Karel Schwarzenberg, representing the European Union (EU), warned Belarus on February 23, 2009, that recognition of the independence of South Ossetia and Abkhazia would remove Belarus from the "European consensus" not to extend diplomatic recognition to the regions, and might make it less eligible to participate in a prospective EU Eastern Partnership Program of expanded economic cooperation.

Russian military analyst Pavel Felgenhauer has warned that Western moves to improve relations with Russia—which were strained after the August 2008 conflict—risk emboldening Russia to try again to gain suzerainty over Georgia. He argues that Russia's repeated claims that Georgia is massing troops and equipment near South Ossetia (claims that monitors from the European Union find groundless) may be cover for a new Russian attack.<sup>3</sup>

The Parliamentary Assembly of the Council of Europe (PACE) approved a resolution on January 28, 2009, criticizing Russia for failing to abide by the ceasefire agreements. PACE reaffirmed its commitment to the territorial integrity and sovereignty of Georgia and again called on Russia to withdraw its recognition of the independence of South Ossetia and Abkhazia. It called for full access by international monitors and humanitarian aid workers to



South Ossetia and Abkhazia, as well as the establishment of international peacekeeping forces in the regions. It condemned Russia for building military bases in the regions, and censured Russia and the de facto authorities of South Ossetia for failing to halt ethnic cleansing. It condemned cross-border shootings and other violence emanating from the regions.

PACE demanded immediate Council of Europe access to the regions in order to protect human rights. It requested that Russian troops withdraw from areas of Georgia that were controlled by Georgia before the August 2008 conflict, such as the Kodori Gorge in Abkhazia, the Georgian enclave around Tskhinvali and the Perevi village, and the Akhalkori district in South Ossetia. Reportedly, the vast majority of Akhalkori's 7,700 mostly ethnic Georgian residents had fled. The Assembly called for both Russia and Georgia to sign the U.N. Convention banning Cluster Munitions.<sup>4</sup>

Although gas shipments through a pipeline from Russia to South Ossetia were renewed in January 2009, the region remains cut off from Russia due to winter weather and faces an economic and humanitarian crisis, according to some observers.

## BACKGROUND

Tensions in Georgia date back at least to the 1920s, when South Ossetia made abortive attempts to declare its independence but ended up as an autonomous region within Soviet Georgia after the Red Army conquered Georgia. In 1989, South Ossetia lobbied for joining its territory with North Ossetia in Russia or for independence. Georgia's own declaration of independence from the former Soviet Union and subsequent repressive efforts by former Georgian President Gamsakhurdia triggered conflict in 1990. In January 1991, hostilities broke out between Georgia and South Ossetia, reportedly contributing to an estimated 2,000-4,000 deaths and the displacement of tens of thousands of people.

In June 1992, Russia brokered a cease-fire, and Russian, Georgian, and Ossetian "peacekeeping" units set up base camps in a security zone around Tskhinvali, the capital of South Ossetia.

The units usually totalled around 1,100 troops, including about 530 Russians, a 300-member North Ossetian brigade (which was actually composed of South Ossetians and headed by a North Ossetian), and about 300 Georgians. Monitors from the Organization for Security and Cooperation in Europe (OSCE) did most of the patrolling.

A Joint Control Commission (JCC) composed of Russian, Georgian, and North and South Ossetian emissaries ostensibly promoted a settlement of the conflict, with the OSCE as facilitator. According to some estimates, some 20,000 ethnic Georgians resided in one-third to one-half of the region and 25,000 ethnic Ossetians in the other portion. Many fled during the fighting in the early 1990s or migrated.

Some observers warned that Russia's increasing influence in South Ossetia and Abkhazia over the years transformed the separatist conflicts into essentially Russia-Georgia disputes. Most residents of Abkhazia and South Ossetia reportedly were granted Russian citizenship and passports and most appeared to want their regions to be part of Russia.<sup>5</sup>



Source: Central Intelligence Agency via the University of Texas at Austin. Perry-Castaneda Library Map Collection. [http://www.lib.utexas.edu/maps/georgia\\_republic.html](http://www.lib.utexas.edu/maps/georgia_republic.html).

Figure 1. Map of South Ossetia.

In late 2003, Mikheil Saakashvili came to power during the so-called “rose revolution” (he was elected president in January 2004). He pledged to institute democratic and economic reforms, and to re-gain central government authority over the separatist regions. In 2004, he began to increase pressure on South Ossetia by tightening border controls and breaking up a large-scale smuggling operation in the region that allegedly involved Russian organized crime and corrupt Georgian officials. He also reportedly sent several hundred police, military, and intelligence personnel into South Ossetia.

Georgia maintained that it was only bolstering its peacekeeping contingent up to the limit of 500 troops, as permitted by the cease-fire agreement. Georgian guerrilla forces also reportedly entered the region. Allegedly, Russian officials likewise assisted several hundred paramilitary elements from Abkhazia, Transnistria, and Russia to enter. Following inconclusive clashes, both sides by late 2004 ostensibly had pulled back most of the guerrillas and paramilitary forces.

In July 2005, President Saakashvili announced a new peace plan for South Ossetia that offered substantial autonomy and a three-stage settlement, consisting of demilitarization, economic rehabilitation, and a political settlement. South Ossetian “president” Eduard Kokoiti rejected the plan, asserting in October 2005 that “we [South Ossetians] are citizens of Russia.”<sup>6</sup> The Georgian peace plan received backing by the OSCE Ministerial Council in early December 2005. Perhaps faced with this international support, in mid-December 2005, Kokoiti proffered a South Ossetian peace proposal that also envisaged benchmarks, but presumed that South Ossetia would be independent.

In November 2006, a popular referendum was held in South Ossetia to reaffirm its “independence” from Georgia. The separatists reported that 95% of 55,000 registered voters turned out and that 99% approved the referendum. In a separate vote, 96% reelected Kokoiti. The OSCE and US State Department declined to recognize these votes. In “alternative” voting among ethnic Georgians in South Ossetia (and those displaced from South Ossetia) and other South Ossetians, the pro-Georgian Dmitriy Sanakoyev was elected governor of South Ossetia, and a referendum was approved supporting Georgia’s territorial integrity.

In March 2007, President Saakashvili proposed another peace plan for South Ossetia that involved creating “transitional” administrative districts throughout the region—ostensibly under Sanakoyev’s authority—which would be represented by an emissary at JCC or alternative peace talks. In July 2007, President Saakashvili decreed the establishment of a commission to work out South Ossetia’s “status” as a part of Georgia. The JCC finally held a meeting (with Georgia’s emissaries in attendance) in Tbilisi, Georgia, in October 2007, but the Russian Foreign Ministry claimed that the Georgian emissaries made unacceptable demands in order to deliberately sabotage the results of the meeting.<sup>7</sup> No further meetings were held.

During the latter half of July 2008, Russia conducted a military exercise that proved to be a rehearsal for Russian actions in Georgia a few weeks later. Code-named Caucasus 2008, the exercise involved more than 8,000 troops and was conducted near Russia’s border with Georgia. One scenario was a hypothetical attack by unnamed (but undoubtedly Georgian) forces on Georgia’s breakaway regions of Abkhazia and South Ossetia. Russian forces practiced a counterattack by land, sea, and air to buttress Russia’s “peacekeepers” stationed in the regions, protect “Russian citizens,” and offer humanitarian aid. The Georgian Foreign Ministry protested that the scenario constituted a threat of invasion. Simultaneously with the Russian military exercise, about 1,000 US troops, 600 Georgian troops, and token forces from Armenia, Azerbaijan, and Ukraine conducted an exercise in Georgia, code-named Immediate Response 2008, aimed at increasing troop interoperability for NATO operations and coalition actions in Iraq. Most of these troops had left Georgia by the time of the outbreak of conflict.<sup>8</sup>

## RENEWED CONFLICT IN SOUTH OSSETIA

Tensions escalated in South Ossetia on July 3, 2008, when an Ossetian village police chief was killed by a bomb and the head of the pro-Georgian “government” in South Ossetia, Dmitriy Sanakoyev, escaped injury by a roadside mine. That night, both the Georgians and South Ossetians launched artillery attacks on each other’s villages and checkpoints, reportedly resulting in about a dozen killed or wounded. The European Union (EU), the OSCE, and the Council of Europe (COE) issued urgent calls for both sides to show restraint and to resume peace talks.

On July 8, 2008, four Russian military planes flew over South Ossetian airspace. The Russian Foreign Ministry claimed that the incursion had helped discourage Georgia from launching an imminent attack on South Ossetia. The Georgian government denounced the incursion as violating its territorial integrity, and on July 11 recalled its ambassador to Russia for “consultations.” The U.N. Security Council discussed the overflights at a closed meeting on July 21, 2008. Although no decision was reached, Georgian diplomats reportedly stated that the session was successful, while Russian envoy Vitaliy Churkin denounced the “pro-Georgian bias” of some Security Council members.<sup>9</sup>

The day after the Russian aerial incursion, then-Secretary of State Condoleezza Rice arrived in Georgia for two days of discussions on ways to defuse the rising tensions between Georgia and Russia. She stated that “some of the things the Russians did over the last couple of months added to tension in the region,” called for Russia to respect Georgia’s

independence, and stressed the “strong commitment” of the United States to Georgia’s territorial integrity.<sup>10</sup>

On July 25, 2008, a bomb blast in Tskhinvali, South Ossetia, killed one person. On July 30, both sides again exchanged artillery fire, with the South Ossetians allegedly shelling a Georgian-built road on a hill outside Tskhinvali, and the Georgians allegedly shelling two Ossetian villages. Two days later, five Georgian police were injured on this road by a bomb blast. This incident appeared to trigger serious fighting on August 2-4, which resulted in over two dozen killed and wounded. Kokoity threatened to attack Georgian cities and to call for paramilitary volunteers from the North Caucasus, and announced that women and children would be evacuated to North Ossetia. Georgia claimed that these paramilitary volunteers were already arriving in South Ossetia.

On the evening of August 7, 2008, South Ossetia accused Georgia of launching a “massive” artillery barrage against Tskhinvali, while Georgia reported intense bombing of some Georgian villages in the conflict zone. Saakashvili that evening announced a unilateral ceasefire and called for South Ossetia to follow suit. He also called for reopening peace talks and reiterated that Georgia would provide the region with maximum autonomy within Georgia as part of a peace settlement. Georgia claims that South Ossetian forces did not end their shelling of Georgian villages but intensified their actions, “forcing” Georgia to declare an end to its ceasefire and begin sending ground forces into South Ossetia (for more on this view of events, see below, “International Response”). Georgian troops reportedly soon controlled much of South Ossetia, including Tskhinvali.

Russian President Medvedev addressed an emergency session of the Russian Security Council on August 8. He denounced Georgia’s incursion into South Ossetia, asserting that “women, children and the elderly are now dying in South Ossetia, and most of them are citizens of the Russian Federation.” He stated that “we shall not allow our compatriots to be killed with impunity. Those who are responsible for that will be duly punished.” He appeared to assert perpetual Russian control in stating that “historically Russia has been, and will continue to be, a guarantor of security for peoples of the Caucasus.”<sup>11</sup> On August 11, he reiterated this principle that Russia is the permanent guarantor of Caucasian security and that “we have never been just passive observers in this region and never will be.”<sup>12</sup>

In response to the Georgian incursion into South Ossetia, Russia launched large-scale air attacks in the region and elsewhere in Georgia. Russia quickly dispatched seasoned professional (serving under contract) troops to South Ossetia that engaged Georgian forces in Tskhinvali on August 8. That same day, Russian warplanes destroyed Georgian airfields, including the Vaziana and Marneuli airbases near the Georgian capital Tbilisi. Saakashvili responded by ordering that reservists be mobilized and declaring a 15-day “state of war.”

Reportedly, thousands of Russian troops had retaken Tskhinvali, occupied the bulk of South Ossetia, reached its border with the rest of Georgia, and were shelling areas across the border by early in the morning on August 10 (Sunday).<sup>13</sup> These troops were allegedly augmented by thousands of volunteer militiamen from the North Caucasus.<sup>14</sup>

On August 10, Georgian National Security Council Secretary Alexander Lomaia reported that Georgia had requested that then-Secretary Rice act as a mediator with Russia in the crisis over the breakaway region of South Ossetia, including by transmitting a diplomatic note that Georgia’s armed forces had ceased fire and had withdrawn from nearly all of South Ossetia.<sup>15</sup> Georgian Foreign Minister Eka Tkeshelashvili also phoned Russian Foreign Minister Sergei

Lavrov to report that all Georgian forces had been withdrawn from South Ossetia and to request a ceasefire, but Lavrov countered that Georgian forces remained in Tskhinvali.<sup>16</sup>

On August 11, Russia bombed apartment buildings in the city of Gori—within undisputed Georgian territory—and occupied the city.

## **Actions in Abkhazia and Western Georgia**

On August 10, the U.N. Assistant Secretary-General for Peacekeeping, Edmond Mulet, reported to the U.N. Security Council that the U.N. Observer Mission in Georgia (UNOMIG; about 100 observers in all) had witnessed “ongoing aerial bombardments of Georgian villages in the Upper Kodori Valley” the previous day.<sup>17</sup> They also had observed “the movement by the Abkhaz side of substantial numbers of heavy weapons and military personnel towards the Kodori Valley.” Mulet also warned that Abkhaz separatist leader Sergey Bagapsh had threatened to push the Georgian armed forces out of the Upper Kodori Valley. In violation of their mandate, the Russian “peacekeepers” “did not attempt to stop such deployments” of Abkhaz rebel weaponry, Mulet reported. Fifteen UNOMIG observers were withdrawn from the Kodori Valley because the Abkhaz rebels announced that their safety could not be guaranteed, Mulet stated.<sup>18</sup>

Russian peacekeepers also permitted Abkhaz forces to deploy in the Gali region and along the Inguri River near the border of Abkhazia and the rest of Georgia. Russian military and Abkhaz militia forces then moved across the river into the Zugdidi district, southwest of Abkhazia and undisputedly in Georgian territory (although some part is within the peacekeeping zone). Bombs fell on the town of Zugdidi on August 10. As the local population fled, Russian troops reportedly occupied the town and its police stations on August 11. Reportedly, the Russian military stated that it would not permit the Abkhaz forces to occupy the town of Zugdidi. The next day, the Russian military reported that it had disarmed Georgian police forces in the Kodori Valley and the Georgian police had pulled out.<sup>19</sup>

On August 10, Russia sent ships from the Black Sea Fleet to deliver troops to Abkhazia and take up positions along Georgia’s coastline. Russian military officials reported that up to 6,000 troops had been deployed by sea or air. Russian television reported that Igor Dygalo, Russian naval spokesman and aide to the Russian navy commander-in-chief, claimed that Russian ships had sunk a Georgian vessel in a short battle off the coast of Georgia.<sup>20</sup> Georgian officials reported that the Russian ships were preventing ships from entering or leaving the port at Poti. The Russians reportedly also sank Georgia’s coast guard vessels at Poti. Russian troops occupied a Georgian military base in the town of Senaki, near Poti, on August 11.

## **Ceasefire**

On August 12, the Russian government announced at mid-day that Medvedev had called Javier Solana, the European Union’s High Representative for Common Foreign and Security Policy to report that “the aim of Russia’s operation for coercing the Georgian side to peace had been achieved and it had been decided to conclude the operation.”<sup>21</sup> In a subsequent

meeting with Defence Minister Anatoly Serdyukov and chief of Armed Forces General Staff Nikolai Makarov, Medvedev stated that “based on your report I have ordered an end to the operations to oblige Georgia to restore peace.... The security of our peacekeeping brigade and civilian population has been restored. The aggressor has been punished and suffered very heavy losses.” Seemingly in contradiction to his order for a halt in operations, he also ordered his generals to continue “mopping up” actions, which included ongoing bombing by warplanes throughout Georgia, the occupation of villages, and destruction of military bases, bridges, industries, houses, and other economic or strategic assets.<sup>22</sup>

Later on August 12, Medvedev met with visiting French President Sarkozy, who presented a ceasefire plan on behalf of the EU.<sup>23</sup> President Medvedev reportedly backed some elements of the plan. French Foreign Minister Koucher then flew to Tbilisi to present the proposals to the Georgian government. Medvedev and Saakashvili consulted by phone the night of August 12-13 and they reportedly agreed in principle to a six-point peace plan, according to a press conference by Sarkozy.

The peace plan calls for all parties to the conflict<sup>24</sup> to cease hostilities and pull troops back to positions they had occupied before the conflict began. Other elements of the peace plan include allowing humanitarian aid into the conflict zone and facilitating the return of displaced persons. It excludes mention of Georgia’s territorial integrity. The plan calls for the withdrawal of Russian combat troops from Georgia, but allows Russian “peacekeepers” to remain and to patrol in a larger security zone outside South Ossetia that will include a swath of Georgian territory along South Ossetia’s border.

The plan also calls for “the opening of international discussions on the modalities of security and stability of South Ossetia and Abkhazia.” This seems to provide for possibly greater international roles in peace talks and peacekeeping, both of seminal Georgian interest. However, it does not specifically state that international peacekeepers will be deployed within South Ossetia. Supposedly, the Russian “peacekeepers” will cease patrolling the area outside South Ossetia after the modalities of international peacekeeping are worked out and monitors are deployed within this area, a process that could take some time.

An emergency meeting of EU foreign ministers on August 13 endorsed the peace plan and the possible participation of EU monitors. Medvedev hosted the *de facto* presidents of South Ossetia and Abkhazia in Moscow on August 14, where they signed the peace agreement. On August 15, then-Secretary Rice traveled to Tbilisi and Saakashvili signed the agreement. France submitted a draft resolution based on the plan at a meeting of the U.N. Security Council (UNSC) on August 19, but Russia blocked it, reportedly stating that only the verbatim elements of the vaguely-written plan should be included in the resolution (see also below for UNSC action).<sup>25</sup>

## Occupation Operations

The Russian military was widely reported to be carrying out extensive “mopping up” operations throughout Georgia, except for the capital, Tbilisi. These appeared to involve degrading Georgia’s remaining military assets and occupying extensive “buffer zones” of Georgian territory near the borders of Abkhazia and South Ossetia.

On August 20, Russia’s General Staff deputy head Nogovitsyn claimed that the 6-point peace plan permitted the establishment of “buffer zones” and no-fly zones near Georgia’s

borders with Abkhazia and South Ossetia. He specified that the zone around Abkhazia would include Georgia's Senaki military base, precluding Georgia's use of the base. These zones appear somewhat like those established by Armenia during the early 1990s conflict over Azerbaijan's breakaway Nagorno Karabakh region.

International media reported that Russian troops and paramilitary forces were widely looting, destroying infrastructure, detaining Georgians, and placing mines throughout the country, similar to what often took place during Russia's operations in its breakaway Chechnya region early in the decade. On August 18, Russian forces burned the Ganmukhuri youth patriotic camp near Zugdidi, which Russia had claimed was a Georgian military base. From the occupied base at Senaki, Russian troops made repeated forays into the countryside. Russian forces occupying Poti reportedly prevented most trade in and out of the port and widely pillaged. They detained 20 Georgian troops and police guarding the port on August 19. They also allegedly destroyed a Georgian missile boat and seized US HUMVEEs being shipped out of the port.<sup>26</sup>

France reportedly raised concerns that a mountain warfare training base it had helped Georgia set up in Sachkhere in Western Georgia for NATO interoperability training was being threatened with destruction by Russian military forces.<sup>27</sup>

## **Russia's Partial Withdrawal**

On August 21, the deputy chief of the Russian General Staff, Anatoliy Nogovitsyn, stated that "by the end of August 22 all forces of the Russian Federation [now in Georgia] will be within the area of responsibility of the Russian peacekeepers." Western media on August 22 reported sizeable but not complete Russian military withdrawals.

On August 22, Russian forces reportedly left the village of Igoeti, 17 miles from Tbilisi, but an Ossetian militia occupied the village of Akhagori, 25 miles north-west of Tbilisi.<sup>28</sup> Russian forces reportedly were leaving Gori on August 22. Until then, access to the city had been partially restricted. In the northwest, Russian troops reportedly left the Senaki military base.

Nogovitsyn and other Russian officials seemingly had argued that Georgia's actions had negated past ceasefire regimes in Abkhazia and South Ossetia. Nonetheless, Nogovitsyn asserted on August 28 that the 1992 ceasefire accords for South Ossetia permitted Russia to deploy "peacekeeping" troops in Poti, more than one hundred miles from South Ossetia, or in other areas "adjacent" to the region.<sup>29</sup>

## **Russia Recognizes the Independence of the Regions**

On August 25, Russia's Federation Council (upper legislative chamber) and the Duma (lower chamber) met and recommended that the president recognize the independence of Abkhazia and South Ossetia. In an announcement on August 26, Medvedev claimed that "humanitarianism" dictated that Russia recognize the independence of the regions, and he called on other countries to also extend diplomatic recognition. Russia began searching for premises for embassies and considering ambassadorial candidates.

On September 5, Nicaragua extended diplomatic recognition to Abkhazia and South Ossetia, the only sovereign nation besides Russia to do so. At a late August 2008 summit of the Shanghai Cooperation Organization (a trade and security organization consisting of China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan), the communique appeared to reflect China's disapproval of recognizing breakaway regions.<sup>30</sup> Similarly, a meeting of the Russia-led Collective Security Treaty Organization in early September (other members include Armenia, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan) did not result in any members extending diplomatic recognition to Abkhazia and South Ossetia.

### **The Follow-On Ceasefire Agreement**

On September 8, 2008, visiting French President Nicolas Sarkozy and Russian President Dmitry Medvedev signed a follow-on ceasefire accord that fleshed out the provisions of the 6-point peace plan. It stipulated that Russian forces would withdraw from areas adjacent to the borders of Abkhazia and South Ossetia by midnight on October 10; that Georgian forces would return to their barracks by October 1; that international observers already in place from the U.N. and OSCE would remain; and that the number of international observers would be increased by October 1, to include at least 200 EU observers. An international conference on ensuring security and stability in the region, resettling refugees and displaced persons, and a peace settlement would be convened in Geneva in mid-October.

In a press conference after signing the accord, President Medvedev asserted that Russia's recognition was "irrevocable," and that Russian "peacekeepers" would remain deployed in Abkhazia and South Ossetia. Although Sarkozy strongly implied that the international conference would examine the legal status of Georgia's breakaway Abkhazia and South Ossetia, Medvedev pointed out that the regions had been recognized as independent by Russia on August 26, 2008, and stated that disputing this recognition was a "fantasy." Sarkozy hailed the accord as possibly clearing the way for the EU to soon re-open partnership talks with Moscow.<sup>31</sup>

On September 9, the Russian defense minister asserted that several thousand Russian troops would remain in Abkhazia and the same number in South Ossetia.<sup>32</sup> This assertion triggered criticism by the United States, Georgia, and others that the ceasefire accords called for the numbers of Russian "peacekeepers" to revert to pre-conflict levels, which before the build-up in Abkhazia were about 2,000 troops and in South Ossetia were 1,000 troops (500 Russian troops and 500 North Ossetian troops, whom were in actuality mostly South Ossetian). On September 14, NATO Secretary General de Hoop Scheffer reportedly criticized the EU for not insisting that Russia reduce its "peacekeepers" to pre-conflict levels.<sup>33</sup>

Russia troops withdrew from Poti and Senaki on September 13 in accordance with the follow-on accord. The European Union (EU) deployed 225 unarmed monitors to Georgia by October 1, 2008, to patrol areas along Georgia's borders with its breakaway regions of South Ossetia and Abkhazia, in accordance with ceasefire accords. Russian troops pulled back by October 9 from so-called "buffer zones" they occupied outside of the borders of the regions. Troubling aspects included Russia's apparent backing to efforts by Abkhazia and South Ossetia to increase the size of their territories at Georgia's expense. In Abkhazia, Russian troops remained in the Kodori Gorge area and appeared to support Abkhaz efforts to move the border to the Inguri River. In South Ossetia, Russian checkpoints remained in Akhmagori



district, which was within the region's Soviet-era borders but had been administered by Georgia since the South Ossetian conflict of the early 1990s. The United States continues to argue that the 6-point ceasefire plan calls for Russian troops in excess of pre-conflict numbers to withdraw from South Ossetia and Abkhazia.

### **The Status Conference Meetings in Geneva**

As provided for under the ceasefire accords, a conference to consider the future of South Ossetia and of Abkhazia was opened on October 15 in Geneva. Co-chairs include the Special Representative of the U.N. Secretary General and representatives of the EU and OSCE.

Delegations from Georgia, Russia, and the United States, as well as emissaries from the *de facto* and Georgia-recognized Abkhaz and South Ossetian leaderships participate in discussions.

Reportedly, progress in planning this conference was complicated by Russia's insistence that Abkhazia and South Ossetia participate as independent states. EU, UN, and OSCE mediators and emissaries from three countries, Georgia, Russia, and the United States, were to sit down in what is termed 3+3 talks. They convened in a formal session in the morning and an informal session in the afternoon, where the separatist emissaries could attend. Reportedly, the Russian delegation was absent during most if not all the morning session.

The Georgians and the emissaries from Abkhazia and South Ossetia allegedly clashed at the afternoon session, with the latter demanding that they be treated as representatives of sovereign countries and walking out. Assistant Secretary Fried, the US participant, stated that the United States was amenable to working with Russia on non-use of force pledges (beyond those that are associated with the ceasefire accords). He stated that another Russian demand—for a ban on offensive arms transfers to Georgia—seemed questionable given Russia's buildup of arms in the region.<sup>34</sup>

Sessions in Geneva in November and December 2008 were more successful in involving the emissaries in discussions, but little progress was reported on the main issues. At the February 17-18, 2009, session, however, the sides agreed in principle to set up an "incident prevention and response mechanism" which will aim to defuse tensions before they escalate. Emissaries from the EU, OSCE, and U.N. will hold weekly meetings, investigate violent incidents along the conflict borders, and ensure the delivery of humanitarian assistance.

Assistant Secretary Fried hailed the agreement as "a significant step forward. It's positive, it's practical," although he cautioned that implementation will "depend on good will on all sides and we will have to see whether the good will that existed today in sufficient quantity to reach this achievement continues." He regretted that there was no progress on the issue of access to South Ossetia for humanitarian aid and cautioned that "we have a very long way to go in restoring security and peace on a long term sustainable basis in Georgia. The situation along the administrative lines, particularly between South Ossetia and the rest of Georgia is unsatisfactory, even dire, with attacks, raids, [and] violence."<sup>35</sup> The next meeting may be held in late May or early June 2009.

## IMPLICATIONS FOR GEORGIA AND RUSSIA

According to some observers, the recent Russia-Georgia conflict harms both countries. In the case of Georgia and South Ossetia, the fighting reportedly resulted in hundreds of military and civilian casualties and large-scale infrastructure damage that set back economic growth and contributed to urgent humanitarian needs. Tens of thousands of displaced persons added to humanitarian concerns. The fighting appeared to harden anti-Georgian attitudes in both South Ossetia and Abkhazia, making the possibility of re-integration with Georgia—which is still hoped for by the Saakashvili government even in the face of Russia's recognition of the regions' independence—more remote. Georgia also appeared even less eligible by some NATO members for a Membership Action Plan (MAP), usually considered as a prelude to membership, because of the destruction of some of its military capabilities and the heightened insecurity of its borders. In the case of Russia, its seemingly disproportionate military campaign and its unilateral declaration of recognition appeared to harm its image as a reliable and peaceable member of the international community. Russia also reported that its military operations and pledges to rebuild South Ossetia were costing hundreds of millions of dollars.

According to a report prepared by the World Bank and other international financial institutions, the conflict “resulted in shocks to economic growth and stability in Georgia [including] a weakening of investor, lender and consumer confidence, a contraction of liquidity in the banking system, stress on public finances, damage to physical infrastructure,... and increased numbers of internally displaced persons.” The conflict caused an estimated \$394.5 million in damages that needed to be soon repaired and reduced projected economic growth for 2008 from 9% to 3.5%, according to the World Bank. Lessened economic growth rates may persist for several years.<sup>36</sup> Commissioner of Human Rights of the COE, Thomas Hammerberg, reportedly found widespread destruction of ethnic Georgian villages and homes during a visit to South Ossetia, apparently caused by Ossetian and North Caucasian militias as part of “ethnic cleansing” efforts.<sup>37</sup>

Although Georgian opposition politicians and other citizens initially muted their criticism of Saakashvili after the ceasefire, there were signs later in 2008 of a growing debate about the causes and conduct of the conflict. Former legislative speaker Nino Burjanadze formed a new opposition party called Democratic Movement-United Georgia in October. Former Prime Minister Zurab Noghaideli announced in late 2008 that he would form an opposition party, and two prominent opposition parties—the New Right and Republican Parties—formed an alliance. In February 2009, Irakli Alasania, Georgia's former ambassador to the UN, joined this alliance. The opposition parties have called for Saakashvili to resign and to schedule early presidential elections.

President Medvedev's vow on August 8 to “punish” Georgia denoted Russian intentions beyond restoring control over South Ossetia. When he announced on August 12 that Russian troops were ending their offensive against Georgia, he stated that Russia's aims had been accomplished and the aggressor punished. Various observers have suggested several possible Russian reasons for the “punishment” beyond inflicting casualties and damage. These include coercing Georgia to accept Russian conditions on the status of the separatist regions, to relinquish its aspirations to join NATO,<sup>38</sup> and to depose Saakashvili as the president.<sup>39</sup> In addition, Russia may have wanted to “punish” the West for recognizing Kosovo's independence, for seeking to integrate Soviet successor states (which are viewed by Russia as

part of its sphere of influence) into Western institutions such as the EU and NATO, and for developing oil and gas pipeline routes that bypass Russia.

The prospects of improved Russia-Georgia relations appeared dimmed by Russia's refusal to directly negotiate with Saakashvili, Georgia's decision on August 29 to sever diplomatic relations with Russia, and Russia's retaliatory severing of diplomatic ties with Georgia.<sup>40</sup> Ruptured bilateral trade and transport ties—which have wider regional economic and humanitarian repercussions—are likely to persist for some time, according to many observers.

The Russia-Georgia conflict seemed to show Putin as the dominant figure in the Russian government. Putin left the Beijing Olympics early and flew to Vladikavkaz in North Ossetia. State-controlled media showed Putin meeting with military officers and seemingly in charge of military operations. Later government-issued reports and telecasts of meetings between Medvedev and Putin during the crisis appeared to show Putin “suggesting” courses of action to Medvedev.

Following international criticism of Russia's incomplete withdrawal of military troops from Georgia and its recognition of the regions as independent, both Putin and Medvedev escalated their anti-Western rhetoric, according to many observers. One Russian commentator raised concerns that the hard line followed by the Putin-Medvedev tandem strengthened the influence of the so-called *siloviki*—the representatives and veterans of the military, security, and police agencies—over foreign and defense policy.<sup>41</sup>

Many observers initially warned Russia that it risked international isolation by engaging in behavior widely condemned by the world of nations. Prime Minister Putin downplayed the significance of various sanctions considered by the West, including the value of Russia joining the World Trade Organization or retaining membership in the G-8, and appeared to implement pre-emptive trade restrictions on US food exports. At the same time, the EU, the COE, and NATO appeared to retreat from considering extended sanctions against Russia (see below).

South Ossetia's “president” Kokoiti has stated that his region seeks unification with Russia, although according to one Russian media report, Russian officials urged him to soft-pedal this intention for the time being and to instead state that South Ossetia wanted to remain independent.<sup>42</sup> Abkhazia's “president” Bagapsh stated that the region wants to remain independent, but to have ties with Russia that appear virtually confederal in nature. In 5-10 years, he stated, a decision could be made on unification with Russia.<sup>43</sup>

On September 17, 2008, Russia signed Friendship, Cooperation, and Mutual Assistance agreements with Abkhazia and South Ossetia. According to some Russian authorities, these agreements provide for the regions to “decide” on the number of Russian troops they host, so render inoperable arguments by the EU and the OSCE that Russian troop levels in the regions should accord with pre-conflict numbers.

The friendship agreements effectively make the regions dependencies of Russia, according to some observers. They permit Russia to establish military bases in the regions and to deploy Russian border troops to help defend the regional borders. Residents of the regions are permitted to freely enter Russia and Russian embassies protect the interests of the residents of the regions when they travel abroad. Perhaps merely codifying the existing trend before the Russia-Georgia conflict, the regions pledge to “unify” their civil, tax, welfare, and pension laws and their banking, energy, transportation, and telecommunications systems with those of Russia.

The Commonwealth of Independent States dissolved the CIS “peacekeeping” mandate in the regions in mid-October 2008, but Russian troops were invited by the regions to establish bases in line with the friendship agreements. In February 2009, the Russian general staff announced that it was constructing or revamping facilities at Java and Tskhinvali in South Ossetia and Gudauta in Abkhazia for the 3,700 troops being sent to each region. It was also announced that some ships from the Black Sea Fleet would be deployed to Abkhazia’s port town Ochamchire. NATO and the EU criticized the basing arrangements as destabilizing.<sup>44</sup>

According to some observers, Russia’s recognition of the independence of Abkhazia and South Ossetia conferred legitimacy on the existing ruling groups in the regions—which include corrupt “elected” officials and organized crime leaders—and gave permanence to smuggling networks allegedly run by Russian “peacekeepers” and security personnel. These observers warn that this enhanced Russian backing increased the threats posed by smuggling and other criminal activities to Georgia’s stability. In the wake of recognizing the regions, Russia appeared to reshuffle some regional officials as a condition for granting economic assistance, perhaps indicative of the criminal activities of the *de facto* officials.<sup>45</sup>

### **Assessing the Causes of the Conflict**

Russia and Georgia have campaigned to convince international observers that the other party initiated the conflict. Georgian officials released cell phone intercepts in September 2008 that they claimed showed that the Russian offensive had been launched before the Georgian troops moved into Tskhinvali.<sup>46</sup> Russian officials have denied that these cell phone intercepts indicate a pre-planned massive movement of Russian attackers through the Roki tunnel. Russian oppositionist Andrey Illarionov has alleged that North Caucasian “volunteers” moved into South Ossetia in early August to prepare an attack. Some Russian military forces also had been prepositioned, but major troop movements took place through the Roki tunnel on the evening of August 7. Georgian troops became aware of this attack, entered South Ossetia, and raced toward the Roki tunnel to try to halt the Russian advance, he has alleged.<sup>47</sup>

Conversely, Russian authorities on September 25 released supposed captured Georgian “war plans” that they claimed “proved” that Georgia’s attack on South Ossetia was prepared in advance to annihilate ethnic Ossetians and re-establish government control. Russia also has justified its incursion into Abkhazia and other areas of western Georgia by alleging that Georgia’s “war plans” included military action in Abkhazia after control was re-asserted over South Ossetia. Examining these conflicting accusations, PACE approved a resolution on October 2, 2008, that urged an international investigation of the causes of the conflict, among other matters.<sup>48</sup>

In early December 2008, the EU finance ministers approved setting up such an international commission. To emphasize its international composition, former U.N. special representative to Georgia Heidi Tagliavini, from non-EU Switzerland, was picked as commission head. The commission has conducted interviews with the parties to the conflict zone and conducted other research and is expected to release a report by the end of July 2009.

Georgia also set up a nonpartisan legislative commission in October 2008 to investigate the causes of the conflict. This commission heard lengthy testimony from nearly two dozen government witnesses, including President Saakashvili. In its December 2008 report, the

commission concluded that Georgia's military action in South Ossetia on August 7-8 was a response to a plan set in motion by Russia over a period of months that culminated in an invasion by more than 40,000 Russian troops. Some critics of the report claimed that the commission members backed Saakashvili's account of events out of patriotism and so as not to appear pro-Russian.

## Casualties and Displaced Persons

Estimates of dead and injured have varied, in part because Russia initially limited media and most NGO access to South Ossetia. However, early claims by sources in South Ossetia that 1,500,000 people were killed during the conflict with Georgia have appeared overblown. In December 2008, an official in the Russian Prosecutor's Office stated that 162 civilians had been killed in South Ossetia, and in February 2009, a Russian deputy defense minister stated that 64 military personnel had been killed and 283 wounded in the region during the conflict.<sup>49</sup> Russian military sources reported that four of its warplanes had been shot down. On September 15, 2008, the Georgian government reported that 372 citizens had died, of which 168 were military servicemen, 188 civilians, and 16 policemen. However, there were dozens of "missing persons," which eventually may result in a revised death toll. These casualty figures had not been updated by early 2009.<sup>50</sup> According to Georgian and NGO reports, Ossetian and allied paramilitary forces in South Ossetia continue to engage in "ethnic cleansing" against ethnic Georgians, forcing those remaining to flee the region. A similar process allegedly is taking place in Abkhazia.<sup>51</sup>

According to a report prepared by the World Bank for the donors' conference in October 2008, about 127,000 persons were displaced by the fighting in Georgia, South Ossetia, and Abkhazia at the height of the conflict. Over 68,000 displaced persons (in Georgia and the regions) had returned to their homes, according to the World Bank, but about 34,000 persons needed temporary shelter until they could return to their homes in the spring, and about 30,000 persons needed long-term housing because they could not return or their homes had been destroyed. The returnees were in need of assistance to restore their livelihoods and repair damage to their property. In addition, 100,000 people that were affected directly or indirectly by the conflict might need assistance.<sup>52</sup> Russia's Emergency Situations Ministry reported in mid-September that almost all of the 35,000 South Ossetians whom had fled to North Ossetia during the fighting had returned to their homes and that all the temporary accommodation facilities opened in North Ossetia had been closed. Some 2,000 South Ossetians remained in the north, mainly those whose houses had been heavily damaged.

The Georgian government moved quickly to provide housing for the displaced persons. Many people were housed temporarily in schools or other public buildings or lived with relatives. The government rehabilitated thousands of damaged houses or apartments and constructed nearly 4,000 houses in several new communities for people likely to be displaced for some time. Some of these houses were provided with plumbing and heating and were designed for indefinite use while others were more rudimentary and designed for temporary use. Some observers have raised concerns that these new communities are not fully provided with social services and are not near places of work. Concerns also have been raised that some displaced persons have been forced to return to conflict areas even though their housing remains damaged or they fear ongoing cross-border violence.<sup>53</sup>

On August 12, 2008, Georgia filled a case against Russia at the International Court of Justice (ICJ) for alleged crimes in Abkhazia and South Ossetia between 1990 and 2008. President Medvedev also had threatened to file a case with the Court about Georgia's "genocide" in South Ossetia. The Court held an urgent hearing on the case on September 8-10, 2008. Besides an examination of Russia's support for ethnic cleansing, Georgia requested that the Court declare as unlawful Russia's moves to recognize the separatist regions and Russia's denial of the right of return of internally displaced ethnic Georgians. The case also requested monetary compensation for the damage Russia has inflicted on Georgia.<sup>54</sup> On October 15, the ICJ issued a "provisional measures" order to Russia and Georgia to immediately cease and desist from further acts of ethnic discrimination, to facilitate humanitarian assistance, and protect people and property in the conflict zone.

Several NGOs have alleged that both Russia and Georgia committed human rights abuses during the conflict. Human Rights Watch (HRW) has alleged that the Georgian military used "indiscriminate and disproportionate force resulting in civilian deaths in South Ossetia" on August 7-8, and that the Russian military subsequently used "indiscriminate force" in South Ossetia and the Gori area, and targeted convoys of civilians attempting to flee the conflict zones. HRW has alleged that both Russia and Georgia used cluster bombs against civilians, and has rejected claims by Russia that Georgia was carrying out "genocide" in South Ossetia. HRW announced on September 1 that it had received a letter from the Georgian Defense Ministry admitting that it had used cluster bombs near the Roki tunnel.<sup>55</sup> The Dutch government released a report on October 20 that concluded that Russia had used cluster bombs in Gori.<sup>56</sup> Russia has encouraged hundreds of South Ossetians to file cases with the European Court of Human Rights and the International Criminal Court alleging human rights abuses by Georgia during the conflict. Georgians similarly have filed dozens of cases alleging Russian abuses.

## INTERNATIONAL RESPONSE

Myriad world leaders and organizations initially rushed to mediate the Georgia-Russia conflict. While many governments have appeared to consider that both Russia and Georgia may share blame for the recent conflict, they have stressed that the most important concern at present is implementation of a ceasefire regime and urgent humanitarian relief. These governments have criticized Russia for excessive use of force and peremptorily recognizing the independence of Abkhazia and South Ossetia in violation of the principle of Georgia's territorial integrity, and Georgia for attempting to reintegrate South Ossetia by force.<sup>57</sup>

Immediately after the events of August 7-8, the U.N. Security Council (UNSC) met daily for several days to attempt to agree on a resolution, but Russia and China refused to agree to various texts proffered by the United States, France, and Great Britain. The latter states were working on a resolution based on the EU peace plan (see below).<sup>58</sup> At the UNSC meeting on August 10, US Permanent Representative Zalmay Khalilzad denounced the "Russian attack on sovereign Georgia and targeting of civilians and a campaign of terror," and warned that "Russia's relations with the United States and others would be affected by its continued assault on Georgia and its refusal to contribute to a peaceful conclusion of the crisis." Churkin countered that it was "completely unacceptable" for Khalilzad to accuse Russia of a campaign

of terror, “especially from the lips of a representative of a country whose action we are aware of in Iraq, Afghanistan, and Serbia.”

On August 10, Lavrov claimed that Rice had “incorrectly interpreted” remarks he made to her in a phone conversation earlier about Saakashvili. Lavrov emphasized that Russia “cannot consider as a partner a person [referring to Saakashvili] who gave an order to carry out war crimes,” but he rejected the inference that Moscow was demanding Saakashvili’s ouster as a condition for ending military operations.<sup>59</sup>

The presidents of the three Baltic states and Poland called on August 9 for the EU and NATO to oppose the “imperialist policy” of Russia. The next day, Polish President Lech Kaczynski unveiled a plan worked out by the Baltic states, Poland, and Ukraine, for an international stabilization force for the South Caucasus, and recommended the plan to French President Sarkozy for consideration by the EU. Commenting on the plan, Polish Foreign Minister Radoslaw Sikorski stated that an EU stabilization force was needed, since “it is no longer possible for Russian soldiers alone to assure the peace in South Ossetia.” In apparent contrast to the Polish position, Italy’s Prime Minister Silvio Berlusconi warned against the EU adopting an “anti-Russian” stance regarding the Russia-Georgia conflict.<sup>60</sup> EU foreign ministers met in Brussels in emergency session on August 13. They emphasized support for the EU peace plan, called for bolstering OSCE monitoring in South Ossetia, and suggested that EU or U.N. observers might be necessary.<sup>61</sup>

European and other international leaders were overwhelmingly critical of what they viewed as Russia’s non-compliance with the provision of the six-point peace plan that called for Russia to immediately withdraw its military forces from Georgia. European and other international leaders likewise were overwhelmingly critical of Medvedev’s decision to recognize the independence of Abkhazia and South Ossetia. Chancellor Merkel termed the recognition “absolutely not acceptable,” and raised the hope that a dialogue still could be opened with Russia, although she stated that such a dialogue presupposed “shared values, and those include respecting the territorial integrity of individual states, as well as the use of international mechanisms to resolve conflicts.”<sup>62</sup> Sarkozy, in his capacity as the EU President, issued a statement strongly condemning the recognition as “contrary to the principles of the independence, the sovereignty and the territorial integrity of Georgia,” and that the EU would “examine from this point of view the consequences of Russia’s decision.”<sup>63</sup> Italian Foreign Minister Franco Frattini likewise decried the apparent creation of ethnically-homogeneous enclaves, but cautioned against a Western reaction of isolating Russia.<sup>64</sup>

During a UNSC meeting on August 28, most members criticized Russia’s non-compliance with the six-point plan and the recognition of Abkhazia and South Ossetia, including the United States, Great Britain, France, Spain, Costa Rica, Belgium, and Indonesia. US Deputy Permanent Representative Alejandro Wolff reportedly condemned Russia’s recognition of South Ossetia and Abkhazia as incompatible with a UNSC resolution approved in April 2008 that reaffirmed the commitment of U.N. Members to respect the territorial integrity of Georgia. He raised the question that such disregard for the resolution by Russia could be a portent of further disregard for the U.N. He also stated that Russia’s attack in Abkhazia disregarded UNOMIG’s mandate. Churkin responded that UNSC members should not have violated U.N. resolutions by recognizing Kosovo.<sup>65</sup>

Some observers called for sanctions against Russia. These included no longer inviting Russia to participate in the Group of Eight (G-8) industrialized democracies, withdrawing support for Russia as the host of the 2014 Winter Olympics in Sochi, and re-examining

Russia's suitability for membership in the World Trade Organization (WTO). US analyst Ariel Cohen urged the West "to send a strong signal to Moscow that creating 19<sup>th</sup> century-style spheres of influence and redrawing the borders of the former Soviet Union is a danger to world peace."<sup>66</sup> EU analyst Nicu Popescu called for the EU to sanction Russia, including by suspending talks on a new Partnership and Cooperation Agreement.<sup>67</sup> In practice, however, the desire in the West for engagement with Russia on counter-terrorism and energy issues appeared to rule out imposing harsh sanctions.

At a session of the European Parliament (EP) on September 3, a resolution was approved that did not impose sanctions on Russia, although it agreed that consultations on a new Partnership and Cooperation Agreement would be postponed until Russia immediately and completely withdrew its troops from Georgia. The EP strongly condemned Russia's recognition of the independence of South Ossetia and Abkhazia. It called for an international investigation of the causes of the Russia-Georgia conflict, under the aegis of the U.N. or the OSCE. However, the EP also asserted that "during the night of 7-8 August 2008 the Georgian army launched ... a ground operation using both tanks and soldiers aimed at regaining control over South Ossetia." Nonetheless, the EP condemned "the unacceptable and disproportionate military action by Russia and its deep incursion into Georgia," and stressed that there was "no legitimate reason for Russia to invade Georgia, to occupy parts of it and to threaten to override the government of a democratic country." The EP called on sending EU observers to Georgia, a proposal endorsed at the meeting of EU foreign ministers on September 6. The foreign ministers also concurred with the EP on opening an international inquiry into the causes of the conflict.<sup>68</sup> Similarly, some members of the COE advocated suspending Russia's voting rights in the organization because of its violations of membership commitments on human rights. However, other members argued that Georgia also had violated commitments on human rights. At the late September-early October 2008 session of the Parliamentary Assembly of the Council of Europe (PACE), the resolution did not mention sanctions against Russia (or Georgia), instead stressing that PACE should facilitate dialogue between Russia and Georgia.<sup>69</sup>

On September 15, 2008, the EU External Relations Council decided on the mandate, composition, and financing of the EU mission to Georgia. The Council, composed of foreign ministers of the EU states, decided that at least 200 civilian observers would be deployed to the buffer zones around Abkhazia and South Ossetia by October 1. It also supported launching an independent international inquiry into the causes of the Russia-Georgia conflict, called for a donors' conference for Georgian rebuilding to be held in Brussels in October, and appointed Pierre Morel as Special Representative for the crisis in Georgia.<sup>70</sup>

At the EU-Russia summit in Nice, France, on November 14, 2008, the EU agreed to restart talks with Russia on a Partnership and Cooperation agreement. In explaining the decision, the EU's High Representative for the Common Foreign and Security Policy, Javier Solana, stated in February 2009 that the EU "opted for dialogue and negotiation [with Russia] rather than sanctions as the best means of passing our messages and defending our interests ... including by maintaining a significant mission on the ground in Georgia. Russia knows that what happens there is important for our relationship."<sup>71</sup>

Several Western diplomats and analysts drew parallels between Russia's activities in Georgia and the 1999 NATO bombing of Serbia (Yugoslavia), which was aimed at forcing Serb President Slobodan Milosevic to end Serbian attacks in the Kosovo region. Moscow opposed the NATO operation. According to former Greek diplomat Alex Rondos, "Russia



wants to serve up to the West a textbook copy of what the West did to Serbia, but of course it's a ghastly parody."<sup>72</sup> These observers point to the large-scale ethnic cleansing and the deaths of thousands of Kosovars. They are critical of Russia's disproportionate response in Georgia and stress that NATO's military aircraft and artillery did not target civilians in Serbia, as Russian forces and allied militias allegedly targeted ethnic Georgian villages in South Ossetia and across the border. They also stress that NATO halted operations after Serbia pulled its forces out of Kosovo and accepted international peacekeeping, while Russia continued operations after Georgia's withdrawal of troops from South Ossetia and its calls for a ceasefire. Lastly, the international community spent several years discussing the status of Kosovo and strengthening the capacity of the regional government for self-rule.<sup>73</sup>

While some commentators asserted that Georgia's military incursion into South Ossetia was unjustifiable, others argued that Georgia had been provoked by Russia and South Ossetia and had been forced to counter-attack. Taking the former view, London's *Independent* argued on August 10 that "US Secretary of State Condoleezza Rice ... should, while defending Georgia's sovereignty, also point out to President Saakashvili that the US cannot underwrite a bellicose approach towards its separatist regions."<sup>74</sup> The publication *Jane's* similarly stressed on August 14 that "Tbilisi's confidence in launching its South Ossetian operations was incredibly misplaced."<sup>75</sup> Taking the latter view, US analyst Robert Kagan argued that Russia "precipitated a war against Georgia by encouraging South Ossetian rebels," and that Saakashvili "[fell] into Putin's trap."<sup>76</sup>

Taking a seemingly dim view of Russian intentions, US analyst Ronald Asmus stated that "despite everything we may have hoped for we are in a new geopolitical competition in the old Soviet spheres of influence. We may lose Georgia. We may lose the ... best chance for a democratic future in the Caucasus. The next target for Moscow will be Ukraine."<sup>77</sup> One Italian commentator asserted that Russia's actions in Georgia represented the beginning of Russia's efforts to roll back the Euro-Atlantic integration of Eastern European and Soviet successor states.<sup>78</sup>

Some observers raised concerns that Russia's alleged attempts to bomb the Georgian sections of the Baku-Tbilisi-Ceyhan (BTC) oil pipeline and the South Caucasus [gas] Pipeline (SCP) were Russian attempts to disrupt Caspian energy pipelines that it does not control. The BTC pipeline provides oil to Europe and the United States. The SCP provides gas to Turkey and to EU-member Greece, and may be further extended to other EU members. Azerbaijan's pledge to provide gas through a prospective Nabucco pipeline that would run through Georgia and Turkey to Europe also might face greater Russian opposition, as might the proposed trans-Caspian oil and gas pipelines, which would provide Central Asian countries with non-Russian export routes to the West.

Some observers in Soviet successor states voiced concerns that Russia's actions in Georgia did not bode well for their own sovereignty and independence. Russia's *Moscow Times* newspaper termed Russia's actions in Georgia "the strongest possible signal of how far [Russia] is ready to go to retain influence" in other Soviet successor states, and warned that these states are likely to "seek protection from the West," because of fears that they one day might be invaded.<sup>79</sup>

Ukraine's officials voiced heightened concerns about Russian intentions, including over threats by Putin and others in Russia to encourage secessionism by eastern Ukraine and the Crimean peninsula. Azerbaijan's authorities also appeared to have a new level of hesitancy about settling the problem of the breakaway Nagorno Karabakh region by force, because of

fears that Russia might intervene. Similarly, some officials in Armenia reportedly have added concerns that the country's close security ties with Russia could result in the infringement of Armenia's sovereignty.<sup>80</sup> While Kazakhstan and Uzbekistan quickly endorsed Russia's actions and shipped humanitarian assistance to North and South Ossetia, they also refused to extend diplomatic recognition to Abkhazia and South Ossetia. Belarus faced pressure from Russia to extend diplomatic recognition to the regions, while the EU warned Belarus that its eligibility for the planned Eastern Partnership might be placed in jeopardy by such a move.<sup>81</sup>

### **The Stand-off on OSCE Monitoring**

On August 19, 2008, Russia agreed that 20 OSCE military observers could be deployed immediately to an area adjacent to South Ossetia to supplement eight monitors who were already in Georgia. The OSCE anticipated that the number of observers later would be bolstered to 100. Then-Secretary Rice stated that the United States would facilitate the transport and equipping of the monitors. The initial group of monitors began work at the end of August. In September 2008, however, the OSCE talks on sending 100 observers to Georgia were at least temporarily suspended, reportedly over the insistence by some members that the observers be given access to South Ossetia and Russia's refusal to permit such access.

Finally, in December 2008, Russia's insistence that a proposed OSCE field office in Tskhinvali be negotiated with South Ossetia as an independent state led the OSCE to announce that no agreement could be reached on the extension and alteration of the mandate of the OSCE Mission in Georgia and that it would cease work. In February 2009, however, the OSCE agreed that the 20 new military observers would stay in Georgia until the end of June 2009, but that the eight members of the OSCE Mission in Georgia would cease work by the end of March 2009.

### **Other Developments in 2009**

At the January 26-29, 2009, session of the Parliamentary Assembly of the Council of Europe (PACE), a resolution called for Russia and Georgia to fully implement pledges—made as part of the ceasefire that ended the active phase of the August 2008 conflict—on the treatment and repatriation of displaced persons. The resolution condemned continuing human rights violations in Georgia's breakaway Abkhazia and South Ossetia regions (which are under Russia's control), and called for humanitarian aid workers and ceasefire monitors to be provided with open access to the regions. Although not reflected in the resolution, some members condemned the continued presence of Russian troops on Georgian territory in violation of ceasefire provisions and called for Russia to rescind its recognition of the independence of the breakaway regions.

In February 2009, the UNSC renewed the mandate of UNOMIG, although referring to it only as the "United Nations mission." The renewal expires in mid-June 2009. Significantly, the UNSC resolution reinstates a buffer zone between Abkhazia and the rest of Georgia, where heavy military weaponry and armed forces are banned. In his report to the UNSC covering the period just before the UNSC meeting, the U.N. Secretary General mentioned the presence of Russian armed forces and heavy equipment, Abkhaz paramilitary forces and

heavy equipment, and light forces used by Georgian police in the zone. Besides the U.N. observers, U.N. police continue to provide training and equipment to Abkhazians and Georgians.

## **International Humanitarian and Rebuilding Assistance**

Many countries, international organizations, and NGOs quickly mobilized to deliver large amounts of relief to Georgia. The U.N. World Food Program reported that it began efforts in Georgia on August 9, and UNHCR reported that its first aid shipment arrived in Georgia on August 12. The ICRC issued a preliminary appeal on August 11 for \$7.4 million to support its efforts to monitor captured or arrested persons, to provide surgical care for the wounded; and to assist civilians in South Ossetia and the rest of Georgia and persons displaced to North Ossetia. The U.N. Office for the Coordination of Humanitarian Affairs (OCHA) issued a Flash Appeal on August 18, 2008, for \$58.5 million in humanitarian aid for Georgia over the next few months. Pledges made as a result of this appeal have been included in the amounts pledged at the October donors' conference (see below).

Among international institutions and NGOs, Russia has permitted only the ICRC and Human Rights Watch to work in South Ossetia.<sup>82</sup> Regional "president" Kokoiti has stated that he will not permit aid organizations that have their primary offices in Georgia to conduct operations in South Ossetia.

In early September 2008, the International Monetary Fund (IMF) announced plans for an 18-month stand-by assistance package of \$750 million for Georgia, which received final approval by the IMF in mid-September 2008.

The EU and World Bank convened a donors' conference in Brussels on October 22, 2008, to garner international funds for Georgia's rebuilding. Thirty-eight countries and fifteen international organizations pledged approximately \$4.5 billion in aid to Georgia for the 2008-2010 period. The amount pledged was higher than the basic needs outlined in a Joint Needs Assessment report presented to the conference, indicating the high level of international concern over Georgia's fate. The pledges are addressed to meet urgent social needs related to internally displaced people, as well as damaged infrastructure; budgetary shortfalls; loans, equity, and guarantees to the banking sector; and core investments in transportation, energy, and municipal infrastructure that will boost economic growth and employment. The United States pledged the largest amount—\$1 billion—for these efforts (see below).<sup>83</sup>

## **US RESPONSE**

For years, the United States had urged Georgia to work within existing peace settlement frameworks for Abkhazia and South Ossetia—which allowed for Russian "peacekeeping"—while criticizing some Russian actions in the regions. This stance appeared to change during 2008, when the United States and other governments increasingly came to support Georgia's calls for the creation of alternative negotiating mechanisms to address these "frozen" conflicts, particularly since talks under existing formats had broken down.

This US policy shift was spurred by increasing Russian actions that appeared to threaten Georgia's territorial integrity. Among these, the Russian government in March 2008 formally withdrew from economic sanctions on Abkhazia imposed by the Commonwealth of Independent States, permitting open Russian trade and investment.<sup>84</sup> Of greater concern, President Putin issued a directive in April 2008 to step up government-to-government ties with Abkhazia and South Ossetia. He also ordered stepped up consular services for the many "Russian citizens" in the two regions. He proclaimed that many documents issued by the separatist governments and businesses which had been established in the regions would be recognized as legitimate by the Russian government. Georgian officials and other observers raised concerns that this directive tightened and flaunted Russia's jurisdiction over the regions and appeared to be moving toward official Russian recognition of their independence.

A meeting of the U.N. Security Council (UNSC) on April 23, 2008, discussed these Russian moves. Although the Security Council issued no public decision, the United States, Great Britain, France, and Germany stated that same day that they "are highly concerned about the latest Russian initiative to establish official ties with ... Abkhazia and South Ossetia without the consent of the Government of Georgia. We call on the Russian Federation to revoke or not to implement its decision."<sup>85</sup> The Russian foreign ministry claimed that Russia's actions had been taken to boost the basic human rights of residents in the regions.

According to one US media report, Bush Administration officials "were taken by surprise" by Georgia's attempt to occupy South Ossetia in early August 2008, since the Administration had cautioned Georgia against actions that might result in a Russian military response. At the same time, a "senior US official" on August 9 reportedly described the fighting in South Ossetia as localized and unlikely to escalate.<sup>86</sup>

President Bush was at the Beijing Olympics when large-scale fighting began. Although he did not cut short his trip (unlike Putin), President Bush stated on August 9 in Beijing that "Georgia is a sovereign nation, and its territorial integrity must be respected. We have urged an immediate halt to the violence and a stand-down by all troops. We call for the end of the Russian bombings." A similar statement was issued by then-Secretary Rice. On August 10, then-Deputy National Security Adviser James Jeffrey warned Russia of a "significant long-term impact" on US-Russian relations if Moscow continued "disproportionate actions" in Georgia and urged Russia to respond favorably to Georgia's withdrawal of forces from South Ossetia.<sup>87</sup> Late on August 10, Deputy Assistant Secretary of State Matthew Bryza flew to Tbilisi to assist with Koucher's EU peace plan.

On August 10, Russian Foreign Minister Sergei Lavrov told then-Secretary Rice in a phone conversation that "given the continuing direct threat to the lives of Russian citizens in South Ossetia, Russian peacekeeping forces... are continuing operations to force peace on the Georgian side."

US Permanent Representative to the U.N. Khalilzad revealed that Lavrov had told Rice that Saakashvili "must go" as a condition for a ceasefire.<sup>88</sup> Former Vice President Cheney issued a statement on August 10 after a phone conversation with Saakashvili that "Russian aggression must not go unanswered," and that the continuation of aggression "would have serious consequences for [Russia's] relations with the United States, as well as the broader international community."<sup>89</sup> Also appearing to take a stronger stance, former President Bush on August 11 referred to his conversation with Putin on August 8, stating that he had told Putin that "this violence [in Georgia] is unacceptable," and that he had "expressed my grave concern about the disproportionate response of Russia and that we strongly condemn

bombing outside of South Ossetia.”<sup>90</sup> On August 12, then-Secretary Rice stated that she was encouraged by reports from French Foreign Minister Kouchner in Moscow that there was progress in talks with President Medvedev about the EU peace plan, and reiterated that the United States supports Georgia’s territorial integrity and “its democratically elected government.”<sup>91</sup>

On August 10, the US military began flying 2,000 Georgian troops home from Iraq after Georgia recalled them. A US military spokesman stated that “we want to thank them for the great support they have given the coalition and we wish them well.” Another military spokesman stated that “we are supporting the Georgian military units that are in Iraq in their redeployment to Georgia so that they can support requirements there during the current security situation.”<sup>92</sup> On August 11, Putin criticized these US flights as aiding Georgia in the conflict.

In a strong statement on August 13, former President Bush called for Russia “to begin to repair the damage to its relations with the United States, Europe, and other nations, and to begin restoring its place in the world [by meeting] its commitment to cease all military activities in Georgia [and withdrawing] all Russian forces that entered Georgia in recent days.” He raised concerns that some Russian troops remained in the vicinity of Gori and Poti. He announced that he was sending then-Secretary Rice to France to “confer with President Sarkozy” on the EU peace plan and to Georgia, “where she will personally convey America’s unwavering support for Georgia’s democratic government [and] continue our efforts to rally the free world in the defense of a free Georgia.” He also announced that Defense Secretary Robert Gates would direct a humanitarian aid mission, which already had begun with an airlift of medical supplies to Tbilisi.<sup>93</sup>

Bush Administration officials stated that they hoped to maintain cooperation with Russia on antiterrorism (including assistance in operations in Afghanistan), non-proliferation, and sanctions against Iran and North Korea. On August 14, however, Secretary Gates stated that the Russia-Georgia conflict had forced the Administration to reconsider efforts to carry on “a long-term strategic dialogue with Russia,” and that “Russia’s behavior ... has called into question the entire premise of that dialogue and has profound implications for our security relationship going forward, both bilaterally and with NATO.”<sup>94</sup>

In seemingly harsh language on August 19, then-Secretary Rice asserted that Russia is “becoming more and more the outlaw in this conflict,” and that by “invading smaller neighbors, bombing civilian infrastructure, going into villages and wreaking havoc and wanton destruction of this infrastructure,” Russia is isolating itself from the “community of nations.”<sup>95</sup>

Deputy Assistant Secretary of State Matthew Bryza presented the most detailed Administration position on the events in Georgia in a briefing on August 19 and in testimony on September 10. He appeared to argue that the outbreak of fighting in Georgia’s breakaway South Ossetia region on the night of August 7-8 was preplanned and provoked by Russia. He pointed out that “South Ossetia’s government and its security structures are run by Russian officials [who were] commanding these South Ossetian forces that were shooting at ... Georgian peacekeepers or troops and villages.” He also asserted that “there was an offensive under way from Russia, through the Roki Tunnel, toward Tskhinvali and Kurta and other ethnically Georgian villages. And at that point, the Georgian leadership told some of us: We have no choice but to defend our villages and our people” and lift a cease-fire that Georgia had declared earlier.<sup>96</sup>

Despite this evidence, Bryza maintained, “whoever shot whom first is now no longer the issue at all. It is that Russia has escalated so dramatically and brutally.... Russia has moved well beyond South Ossetia.... It used strategic bombers to target civilian[s],” blocked the port of Poti, and destroyed east-west rail lines. Moreover, he stressed, Russian forces also invaded Georgia from its breakaway Abkhazia region, which “has nothing to do with South Ossetia at all.... In the case of Abkhazia, it was the Abkhaz who attacked the Georgians.” Bryza stated that the Administration in early August had “strongly recommended” to Georgia that it “not engage in a direct military conflict with Russia.”

Indicative of heightened tensions in US-Russia relations, Prime Minister Putin alleged on August 28, 2008, that the United States may have orchestrated the conflict in Georgia to disguise its economic and foreign policy problems and boost the prospects of a presidential candidate. He also alleged that the United States not only failed to dissuade Georgia from operations in South Ossetia on August 7-8, but armed the Georgians and directed them to attack. Then-White House press secretary Dana Perino responded that the allegations were “patently false” and “not rational,” and that “it is a time for the countries who believe in sovereignty, independence, and territorial integrity to band together to fight against” Russia’s violation of such principles.<sup>97</sup> President Medvedev later repeated the allegations that Saakashvili had received “direct orders, or [at least] silent approval” from the United States to launch an “idiotic action” against South Ossetia.<sup>98</sup>

Then-Vice President Cheney visited Georgia on September 4 to assure that “America will help Georgia rebuild and regain its position as one of the world’s fastest growing economies. [Saakashvili] and his democratically elected government can count on the continued support and assistance of the United States.” He also stated that the United States was coming to the aid of Georgia, as it had aided Georgia after the 2003 “rose revolution” that had brought Saakashvili to power, to help Georgia “to overcome an invasion of your sovereign territory, and an illegitimate, unilateral attempt to change your country’s borders by force.... We will help your people to heal this nation’s wounds, to rebuild this economy, and to ensure Georgia’s democracy, independence and further integration with the West.”<sup>99</sup> He visited Ukraine on September 5 to similarly reassure the country of US support for its sovereignty and independence in the wake of Russia’s invasion of Georgia and Medvedev’s assertions of a Russian sphere of influence in Soviet successor states and special interests in the fate of Russian “citizens” abroad.

In a speech in Italy on September 6, 2008, that appeared to mark deepened US-Russian tensions, former Vice President Cheney stated that “Russia has violated the sovereignty of [democratic Georgia]; made and then breached a solemn agreement, in a direct affront to the EU; severely damaged its credibility and global standing; and undermined its own relations with the United States and other countries.”<sup>100</sup> Then-Secretary Rice delivered a speech on September 18 that similarly strongly excoriated Russia for its aggressive foreign policy behavior, including the invasion of Georgia. She stated that “Russia’s leaders had laid the groundwork” for “what by all appearances was a premeditated invasion” of Georgia “months ago, distributing Russian passports to Georgian separatists, training and arming their militias, and then justifying the campaign across Georgia’s border as an act of self-defense.” However, she did not call for US or international sanctions on Russia, and stated that “the Sochi declaration signed earlier this year provided a strategic framework for the United States and Russia to advance our many shared interests. We will continue by necessity to pursue our areas of common concern with Russia.”<sup>101</sup> In a retort on September 22 to then-Secretary

Rice's speech, the Russian Foreign Ministry asserted that Russia's military response to Georgia's "attack on Russia" had been proportionate.<sup>102</sup>

The major Bush Administration action was the September 8 withdrawal of consideration by Congress of the US-Russia Agreement for Peaceful Nuclear Cooperation, submitted to Congress in May 2008. In his letter of withdrawal, former President Bush stated that his decision was in response to "recent actions by the Government of the Russian Federation incompatible with peaceful relations with its sovereign and democratic neighbor Georgia." He added that "if circumstances should permit future reconsideration of the proposed Agreement ... the proposed Agreement will be submitted for congressional review."

## **US Reaction to Russia's Recognition Declaration**

On August 26, former President Bush condemned Medvedev's decision to recognize South Ossetia and Abkhazia as "inconsistent with numerous U.N. Security Council Resolutions that Russia has voted for in the past and ... with the French-brokered six-point ceasefire agreement... We expect Russia to live up to its international commitments, reconsider this irresponsible decision, and follow the approach set out in the six-point agreement."<sup>103</sup> Then-Secretary Rice expressed "regret" that Russia had violated a provision of the six-point peace plan that calls for international talks on the future of Abkhazia and South Ossetia. She stated that any attempt by Russia to bring the matter of Abkhazian and South Ossetian independence before the U.N. Security Council would "simply ... be dead on arrival." The State Department also hinted at possible "consequences" for US-Russia relations.<sup>104</sup>

## **The US-Georgia Charter**

The former Bush Administration's strong support for Georgia was reflected in the US-Georgia Charter on Strategic Partnership, signed in January 2009, which states that "our two countries share a vital interest in a strong, independent, sovereign, unified, and democratic Georgia." The accord is similar to a US-Ukraine Charter signed in December 2008 and a US-Baltic Charter signed in 1998 with Estonia, Latvia, and Lithuania. In the security realm, "the United States and Georgia intend to expand the scope of their ongoing defense and security cooperation programs to defeat [threats to global peace and stability] and to promote peace and stability." Such cooperation will "increase Georgian capabilities and ... strengthen Georgia's candidacy for NATO membership." In the economic realm, the two countries "intend to pursue an Enhanced Bilateral Investment Treaty, to expand Georgian access to the General System of Preferences, and to explore the possibility of a Free-Trade Agreement." Energy security goals include "increasing Georgia's energy production, enhanc[ing] energy efficiency, and increas[ing] the physical security of energy transit through Georgia to European markets." In the realm of democratization, the two countries "pledge cooperation to bolster independent media, freedom of expression, and access to objective news and information," and to further strengthen the rule of law. The United States pledged to train judges, prosecutors, defense lawyers, and police officers.<sup>105</sup>

Before the signing, Georgian Foreign Minister Grigol Vashadze hailed the accord as a “stepping stone which will bring Georgia to Euro-Atlantic structures, to membership within NATO, and to [the] family of Western and civilized nations.”<sup>106</sup> Deputy Assistant Secretary Bryza stressed that the charter does not provide security guarantees to Georgia. He also stated that US-Georgian defense cooperation programs were still being developed.<sup>107</sup> According to some observers, the Charter aimed to reaffirm the United States’ high strategic interest in Georgia’s fate, after it had appeared that the United States (and the West) in recent months had acquiesced to increased Russian dominance in the South Caucasus.<sup>108</sup>

While these goals have received support from most policymakers, some observers have called for a re-evaluation of some aspects of US support for Georgia. These critics have argued that many US policymakers have been captivated by Saakashvili’s charismatic personality and pledges to democratize and have tended to overlook his bellicosity. They also have suggested that the United States should not have unquestionably backed Georgia’s territorial integrity, but should rather have encouraged reconciliation and the consideration of options short of the reintegration of the regions into Georgia.<sup>109</sup>

## US Assistance

The US Agency for International Development (USAID) reported on September 5 that USAID, the State Department, and the Defense Department had provided \$38.36 million in direct humanitarian assistance to Georgia. Of this amount, the US European Command (EUCOM) reported that its air transportation costs were \$15.4 million for 59 flights to Georgia.<sup>110</sup> Among US Navy and Coast Guard deliveries, the USS McFaul docked at Georgia’s port of Batumi to deliver nearly 80 tons of humanitarian assistance on August 24; the US Coast Guard cutter Dallas docked at Batumi to deliver 34 tons of assistance on August 27; the USS Mt. Whitney docked at Poti to deliver 17 tons of aid on September 5. The Defense Department announced on September 8 that with the USS Mt. Whitney aid delivery it had completed its role in delivering urgent humanitarian supplies.

On September 3, then-Secretary of State Rice announced a multi-year \$1 billion aid plan for Georgia. According to the State Department’s Deputy Director of Foreign Assistance Richard Greene, the Administration envisaged that over one-half of the funds could be allocated from FY2008-FY2009 budgets, and that the remainder for FY2010 could be appropriated by “the next Congress and the next administration.” The Administration envisaged that its proposed \$1 billion aid package would be in addition to existing aid and requests for Georgia, such as FREEDOM Support Act and Millennium Challenge Corporation (MCC) funds. The added aid was planned for humanitarian needs, particularly for internally displaced persons, for the reconstruction of infrastructure and facilities that were damaged or destroyed during the Russian invasion, and for safeguarding Georgia’s continued economic growth.<sup>111</sup>

Besides the envisaged aid, the White House announced that other initiatives might possibly include broadening the US Trade and Investment Framework Agreement with Georgia, negotiating an enhanced bilateral investment treaty, proposing legislation to expand preferential access to the US market for Georgian exports, and facilitating Georgia’s use of the Generalized System of Preferences. White House encouragement also was central to the



elaboration by the IMF of a \$750 million aid package for Georgia (as described above, in the “International Response” section).<sup>112</sup>

Congress acted quickly to flesh out the Administration’s aid proposals for Georgia. The Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009 (H.R. 2638/P.L. 110-329), signed into law on September 30, 2008, appropriates an additional \$365 million in aid for Georgia and the region for FY2009 (beyond that provided under continuing appropriations based on FY2008 funding) for humanitarian and economic relief, reconstruction, energy-related programs and democracy activities. In October 2008, Congress authorized \$50 million for security assistance for Georgia under the National Defense Authorization Act for FY2009 (P.L. 110-417; the so-called “Section 1207” authority).

At the EU and World Bank-sponsored donors’ conference on October 22, 2008, USAID Administrator Henrietta Fore announced that the United States would “make available by the end of 2008 approximately \$720 million of the \$1 billion we have pledged.” Of this \$720 million, \$250 million would be provided for direct budget support, \$100 million for urgent civilian reconstruction and stabilization needs, and up to \$80 million for economic reconstruction. Also included in the \$720 million are funds “already redirected to assist Georgia: \$100 million in new funding for Georgia’s Millennium Challenge Corporation Compact [and] \$150 million in Overseas Private Investment Corporation support to make affordable mortgages available.” She also pledged more humanitarian aid for the winter.<sup>113</sup>

Although US officials stressed that the early US aid response focused on humanitarian and economic assistance, EUCOM sent a team to Georgia in early September to assess defense needs (this EUCOM effort was separate from the earlier EUCOM humanitarian assistance assessment effort). In October, Congress authorized \$50 million for FY2009 for security assistance for Georgia (see below).

The State Department announced in early December 2008 that \$757 million of the pledged \$1 billion in new assistance had been provided or was in the process of being provided to Georgia, with the balance of \$243 million to be appropriated by the next Congress.<sup>114</sup> Already, \$60 million had been provided in humanitarian assistance for food, water, bedding, and medicine, and \$250 million had been made available to the Georgian government for fiscal stabilization and urgent governmental expenses, including pensions for government retirees, healthcare, allowances for displaced persons, secondary education, and salaries for government employees. Among in-process funding, the MCC was providing \$100 million to Georgia to support existing programs, including road rehabilitation, water supply and waste water projects, gas pipeline repairs, and energy sector studies. The Defense Department was providing \$50 million for urgent reconstruction and stabilization assistance,<sup>115</sup> and OPIC was providing \$176 million for mortgages and commercial and residential property development. Another \$121 million was planned to be allocated for economic reconstruction, assistance to displaced persons, energy security-related programs, and strengthening Georgia’s democratization.

## **Georgia and the NATO Membership Action Plan**

Some observers in Georgia and the West have argued that NATO’s failure to offer Georgia a Membership Action Plan (MAP) at the April 2008 NATO summit emboldened Russia’s aggressiveness toward Georgia. Others consider that NATO’s pledge that Georgia

eventually would become a member, as well as Georgia's ongoing movement toward integration with the West, spurred Russian aggression.<sup>116</sup> Saakashvili argued on August 10 that Russia wanted to crush Georgia's independence and end its bid to join NATO. France and Germany, which had voiced reservations at the April 2008 NATO summit about extending a MAP to Georgia, may argue even more forcefully against admitting Georgia, citing both the higher level of tensions over the separatist regions, Georgia's military incursion into South Ossetia, and the danger of war with Russia. Although the United States strongly supported a MAP for Georgia at the April 2008 NATO summit, recent events may have dimmed this prospect. An emergency meeting of NATO ambassadors on August 12, 2008 reiterated "in very strong terms" support for a sovereign, independent Georgia, and "condemned and deplored [Russia's] excessive, disproportionate use of force," according to a report by NATO Secretary General Jaap de Hoop Scheffer. He termed Georgia "a highly respected partner of NATO," and stated that the question of a MAP for Georgia remains "very much alive" and may be decided in December 2008. At the same time, there was evidence of hesitancy among some NATO members about moving forward with a MAP for Georgia at the December 2008 session.<sup>117</sup>

NATO foreign ministers met in emergency session on August 19 in the face of Russian delays in withdrawing from Georgia. The day before the meeting, Russian Deputy Foreign Minister Alexander Grushko had warned that "Russia is fairly carrying out its obligations, including within the framework of our partnership with NATO. We continue to help NATO in Afghanistan, give transit opportunities and maintain cooperation in counteracting terrorism and the WMD nonproliferation. But if NATO tries to keep covering for Georgia we may have problems with the alliance."<sup>118</sup>

At a press conference following the session, NATO Secretary General Scheffer announced that "NATO-Russia Council meetings would be placed on hold until Russia adhered to the ceasefire, and the future of our relations will depend on the concrete actions Russia will take to abide by the peace plan."<sup>119</sup> However, seeming to reflect disagreement within NATO about how to treat Russia, the final statement did not specifically state that NATO-Russia Council meetings would be suspended, although it did warn that "we have determined that we cannot continue with business as usual."<sup>120</sup> It also stated that a new NATO-Georgia Commission would be set up to a body to oversee cooperative initiatives, including repairing Georgia's military capabilities. Russia responded by suspending most cooperation with NATO, although Russia's emissary to NATO stated on September 3 that Russia would continue to cooperate with NATO on trans-shipment of supplies to Afghanistan.<sup>121</sup>

The inaugural meeting of the NATO-Georgia Council was held in Tbilisi on September 15 as part of a visit by the North Atlantic Council ambassadors and Secretary-General Jaap de Hoop Scheffer. A communique adopted at the inaugural meeting reaffirmed NATO's commitment to Georgia's sovereignty and territorial integrity, raised concerns about Russia's "disproportionate" military actions against Georgia, and condemned Russia's recognition of the independence of Abkhazia and South Ossetia. The ambassadors stressed that NATO would continue to assist Georgia in carrying out the reform program set forth in Georgia's IPAP with NATO. In a separate statement, de Hoop Scheffer reportedly indicated that it might prove difficult to resume meetings of the NATO-Russia Council until Russia drew down the number of troops in South Ossetia and Abkhazia to pre-conflict numbers.<sup>122</sup> On September 18-19, a meeting of NATO defense ministers further discussed Georgia's

rebuilding needs and the implications of Russia's actions for Euro-Atlantic security. While the defense ministers were meeting, Russian President Medvedev accused NATO of "provoking" the August Russia-Georgia conflict rather than guaranteeing peace<sup>123</sup>

At a NATO foreign ministers meeting in early December 2008, then-US Secretary of State Condoleezza Rice appeared to acknowledge allied concerns about Georgia's readiness for a MAP by embracing a proposal to defer granting a MAP. The allies instead agreed to step up work within the NATO-Georgia Council to facilitate Georgia's eventual NATO membership, and to prepare annual reports on Georgia's progress toward eventual membership. At the February 20, 2009, meeting of the NATO-Georgia commission, NATO and Georgian defense ministers discussed recovery assistance to Georgia and Russia's construction of military bases in the breakaway regions. Addressing an associated meeting of NATO defense ministers, Secretary-General Jaap de Hoop Scheffer stated that "we have seen [Russia's] recognition of South Ossetia and Abkhazia. We see [Russia's] intention of establishing bases there.... And it is crystal clear that we do not agree with Russia there. We fundamentally disagree. Does that mean that this measured reengagement with Russia should stop for that reason? There my answer is, 'No it should not.' Because we should use the NATO-Russia Council ... to discuss these things where we fundamentally disagree."<sup>124</sup> US Defense Secretary Gates similarly endorsed exploring improved NATO ties with Russia, although he averred that the Obama Administration "has not yet looked comprehensively at its policies with respect to Russia, and so I think our position on that [on resuming NATO-Russia Council meetings], on what that ought to happen, is not yet settled." He stressed that the United States has "a continuing security relationship with Georgia. We're involved in training. We are involved in military reform in Georgia. So this is an ongoing relationship and it is a relationship that we are pursuing, both bilaterally and within the framework of our NATO allies."<sup>125</sup>

## Congressional Response

Congress has long been at the forefront in US support for Georgia, including humanitarian, security, and democratization assistance as well as support for conflict resolution. Among recent actions, the Senate approved S.Res. 550 (Biden) on June 3, 2008, calling on Russia to disavow the establishment of direct government-to-government ties with Abkhazia and South Ossetia. Congress had begun its August 2008 recess during the height of the Russia-Georgia conflict, but many members spoke out on the issue. Several Members also visited Georgia after the ceasefire. Among the initial statements were:

- On August 8, House Foreign Affairs Committee Chairman Howard Berman urged all parties to cease fighting and for Russia to withdraw its troops and respect Georgia's territorial integrity.<sup>126</sup>
- On August 8, the Senate Foreign Relations Committee's then-Chairman Joseph Biden called for US officials and the U.N. Security Council to facilitate negotiations between the conflicting parties and stated that "Moscow has a particular obligation to avoid further escalation of the situation."<sup>127</sup>
- On August 8, Representative Ileana Ros-Lehtinen stated that Russia's invasion of Georgia caused little surprise, given Russia's other increasingly aggressive foreign

policy actions, and called for an international peacekeeping force for South Ossetia.<sup>128</sup>

- On August 10, Senate Armed Services Committee Chairman Carl Levin averred that the United States does “not have much impact, I believe, in terms of [Administration] declarations anymore,” but should work with Europe to make clear to Russia that its action “is way out of line” and to convince it to halt aggression in Georgia.<sup>129</sup>
- On August 12, then-Senator Biden warned Russia that its aggression in Georgia jeopardized congressional support for legislation to collaborate with Russia on nuclear energy production and to repeal the Jackson-Vanik conditions on US trade with Russia.<sup>130</sup>
- On August 12, the bipartisan leadership of the House issued a statement strongly condemning “the recent Russian invasion of the sovereign state of Georgia,” and calling for the “world community to re-engage in negotiations to end the conflict and restore stability in this region [and] ensure that the needs of ... the Georgian people are met.”<sup>131</sup>
- Senator John McCain, the Ranking Minority Member of the Senate Armed Services Committee, who had previously visited South Ossetia, condemned the Russian military incursion on August 8 and warned Russia that there could be severe, long-term negative consequences to its relations with the United States and Europe. He also stated on August 12 that he had phoned Saakashvili to offer support.
- Then-Senator Barack Obama, Chairman of the Senate Europe Subcommittee, on August 8 condemned the Russian military incursion into Georgia, called for Georgia to refrain from using force in South Ossetia and Abkhazia, and urged all sides to pursue a political settlement that addresses the status of the regions. Both Senators McCain and Obama have urged NATO to soon extend a MAP to Georgia.<sup>132</sup>

Upon ending its recess, the 110<sup>th</sup> Congress convened several hearings and instigated other legislative actions dealing with the Russia-Georgia conflict.

- On September 9, the Senate Armed Services Committee held a hearing on the Current Situation in Georgia and Implications for US Policy. That same day, the House Foreign Affairs Committee held a hearing on US-Russia Relations in the Aftermath of the Georgia Crisis.
- On September 10, the Commission on Security and Cooperation in Europe held a hearing on Georgia and the Return of Power Politics.
- On September 17, the Senate Foreign Relations Committee held a hearing on *Russia’s Aggression Against Georgia: Consequences and Responses*.
- On September 27, 2008, the Senate approved S.Res. 690 (Kerry), which expressed the sense of the Senate that irrespective of the origins of the Russia-Georgia conflict, the disproportionate military response by Russia was an violation of international law and diminished Russia’s standing in the international community. The resolution also called on the United States to provide rebuilding aid and support democracy in Georgia, and to reaffirm that Georgia would eventually become a member of NATO.

- On September 30, 2008, a congressional appropriation of \$365 million in added foreign assistance for Georgia and the region for FY2009 was signed into law (H.R. 2638; P.L. 110-329).
- On October 7, 2008, a congressional authorization of \$50 million in defense support for Georgia for FY2009 was signed into law (S. 3001).

In the 111<sup>th</sup> Congress, H.Con.Res. 61 (Ros-Lehtinen), introduced on February 25, 2009, expresses the sense of Congress that Russia's continued membership in the G-8 should be conditioned on its compliance with its international obligations.



Sources: Digitized base map extracted from United Nations High Commission on Refugees (UNHCR; <http://www.reliefweb.int/rw/rwb.nsf/db900sid/JOPA-7HGDFL?OpenDocument>) and “The Guardian” ([http://image.guardian.co.uk/sys-files/Guardian/documents/2008/08/12/GEORGIA\\_map6.pdf](http://image.guardian.co.uk/sys-files/Guardian/documents/2008/08/12/GEORGIA_map6.pdf)); Statfor ([www.stratfor.com/weekly/russo\\_georgian\\_war\\_and\\_balance\\_power](http://www.stratfor.com/weekly/russo_georgian_war_and_balance_power)).

Note: Produced by Jacqueline V. Nolan, GIS Cartographer, Congressional Cartography Program, Library of Congress—Washington, DC—08/18/08.

Figure 2. Military Conflict between Russia and Georgia, August 2008.

The resolution adduces that Russia's military invasion of Georgia in August 2008 violated Georgia's territorial integrity, caused tens of thousands of persons to be internally displaced, and inflicted massive physical destruction. The resolution criticizes Russia's recognition of South Ossetia and Abkhazia as independent and Russia's establishment of military and naval bases in the regions.

## End Notes

<sup>1</sup> Munich Security Conference. *Vice President Joseph R. Biden: Speech at the 45<sup>th</sup> Munich Security Conference*, February 7, 2009.

<sup>2</sup> Open Source Center. *OSC Report: Georgia: Officials, Observers Praise Biden's 'Clear Message' to Russia in Munich*, February 12, 2009.

- <sup>3</sup> Pavel Felgenhauer, "Russia's Coming War with Georgia," *Eurasia Daily Monitor*, February 12, 2009. The EU Monitoring Mission and the Georgian Defense Ministry signed an agreement in January 2009 providing for transparency of and limits on Georgian military deployments near Abkhazia and South Ossetia.
- <sup>4</sup> PACE. *Resolution 1647: The implementation of Resolution 1633 (2008) on the consequences of the war between Georgia and Russia*, January 28, 2009.
- <sup>5</sup> Vladimir Socor, *Eurasia Insight*, November 20, 2006.
- <sup>6</sup> CEDR, October 7, 2005, Doc. No. CEP-15001. CEDR, December 12, 2005, Doc. No. CEP-27204. South Ossetians who were citizens of Russia voted in the 2004 Russian presidential election, and a poster in South Ossetia afterward proclaimed that "Putin is our president." Many South Ossetians voted in the 2007 Russian Duma election and the 2008 Russian presidential election. CEDR, December 3, 2007, Doc. No. CEP-950289; February 28, 2008, Doc. No. CEP-4015.
- <sup>7</sup> CEDR, November 1, 2007, Doc. No. CEP-950449.
- <sup>8</sup> CEDR, July 18, 2008, Doc. No. CEP-548001; July 28, 2008, Doc. No. CEP-358017; Georgia National Guard, "'Immediate Response' Underway in Republic of Georgia," *Army.Mil News*, July 15, 2008; Capt. Bryan Woods, "Security Cooperation Exercise Immediate Response 2008 Begins with Official Ceremony in Republic of Georgia," *Army.Mil News*, July 17, 2008. According to one report, 130 US troops were still in Georgia at the time of the outbreak of conflict on August 7-8. They were moved from the Vaziani air base to a Tbilisi hotel, and departed the country after the conflict. Roland Flamini, "War Games Too Close for Comfort," *Congressional Quarterly Weekly*, October 13, 2008, p. 2765.
- <sup>9</sup> CEDR, July 22, 2008, Doc. No. CEP-950329; July 22, 2008, Doc. No. CEP-950042.
- <sup>10</sup> US Department of State. Press Release. Secretary's Remarks: Remarks En Route Prague, Czech Republic, July 8, 2008.
- <sup>11</sup> CEDR, August 8, 2008, Doc. No. CEP-950325.
- <sup>12</sup> CEDR, August 12, 2008, Doc. No. CEP-950226.
- <sup>13</sup> CEDR, August 18, 2008, Doc. No. CEP-349001; Stéphane Lefebvre and Roger McDermott, "Intelligence Aspects of the Russia-Georgia Conflict," *Journal of Slavic Military Studies*, January 2009, pp. 4–19.
- <sup>14</sup> Anne Barnard, Andrew Kramer, C.J. Chivers and Ellen Barry, "Clashes in Georgia Move Another Step Closer to All-Out War: Russian Bombers Strike Capital's Airport," *The New York Times*, August 11, 2008; Dario Thuburn, "Russia's Ragtag Volunteers Enrol for Combat," *Agence France-Presse*, August 10, 2008.
- <sup>15</sup> *Agence France-Presse*, August 10, 2008.
- <sup>16</sup> *Interfax*, August 10, 2008.
- <sup>17</sup> In July 2006, a warlord in the Kodori Valley area of northern Abkhazia, where many ethnic Svans reside, foreswore his nominal allegiance to the Georgian government. The Georgian government quickly sent forces to the area, defeated the warlord's militia, and bolstered central authority.
- <sup>18</sup> "Security Council Holds Third Emergency Meeting as South Ossetia Conflict Intensifies, Expands to Other Parts of Georgia," *States News Service*, August 10, 2008.
- <sup>19</sup> CEDR, August 10, 2008, Doc. No. CEP-950192 and Doc. No. CEP-950191.
- <sup>20</sup> CEDR, August 10, 2008, Doc. No. CEP-950216.
- <sup>21</sup> *ITAR-TASS*, August 12, 2008.
- <sup>22</sup> CEDR, August 12, 2008, Doc. No. CEP-950208.
- <sup>23</sup> President Sarkozy—whose country had taken the rotating leadership of the EU in July 2008—had extensive phone consultations on August 10 with Saakashvili, Medvedev, Bush, German Chancellor Angela Merkel, and other European leaders to work out the EU peace plan.
- <sup>24</sup> The Russian Foreign Ministry has asserted that the parties to the conflict covered by the peace plan are Georgia, South Ossetia and Abkhazia. Russia signed the peace plan as a mediator of the conflict, along with France, signing for the EU. The OSCE might also sign as a mediator. CEDR, August 19, 2008, Doc. No. CEP-950086.
- <sup>25</sup> Christopher Boian, "Russia Moves Toward Recognition of Georgian Rebel Zones," *Agence France-Presse*, August 20, 2008.
- <sup>26</sup> Bela Szandelszky and Mike Eckel, "Russia Moves Toward Pullback but Shows Strength," *Associated Press*, August 20, 2008.
- <sup>27</sup> "French-Funded Army Training Center in Georgia Threatened," *Agence France-Presse*, August 20, 2008.
- <sup>28</sup> *The Guardian* (London), August 19, 2008.
- <sup>29</sup> CEDR, August 28, 2008, Doc. No. CEP-950418.
- <sup>30</sup> CEDR, August 28, 2008, Doc. No. CEP-950470.
- <sup>31</sup> Open Source Center. *Central Eurasia: Daily Report* (hereafter *CEDR*), September 28, 2008, Doc. No. CEP-950425; CEP-950440.
- <sup>32</sup> Conor Humphries, "Russia Establishes Ties with Georgia Regions," *Agence France-Presse*, September 9, 2008; "Russia to Base 7,600 Troops in Georgian Regions," *Deutsche Presse-Agentur*, September 9, 2008.
- <sup>33</sup> James Blitz, "NATO Head Attacks EU's Georgia Deal," *Financial Times*, September 14, 2008.
- <sup>34</sup> US Department of State. Press Briefing at US Mission Geneva by Daniel Fried, Assistant Secretary for European and Eurasian Affairs, October 15, 2008.

- <sup>35</sup> US Department of State. Press Conference With Daniel Fried, Assistant Secretary Of State For European And Eurasian Affairs (As Released By The US Mission In Geneva), February 18, 2009.
- <sup>36</sup> The World Bank. Georgia: Summary of Joint Needs Assessment Findings Prepared for the Donors' Conference of October 22, 2008 in Brussels, n.d.
- <sup>37</sup> "European Rights Commissioner Paints Grim Picture Of Georgian Conflict Zone," RFE/RL, September 30, 2008.
- <sup>38</sup> "Russia 'Punishing' Georgia for NATO Aspirations," RFE/RL, August 10, 2008.
- <sup>39</sup> Robert Kagan, "Putin Makes His Move," *Washington Post*, August 11, 2008. Russia hoped to achieve this latter goal either directly by occupying Georgia's capital of Tbilisi and killing or arresting Saakashvili, or indirectly by triggering his overthrow, according to these observers. They state that Saakashvili's survival is a major accomplishment of the diplomacy led by the EU that ended Russia's offensive. See US House of Representatives. Committee on Foreign Affairs. Hearing on US-Russia Relations in the Aftermath of the Georgia Crisis. *Testimony of Daniel Fried, Assistant Secretary of State for European and Eurasian Affairs*, September 9, 2008. Saakashvili also highlighted this Russian aim during his testimony to the Georgian legislative commission investigating the causes of the conflict. See "Saakashvili Testifies Before War Commission, Analysts Comment," *The Messenger* (Tbilisi), December 1, 2008. Georgia's Ambassador to the United States, Davit Sikharulidze, argued that Russia's "aim was to overthrow the [Georgian] government and it would have come true but for the US interference." Open Source Center. Central Eurasia: Daily Report (hereafter *CEDR*), December 1, 2008, Doc. No. CEP-950233. Russia officially has denied such an aim.
- <sup>40</sup> The Russian Foreign Ministry asserted on August 18 that while Russia was ready for negotiations with Georgia over the South Ossetia crisis, "we do not regard Mikheil Saakashvili as a negotiating partner." *Interfax*, August 19, 2008.
- <sup>41</sup> *CEDR*, August 11, 2008, Doc. No. CEP-25028.
- <sup>42</sup> *CEDR*, September 12, 2008, Doc. No. CEP-25003; September 17, 2008, Doc. No. CEP-950402.
- <sup>43</sup> Open Source Center. *Europe: Daily Report*, September 5, 2008, Doc. No. EUP-58009; ITAR-TASS, September 10, 2008.
- <sup>44</sup> *CEDR*, February 24, 2009, Doc. No. CEP-358005.
- <sup>45</sup> Michael Bronner, "When the War Ends, Start to Worry," *New York Times*, August 16, 2008; "Georgia: Organized Crime and the Conflict with Russia," *Stratfor Today*, August 11, 2008.
- <sup>46</sup> "Phone Taps 'Prove Georgia's Case,'" *BBC News*, September 16, 2008; C. J. Chivers, "Georgia Offers Fresh Evidence on War's Start," *New York Times*, September 16, 2008, p. A1.
- <sup>47</sup> *CEDR*, October 3, 2008, Doc. No. CEP-950539. Illarionov also argues that ships of Russia's Black Sea fleet had been fully loaded before August 7 and set sail to Abkhazia at the same time that the Russian troops were entering South Ossetia through the Roki tunnel.
- <sup>48</sup> PACE. The Consequences of the War between Georgia and Russia, Resolution 1633, October 2, 2008.
- <sup>49</sup> According to Russian oppositionist Andrey Illarionov, most of the South Ossetian casualties were members of the separatist militia. *CEDR*, October 3, 2008, Doc. No. CEP-950539; December 30, 2008, Doc. No. CEP-358002; *ITAR-TASS*, February 21, 2009. See also Human Rights Watch, *Up In Flames: Humanitarian Law Violations and Civilian Victims in the Conflict over South Ossetia*, January 23, 2009.
- <sup>50</sup> *CEDR*, September 15, 2008, Doc. No. CEP-950334; Institute of War and Peace Reporting, September 25, 2008.
- <sup>51</sup> Laurence Peter, "Civilian emergency hits Georgia," *BBC News*, August 12, 2008; "15,000 Refugees Return to South Ossetia: Russian Ministry," *Agence France-Presse*, August 20, 2008.
- <sup>52</sup> The World Bank. Georgia: Summary of Joint Needs Assessment Findings Prepared for the Donors' Conference of October 22, 2008 in Brussels, n.d. Another 222,000 persons remain displaced in shelters, with host families, or otherwise vulnerable due to earlier fighting in Abkhazia and South Ossetia, according to the World Bank.
- <sup>53</sup> Magda Memanishvili, Georgia: Refugees Claim to Be Put at Risk, Officials Urging Displaced To Go Home, But They Say Their Villages Remain Dangerous, Institute for War and Peace Reporting, February 27, 2009.
- <sup>54</sup> International Court of Justice. Press Release. Georgia Institutes Proceedings Against Russia for Violations of the Convention On the Elimination of All Forms of Racial Discrimination, No. 2008/23, August 12, 2008; Georgia Submits a Request for the Indication of Provisional Measures, No. 2008/24, August 14, 2008; Proceedings Instituted by Georgia Against Russia: Urgent Communication to the Parties from the President under Article 74, Paragraph 4, of the Rules of Court, No. 2008/26, August 15, 2008. See also News Conference with Legal Council for the Republic of Georgia Payam Akhavan, National Press Club, August 21, 2008.
- <sup>55</sup> Human Rights Watch. Georgia: International Groups Should Send Missions to Investigate Violations and Protect Civilians, August 18, 2008; Georgia: Civilians Killed by Russian Cluster Bomb 'Duds'," August 21, 2008; *Up In Flames: Humanitarian Law Violations and Civilian Victims in the Conflict over South Ossetia*, January 23, 2009. "Georgia Admits to Dropping Cluster Bombs," Associated Press, September 1, 2008. For mutual accusations by Russia and Georgia of human rights abuses during the conflict, see U.N. Office at Geneva. Conference on Disarmament. Conference Hears Georgia Say Russian Forces Guilty of Targeting Civilians; Russia Alleges Georgian Policy of Ethnic Cleansing, August 14, 2008.
- <sup>56</sup> Rikard Jozwiak, "Russian Cluster Bomb Killed Dutch Cameraman," *European Voice*, October 21, 2008.
- <sup>57</sup> Alexei Malashenko, quoted in *Moscow Times*, August 11, 2008.

- <sup>58</sup> Some observers pointed out that Russia and China dismissed arguments that Georgia was dealing with its own internal affairs in South Ossetia, while Moscow and Beijing reject international “interference” in how they deal with separatist problems in Chechnya, Tibet, and Xinjiang.
- <sup>59</sup> *Agence France-Presse*, August 10, 2008.
- <sup>60</sup> EDR, August 11, 2008, Doc. No. EUP-58004 and Doc. No. EUP-100019; August 12, 2008, Doc. No. EUP-58002.
- <sup>61</sup> Council of the European Union. *Council Conclusions on the Situation in Georgia*, August 13, 2008.
- <sup>62</sup> *Associated Press*, August 26, 2008.
- <sup>63</sup> “EU Condemns Russian Recognition of South Ossetia, Abkhazia: Presidency,” *Agence France-Presse*, August 26, 2008.
- <sup>64</sup> Lisa Bryant, “West Slams Russian Recognition of Breakaway Regions,” *Agence France-Presse*, August 26, 2008.
- <sup>65</sup> John Helprin, “Russia Says it Is Ready to Negotiate with Georgia,” *Associated Press*, August 10, 2008. U.N. Security Council. Security Council Briefed by Political Affairs, Peacekeeping on Georgia Developments, Including 26 August Recognition Decrees on Abkhazia, South Ossetia, Press Release SC/9438, August 28, 2008.
- <sup>66</sup> Ariel Cohen, “The Russian-Georgian War: A Challenge for the US and the World,” *Heritage Foundation Web Memo*, August 11, 2008.
- <sup>67</sup> *EUObserver*, August 13, 2008.
- <sup>68</sup> European Parliament. European Parliament Resolution on the Situation in Georgia, September 3, 2008.
- <sup>69</sup> PACE. *The Consequences of the War between Georgia and Russia*, Resolution 1633, October 2, 2008. Russia had threatened to resign from the COE if its voting rights were suspended.
- <sup>70</sup> EU. Conclusions of the 2,889<sup>th</sup> session of the European Union’s External Relations Council Meeting on 15 and 16 September 2008 in Brussels, September 16, 2008.
- <sup>71</sup> *Interfax*, February 12, 2009.
- <sup>72</sup> *Wall Street Journal*, August 11, 2008.
- <sup>73</sup> For one exchange of views on the comparison of Kosovo to Georgia’s regions, see Noel Malcolm, “South Ossetia is not Kosovo,” *Standpoint Online*, October 2008, at <http://www.standpointmag.co.uk/node/511/full>.
- <sup>74</sup> It conditioned this by adding that “the Russians should not be allowed to get away with supporting breakaway regions within Georgia.”
- <sup>75</sup> “Baiting the Bear: Georgia Plays Russian Roulette,” *Jane’s Intelligence Review*, September 2008 (article was available online on August 14, 2008).
- <sup>76</sup> Robert Kagan, “Putin Makes His Move,” *Washington Post*, August 11, 2008.
- <sup>77</sup> Ronald Asmus, *Christian Science Monitor*, August 11, 2008; Ronald Asmus, “Black Sea Watershed,” *GMF News*, August 11, 2008.
- <sup>78</sup> Open Source Center. Europe: *Daily Report* (hereafter EDR), August 12, 2008, Doc. No. EUP-25002.
- <sup>79</sup> *Moscow Times*, August 11, 2008.
- <sup>80</sup> Ahto Lobjakas, “EU, US Conduct Two-Pronged Diplomacy In Caucasus,” *RFE/RL*, October 1, 2008.
- <sup>81</sup> *Agence France Presse*, February 27, 2009.
- <sup>82</sup> “Red Cross Says Its Experts Heading for South Ossetia,” *Agence France-Presse*, August 20, 2008. International Federation of Red Cross And Red Crescent Societies. *Russian Federation: Assistance to Refugees from South Ossetia*, Operation update No. 1, February 27, 2009.
- <sup>83</sup> World Bank and the European Commission. Press Release: International Donors Pledge US\$4.5 billion in Post-Conflict Support to Georgia, October 22, 2008.
- <sup>84</sup> The economic sanctions had been approved by the Commonwealth of Independent States in January 1996 at Georgia’s behest as an inducement to Abkhazia to engage in peace negotiations with Georgia.
- <sup>85</sup> “Germany, Great Britain, France, USA. and Germany Passed Communique,” *Black Sea Press*, April 24, 2008.
- <sup>86</sup> *Associated Press*, August 11, 2008; *Wall Street Journal*, August 11, 2008. According to analysts Stéphane Lefebvre and Roger McDermott, “despite the presence of CIA and FBI agents in Tbilisi, at the outset of the [conflict] ... the US government’s grasp of the events, unfolding developments, and situation on the ground in the conflict zone is believed to have been very limited.” “Intelligence Aspects of the 2008 Conflict Between Russia and Georgia,” *The Journal of Slavic Military Studies*, January 2009, p. 16.
- <sup>87</sup> The White House. Press Briefing by Press Secretary Dana Perino and Senior Director for East Asian Affairs Dennis Wilder and Deputy National Security Advisor Ambassador Jim Jeffrey, August 10, 2008.
- <sup>88</sup> John Helprin, “US, Russian Ambassadors Spar at UN over Georgia,” *Associated Press*, August 10, 2008.
- <sup>89</sup> Stephanie Gaskell, “Cheney Warns Russia: Veep Says Attack on Georgia ‘Must Not Go Unanswered’ as War Expands,” *Daily News* (New York), August 11, 2008.
- <sup>90</sup> The White House. Office of the Press Secretary. *President Bush Discusses Situation in Georgia*, August 11, 2008.
- <sup>91</sup> US Department of State. Office of the Press Secretary. *Remarks by Secretary of State Condoleezza Rice on Situation in Georgia*, August 12, 2008.
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*Chapter 2*

**ORGANIZATIONAL CHANGE IN THE RUSSIAN  
AIRBORNE FORCES: THE LESSONS OF THE  
GEORGIAN CONFLICT\***

*Rod Thornton*

**FOREWORD**

The airborne divisions are undoubtedly the most impressive formations within the Russian army. The troops of the airborne forces (VDV) are the best trained and most professional in the army. Unlike their Western airborne counterparts, they are capable of fielding both armored personnel carriers and artillery assets.

That affords them additional battlefield protection and firepower. VDV forces also have shown themselves—as in the 2008 war with Georgia—able to respond very quickly in crisis situations. Indeed, the airborne troops performed very creditably overall in Georgia. Such disciplined and professional airborne forces will likely form the vanguard of any interventionary operation beyond Russia's borders.

Other than Georgia, the last time VDV forces were employed operationally abroad was in Kosovo in 1999. It was there at Priština International Airport that VDV troops had a potentially explosive showdown with British paratroopers. That may not be the last time lead elements of US or North Atlantic Treaty Organization (NATO) forces come face-to-face with the VDV. Given that such confrontations cannot be ruled out in the future, Russia's current airborne forces need to be understood.

This monograph examines the VDV and seeks to highlight what makes its formations such noteworthy potential allies or opponents. In particular, the monograph looks at the process of organizational change that the VDV has undergone since the war with Georgia.

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## SUMMARY

This monograph considers the recent history of organizational change in the Russian airborne forces (VDV). In particular, it looks at how the VDV has changed since the end of Russia's conflict with Georgia in 2008. The VDV, a force much admired in the Russian news media and society, has, in fact, escaped fairly unscathed during the comprehensive reform of the Russian army more generally over the last few years. In large part this has been because of the personality of the current head of the VDV, Lieutenant-General Vladimir Shamanov.

Close to Prime Minister Vladimir Putin, Shamanov—a “maverick”—has used his political connections to help ward off many of the cuts and reforms that the rest of the army has been subject to. He has managed to keep the basic structure of the VDV intact, while also dealing with a number of problematic issues related to manning, equipment, and training regimes within his organization. This monograph points out the level of professionalism in the VDV (shown during the Georgian war).

But it also highlights the fact that, while some battalions within the VDV will be very effective and well-trained, other battalions will not. Thus it is difficult to judge precisely how battle-ready the VDV divisions now are.

Ultimately, this monograph seeks to establish just what sort of Russian airborne forces US or North Atlantic Treaty Organization (NATO) troops may one day have to either work alongside of or, indeed, face in some sort of confrontation.

## INTRODUCTION

In June 1999, hard on the heels of the ceasefire ending the North Atlantic Treaty Organization's (NATO) war with Yugoslavia over Kosovo, British and Russian paratroopers raced each other to reach and seize for themselves the airport at the Kosovan capital, Priština. Arriving at the same time, the two groups indulged in an uneasy stand-off. Lieutenant-General Mike Jackson, the overall commander of the British forces and an ex-paratrooper himself, was ordered by his superior, General Wesley Clark, the North Atlantic Treaty Organization's (NATO) Supreme Allied Commander Europe, to block the runway in order to prevent the arrival of more airborne troops from Russia. General Jackson demurred, famously stating: “Sir, I'm not starting World War III for you. . . .”<sup>1</sup>

Such a confrontation may be unusual, but it could happen again. This was the kind of meeting—airborne against airborne—that is very likely to repeat itself if the vanguard of a US or other NATO force comes up against the lead elements of another state in a conflict situation or as part of a multinational interventionary operation. This was the situation at Priština.

The Russian troops present at Priština were from the *Vozdushno-Desantnye Voyska*<sup>2</sup> (VDV). It is these VDV forces who will, likely as not, form the spearhead of any Russian military intervention abroad—be it in actual conflict or in some type of peace support or peacekeeping operation. These will be Russia's best combat troops. It is important, then, from a US and NATO perspective, that these frontline Russian forces be understood and appreciated: their strengths, weaknesses, structures, equipment, degree of professionalism, and overall fighting potential. It is important too, across a wider perspective in academia and among military organizations more generally, that a valid assessment be made of the current capabilities of and problems faced by Russia's most elite combat arm of service. This is

particularly important in the wake of the quite-substantial changes that have occurred in the VDV recently. Specifically, this monograph will examine the changes that have been introduced since the war with Georgia in 2008. This conflict acted as a catalyst for change across the entire Russian military. In analyzing these changes in the VDV, this monograph concentrates on two specific questions: How did the changes come about, and what do they ultimately mean for the operational efficiency of Russia's airborne forces?

This monograph will begin by examining the degree of organizational change the VDV has undergone since the end of the Cold War. A fundamental issue here is the institutional backing the VDV could derive from political patronage. Of particular note in this regard is the relationship that developed between the VDV commander, Vladimir Shamanov, and President Vladimir Putin. Then we shall consider the VDV's participation in the war with Georgia. The VDV came out of this conflict with its structure basically intact—unlike the Russian ground forces. But some changes did result, and this monograph goes on to look at these changes in terms of equipment, manning, readiness, and air transport.

The overall conclusion from this examination of Russia's VDV is that despite the many obstacles it has faced, it has emerged in the post-Georgian-war era as a competent and well-drilled force. It is on a par with analogues in the West.

## THE ESTEEMED VDV

The VDV—be it in the Soviet era or now in the new Russia—has always been a source of pride in the country. The exploits of its forces have been trumpeted by the domestic news media, and thus, the public likewise holds the forces in high esteem, particularly since the Soviet war in Afghanistan (1979-89). The “blue berets” are portrayed as tough, aggressive, well-trained, and efficient. They have the best equipment, their officers are substantially better paid than those in the regular army, and they are provided with the highest-quality conscripts. The elite VDV is presented as something of a model—certainly when set against the example of the Russian military more generally, which tends to be characterized domestically as beset by waste, corruption, torpor, and general inefficiency. Consequently, Russia looks up to its VDV, and there are many reasons it should.<sup>3</sup>

The changes this organization has undergone over the last 2 years have increased its capabilities. If ever there is a repeat of the Priština incident, then any commander of NATO forces might think to adopt the same cautious approach as General Jackson. The VDV can represent a substantial foe.

## THE VULNERABILITY TO CHANGE OF THE POST-COLD WAR AIRBORNE FORCES

In the immediate post-Cold War era, there seemed to be no strategic logic for maintaining Russia's airborne forces. In traditional Soviet thinking, VDV troops were only to be used for deep interdiction operations. The end of the Cold War, however, removed the rationale for such operations and thus the *raison d'être* for the VDV itself.<sup>4</sup> Hence, to a large extent ever since 1991, the VDV has been struggling to weave for itself a specific role within the fabric

of the Russian military. For without such a role, the VDV was becoming vulnerable, if not to outright disbandment, then at least of major reorganization, redesignation, or absorption into other arms of service. Given that it was a well-trained, mobile force with a strong *esprit de corps* and fighting potential, there were many within the Russian military who were casting acquisitive eyes at the prize airborne troops.

One element of the VDV's vulnerability lay with the fact that it was a separate arm of service. Its formations are not subject to the control of the military districts in which they are based.<sup>5</sup> Rather, the VDV is the strategic reserve of the commander-in-chief of the armed forces, i.e., the president himself (currently Dimitri Medvedev).<sup>6</sup>

The rationale for absorption into the ground forces, in particular, was based upon the fact that in the immediate post-Cold War era, the VDV seemed to lack not only a strategic role, but also an operational one.

There was the basic weakness, for instance, of relying upon forces delivered by troop-transport aircraft into any modern combat zone—where air defense would presumably be very effective. What, then, was the utility of airborne forces?<sup>7</sup> The VDV troops were also considered to be too lightly armed and therefore lacking battlefield survivability. This was held to be true, despite the fact that, in contrast to Western airborne forces, VDV units possessed armored personnel carriers (APCs) and other armored vehicles. But the airborne models lacked the measure of armored protection boasted by the armored vehicles employed by the Russian ground forces. A further reason for the ground forces to take over the VDV began to emerge as the 1990s progressed. VDV troops were spending more and more of their time fighting separatists in Chechnya. Their presence there as elite infantry was much appreciated, and they proved to be very effective in this counterguerrilla role. But long tours of duty in Chechnya meant that little training time was being devoted to their principal mission as airborne or air-assault forces. Their particular skills in this regard therefore atrophied, and they came to be regarded more and more simply as infantry soldiers, albeit elite ones. So, the logic ran, why were they not part of the ground forces? This particular susceptibility of the VDV image was, moreover, exacerbated by the withdrawal of Russian operational forces from Chechnya in 2005. That year, all nonspecialized VDV units finally left the republic. The last to leave, in 2006, were the *spetsnaz* troops of the VDV's 45<sup>th</sup> Separate Reconnaissance Regiment. The exodus of the airborne forces' role in Chechnya opened the door to re-thinking their status, to more considered reflection as to their future role and purpose.<sup>8</sup>

This post-Cold War debate over the future of the VDV was conducted against a background of massive cutbacks in the Russian military overall. In the early 1990s, with the national economy desperately strapped for cash, the armed forces were subject to substantial retrenchment. The major military cost-saving measures introduced by Mikhail Gorbachev in the 1980s were continued by President Boris Yeltsin in the 1990s. During this latter period, however, the VDV was sheltered to a large degree by the fact that General Pavel Grachev, formerly of the Soviet airborne forces, had been appointed Defense Minister—serving from 1992 to 1996. While he oversaw an overall reduction in military personnel of some 1,122,000,<sup>9</sup> Grachev did not wield his ax against the VDV; in fact, he increased its strength somewhat by adding a heavy tank regiment to the 104<sup>th</sup> Airborne Division (now disbanded). He wanted the VDV to continue to be independent, remaining the principal strike force of the Russian military—and he felt that such a status could be preserved only by adding such extra firepower.<sup>10</sup>

A succession of Russian presidents has also been loath to tinker too much with the VDV. As the supreme commander's reserve, the VDV is, at least nominally, operating under the orders of the president himself. No Russian president would be enthusiastic at the prospect of having the airborne forces absorbed into a body that he could not so easily direct—such as the ground forces.

Grachev, though, came to be replaced as Defense Minister by a man who took a view opposite to that of the airborne general. General Igor Rodionov (with an armored forces background) put the defense emphasis on classical heavy forces. Basically, Rodionov tried to crush the airborne forces, reducing their overall numbers and dissolving the 104th's "flying tank" regiment.<sup>11</sup>

Rodionov was removed in 1997. Yeltsin and his economic technocrats were looking for cheaper defense options than those provided by Rodionov's preference for Soviet-style mass. The political hierarchy wanted smaller, more flexible forces. Rodionov was replaced by General Igor Sergeev who, as the former head of the Strategic Rocket Forces, favored the cheaper defense option of relying mostly on the country's nuclear arsenal. He had no time for mass. Sergeev brought the military still further down in size so that it stood at only 1.2 million by January 1999. But Sergeev was trying to push through too many changes that targeted the largest power bloc within the Russian military machine—the ground forces. Size patently mattered to the generals of the ground forces. Any overall manpower cuts meant, of course, that fewer generals would be needed; such generals thus had a vested interest in opposing the proposed changes. The pressure told, with Sergeev being ousted in March 2001 and replaced as Defense Minister by Sergei Ivanov, the choice of the new president, Vladimir Putin.

Putin, like Gorbachev and Yeltsin before him, wanted a smaller, more cost-effective military. Ivanov was nominally the first-ever nonmilitary Russian/Soviet Defense Minister (formerly in the *Komitet Gosudarstvennoy Bezopastnosti*<sup>12</sup> [KGB], so he was technically not a civilian either). Putin, likewise ex-KGB, liked to appoint (and to surround himself with) ministers with the same bureaucratic/cultural background as himself—hence, the general preponderance of ex-KGB/Federal Security Bureau (FSB)<sup>13</sup> personnel in the Russian political hierarchy. But this meant that Ivanov lacked a power base within the military itself, and found it expedient to take the line of least resistance in his particular reform proposals. He perforce pushed a ground forces agenda. The size of the military was thus stabilized for a time, and further cuts were halted.<sup>14</sup>

Given that Ivanov could not really push through the reforms that Putin wanted to see, he was replaced by Anatoliy Serdyukov in 2007. Serdyukov, the former head of the Tax Ministry (and a true civilian), was seen as a man who would have the dexterity to target the military's Achilles heel—its internal corruption and still-excessive size. Putin felt able to promote this total outsider, Serdyukov, into such a role because the President was by now more confident in his own position and less reliant on old comrades from the security services. The role of Putin and Serdyukov in reshaping the military and, in particular, the VDV, will be discussed later.

## CHANGES IN THE VDV PRIOR TO THE WAR WITH GEORGIA

It was against this post-Cold War background that the need for overall cuts in the Russian military caused a new VDV to take shape. The organization was subject to change, but the changes being made were being driven largely by the rationale that smaller was better. While the Russian military as a whole suffered greatly in this immediate post-Soviet shake-up and retrenchment process, the VDV itself suffered considerably less. The reductions that did take place did not really represent any major rethinking as to the airborne forces' contribution to the defense of Russia. There are, however, with regard to the actual changes that did take place within the VDV before the conflict with Georgia, two factors worthy of particular note—structure and manning.

### Structure

After the breakup of the Soviet Union, the VDV was reduced in size from seven divisions to five (leaving 35,000 personnel). Two divisions were lost because they found themselves marooned on the territories of the newly independent states. Of the five divisions left on Russian territory, only the 104<sup>th</sup> was disbanded (and even it was eventually resurrected to become the 31<sup>st</sup> Separate Airborne Brigade, still based in the same city, Ulyanovsk). This left at the time four airborne divisions: the 7<sup>th</sup> (Novorossiysk); the 76<sup>th</sup> (Pskov); the 98<sup>th</sup> (Ivanovo), and the 106<sup>th</sup> (Tula). (For more details on these formations, see the Appendix.). These formations did not, however, escape the cuts completely. Each division lost an airborne regiment, leaving two instead of three. Hence, the current troop strength of these four divisions stands at only some 5,000 each.

Another VDV unit to be formed in the wake of the Soviet collapse was the 45th Separate Reconnaissance Regiment (Kubinka, Moscow). This is a special operations (i.e., *spetsnaz*) unit within the VDV. Roughly 700 strong, it is subordinated to the VDV Military Council, but on operations actually becomes subordinate to the *Glavnoe Razvedyvatel'noye Upravleniye*<sup>15</sup> (GRU). The GRU, directed by the General Staff, is the military's foreign intelligence service.

In terms of the VDV's training centers, these have remained at Ryazan (the city known as the home of the airborne forces) and at Omsk.

In 2006, a further structural reorganization of the VDV resulted in a redesignation of formations. The 98th and 106th divisions remained in the airborne role, i.e., they retained the capability to air-drop personnel into operational zones. The 7<sup>th</sup> and 76<sup>th</sup> divisions and the 31<sup>st</sup> Separate Brigade, however, were redesignated as air assault, i.e., they would merely be airlifted into operational zones (by aircraft or helicopter). One battalion, however, in both the 7<sup>th</sup> and the 76<sup>th</sup> has remained parachute-trained. The 7<sup>th</sup> Division also received the additional designation of "Mountain," as in Air Assault (Mountain) Division.<sup>16</sup> But this division has little to indicate that it has changed in any specific way to conduct operations in mountainous areas. The 7<sup>th</sup> and 76<sup>th</sup> were also reinforced by additional self-propelled artillery units, significantly increasing their organic firepower assets.<sup>17</sup>

The 31<sup>st</sup> Separate Airborne Brigade lost its organic APCs and artillery assets. The troops in this brigade (in contrast to the VDV divisions, which still have APCs and artillery—see



Appendix) are now akin to Western airborne forces in that they are expected to operate largely on foot.

## Manning

In the mid-1990s, the professionalization of the Russian military began. This was in line with the general sentiment felt across a host of post-Cold War armies—including those in Western Europe—that mass was no longer a prerequisite for the conduct of modern warfare. Technology, not mass, was becoming regarded everywhere as the principal force multiplier. Militaries today are seen to require less manpower, but the manpower that they do have needs to be more highly trained than previously. The new technologies coming into service have to be operated by skilled personnel. These skills can be honed only over several years of professional service. This means, of course, that short-service conscripts are no longer needed. They have neither the motivation nor the skill-sets to man the modern military organization.

These same sentiments were also evident in Russia. Many in the military realized which way the wind was blowing and that the country's conscript-based military was becoming an anachronism. From the early 1990s onwards, reform was being discussed by senior officers on the General Staff. These "were led primarily by the goal of making the structure of the armed forces resemble the structure of the armed forces of the most militarily developed states as much as possible."<sup>18</sup> Political leaders concurred. They were also anxious to reduce the burden of conscription on Russian society, and to reap the electoral benefits of removing such a generally unpopular institution. Thus, the professionalization of the military was seen as the way forward—having volunteer recruits sign on for a specific contract period (3 years), and to be reasonably well paid to do so.

There were those, of course, who held opposing views. Moving from a mass-conscript military to a smaller professional one naturally meant fewer jobs for officers—including generals. There were also those within the military who said that China should be looked upon as the prime candidate for Russia's future opponent. If it was, then mass would be needed to counter the mass that the Chinese would undoubtedly deploy.

This process of professionalizing the Russian military began tentatively back in the mid-1990s. But it took on a firmer shape only when, in 2002, the 104th Regiment of the 76<sup>th</sup> Airborne Division (as it was then known) was chosen to be the first Russian military formation to be fully manned by contractees or, in Russian, *kontraktniki*.<sup>19</sup> This process was intended to spread to the rest of the 76<sup>th</sup>, and then to the other VDV divisions. The plan was that by the end of 2007, all of the VDV divisions—except for the 106th—were to be 90 percent manned by *kontraktniki*.<sup>20</sup>

This was the situation with regard to the VDV and to the process of change more generally within the Russian military prior to the 2008 war with Georgia. The situation can be characterized as one in which the VDV was in the forefront of the Russian army's professionalization process. It was also being protected from radical change by the facts that it had such a high public profile and that it was favored by influential individuals—including presidents of Russia. It is this aspect of the VDV's supporters and their role in the process of change that the next section will consider.

## CHANGE: THE ROLE OF THE VDV COMMANDER

The role of individual senior officers in the process of change in military organizations is prominent in the literature on the subject. In such literature, a single very senior officer, desiring some form of significant change in his military organization, is not capable on his own of generating the requisite momentum for that change. The vested interests are just too powerful.

The guardians of the status quo within any organization, comfortable as they are with established structures, systems, and procedures, will always stand in opposition to significant change. Such change will undermine their individual stakes within the organization, and throw into question the skill-sets that saw them promoted to high rank in the first place.<sup>21</sup>

Those individual senior officers who do oppose the status quo are often referred to in the literature as “mavericks,” originally a term of opprobrium but today in most organizational studies a term of respect. Authors such as Barry Posen examine the role of such mavericks in generating change in military organizations. The only way, it is noted, that such men can effect the changes they want is by allying themselves with those in the political world of a like mind, civilian leaders who also want to see the changes but who cannot get them adopted against opposition from within the military they are nominally supposed to direct. These civilian masters can form, say Posen and others, a symbiotic relationship with the maverick officer. Together they can force through the changes they both want. Historical examples abound. General Heinz Guderian in the German army of the 1930s was supported in his views on *Blitzkrieg* by Chancellor Adolf Hitler. For another, Air-Chief Marshal Hugh Dowding, the head of British Fighter Command in the 1930s, was able to persuade the Royal Air Force to invest less in bombers and more in fighters (a decision that ultimately saved Britain in 1940), only by gaining the support of an important minister, Sir Thomas Inskip.

Other examples are Billy Mitchell and Hyman Rickover in the United States, and Brigadier Charles de Gaulle in 1930s France. Posen observes that neither party—maverick nor civilian—can push through major change without, as he puts it, “a kind of partnership.”<sup>22</sup>

The fact that the VDV is the traditional strategic reserve of the Russian president has always meant that the VDV already had a kind of built-in partnership with at least one powerful civilian master. Thus, whichever officer was commanding the VDV in post-Soviet Russia tended to have enough political support to ward off threats of the VDV’s absorption into the ground forces. He could also put forward his own ideas as to what should happen to the organization and at least gain a respectful hearing. Moreover, the sheer force of personality of a succession of commanders of the VDV during the 1990s and 2000s—assisted by the general public popularity of the airborne troops—has also helped. Overall, this has led to a situation in which the head of the VDV had come to assume an importance—when it comes to the process of change in the Russian army—all out of proportion to his rank (lieutenant-general, in this case—which is only a two-star rank in Russia). The position of this particular arm of service commander is thus well-nigh unique in terms of the study of change in military organizations more generally.

The various recent heads of the VDV have all been figures of some note—in the political realm as well as the military. The VDV was led for many of the post-Soviet years (1996-2003) by the high-profile Lieutenant-General Georgiy Shpak. He was later to become a regional governor. During his tenure, Shpak managed to fend off perhaps the most serious

post-Cold War attempt to absorb the VDV into the ground forces, made by the then Chief of the General Staff (CGS) General Anatoliy Kvashnin. Shpak actually went to President Putin to argue his case, and this obviously had the required effect.<sup>23</sup>

Shpak was then followed by Aleksandr Kolmakov (2003-2007), who, on retirement, became a Deputy Defense Minister. Then came Valerii Yevtukhovich (2007-2009). He was to clash with the current (2011) CGS, General Nikolai Makarov, over the use of mobile rapid-reaction forces specifically—Yevtukhovich's own airborne forces. Makarov, coming from the ground forces and ever conscious of the potential political clout of the head of the VDV, was naturally of a mind to clip the institutional wings of this arm of service and make it more amenable to his and the General Staff's control.<sup>24</sup> Yevtukhovich, lacking the political support he might have expected, lost out in this particular battle and was retired early against his wishes.<sup>25</sup> Being commander of the VDV made one influential, it seems, but not omnipotent.

## Vladimir Shamanov

The current head of the VDV is Lieutenant-General Vladimir Shamanov. He is a man with more than a degree of clout and influence, a man worthy of study. He has played a particularly influential role in the process of organizational change in the VDV, and will probably continue in that vein.

Shamanov took command of the airborne forces in May 2009. Twice designated a Hero of the Russian Federation, he has been described as “a Personality with a capital ‘P’”<sup>26</sup> and as “definitely the most colorful military leader in the armed forces.”<sup>27</sup> Indeed, his career has been clouded by a series of misdemeanors that have landed him in various degrees of hot water. However, there is a general feeling within Russia that having a VDV commander with some color is no bad thing; indeed, it is to be welcomed. Tough military formations like the VDV should have a tough commander, even if his past is somewhat checkered.

Shamanov has had an interesting military career. He joined the military in 1978, and after VDV officer training school, he first commanded an artillery platoon in the 76<sup>th</sup> Division, and then a company at the Ryazan Airborne School.<sup>28</sup> When he was with the 76<sup>th</sup> Division, Shamanov was noted as being a good company commander by the man then in charge of this division (and later to command the VDV itself), General Shpak. Shpak wanted Shamanov to be promoted straight to battalion commanding officer (CO), skipping the usual Russian promotion ticket-punch, an interim command appointment of deputy battalion CO. But no other division in the VDV would accept him at that level and so, in an unusual departure from rigid protocol, Shamanov was given command of a battalion in his own 76<sup>th</sup> Division.

Another unusual aspect of Shamanov's postings is that he never served in Afghanistan during the Soviet operation there (1979-1989). Given the intensive use of airborne units in this conflict, his absence was very rare among the community of airborne officers. The fact that he was not an *Afghantsy* left him at the margins of that clique of VDV (and also of ground forces) officers who served there. Many of his future senior officers would come to look down on Shamanov because he was not, in essence, “one of them.”

Shamanov left the 76th for the Staff College at Frunze, where he graduated in 1989. By 1990 he was deputy commander of the 300th Regiment in the 98<sup>th</sup> Airborne Division in Kishinev (now Chisinau in Moldova). The commander of this regiment was Colonel Kolmakov (later also to take command of the VDV). Shamanov was noted as not being a

success in the 98<sup>th</sup>, principally because he was not an *Afghantsy*. Still, he was promoted again in 1991 and departed to take over the 328<sup>th</sup> Regiment in the now-disbanded 104<sup>th</sup> Division. While in this post, he applied to attend the prestigious General Staff Academy, again at Frunze. His superior officer, however, refused to approve the transfer, and Shamanov punched him in the face!<sup>29</sup>

During the First Chechen War in 1994, he was Chief of Staff of the 7th Airborne Division. In March 1995, still in Chechnya, Shamanov was appointed to head an operational task force within the division. While in this post, charges were brought against him in relation to an operation undertaken by his forces in neighboring Ingushetia in October 1995. Here his troops, mistakenly thinking that the airport at Sleptovsk had been seized by rebels, had landed by helicopter and launched an immediate attack in force. The random shooting they engaged in resulted in the death of a taxi driver. Charges against Shamanov were dropped following a Duma amnesty.

Shamanov's next promotion was to take him out of the VDV when he became, also in October 1995, the deputy commander of the Chechnyan forces while double-hatting as the deputy commander of the North Caucasus Military District's 58<sup>th</sup> Army.

His luck continued when he was (finally) sent to the General Staff Academy in July 1996. His absence from Chechnya during the ensuing period meant that he was not tainted—as much as other military officers were—by the embarrassing withdrawal of Russian troops from most of Chechnya after the Khasavyurt Accords of August 1996. This agreement with the Chechens had been negotiated by Yeltsin against the wishes of many in the military.

Shamanov graduated from Frunze in 1998 and was then appointed chief of staff and deputy commander of the 20<sup>th</sup> Army based in the Moscow Military District. Almost immediately, however, he was dispatched to the Caucasus, again to double-hat as commander of both the 58<sup>th</sup> Army and the West Group of Forces of the Joint Contingent of Federal Troops in the North Caucasus. He later assumed command of the whole Joint Contingent.<sup>30</sup>

Shamanov's greatest triumph was as the principal architect of the success of the Second Chechen War of 1999-2000, a war in which the Chechen opposition was crushed much more quickly and brutally than in the first conflict. This resumption of the war in Chechnya in 1999 had suited many in the military who wanted revenge against the Chechens and for the humiliation of their withdrawal in 1996. It also suited the man who rode to the presidency of Russia on the back of this same military victory—Vladimir Putin. He, as prime minister in 1999, had been the principal political mover (President Yeltsin was by then ailing) toward a reengagement in Chechnya. The fact that this new war was over so quickly gave Putin immense political leverage, easily enough to ensure his success in the presidential elections of 2000. The new president was thus extremely grateful, among other victorious military figures, to Shamanov.<sup>31</sup> The general was also lauded in other quarters, and continues to bask in the acclaim.

Shamanov's reputation in a military sense lies in the fact that he was seen in Chechnya as someone who got the job done. The problem with this approach is that he tended to let firepower dominate in engagements to the detriment of any discrimination between combatants and noncombatants. Shamanov, however, seems not to be overly concerned about the civilian casualties his methods caused. To him, a war was a war—his operational techniques would be the same whether the war was conventional or counter guerrilla.

Shamanov's combat philosophy in Chechnya was certainly not approved of in certain military quarters. His superior, Colonel-General Gennadiy Troshev, who commanded the

Defense Ministry Group of Forces in Chechnya, rebuked Shamanov for being barbaric and for using excessively forceful methods. Troshev had earlier commanded the East Group of Forces in the First Chechen War and had himself consciously avoided the indiscriminate assaults that Shamanov preferred. But whereas Troshev's approach had led to costly delays in that first war, Shamanov, with his methods, had met with no such delays in the second.<sup>32</sup>

Other senior officers took issue with Shamanov. General Aslanbek Aslakhanov,<sup>33</sup> acting as an adviser to President Putin, called him a "butcher." And when Colonel-General Viktor Kazantsev, who was then Shamanov's superior as North Caucasus Military District Commander, had tried to rein him in, he received the reply: "It is not for you to teach me!"<sup>34</sup>

Shamanov, moreover, was allegedly implicated in a massacre by Russian forces that took place at Alkhan-Yurt in Chechnya in 1999 (although Shamanov actually received one of his Hero of the Russian Federation decorations at this action). In an interview with the journalist Anna Politovskaya (later to be murdered), Shamanov said that he "regarded the wives and children of militants as the same bandits [as their husbands and fathers] and was surprised that someone might think differently." Shamanov was also later to speak out in support of Colonel Yuriy Budanov, an officer who had been found guilty, in a notorious case in Russia, of strangling a Chechen girl.<sup>35</sup> Additionally, the European Court of Human Rights has said that he is responsible for very serious human right violations.<sup>36</sup> The Nobel Laureate for Peace, physicist Andrei Sakharov, also added his accusations, including that Shamanov has a serious xenophobic streak.<sup>37</sup>

Shamanov is thus no angel and no respecter of authority. He appears not to be concerned about inflicting casualties, whether they are those of the enemy, noncombatants, or even his own men. He also seems to prefer the use of overwhelming firepower, rather than more-nuanced ways of achieving military success. He is a man who carries with him some serious war crimes baggage.<sup>38</sup>

This, then, is Vladimir Shamanov's "colorful" past. Despite the general opprobrium he has generated with regard to his activities in Chechnya, he has always been protected by Putin, who owed Shamanov. Shamanov had achieved the results that essentially brought Putin to the presidency. But even Putin's power has its limits, and he has not always been able to protect his general. In August 2000, for instance, the military hierarchy managed to have its way, forcing Shamanov into early retirement. Officially, Shamanov had left both Chechnya and the military for "health reasons."<sup>39</sup>

Putin was still able to step in and help Shamanov. The president, to all intents and purposes, in November 2000 handed him the post of governor of Ulyanovsk *oblast* (or region). This was not a role that Shamanov overly welcomed. As he later put it, "I found myself [in] the post of Ulyanovsk *oblast* governor somewhat against my will."<sup>40</sup>

It was no surprise that Shamanov was not a success as a governor. He was accused of trying to govern the *oblast* as if he were running a regiment. In 2004, he recorded an approval rating of just 3 percent.<sup>41</sup> He then moved on in November 2004 to become an assistant to the then prime minister, Mikhail Fradkov, advising on social welfare issues with regard to service personnel. In 2006, and working in the same field, he became an adviser to Defense Minister Sergei Ivanov. Shamanov, having thus operated on the staffs of both the Prime Minister and the Defense Minister, was able to gain invaluable political experience.

It was during his stint in the Ministry of Defense that Shamanov met President George Bush in March 2007 in the Oval Office. This meeting caused consternation among civil rights

activists at the time. Afterward, and revealing perhaps his xenophobic streak, Shamanov compared the United States to Nazi Germany.<sup>42</sup>

Vladimir Shamanov, despite his tainted past, was to be called back into the military by presidential edict in November 2007. He was given the important position of Director of Combat Training.<sup>43</sup> It seemed apparent that Serdyukov had been brought back by Putin to help the newly appointed Defense Minister, Anatoliy Serdyukov. As a civilian, and former head of the Tax Ministry at that, he was having trouble, not unexpectedly, trying to push through his reform plans against the considerable opposition by the aforementioned corpus of conservative generals, particularly those on the General Staff. Shamanov was brought in, it seems, to provide some of the muscle that would help see Serdyukov's desired changes through.<sup>44</sup>

Shamanov's reinstatement seems to be the first-ever case in post-Soviet Russia of a senior officer, once retired, returning to uniform.<sup>45</sup> It is an indication of just how much Putin values him. The logic of bringing him back, from Putin's point of view, is obvious. Shamanov is one of the trusted Chechen generals who helped Putin to power in the first place.

To bring him back into such a powerful position made sense, not only in terms of helping Serdyukov, but also in that Shamanov would doubtless remain loyal to Putin. Shamanov, of course, is not popular within the mainstream military itself. This is due to several factors: his non-*Afghantsy* status; his many misdemeanors; his brutal record in Chechnya, and the fact that he comes from a VDV (and not a mainstream ground forces) background. Herein lies his worth to Putin. There exists in this case a classic divide-and-rule relationship in terms of civil-military relations: the politician chooses a military figure (Shamanov) for a high command post whose power base comes mainly from the man who appointed him (Putin), and not so much from within the military organization itself. Such officers as Shamanov, because they owe their position to political masters and not to their standing in the military, are then pliable: they can be manipulated by the politicians. In turn, Shamanov has power—but power that drives only from his political backing. When this political power is added to his media-generated public popularity, he gains the individual capacity to usher through the types of changes within the military that both he and, more importantly, his political masters want. Quite major changes can then be achieved by this partnership.

This same logic applied when Shamanov was appointed head of the VDV in May 2009 (another political decision) and remains there as of this writing. As a non-*Afghantsy* head of the VDV, he is still something of an outsider even within his own organization—so he is still looking to civilian masters for support, rather than within the organization.

Shamanov remains a popular military figure with the public. Of course, despite all his indiscretions, his reputation probably does him little harm as the head of the airborne forces. A little “personality,” as has been stated, is expected of someone leading what are considered to be the Russian Federation's shock troops: the all-action, no-nonsense, and decisive VDV. Elements of the Russian news media—media that carry considerable coverage of military issues—have played up this image. They tend to stress the efficiency and toughness of the VDV vis-à-vis the rest of the military—that of inefficiency, torpor, and general ineptitude. The influential military newspaper, *Krasnaya Zvezda*, is particularly fawning in its constant praise of Shamanov. Thus, the paratroopers' leader is portrayed as the man of action whose merely venial sins are seen in an understanding light.

But even in his post as VDV commander, controversy still continues to dog Shamanov. In October 2009, he ordered a squad of his VDV troops (*spetsnaz* personnel from the 45<sup>th</sup>

Separate Reconnaissance Regiment) to be sent to a company owned by his son-in-law—who stood accused of murder—in order to impede a police investigation into the crime. Shamanov's phone conversation ordering in the squad was recorded by a newspaper. However, despite receiving an official reprimand, Shamanov was to keep his job.<sup>46</sup> He had powerful friends. The partnership remained intact.

## CHANGE AND THE WAR WITH GEORGIA

Traditionally, major change in military organizations comes on the heels of wartime experience. Combat provides the stress test that highlights problems that normally remain hidden in peacetime. Mere exercises cannot normally bring such problems to light, because military exercises tend to have an inbuilt capacity to prove the worth of existing structures and standard operating procedures. The most recent stress test for the Russian military obviously came in the conflict with Georgia in August 2008. It is not our intention here to discuss this war in any great detail, but the lessons learned both by the Russian armed forces in general and by the VDV in particular are worthy of brief note.

The weaknesses of the military as a whole became obvious. Methodologies, as well as tactics, techniques, procedures, and equipment, were all revealed in a negative light, as is often the way with a military—such as Russia's—that had not fought a war against a symmetrical opponent for some considerable time. The issues raised mostly related to the initial readiness to move, command and control procedures, and interservice and interarm cooperation. On the whole, the VDV troops themselves were seen to have performed well in the conflict. However, this did not prevent the VDV, along with the rest of the military, from coming under pressure to conduct significant reforms in light of the Georgian experience.

The conflict with Georgia began in South Ossetia. South Ossetia is technically a part of Georgia. This country had gained its independence in 1991 after the break-up of the Soviet Union, and the new government in Tbilisi, the Georgian capital, was then faced with separatist pressures of its own. The regions of Abkhazia on the Black Sea coast, and South Ossetia on Georgia's northern border with Russia, both pushed for autonomy. Violence ensued. Both Abkhaz and Ossetes looked to Russia at that time for help in breaking away from Tbilisi's grip, and Moscow, for various reasons of its own, agreed to provide assistance in the form of peacekeeping troops. This move tended to thwart Georgia's unification efforts. By 1993, with the help of these Russian peacekeepers—who had basically muted both conflicts—Abkhazia and South Ossetia had achieved their de facto autonomy. However, both regions still remained part of Georgia in the eyes of the international community.

Conflict broke out again on the night of August 7-8, 2008, when Georgian forces bombarded Tskhinvali, the capital of South Ossetia. This was followed by a movement into the enclave by Georgian ground troops and their seizing of Tskhinvali. Russia was not prepared to allow the action to succeed, if for no other reason than some of the Russian peacekeeping troops had been killed in the initial bombardment and fighting. Moscow claimed that it had to react.

Troops from the 58<sup>th</sup> Army ground forces stationed just over the border with Georgia were called into action, as was the VDV. The Russian plan was to launch a two-pronged assault against Georgian forces—one through South Ossetia and another through Abkhazia

(which had not been attacked by Georgia). In South Ossetia, a number of VDV elements were involved: the 104<sup>th</sup> and 234<sup>th</sup> regiments of the 76<sup>th</sup> Division, and the 217<sup>th</sup> Regiment of the 98<sup>th</sup> Division (although none were parachuted into the area). The then head of the VDV, Lieutenant-General Valeriy Yevtukhovich, commanded the forces in South Ossetia.

Two battalions of the 76th had taken less than 24 hours from initial call-out at their base in Pskov to deploy 2,000 kilometers (km) and to arrive in Beslan in North Ossetia (part of Russia proper). These battalions had then moved into South Ossetia even before elements of the 58th Army's 42nd and 19th Motor Rifle Divisions—based nearby in Chechnya and North Ossetia respectively—had done so. Thus, it was these VDV battalions (although lacking armor) that were in the vanguard of the Russian move against Georgian forces. Moreover, *spetsnaz* troops of the 45th Separate Reconnaissance Regiment had moved into position so quickly that they were actually involved in the original defense of Tskhinvali against Georgian troops.<sup>47</sup>

One of the problems created by the very mobility and speed of the VDV units was the fact that they tended to lack adequate force protection. Russian aircraft could not completely eliminate the air threat coming from the Georgians, and the VDV units did not have enough organic anti-aircraft assets. The VDV had also moved too far ahead of the protection that would have been provided by any ground forces' anti-aircraft shield. Russian aircraft could not be called in by the VDV to strike ground targets, since there was no means of ground-to-air communication. Moreover, while VDV troops found themselves in the van of the Russian assault, they were advancing without proper reconnaissance capabilities.<sup>48</sup>

In the Abkhaz sector, some eight VDV battalions were deployed there within 5 days of the commencement of hostilities. No entire brigade or division was present, so that there were simply battalion groupings operating more or less independently of each other.<sup>49</sup> Only four battalions from the 7th Air Assault Division actually engaged in combat. A battalion tactical group from the 31<sup>st</sup> Separate Airborne Assault Brigade was also present, but took no part in the fighting. In Abkhazia, as distinct from the South Ossetian front, there were hardly any ground forces troops nearby who could assist the VDV. The role of the VDV in this sector was thus completely crucial.<sup>50</sup> It was here, in Abkhazia, that Vladimir Shamanov comes to assume a prominent role.

The first VDV unit to become involved in combat in Abkhazia was a battalion from the 108<sup>th</sup> Regiment of the 7<sup>th</sup> Division. This had been based at the port of Ochamchira as the standby rapid-reaction battalion to support the Russian peacekeeping units in both Abkhazia and South Ossetia. This battalion took up positions on August 8 on the (as yet) quiet border between Abkhazia and Georgia.

Alerts went out elsewhere. At 3:00 p.m. on August 8, another battalion of the 108th Regiment based at Novorossiysk on the Black Sea was given orders to embark on landing ships that were waiting in the port. This battalion left its barracks at 7 p.m., but then became stuck in holiday traffic. Problems were then encountered in getting the troops aboard the amphibious landing ships. Boarding ships was not something these airborne troops had ever trained for or practiced. The ships eventually set sail at 4:30 a.m. the next day.<sup>51</sup> Another battalion, this from the 247<sup>th</sup> Regiment of the 7th Division (based at Stavropol), was delayed as it tried to move south because rail transport was not available at the local station on August 9. Deeper in European Russia, at Ulyanovsk, the airlift of a battalion from the 31<sup>st</sup> Separate Air Assault Brigade had to wait. Aircraft priority had been given to transporting troops to North Ossetia, not to Abkhazia.



When the conflict with Georgia began, Shamanov was still Director of Combat Training. He was now assigned (it is not clear exactly by whom) command of the group of airborne forces that were being sent to Abkhazia.<sup>52</sup> This was a very unusual change of role for any senior Russian officer. Shamanov received his orders at 1:00 p.m. on August 9 to fly from Moscow to Abkhazia. When he arrived later that day, the only troops present were the three battalions of the original Russian peacekeeping troops; the standby VDV battalion from Ocamchira; and some special forces from the 45<sup>th</sup> Separate Reconnaissance Regiment. A number of the latter had already crossed over into Georgia proper and had subsequently called in an air strike—using communications available only to *spetsnaz* forces—that destroyed a Georgian GRAD (BM-21) battery (which had not fired). Other personnel from this regiment destroyed Georgian aircraft on the ground at Senaki and captured the port of Poti, where patrol boats were destroyed.<sup>53</sup>

Shamanov, on arrival, was faced with several problems, not the least of which was the fact that his own and his units' communications were poor. He could not, for instance, get in touch with the landing ships that were heading across the Black Sea from Novorossiysk with the battalion from the 108th Regiment. He established contact eventually after his messages were forwarded by naval units. This battalion finally docked at Ocamchira on August 10 at 6:30 a.m., and the troops disembarked to join the other battalion from this regiment; that is, the standby unit for the peacekeepers. Both battalions were in position by noon in an encampment in the Tqvarch'eli district of Abkhazia.<sup>54</sup>

Communication problems were endemic among all Russian forces operating in both Abkhazia and South Ossetia. This was a result not only of the fact that the Georgians could jam Russian radio traffic, but also that communications—both within units and between echelons—was weak. Russian forces lacked not only a network-centric capability (NCC), but also sufficient tactical radios at section/squad level.<sup>55</sup> This overall inability to communicate, and its adverse effects upon functional command-and-control, could have had profound consequences. For example, one VDV battalion from the 76<sup>th</sup> Division, out of radio contact and operating independently and without orders, had crossed from South Ossetia into Georgia proper and was bearing down on the undefended Georgian capital, Tbilisi. This had caused the government there to flee. If this battalion had reached the city, it could have produced major strategic consequences (including possible NATO involvement in the war). Luckily, the battalion was stopped when a senior commander caught up with it in a jeep and ordered it to halt.<sup>56</sup>

Other deficiencies were noted by Shamanov. His men lacked the night-vision aids that would enable them to fight in darkness. There was a shortage of sniper rifles and reconnaissance assets—especially unmanned aerial vehicles (UAVs). There was a dearth of target-acquisition equipment and laser designators that would have allowed the VDV troops, for instance, to accurately guide ordnance from aircraft (which, in the main, they could not communicate with anyway). The tracked vehicles used by the VDV proved susceptible to landmines. While such vehicles did provide for an increased degree of mobility, they were not sufficiently armored to provide protection against the Georgian tanks and anti-tank weapons. This problem with the vehicles, when added to the general shortage of anti-aircraft and anti-tank capabilities, meant that VDV forces lacked both punch and protection.

However, despite all the glitches and equipment failings, what was clearly apparent was the high level of professionalism displayed by these VDV troops. Their units had responded quickly; they had deployed to the theater in good order; they had fought well; and they were

noticeably better trained than the troops of the Russian ground forces they were operating alongside<sup>57</sup>

## PROPOSED STRUCTURAL CHANGES IN THE VDV

In the wake of the war with Georgia, the general pace of Russian military reform—which had, prior to the conflict, been moving at a glacial pace—increased exponentially. With the military's overall weaknesses exposed by the conflict, the resistance of the conservative generals to reform more or less collapsed. The new look that Defense Minister Serdyukov had long sought was now finally allowed to take shape. With regard to the echelons comprising the military hierarchy, the previous command and control arrangement, working downward, of Military District-Army-Division-Regiment, now came to be replaced by the simpler and less cumbersome Military District-Operational Command-Brigade (although the six Military Districts were, in turn, to be replaced by just four Strategic Commands in October 2010).<sup>58</sup> Command and control throughout the Russian military should now, theoretically, be more streamlined: there are fewer command layers. It is the creation of the brigade, however, that is the most important innovation. In the US and British armies, moves had begun back in the early 1990s to abandon the division in favor of the brigade as the basic independent tactical unit. It seemed that the brigade structure was more suited to the demands of the post-Cold War interventionary tasks that were becoming more prevalent for Western militaries. But in Russia, such a change had been resisted by the vested interests on the General Staff. The war with Georgia, however, had finally forced the naysayers to see the light. The brigade—smaller, easier to control, and with greater flexibility—was the arrangement of choice for the conduct of the fast-paced maneuver warfare that was now *de rigueur* for any competent large army—including that of Russia. The lumbering division was seen as a dinosaur. It was unwieldy and inflexible, with assets routinely needed at the front line being hoarded at the divisional level. The brigade, as even the generals of the ground forces now realized, was the way forward.<sup>59</sup>

Thus, the division came to be eliminated from the Russian ground forces' order of battle. Starting in late 2008, the 203 ground force divisions were melted down to just 83 brigades. Of course, these old divisions were seldom in any sense fully manned and ready to conduct operations (most of them being just cadre formations<sup>60</sup>). The 83 new brigades, on the other hand, are all—perhaps optimistically—slated to have full complements and to be in a state of permanent readiness.

In line with this reorganization of the ground forces, the VDV divisions were to be restructured in the same way—basically signaling an end to the VDV as a separate arm of service. The four VDV divisions were also to be reorganized into brigades, with one division, the 106th at Tula, to be disbanded completely by December 1, 2009. This airborne division was chosen as the one to be cut, since it had the fewest *kontraktniki* in its ranks.<sup>61</sup> Two scenarios were put forward for what was supposed to happen with its regiments. In the first, they were to be redeployed to the other airborne divisions.<sup>62</sup> In the second, they were to be divided up and their units and subunits distributed to the Military Districts, where they would form the nucleus of new (non-VDV) rapid-reaction helicopter-borne air assault brigades. One of these brigades would be stationed in each of the (then) six Military Districts. In preparation

for such scenarios, recruitment for the 106th was halted in early 2009, and many of its officers began to be assigned elsewhere.<sup>63</sup>

The remaining divisions—the 7th, 76th, and 98th—were to be reorganized into brigades and distributed among the Military Districts.<sup>64</sup> The aim was to ensure that the quick-reaction capability and fighting potential of the VDV forces would be available all across Russia, and not just in the west of the country where all the VDV divisions were based. The strategic implications of such a move were quite profound. In essence, the VDV would no longer be controlled by the politico-military center, and its formations would come under the command of the individual Military Districts. It also, in strategic terms, meant that if Russia's best combat forces—the VDV—were not to be based in the west of the country, then the political and military elite must no longer be looking at NATO as a potential enemy, but rather more toward China.<sup>65</sup>

These moves to break up the VDV were, however, stymied in May 2009 when Shamanov was appointed VDV commander in succession to Yevtukovich. The latter had been sacked basically because he was objecting to the breakup of the VDV. But Shamanov also objected to the proposed changes. Much of his particular argument lay in the fact that the VDV was already ahead of the curve in that many of the requisite structural adjustments demanded of the ground forces had already been made in the VDV. Former Commander in Chief (CINC) VDV Kolmakov had already introduced many of the changes that were only now coming to the ground forces in the wake of Georgia. Kolmakov had made his airborne battalions more independently self-sustaining by providing them with reconnaissance platoons and artillery assets that had previously been held at division level. In another move that reflected Western military practice, the VDV had, since the First Chechen War, been fighting not as regiments, but as reinforced battalions.<sup>66</sup> (Shamanov himself sees the battalion as the optimal tactical unit for the conduct of modern warfare.<sup>67</sup>) Moreover, Shamanov argued that the VDV already had only four levels of command—VDV Military Council/division/regiment/battalion—an arrangement that took orders swiftly right down to the tactical level. Thus, he said, there was no specific logic to converting the VDV divisions into brigades.<sup>68</sup>

Since he was arguing that the VDV was one step ahead of the ground forces in terms of the required structural changes, Shamanov was able to make a convincing argument to the Ministry of Defense that the VDV should remain as it was. But his true leverage in halting such changes was not his argument but his political patron. The General Staff was hardly likely to go against the wishes of someone making such apparently sound arguments, and someone who was also a favorite of Putin (although he was by now only the prime minister to Medvedev's president). The proposed radical changes to the VDV were thus cancelled just after Shamanov took up his position of CINC VDV.<sup>69</sup>

As an individual, Shamanov had the power to basically bring the proposed restructuring of the VDV to a halt: Yevtukovich could not stop the changes, whereas Shamanov could. The VDV could keep its divisional/regimental arrangement, and was not to adopt the brigade system or be split up. Indeed, the process went into reverse. In May 2009, orders went out that the 106th Division was not to be disbanded after all, and those of its units, subunits, and officers that had gone elsewhere were ordered to return to Tula.<sup>70</sup> Moreover, Shamanov now had licence to shape the VDV as he saw fit. He was given "carte blanche . . . by the country's military-political leadership for the development of the VDV."<sup>71</sup> Given this freedom and incorporating the lessons of the conflict with Georgia as he saw them, Shamanov streamlined the VDV divisions. Now each of the four divisions, whether airborne or air assault, was to

have the same basic structure: two combat regiments, an artillery regiment, a surface-to-air missile (SAM) regiment, a combat engineer battalion, a signal battalion, a maintenance battalion, a logistics support battalion, and a medical company.<sup>72</sup> The presence of a SAM regiment (with Strela-10 systems), in place of the previous SAM battalion, represented a strengthening of the divisions in terms of their anti-aircraft capability.<sup>73</sup> Another change was that each division would now have a reconnaissance battalion instead of just a company. This came about when it was realized that Russian divisions overall and particularly in the VDV (given the fact that its troops would normally represent vanguard elements) did not devote enough capacity to reconnaissance and intelligence-gathering.<sup>74</sup>

According to Pavel Popovskikh, the former VDV Chief of Intelligence, the airborne forces have traditionally underestimated the need to “look over the hill.” He points out that in a US Airborne Division, some 20-25 percent of its personnel would be devoted to reconnaissance (in the form of SIGINT, ELINT, aerial, and tactical). In contrast, when he left the VDV in 1997, only about 8-9 percent of the divisions’ strength was reconnaissance-oriented. This was at a time when a VDV division still had its own reconnaissance battalion. When these battalions came to be replaced by mere companies, the divisional manpower then devoted to reconnaissance came to represent, notes Popovskikh, only some 4-5 percent of the total. Such a deemphasis of the reconnaissance role was the result, continues Popovskikh, of a general lack of awareness in the VDV at that time of the fluidity of modern warfare and of the need to find and mark targets. One particular result of this mentality, and a major issue in the war with Georgia, was the almost complete lack of UAVs—both large and small—within the VDV, and also within the Russian military more generally.<sup>75</sup>

There was still the matter of the Military Districts/Strategic Commands needing some airborne presence. Although there were now to be no actual VDV brigades based within or to be controlled by them, the idea that the ground forces should have their own heliborne air assault brigades still had traction. The VDV was now asked by Defense Minister Serdyukov to help train the ground forces personnel that were due to man these brigades. It was hoped that the VDV would inculcate in such trainees something of the prized “airborne spirit.”<sup>76</sup>

Shamanov now envisages a strategic scenario whereby, if Russia were to come under attack by a land incursion, there would be four layers of land-based defense. The first line would be represented by the border troops. Then there would be the local Military District/Strategic Command’s VDV-trained rapid-reaction air assault brigade. Next on the scene would be the real airborne forces, the VDV, who would arrive to assist this brigade. The final defense line would consist of the local ground forces’ motor-rifle brigades.<sup>77</sup>

Though Shamanov fought off a complete restructuring of his arm of service, this is not to say that the VDV has been left totally untouched by the post-Georgia reforms. The VDV has lost control of some of its support services—medical and personnel—which have now been, to use a word that has made its way into the Russian language, outsourced.<sup>78</sup> However, despite these minor setbacks, Shamanov, to all intents and purposes, has won. By sheer force of personality (but with obvious political support), it seems he has managed to convince the Ministry of Defense, the General Staff, and other political figures that their proposed changes, as far as the VDV was concerned, were ill-conceived. Moreover, he had not only prevented his organization from being cut up and parceled out; he had also made it stronger, with more assets, not fewer.<sup>79</sup>

## POST-GEORGIA CHANGES IN THE VDV

Beyond the actual structural reform that the VDV saw in the wake of the conflict with Georgia, other changes were also apparent. Some of these changes had long been sought and finally came to be pushed through because of the catalytic effect generated by the war. Other changes came about as a direct result of the inefficiencies that the conflict brought to light. These changes can be examined under the headings of communications, combat vehicles, unmanned aerial vehicles, and training regimes.

### Communications

For a military formerly wed to the idea that radios could be utilized only by officers, and with the heritage that famously relied on flag-based semaphore to pass messages between individual armored vehicles, the changes that have occurred since the conflict in Georgia in terms of command and control within the VDV can be seen as quite profound. In response to the communication failures exhibited in Georgia, especially given the strategic consequences that could have occurred because of them, something of a revolution has taken place. It is now the aim for *all* individual troopers in the VDV to be issued an *Aveduk* tactical radio with a range of some 10km.<sup>80</sup>

Another issue highlighted for the VDV—and for the rest of the Russian armed forces as a whole—was the lack of certain network technologies now taken for granted in Western militaries. Given that the Russian army is short of even basic radios, it is no surprise that it also lacks any network-centric capability (NCC). The fact that this army has been incapable of linking all levels of command—from the general at the very top down to the corporal on the frontline—was made readily apparent in Georgia. The Russian army clearly needs to develop its own network-centric (in Russian, *setetsentricheskiy*) capability.

The high-tech systems that make up any NCC cannot be acquired overnight. Russia's domestic military-industrial complex is struggling to produce the necessary systems. The satellite array that has to be part of any NCC is not yet up to the mark. The *GLONASS* (*Global'naya Navigatsionayya Sputnikovaya Sistema*) system (the Russian equivalent of the Global Positioning System) has been subject to numerous glitches—the principal one being the failure of a number of the array's orbiting satellites.

Progress is being made, however. New *GLONASS* satellites are being launched to replace those that have been lost, and new systems are being supplied to the military that can help generate an NCC, (although it has been estimated that it will be at least 5 years before Russian forces have a NCC to match that currently available to US forces).<sup>81</sup>

The VDV has been the initial recipient over the last year or so of the requisite technologies to set up an NCC. In March 2010, the 76th Division conducted a small, tactical-level exercise during which the new *Sozvezdiye* tactical command-and-control system was first utilized. It established links between the *GLONASS* system, frontline forces, UAV operators, indigenous artillery, and other assets. The next VDV formation slated to receive *Sozvezdiye* is the 7th Air Assault Division.<sup>82</sup>

## Combat Vehicles

The organizational culture of the VDV has always favored the use of heavy equipment. Whereas para-troopers in the West have looked to operate with as few encumbrances as possible, going in with only some light reconnaissance vehicles, the VDV has tended to stress survivability *in* the combat zone, rather than portability *to* the combat zone. This difference comes about because of the inheritance of the Soviet military's Cold War thinking. The psychology was that VDV troops should be able to defend themselves for an appreciable period of time after having been dropped behind enemy (i.e., NATO) lines before being relieved by advancing ground forces. The key element thus was survivability. Hence, we see the use by the VDV of APCs with a variety of weapon attachments, and of small self-propelled and towed artillery pieces. Shamanov supports the survivability concept. He has noted that there is a lack of heavy equipment in his divisions and wants to correct this. The fact that he has already increased the SAM component of his divisions is evidence of his thinking.<sup>83</sup> There will always be a tension inherent in this philosophy. Such vehicles and weapons must be light enough to be both air-portable and parachutable while still maintaining a modicum of battlefield punch and protection.

For some 30 years, the BMD (*Boyevaya Mashina Desanta*<sup>84</sup>) series of tracked APCs (with aluminum armor) has fulfilled the role of VDV troop transport/protection. These vehicles can be air-dropped on pallets. The 4-12 parachute canopies attached to such pallets are assisted by rockets, which act as brakes for the last few feet before landing. Occasionally, in exercises in the Soviet period, the crews of the BMDs would also be dropped while inside their vehicles. This was naturally quite a dangerous enterprise. The thinking was that the vehicles, once on the ground, needed to become immediately operational. Dropping crew and vehicle together obviates the time-consuming marriage of crews to vehicles (dropped separately, they can end up hundreds of meters apart).<sup>85</sup>

In April 2010, for the first time in 7 years, three BMD-2 vehicles were air-dropped with personnel inside them (driver and commander). There is also now some discussion of dropping BMDs, not only with their driver and commander, but also with their entire troop complement (six troopers).<sup>86</sup> The latest drop of vehicles occurred in March 2011, when 12 were parachuted by elements of the 106th—but without crews.<sup>87</sup>

No VDV personnel or vehicles were dropped during the war with Georgia. All the airborne men and materiel arrived in theater, either by transport aircraft, ship, or train. Personnel were then delivered to contact areas in their unit vehicles unaccompanied by any ground force tanks.

Shamanov has expressed disappointment with the performance of the VDV's tracked combat vehicles (they are all tracked) during the war. His disappointment extended to the latest variant BMD-4 (armed with a 100mm gun and with better armor than the BMDs 2 and 3). The BMD-4 had first been introduced in 2004, and was slowly coming to replace the older vehicles. Shamanov's reservation concerning any BMD variant in Georgia was their immobilization if their tracks were damaged—by mines in particular. Wheeled APCs, on the other hand, are known to be able to sustain a good deal of damage before losing overall mobility. The BMD-4 also had a problem with its engine, noted even before Georgia, which was prone to catch fire. (This same engine is also used in other Russian APCs: the BTR-90, the BMP-3, and the BMD-3.) Shamanov, warning that he would refuse to accept any more

BMD-4s with its current engine, explained that the BMD-4 in Georgia did “not fully meet mobility and safety requirements.”<sup>88</sup>

The BMD-4 is also suffering from efforts to get the right balance between portability and survivability. Shamanov has an issue with the excessive weight of the BMD-4 (15 tons) and the fact that recent upgrades of the older BMD-3s have pushed up their weight (to 13 tons). This has ripple effects in terms of their portability, amenability to being air-dropped, and overall strategic reach of the VDV. The extra weight means that the workhorse transport aircraft, the Il-76 (NATO name *Candid*, can carry only two such vehicles and has its operating radius reduced (and this in an air force that also has a very poor air-to-air refueling capability.)

APCs are not the only source of weight problems. The VDV divisional upgrade from SAM battalions to SAM regiments (using SA-10M3s on a BMD-3 hull) will naturally add yet more overall weight.<sup>89</sup> This makes the divisions even less portable.<sup>90</sup> Weight has also been added in the form of new guns. Artillery of some description has always figured in Russian airborne formations, and the 2S9 Nona-S 120mm self-propelled mortar (on a BMD-3 hull) has been present for some time. Since 2006, however, the VDV has begun to augment these with the 2S25 Sprut-D 125mm self-propelled artillery/anti-tank gun. This gun is the same as the one on the T-72 and T-80 tanks. The Sprut-D (also based on a BMD-3 hull) is currently used by both the 76<sup>th</sup> and 98<sup>th</sup> Divisions. It is both amphibious and (technically) air-droppable, but like the BMD-4 cannot yet be dropped until the necessary parachute technology is developed to deal with its weight.<sup>91</sup> Two Sprut-Ds can be carried by an Il-76. Shamanov has stated that since the Il-76 can carry only two such systems (and not three, as he would like), then the Sprut-D will not figure in the first wave of any airlift of Russian paratroopers.<sup>92</sup>

There is another problematic aspect of the VDV’s vehicles. While they are becoming heavier, they are also coming to be outfitted with more sensitive electronics. These do not react well to being air-dropped. Such upgrades are happening at a time when Russia has lost a good deal of organizational memory of and expertise in parachute technology—including those related to pallet construction and to the rocket retardants that apply braking. All have been adversely affected, as with many other Russian military industries, by the fact that the company that formerly made parachutes and associated equipment is now, after the breakup of the Soviet Union, no longer in Russia. The VDV is currently waiting for domestic parachute manufacturers to catch up in producing equipment that will allow the newer vehicles to be air-dropped.<sup>93</sup> And the VDV will wait. It will not follow Western military practice and accept that armored vehicles should not be air-dropped. Parachutability appears to be something of a “sacred cow” to the organizational culture of the VDV.

Much of the problem with the weight of such vehicles as the BMD-4 and the Sprut-D comes from the tracks and associated mechanics. Wheeled vehicles, of course, represent a lighter option, and an increasingly tempting one—given the fact that they can also maintain mobility after mine or Improvised Explosive Device (IED) strikes. Shamanov has said that his reconnaissance units will soon start to receive, as replacements for the BMDs, the GAZ-2975 Tigr APC (4 x 4).<sup>94</sup> This vehicle was recently accepted into service by both the ground forces and the troops of the Interior Ministry (the *Ministerstvo Vnutrennikh Del’*—MVD). Shamanov also admires the French VBL (*Véhicule Blindé Léger*—4 x 4) and VAB (*Véhicule de l’Avant Blindé*—6 x 6) family of vehicles and wants to see similar models—or even licence-built VBLs and VABs—produced in Russia. The Italian firm IVECO is also

producing the LMV M65 4 x 4 vehicle for the Russian general-purpose forces, with some going to the VDV. Licenced production of the LMV M65 will soon begin at the facilities of the Russian truck firm, Kamaz.<sup>95</sup>

Here Shamanov is exhibiting a facet of his philosophy that is not apparent among many Russian generals—a willingness to accept (despite his xenophobic streak) that, when it comes to getting the best equipment for his VDV, it may need to come from abroad.<sup>96</sup> Such purchases of foreign equipment have caused no little controversy in Russia.

There has always been a supposition that the Soviet Union/Russia was capable of producing the world's best military equipment. But this sentiment has been supplanted to a large degree by the recent realization that, in order for the Russian military to modernize quickly, a shortcut must be taken in sourcing. Russian industry is simply incapable of producing domestically at this time the kinds of military technologies that the services need.

While following Western conventions in coming to accept wheeled APCs, VDV leaders do agree that they can fully commit to wheeled variants. The thinking here is that Russia's army, including its airborne forces, may be called upon to operate in areas, particularly in the east of the country, where the road system is very poor. In such circumstances, tracked vehicles would provide far greater mobility than wheeled—a factor that is not really an issue in Western military thinking. In fact, Shamanov's concern over the issue is such that he is contemplating equipping those units designed to operate predominantly in the west of Russia (such as the 76<sup>th</sup>) with wheeled vehicles, while those that are destined to go east (possibly in a confrontation with China) are given tracked vehicles.<sup>97</sup>

Certainly, the VDV has been well-supplied with new vehicles in recent years. During 2009, the airborne forces received more than 700, including 100 upgraded BMD-2s, 18 Nona-S, and 600 trucks.<sup>98</sup>

## Unmanned Aerial Vehicles (UAVs)

The lack of UAVs was significant across the whole range of Russian units involved in Georgia. Basic reconnaissance was hampered, as was the ability to observe in order to direct fire for artillery and aircraft. The Russians were, in many cases, fighting blind.<sup>99</sup>

The Georgians did have UAVs, and Russian forces found that they had no counter to them. Anti-aircraft artillery systems such as the ZSU-23 (effective vertical range 1.5km) could not engage Georgian UAVs, like the *Hermes*, because they operated at too great a height (above 3,000m). And heat-seeking SAMs, such as the SA-18 Iгла portable air-defense system (or MANPAD), could not bring them down because they were unable to lock on to such a small target. Georgia's UAVs thus operated with impunity.<sup>100</sup>

Great efforts have since been made by the Russian military to procure more UAVs. Russian industry, however, has been very slow to develop workable systems, despite a good deal of investment being made in recent years.

The dearth of domestic UAVs has forced the Russian military once again to look abroad, and a number have been bought from Israel. The VDV has been at the forefront of the move to adopt such UAVs, and VDV troops have now started to train on Israeli drones (*Bird-Eye 400*, *I-View MK150*, and *Searcher Mk II*). These UAVs are destined for the VDV divisional reconnaissance battalions.<sup>101</sup>



The inability of the VDV to bring down UAVs in Georgia also elicited some novel thinking. Shamanov has resurrected an idea from the Soviet era of VDV forces employing manned hang-gliders. One-man versions could act, he believes, in a reconnaissance role—operating silently and carrying an individual who could see a whole vista, and not just a television screen’s limited image—such as with UAVs.<sup>102</sup>

Shamanov also wants to see combat motorized hang-gliders. These were also first employed by the Soviet military and, indeed, were used by Georgian forces during the original Abkhazia-Georgia conflict in 1992-1993. Shamanov envisages the VDV having several hundred of these paraplanes (or microlites), with some having both pilot and gunner. The gunner would be present principally as a means to shoot down the types of small UAV that proved invulnerable to Russian countermeasures in Georgia.<sup>103</sup>

## Other Equipment

To make up for other shortfalls, more night-vision and laser-designation equipment is being provided to the VDV. British and Australian sniper rifles have also been procured. Russian industry cannot, it seems, machine the barrels of such weapons to a high-enough standard.<sup>104</sup>

And Shamanov, in an apparent desire to match the Israeli airborne forces’ ability to generate 40km of controlled horizontal aerial movement from the point of any parachutist’s deplaning, has purchased sport parachutes for some of his troops that will provide for at least 20-30km of flight.<sup>105</sup>

## Training Regimes

Apart from training with newly acquired technologies, one specific new regime to emerge since Georgia relates to the boarding of naval vessels. The 7th Air Assault Division at Novorossiysk is practicing embarking and disembarking from amphibious landing ships three times a year.<sup>106</sup> Senior officers from the division have also developed closer links with staff from the Black Sea Fleet, notably during an exercise called Kavkaz-2009 (Caucasus-2009).<sup>107</sup> Interestingly, although not directly linked to the Georgia experience, in August 2010 the 98th Division exercised what would be expected of any initial intervention mission—i.e., an air-drop of a reinforced battalion (800-strong) with 32 combat vehicles. Moreover, given the recent Russian interest in the Arctic region, Shamanov has discussed carrying out a drop in the types of polar conditions that would be expected in that region.<sup>108</sup>

As noted, the VDV is also being called on to train ground forces troops. This is apparent not only in the fact that VDV personnel are currently training those destined for the ground forces’ new air assault brigades; it has also resulted in the VDV’s noncommissioned officer (NCO) training school at Ryazan being tasked to produce, not just the VDV’s own NCOs, but those of the ground forces as well. Currently at Ryazan, 100 VDV NCOs are being trained alongside some 200 from the ground forces.<sup>109</sup>

## MANNING IN THE VDV

Unlike the ground forces, which have had the number of their officers reduced substantially over the past 2 years or so, the VDV has escaped serious cuts. Few, if any, VDV officers have found themselves redundant. But the 35,000-strong VDV, despite its high profile and popularity, has not escaped entirely. It is not immune to the same sort of rank-and-file manning problems that currently face the Russian military more generally. Such issues are affecting, and will continue to affect for some time into the future, the operational capabilities of the VDV.

The original moves, begun by President Yeltsin in the mid-1990s, to convert the Russian military *in toto* from one based on conscription to one based only on professional—i.e., volunteer—service, has officially failed. Not enough young men have been recruited. The principal hindrances were the poor pay offered and the lack of suitable accommodations. While recruitment began quite well in the early stages of the program, it tailed off once the realization dawned that promises were not being kept. Subsequent rates of recruitment after the first flush of enthusiasm were poor. Moreover, once those on contracts understood what they had let themselves in for, they lost any desire to sign on for a second 3-year contract. The vast majority of *kontraktniki* resigned as soon as they had completed their service. And, to cap it all, the government started to withdraw funding from the professionalization process. Although arms of service such as the VDV were able 3 or 4 years ago to achieve formations almost completely manned by *kontraktniki*, they have now had to go back to relying for a good proportion of their manpower on conscripts. The original hopeful target that the whole of the VDV would be fully manned by professionals by 2011 has turned out to be a pipedream.<sup>110</sup>

A further problem for the VDV, and for the whole Russian military as well, was that Putin in search of electoral popularity started to reduce the conscript term of service incrementally, from 2 years down to just 1. The next step would have been for it to disappear completely. Both Yeltsin and Putin had, after all, expected that once enough *kontraktniki* were taken on and a fully professional military formed, there would no longer be a need for conscripts. So the reduction to just 1 year of service was seen merely as a stepping stone on the road to conscription's total abolition. Thus, the real-world consequences of having a 1-year term were not really considered. Now, however, with the process of professionalization having stalled, the military is stuck with these 1-year conscripts, the worst of both worlds. First, there are not enough *kontraktniki* on which to build an efficient, well-trained professional military. What the armed forces do have is lots of 1-year conscripts—but these cannot be brought up to any real degree of proficiency. For an arm of service such as the VDV, with its vaunted swagger, skill, and fighting spirit, having so many of these short-service conscripts means it faces great difficulty maintaining these particular qualities.

The VDV has now had to accept the principle of mixed manning, i.e., *kontraktniki* and conscripts working alongside each other within units. But here the VDV is in a better position than the ground forces. For the VDV has come to be favored in that the commissariats, where recruitment takes place, have begun to send to the airborne forces a greater proportion of those men who are still signing on as *kontraktniki*. Thus, the ranks of the VDV still contain a greater proportion of *kontraktniki* than is apparent now in the ground forces. The figure currently quoted is that about 30 percent of the manpower of the VDV as a whole are on con-

tracts.<sup>111</sup> The commander of the 76th Division said in December 2010 that some 40 percent of his particular unit were *kontraktniki*.<sup>112</sup>

But a fall from 90 percent manning by *kontraktniki* in 2007 to just 30 percent now is certainly bound to have adversely affected the combat effectiveness of the VDV. Indeed, a further problem is raised by legal constraints. Most conscripts are legally proscribed from taking part in combat operations on Russian territory (e.g., Chechnya) or abroad.<sup>113</sup> This leaves the VDV in something of a quandary when preparing for missions.

Shamanov does not see mixed manning working in his service. He notes that “it is impossible to combine the two; we can only go . . . one way or the other.”<sup>114</sup> But even Shamanov cannot alter the underlying realities.

Another problem generated by the 1-year term is personnel churning. This comes from the fact that if the conscript term is halved, to maintain the size of the military double the number of conscripts must be called up in the twice-yearly draft. Twice the number must then leave their units at the same time. At this writing, every 6 months the VDV is losing some 20-25 percent of its manpower and replacing it with new conscripts who have undergone only 3 months’ training. In the spring of 2010, some 9,500 conscripts were absorbed by the VDV, while the same number left. It was the same in the fall of 2010. So roughly a third of the manpower of the VDV is turning over every 6 months. Such churning is bound to create disruption and to degrade unit cohesion.<sup>115</sup>

The problems the VDV is currently suffering are reflected in the comment of Colonel Igor Vinogradskiy, the commander of the 76th Division. He has talked honestly of issues related to morale and discipline within his division. “We,” he says darkly, “are not able to achieve satisfactory internal order in the subunits.”<sup>116</sup>

Much of this internal problem is due to a lack of NCOs. With the 1-year term, it is virtually impossible to develop satisfactory NCOs from them. They serve only for 9 months in a unit and can gain only shallow experience in that brief period. Add to this a situation in which some, if not indeed many, of the *kontraktniki* are actually societal misfits who have escaped unemployment and/or rural backwardness by signing on. They do not make good NCO material. So where are the NCOs to come from?

The overall situation will be mitigated to a large degree by the arrival in 2011 of the first *tranche* of NCOs to graduate from the newly established NCO training school at Ryazan. This school was originally set up to alleviate one of the major problems with the current conscript system—the inability to generate junior commanders. The 3-year course is for those *kontraktniki* who want to become NCOs. Thus, the VDV is currently being denuded of NCO material from its *kontraktniki* ranks, because any of the recent *kontraktniki* intake who want to become NCOs are actually spending 3 years away at Ryazan! Shamanov has said that, given the mixed-manning situation and with the expected Ryazan-NCO intake, his airborne forces will be as good as they can get by 2015—within the limitations forced by mixed manning.<sup>117</sup>

Shamanov has also voiced another positive. Since twice the number of young men are now being called up compared with a few years ago in order to compensate for the 1-year term, the conscript net has been cast wider. This, in turn, means that the VDV is receiving better human material. Even well-educated men who had previously been exempt from the draft are now being called up. Indeed, some 10 percent of the VDV’s spring 2010 draft had received a university education. This is a considerable boon, especially as it is happening at a

time when the VDV is receiving more and more technologically sophisticated pieces of equipment. Such equipment needs operators with skill and intelligence.<sup>118</sup>

In terms of officers, the VDV has managed to reduce its ratio of officers to other ranks. The 4,500 VDV officers make up approximately 10-13 percent of total manpower, producing an officer/other-rank ratio of about 1:6.<sup>119</sup> But 400 of these officers are actually filling in for the absent NCOs. Shamanov says that of the 14,000 NCO posts in the VDV, only half are currently filled.<sup>120</sup> Again, this situation should be improved by the arrival of the first increment of the Ryazan-trained NCOs, though their numbers are limited. Ryazan will produce for the VDV only some 100 or so NCOs every year.

## READINESS OF THE VDV

The actual readiness of any particular unit or formation is a topic of continual concern in Russian military circles. Since the ground force units took so long to become operational in the Georgian conflict, response times have now come to be seen as the prime criterion in judging unit efficiency. The mantra of permanent readiness is blithely used to describe the state of virtually *all* Russian army formations, including the 83 new ground force brigades. To the Russians, this means that they can be on their way out of their barracks gates within 1 hour of any call to move. Obviously, such a claim must be viewed with skepticism—even professional Western militaries already on alert status would have trouble moving so quickly. British experience, for instance, suggests that any battalion designated to be the army's spearhead unit (and there would be only one at any particular time) would be expected to move out of its barracks within 24 hours, certainly not in 1. The idea that an entire *army* can be on the move within an hour of being ordered to do so is basically ridiculous.

The VDV seems to have a better appreciation of the difficulties involved when it comes to readiness issues. This is a result of the fact that these units are more likely to be called into immediate action than are units of the ground forces. The VDV's Military Council has decreed that in each division, and in the 31<sup>st</sup> Separate Airborne Brigade, either one parachute or one air-assault battalion should be a first-to-engage battalion (*batalyon pervoocherednogo primeneniya*). These are on very short notice to move. Shamanov has himself stated that these battalions should have the best available equipment; have the division or brigade's most experienced personnel; and should be at least 70 percent manned by *kontraktniki*.<sup>121</sup> Beyond these five battalions, Shamanov has also made clear that a further four battalions will be at permanent readiness. His definition of this term is more readily credible—given that such units would have at least 12 hours to assemble.<sup>122</sup>

The *quid pro quo* for this arrangement is that the other VDV battalions will have poorer equipment; will carry a greater proportion of conscripts; and will undoubtedly have weaker training regimes. They will, moreover, naturally suffer a decline in morale, generated by the fact that they are being designated in effect as second-class units. Thus, there will be a qualitative difference evident between the various battalions within any VDV division.

## AIRCRAFT FOR THE VDV

There have been some recent changes in terms of the availability of aircraft for the VDV. Such changes are not specifically linked to the conflict in Georgia, but they are nevertheless noteworthy.

The transport aircraft that delivers the VDV to operational zones where paratroopers make their jumps is normally the Il-76, an air force asset. These aircraft are made available for major training exercises and operations. From the reaction times in transporting VDV troops to the Georgian theater in 2008, there seems to be little difficulty in the air force accommodating the VDV—in reaction times, if not in actual lift capacity. Currently, the air force has the capability of lifting only one VDV regiment (plus equipment) at a time (the air-dropping of a VDV company and its six BMD APCs requires six Il-76s).<sup>123</sup>

The airborne forces also make use of other aircraft, both fixed-wing and rotary. In the last year or so, the use of these aircraft by the VDV has become a matter of some debate.

### Fixed-Wing

While Shamanov has accomplished much in terms of preserving and expanding the VDV, he has not always managed to get his own way. Despite his having powerful civilian backers, the Ministry of Defense and the General Staff are on occasion able to thwart his wishes. This is certainly the case with the training aircraft used by the VDV.

VDV personnel use the Il-76 to conduct parachute training during major exercises. Some 35,000 jumps were made from such aircraft during 2009. However, for less high-profile training, the VDV normally used the venerable An-2 and An-3 (both bi-planes and both designated *Colt* by NATO). In 2009, 154,000 jumps were made from such machines. Unlike the Il-76s, which have always been air force assets, these An-2s and An-3s were, until very recently, subordinated to the VDV command. They were thus constantly available for training purposes. If bad weather meant that on any particular day these aircraft could not fly, they would always be available the next day. However, in late 2009, in an efficiency drive that Shamanov had tried to prevent, the seven squadrons of An-2s and An-3s and three airfields were handed over to the command of the air force. This move has naturally had a deleterious effect on the VDV's training regimes. For while the aircraft could still be booked for any particular day, any cancellations due to inclement weather now mean that they have to be re-booked for some other time when the air force can again make them available. There is no flexibility in this new system.<sup>124</sup> Shamanov is currently seeking to bring these air assets back under the control of the VDV, or at least of the ground forces.<sup>125</sup>

There seems to be some sympathy for the VDV's position. While it remains unclear whether he can regain control of the training aircraft, Shamanov says that CGS Makarov has given the nod to the formation of a transport aviation brigade that would be subordinated to the 31st Separate Airborne Brigade at Ulyanovsk. This would mean that this formation, the lightest in the VDV and thus the one most easily transported by air, will have immediate lift always on hand.<sup>126</sup>

There are also other positive noises, in VDV terms, being made. Under the current “new look” program for overall military modernization, there is a plan for the period 2011-2020 to

make available to the VDV newly upgraded Il-76s; a number of the massive An-124 *Ruslans* (NATO, *Condor*); and 30-40 of the new An-70s (currently only at the prototype stage).<sup>127</sup> Such are the promises being made. But as Shamanov ruefully comments, “This is planned; whether or not it happens is not for me to decide.”<sup>128</sup>

## Rotary-Wing

In 1990, all Russian military helicopters were transferred from air force control to that of the ground forces.<sup>129</sup> This seemed logical at the time. However, in 2003, an Mi-26 transport helicopter was shot down in Chechnya (killing 121). As punishment, perhaps, all helicopters (some 2,000, along with 10 bases) were transferred from the ground forces back to the air force. This handover has affected the VDV. Much of the logic of redesignating the 7<sup>th</sup> and 76<sup>th</sup> Divisions as “air assault” in 2006 was that they were to be provided with helicopters by the ground forces for the assaults. The machines used would be Mi-8s (NATO, *Hip*) for transport, and the attack element would come from either Ka-52 *Alligators* (NATO, *Hokum*) or Mi-28N *Night Hunters* (NATO, *Havoc*). But no such helicopters have yet been made available by the air force, and certainly none were transferred by the air force to the VDV. Much of the issue here relates to the fact that, since moving to the air force with its fast-jet culture, the helicopter fleet has come to be neglected. The air force command seems not to know what to do with it, and the fleet is not efficiently run. If Shamanov can get his way—which it seems might just happen—then the VDV will come to have much more control over at least a portion of the helicopter fleet. This should lead to a marked increase in the fighting potential of the 7<sup>th</sup> and 76<sup>th</sup> Divisions (although they would be minus their heavy equipment in any major heliborne lift).<sup>130</sup>

## CONCLUSION AND POLICY IMPLICATIONS

The Russian army has been subject to some quite radical changes in recent years, especially since the war with Georgia in 2008. The ground forces have had difficulty coping with the nature and degree of change that they have been asked to undergo. And while the VDV has likewise undergone changes, these have been limited and sometimes even positive, in terms of actually increasing the assets available to it. In essence, the VDV has not been reduced in size and has retained its basic structure. This strictly limited degree of change appears to be principally due to the influence of one individual, Vladimir Shamanov, whose role has been seminal. Indeed, his influence on the process of change in a major military organization seems to have been one of the most pronounced by any individual officer in any country during the last century, and certainly in Russia. Moreover, it is not out of the question that Shamanov may become the next CGS—succeeding Makarov—particularly if Putin becomes president once more.<sup>131</sup> The latter may want one of his favorite generals in charge of his military. This means that Shamanov would basically be relying for support on Putin and public opinion.

In opposition would be senior officers in the Defense Ministry, the General Staff, and the ground forces. Shamanov’s position would be such that he could not actively oppose any

changes that Putin might want to see. He would be in thrall to him, especially given the fact that Shamanov's checkered past provides all kinds of convenient excuses for him to be removed by Putin.

Shamanov has been weakened by recent events. His use of airborne troops to interfere with the criminal investigation into his son-in-law's behavior damaged him. He has also been physically weakened by a car crash in September 2010 that left him hospitalized for several months (his driver died). Several of his opponents in the military are now pointing to his infirmity as a reason to force him into retirement.

Shamanov's departure would weaken the VDV and make it more vulnerable to a takeover. At the moment, both the Ministry of Defense and the General Staff do not hold the VDV in high regard—both ignored the August 2010 celebrations to mark the 80<sup>th</sup> anniversary of the founding of the airborne forces. There are also suggestions that CGS Makarov may take over from Serdyukov as Defense Minister. If he does, the VDV may very well be absorbed into the ground forces, and thus undoubtedly be degraded as a fighting force.<sup>132</sup>

But as of this writing, the Putin-Shamanov bond still seems strong. The Russian leader visited Shamanov in the hospital on the day of his car crash.<sup>133</sup> If Shamanov is appointed to the top military job in Russia, this may set alarm bells ringing in the West. His aggressive nature, his approach to the conduct of warfare, his history of moral and ethical lapses, and his xenophobic streak are not welcome qualities in a Russian CGS, as viewed from a Western perspective.

There are a number of more general conclusions that can be drawn from this analysis of change in the VDV:

- The VDV forces are the best-trained, most proficient, and most aggressive combat troops of any large formations in the Russian military.
- VDV formations/units have quick-reaction times when called upon to conduct operations.
- The VDV will gain more combat power in absolute terms (with increases in firepower) over the next few years, but it will also become slightly less mobile overall because of increased weight.
- As the VDV starts to receive NCOs from the Ryazan training school (from 2011 onward), the quality of the VDV units will increase (but these NCOs will be few in number).
- The VDV should soon be in receipt of a helicopter force, which will increase its fighting potential.

There are certain capabilities of the VDV troops that need to be highlighted and considered:

- The VDV will shortly have an NCC capability, which should qualitatively increase the divisions' operational effectiveness.
- VDV forces will be the first to arrive—in any numbers—in any intervention operation beyond Russia's borders. The first troops to arrive will probably be those of the GRU *spetsnaz* or from the VDV's own 45<sup>th</sup> Separate Reconnaissance Regiment (which will be under GRU control). But both will be present only in small numbers and without armor.

- The first wave of VDV troops to arrive in operational zones from any of the four divisions, or from the 31<sup>st</sup> Separate Air Assault Brigade, will be qualitatively better than any follow-on battalions from these same divisions or the brigade. This falloff in quality applies to all the VDV divisions—whether inserted by parachute or conventionally by airlift.
- The “first-to-engage” battalions will be a match for Western forces; the follow-on battalions will more than likely not be.
- If a conventional airlift of VDV forces is conducted into an operational zone and no vehicles arrive with the troops, those troops will more than likely be from the 31<sup>st</sup> Separate Airborne Brigade.
- If a parachute drop in any numbers is made in an intervention operation, it will probably be by troops from the 98th or 106th Airborne Divisions.
- VDV troops will normally be expected to arrive with their armored vehicles—either by conventional airlift or by being air-dropped. These troops would then have more firepower and protection than any Western airborne forces operating in the same locale.
- If VDV vehicles are dropped on pallets, they may, if their crews are inside, be ready to fight immediately.
- More wheeled vehicles will soon begin to appear in the inventories of the VDV divisions.
- VDV troops will soon be in receipt of better equipment at the tactical level, which will qualitatively increase their fighting potential (British sniper rifles, for instance).

In terms of policy implications with regard to Russia’s VDV, US military planners should be aware of several. Russia under Putin is a country that wants to take its place in the forefront of world affairs. Such a desire will inevitably result in occasional Russian military interventions abroad. These will likely involve the VDV. The professionalism of these troops will give any Russian leader the capacity and confidence to send troops abroad to protect Russian interests. These forces require little preparation time before deployment, especially when they “go in light,” i.e., without their heavy equipment. Intelligence assets may find it difficult to pick up signs that they are about to move prior to any deployment.

Once dispatched, VDV troops can very quickly become operational on the ground. They will exhibit efficiency and *esprit de corps*. They may be aggressive, but this will be tempered by their discipline; they are not loose cannons. VDV forces may also operate with their heavy equipment.

This will involve more preparation time and a greater logistics footprint, thus providing Western intelligence with more warning. However, if the VDV troops do “go in heavy,” they will likely be more than a match for any Western forces that find themselves in the same operational zones. While such VDV troops will lack for air cover, they will have quite sophisticated air defense assets. This having been said, a good proportion of the VDV troops will be short-service conscripts. They will not be highly skilled. It remains to be seen what effect the longer-service members of the VDV can have on the ability of these conscripts. It must not be forgotten that the quality of the VDV forces will drop in any situation in which they require reinforcement. Follow-on units will be less able.



Russian VDV troops may very well be sent abroad in the not-too-distant future, perhaps employed if the Arab Spring continues to spread. This movement threatens Russian interests in the Middle East.

Moscow has already lost out to the West in Libya, and will want to cut its losses. It is very likely to want to prevent the same happening in Syria. That may be the next role for the VDV.

## **APPENDIX: FORMATIONS AND UNITS IN THE RUSSIAN AIRBORNE FORCES**

There are 34-35,000 personnel in the VDV (4,000 officers). Each division has a strength of roughly 5,000.

### **VDV HQ (MOSCOW)**

Commander in Chief Gen-Colonel Vladimir Shamanov.  
Chief of Staff Lieutenant General Nikolay Ignatov

### **7<sup>th</sup> Guards Air Assault (Mountain) Division**

Based at Novorossiysk (on Black Sea), commanded by Colonel Aleksandr Vyaznikov

#### ***Regiments***

108<sup>th</sup> Air Assault Regiment (Novorossiysk)  
247<sup>th</sup> Air Assault Regiment (Stavropol)  
1141<sup>st</sup> Artillery Regiment (Anapa)

#### ***Support Units***

3<sup>rd</sup> SAM Regiment (Novorossiysk)  
629<sup>th</sup> Engineer Battalion (Starotitarovskaya stanitsa)  
743<sup>rd</sup> Signal Battalion (Novorossiysk)  
6<sup>th</sup> Maintenance Battalion (Novorossiysk)  
1681<sup>st</sup> Logistic Support Battalion (Anapa)

### **76<sup>th</sup> Air Assault Division**

Based at Pskov (Northwest Russia). Commanded by Colonel Igor Vinogradskiy

#### ***Regiments***

104<sup>th</sup> Air Assault Regiment (Pskov)  
234<sup>th</sup> Air Assault Regiment (Pskov)

1140<sup>th</sup> Artillery Regiment (Pskov)

***Support Units***

4<sup>th</sup> SAM Regiment (Pskov)

656<sup>th</sup> Engineer Battalion (Pskov)

728<sup>th</sup> Signal Battalion (Pskov)

7<sup>th</sup> Maintenance Battalion (Pskov)

1682<sup>nd</sup> Logistic Support Battalion (Pskov)

**98<sup>th</sup> Airborne Division**

Based at Ivanovo (300kms northeast of Moscow). Commanded by Colonel Aleksey Ragozin.

***Regiments***

217<sup>th</sup> Airborne Regiment (Ivanovo)

331<sup>st</sup> Airborne Regiment (Kostroma)

1065<sup>th</sup> Artillery Regiment (Kostroma)

***Support Units***

5<sup>th</sup> SAM Regiment (Balino)

661<sup>st</sup> Engineer Battalion (Ivanovo)

674<sup>th</sup> Signal Battalion (Ivanovo)

15<sup>th</sup> Maintenance Battalion (Ivanovo)

1683<sup>rd</sup> Logistic Support Battalion (Ivanovo)

**106<sup>th</sup> Airborne Division**

Based at Tula (200kms south of Moscow). Commanded by Colonel Vladimir Kochetkov.

By the end of 2011, the current bases of the units of the 106th will close, and they will all be then accommodated at one facility in Tula.

***Regiments***

51<sup>st</sup> Airborne Regiment (Tula)

137<sup>th</sup> Airborne Regiment (Ryazan)

1182<sup>nd</sup> Artillery Regiment (Naro-Fominsk)

***Support Units***

1<sup>st</sup> SAM Regiment (Naro-Fominsk)

388<sup>th</sup> Engineer Battalion (Tula)

731<sup>st</sup> Signal Battalion (Tula)

43<sup>rd</sup> Maintenance Battalion (Tula)

1060<sup>th</sup> Logistic Support Battalion (Slobodka)

## 31<sup>st</sup> Separate Air Assault Brigade

Based at Ulyanovsk (South-West Russia). Commanded by Colonel Dmitry Glushenkov.

### *Units*

54<sup>th</sup> Air Assault Battalion (Ulyanovsk)

91<sup>st</sup> Air Assault Battalion (Ulyanovsk)

116<sup>th</sup> Air Assault Battalion (Ulyanovsk)

## 45<sup>th</sup> Separate Reconnaissance Regiment

Based at Kubinka (near Moscow). Acting commander, Lieutenant Colonel Vadim Gridnev.

Source: Mikhail Lukin, "All the Airborne Troops," *Kommersant-Vlast*, August 2, 2010.

## ABOUT THE AUTHOR

Rod Thornton lectures at the University of Nottingham in the United Kingdom (UK). He previously spent 9 years in a British Army infantry regiment, including 3 years in Northern Ireland and 1 year as a Serbo-Croat interpreter in Bosnia (1992-93). He has lived and worked in both Moscow and Sarajevo. Dr. Thornton taught for 5 years at the UK's Joint Services Command and Staff College (working for King's College London), which included guest lecturing at the NATO Defense College in Rome. He is the author of *Asymmetric Warfare: Threat and Response in the 21st Century* (2007) and is currently working on a book with Dr Bettina Renz on Russian military modernization. After leaving the army, he began an academic career that included a degree in Russian and led eventually to a Ph.D. focusing on comparative peacekeeping operations.

## End Notes

<sup>1</sup> General Wesley Clark, *Waging Modern Warfare*, Oxford, UK: Public Affairs, 2001, p. 398.

<sup>2</sup> Literally, "Air Landing Forces."

<sup>3</sup> Aleksandr Stepanov, "They Ended Up in a Bad Way! Defense Ministry Begins Elimination of Airborne Troops," *Nasha Versiya*, October 31, 2010, p. 3.

<sup>4</sup> Mikhail Lukin, "All the Airborne Troops," *Kommersant-Vlast*, August 2, 2010, p. 6.

<sup>5</sup> In Russian, the term *armiya* means all the armed services, not just the army. So the VDV is part of the *armiya*, but is not part of the ground forces.

<sup>6</sup> Being in such a position, the VDV has its own coordinating staff in the shape of its Military Council (although the VDV can still be directed by the General Staff). Interview with Lieutenant-General Vladimir Shamanov, *Boss Magazine*, July 15, 2010, quoted in BBC Monitoring World Media Monitor, *BBC Mon FSI FsuPol 160710 nn/osc*.

<sup>7</sup> Stepanov.

<sup>8</sup> Lukin.

<sup>9</sup> In 1988, the Soviet military had a personnel strength of roughly 5,100,000. By 1997, this was down to 1,700,000.

<sup>10</sup> Nikolai Pavlovskiy, "Goodbye, Soviet Army," *Boss Magazine*, February 15, 2010, quoted in *BBC Mon FSI FsuPol 010310 emergency/osc*.

<sup>11</sup> Sergey Ishchenko, "Russia: Formation of New Strategic Command Seen as Secondary to Bigger Problems," December 8, 2010, *Svobodnaya Pressa* website, available from *BBC Mon FSI FsuPol 111210 nn/osc*.

<sup>12</sup> Literally, "Committee for State Security."

<sup>13</sup> The *Federalnaya Sluzhba Bezopasnosti* (FSB), or Federal Security Service, is the principal successor organization to the old KGB.

<sup>14</sup> Pavlovskiy.

<sup>15</sup> Translated as "Main Intelligence Directorate." In recent military reforms, all *spetsnaz* units were removed from GRU control to that of the ground forces. Therefore, they were operationally subordinate to the headquarters of whichever Military District they were based in. Soon, though, *spetsnaz* units, including the VDV's 45th Separate Reconnaissance Regiment, will be returned to GRU control. "Under Whom is the Spetsnaz to Operate?" March 23, 2011, *Argumenti Nedeli* website, available from *BBC Mon FSI FsuPol 250311 nn/osc*.

<sup>16</sup> Vladimir Mukhin, "The Reserve of the Supreme Commander-in-Chief Cannot Master New Methods of Fighting Fully," *Nezavisimaya Gazeta*, March 24, 2010, p. 6.

<sup>17</sup> Lukin.

<sup>18</sup> Sergey Volkov, "Through Trial and Error: Analysis of Experience in Creating the Modern Russian Army," *Vozdushno-Kosmicheskaya Oboron*, March 16, 2010, available from *BBC Mon FSI FsuPol 270410 nn/osc*.

<sup>19</sup> See Rod Thornton, "Military Organizations and Change: The 'Professionalization' of the 76th Airborne Division," *Journal of Slavic Military Studies*, Vol. 17, No.3, 2004, pp. 449-474.

<sup>20</sup> Lukin.

<sup>21</sup> Deborah Avant, *Political Institutions and Military Change: Lessons from Peripheral Wars*, Ithaca, NY: Cornell University Press, 1994; Elizabeth Kier, *Imagining War: French and British Military Doctrine Between the Wars*, Princeton, NJ: Princeton University Press, 1997; Kimberley Zisk, *Engaging the Enemy: Organization Theory and Soviet Military Innovation, 1955-1991*, Princeton, NJ: Princeton University Press, 1993; Jeffrey Legro, *Cooperation Under Fire*, Ithaca, NY: Cornell University Press, 1995; Stephen Rosen, *Societies and Military Power*, Ithaca, NY: Cornell University Press, 1996; Barry Posen, *Sources of Military Doctrine: France, Britain and Germany between the World Wars*, Ithaca, NY: Cornell University Press, 1984.

<sup>22</sup> Posen, pp. 208-213.

<sup>23</sup> Stepanov.

<sup>24</sup> Nikolai Poroskov, "Irreconcilable Differences," *Vremya Novostey*, May 7, 2009, available from [www.vremya.ru/2009/78/4/228672.html](http://www.vremya.ru/2009/78/4/228672.html).

<sup>25</sup> Roger McDermott, "General Shamanov Appointed as Commander of the Russian Airborne Forces," *Eurasia Daily Monitor*, Vol. 6, No. 105, June 2, 2009.

<sup>26</sup> "They Are Creating A Heaven-Sent Commander for Reform," *Nezavisimoye Voyennoye Obozreniye*, July 31, 2009, p. 5.

<sup>27</sup> By the military correspondent, Aleksandr Sladkov, in the "Military Programme," *Rossiya 1* TV, April 24, 2010, available from *BBC Mon FSI FsuPol va*.

<sup>28</sup> Vladimir Voronov, "Politics: Shamanov's Day," *Profil*, June 8, 2009, available from *BBC Mon FSI FsuPol sv/ocs*.

<sup>29</sup> Mikhail Lukanin, "They Have Given all of the Airborne Troops to General Shamanov," *Trud*, May 26, 2009, p. 4.

<sup>30</sup> Aleksandr Chuikov, "Shaman Has Gone to the VDV," *Argumenty Nedeli*, May 28, 2009, available from [www.argumenti.ru/politics/ni85/40422/](http://www.argumenti.ru/politics/ni85/40422/).

<sup>31</sup> Lukanin.

<sup>32</sup> Voronov.

<sup>33</sup> He was a general in the Interior Ministry forces.

<sup>34</sup> According to General Gennadiy Troshev, who was present; Voronov.

<sup>35</sup> Russian News Room, "Governor of Ulyanovsk Region Has Signed a Request on Pardoning Yuriy Budanov," May 26, 2009, available from [news.russiannewsroom.com/details.aspx?item=1708](http://news.russiannewsroom.com/details.aspx?item=1708).

<sup>36</sup> Human Rights Watch, "Russia: Investigate General Who Got Promotion," May 28, 2009, available from [www.hrw.org/en/news/2009/05/27/russia-investigate-general-who-got-promotion](http://www.hrw.org/en/news/2009/05/27/russia-investigate-general-who-got-promotion).

<sup>37</sup> Maura Reynolds, "Russia's 'Cruel' Soldier Comes Home," *Los Angeles Times*, January 19, 2001, p. 6.

<sup>38</sup> Voronov.

<sup>39</sup> *Ibid*.

<sup>40</sup> Interview with Shamanov, *Boss Magazine*.

<sup>41</sup> Chuikov.

<sup>42</sup> Voronov.

<sup>43</sup> Technically, he was Chief of the Russian Federation Armed Forces Main Combat Training and Troop Service Directorate.

<sup>44</sup> Dale Herspring and Roger McDermott, "Serdyukov Promotes Systemic Russian Military Reform," *Orbis*, Vol. 54, No. 2, 2010, pp. 284-301.

<sup>45</sup> Voronov.

<sup>46</sup> RIA Novosti, "Russian Prosecutor Finds No Criminal Grounds to Probe Airborne Troops Commander," October 9, 2010, available from *BBC Mon FSI MCU 091009 hb/mk*.

<sup>47</sup> Lukin.

<sup>48</sup> *Ibid*.

<sup>49</sup> *Ibid.*

<sup>50</sup> *Ibid.*

<sup>51</sup> Statement by Lieutenant-General Vladimir Shamanov to RIA Novosti News Agency, May 25, 2010, quoted in "Commander Says Russian Airborne Troops to Remain Separate Combat Arm," available from *BBC Mon FSI FsuPol sv.*

<sup>52</sup> Konstantin Rashchepkin and Andrei Lunev, "Interview with Lieutenant-General Vladimir Shamanov," *Krasnaya Zvezda*, August 1, 2009, p. 3.

<sup>53</sup> Vadim Udmantsev, "What Intelligence Means to the Russian Forces," *Moscow Segodnya.ru*, April 30, 2009, available from *BBC Mon FSI FsuPol sv/osc.*

<sup>54</sup> Konstantin Rashchepkin, "In the Abkhazia Direction," *Krasnaya Zvezda*, August 8, 2009, p. 4.

<sup>55</sup> Report by Interfax-AVN military news agency website, July 29, 2009, available from *BBC Mon FSI FsuPol gv.*

<sup>56</sup> Udmantsev.

<sup>57</sup> Stepanov.

<sup>58</sup> The six Military Districts were Moscow, Leningrad, North Caucasus, Urals, Siberian, and Far Eastern. The Strategic Commands are West, East, South, and Central. These new commands, though, are still being referred to as Military Districts.

<sup>59</sup> Pavlovkiy.

<sup>60</sup> Russian divisions, as per the Soviet model, were mostly mere shells during peacetime. That is, they had a cadre of officers and warrant officers who, along with just a few soldiers, maintained empty bases with their stored equipment. Such cadre divisions would be filled out only in times of tension after recalled reservists had been mobilized.

<sup>61</sup> Chuikov.

<sup>62</sup> Rashchepkin and Lunev.

<sup>63</sup> Victor Baranets, "The Airborne Troops Have Been Hit by Reform: The Airborne Troops Tula Division May be Disbanded," *Komsomolskaya Pravda*, October 25, 2008, p. 4.

<sup>64</sup> The other existing VDV formation was already a brigade: the 31st Separate Airborne Brigade (at Ulyanovsk).

<sup>65</sup> Ptichkin.

<sup>66</sup> Rashchepkin and Lunev.

<sup>67</sup> *Ibid.*

<sup>68</sup> Nikolai Poroskov, "Landing in Defense Minister's Rear," *Vremya Novostey*, May 28, 2009, available from [www.vremya.ru/2009/91/4/230067.html](http://www.vremya.ru/2009/91/4/230067.html).

<sup>69</sup> Stepanov.

<sup>70</sup> Viktor Baranets, "VDV Commander Lieutenant-General Vladimir Shamanov: I Never Asked for Assignments for Myself," *Komsomolskaya Pravda*, June 1, 2009, p. 2.

<sup>71</sup> "They Are Creating A Heaven-Sent Commander for Reform."

<sup>72</sup> Lukin.

<sup>73</sup> Viktor Litovkin, "Unified State Exam in the Serdyukov Manner," *Nezavisimoye Voyennoye Obozreniye*, June 26, 2009, p. 7.

<sup>74</sup> "They Are Creating A Heaven-Sent Commander for Reform."

<sup>75</sup> Udmantsev.

<sup>76</sup> Baranets, "VDV Commander Lieutenant-General Vladimir Shamanov."

<sup>77</sup> Interview with Shamanov on *Ekho Moskvy* radio, July 31, 2010, available from *BBC Mon FSI FsuPol ibg.*

<sup>78</sup> Shamanov to RIA Novosti.

<sup>79</sup> *Ibid.*

<sup>80</sup> "Airborne units received more than 700 units of military hardware in 2009," *Nezavisimoye Voyennoye Obozreniye*, January 15-21, 2010, p. 9. While a welcome stride forward for the VDV, the *Aveduk* is not the lightest of radios, and Shamanov, while welcoming its introduction, prefers new equipment to be as light as possible. He wants the total weight carried by his men in advances to contact to be no more than 25-30 kilograms (55-66 pounds), such as "on 5-6 km accelerated marches in difficult conditions." Shamanov, quoted in report by Interfax-AVN military news agency website, July 29, 2009, available from *BBC Mon FSI FsuPol gv.*

<sup>81</sup> RIA Novosti, "Russian Rokot Carrier Rocket Orbits Three Satellites," September 8, 2010, available from [www.en.rian.ru/science/20100908/160511442.html](http://www.en.rian.ru/science/20100908/160511442.html).

<sup>82</sup> Mukhin.

<sup>83</sup> Interview with Shamanov on *Rossiya 24* News Channel, August 1, 2010, quoted in *BBC Mon FSI FsuPol sv.*

<sup>84</sup> Literally, "combat vehicle of the airborne."

<sup>85</sup> The VDV vehicles and equipment that are slated to be air-dropped are fitted with homing beacons so that their crews, dropped separately, can "marry up" with them.

<sup>86</sup> Gennadiy Nechayev, "A Technical Leap," *Vzglyad*, June 9, 2010, available from *BBC Mon FSI FsuPol (ydy)/osc.*

<sup>87</sup> Six BMD-2s, three 2S9 *Nona* artillery pieces, a GAZ-66 truck, and a refueling vehicle. Viktor Khudoleyev, "Russia's Army: 21st Century," *Krasnaya Zvezda*, March 18, 2011, p. 5.

- <sup>88</sup> Nechayev. The VDV currently has an experimental batch of 10 BMD-4s, one each in 10 separate battalions. "Prospects for Rearmament and Reform of the VDV," *Voyennoye Obozreniye* website, February 14, 2011, available from *BBC Mon FSI FsuPol 10211 em/osc*.
- <sup>89</sup> The SA-10M3s began to be delivered in December 2010. They are replacing the ZSU-23s. "Prospects for Rearmament and Reform of the VDV."
- <sup>90</sup> Interfax-AVN Military News Agency, July 26, 2010, available from *BBC FSI FsuPol iu*.
- <sup>91</sup> RIA Novosti, "Russian Paratroopers to Get New Weaponry—Commander," July 29, 2009, available from [en.rian.ru/military\\_news/20090729/155665326.html](http://en.rian.ru/military_news/20090729/155665326.html).
- <sup>92</sup> Rashchepkin, "About the Quick Reaction Forces."
- <sup>93</sup> *Ibid.*
- <sup>94</sup> RIA Novosti, "Russian paratroopers to get new weaponry."
- <sup>95</sup> *Ibid.*
- <sup>96</sup> Nechayev.
- <sup>97</sup> Konstantin Rashchepkin, "The Winged Infantry's New Appearance," *Krasnaya Zvezda*, April 21, 2010, p. 9.
- <sup>98</sup> "Airborne units received more than 700 units of military hardware in 2009."
- <sup>99</sup> See Carolina Vendil Pallin and Fredrik Westerlund, "Russia's War in Georgia: Lessons and Consequences," *Small Wars and Insurgencies*, Vol. 20, No. 2, 2009.
- <sup>100</sup> Denis Telmanov, "Georgian Drones Forced Russian Airborne Troops to Change to Hang Gliders," *Gazeta.ru*, May 27, 2010, available from *BBC Mon FSI FsuPol 010610 nm/osc*.
- <sup>101</sup> Shamanov to RIA Novosti.
- <sup>102</sup> Rashchepkin, "The Winged Infantry's New Appearance."
- <sup>103</sup> Telmanov.
- <sup>104</sup> Aleksandr Golts, "Russian Military-Industrial Complex Needs Major Restructuring, Reform," website of *Yezhednevnyy Zhurnal*, August 31, 2009. p. 3.
- <sup>105</sup> Shamanov to RIA Novosti.
- <sup>106</sup> *Ibid.*
- <sup>107</sup> "They Are Creating A Heaven-Sent Commander for Reform."
- <sup>108</sup> Interfax-AVN Military News Agency, July 26, 2010, available from *BBC Mon FSI FsuPol iu*.
- <sup>109</sup> Baranets, "VDV Commander Lieutenant-General Vladimir Shamanov."
- <sup>110</sup> Aleksandr Golts, "Not A Step Forward," *Vremya Novostey*, August 31, 2009, available from *BBC Mon FSI FsuPolitical 020909*.
- <sup>111</sup> Untitled, Interfax-AVN Military News Agency, November 6, 2010, available from *BBC Mon FSI FsuPol va*.
- <sup>112</sup> Colonel Igor Vinogradskiy, available from *Ekho Moskovy* radio, December 11, 2011, available from *BBC Mon FSI FsuPol ibg*.
- <sup>113</sup> Conscripts who have served for more than 6 months or who are graduates *can* serve in operations. Untitled, Interfax-AVN Military News Agency, November 6, 2010.
- <sup>114</sup> Interview with Shamanov, *Boss Magazine*.
- <sup>115</sup> Ptichkin.
- <sup>116</sup> Igor Smorodin, "What is Making the Division Commanders Unhappy?" *Pskovskaya Pravda*, November 26, 2009, available from *BBC Mon FSI FsuPol 081209 em/osc*.
- <sup>117</sup> Ptichkin.
- <sup>118</sup> Interview with Shamanov on *Rossiya 24*.
- <sup>119</sup> Vinogradskiy, available from *Ekho Moskovy* radio.
- <sup>120</sup> The Russian word *serzhan* tends to mean a range of NCO positions, not just sergeant per se.
- <sup>121</sup> Shamanov to RIA Novosti.
- <sup>122</sup> Dimitriy Litovkin, "The Blue Berets Will Be Reinforced by Drones," *Izvestiya*, July 29, 2009, p. 8.
- <sup>123</sup> Shamanov to RIA Novosti.
- <sup>124</sup> Vadim Solovyev, "Airborne Troops' Hands are Tied," *Nezavisimoye Voyennoye Obozreniye*, January 22, 2010, p. 3.
- <sup>125</sup> Ptichkin.
- <sup>126</sup> Interview with Shamanov, *Boss Magazine*.
- <sup>127</sup> The An-124 is akin to the C-5, but larger. The An-70 is analogous to the European A400M. There is nothing on the horizon that can replace the workhorse An-2/An-3s. Spare parts for this fleet are running out, and even some of the operational fluids used in such aircraft are no longer manufactured.
- <sup>128</sup> Shamanov to RIA Novosti.
- <sup>129</sup> Volkov.
- <sup>130</sup> Mukhin.
- <sup>131</sup> Voronov.
- <sup>132</sup> Ivan Konev, "Minister Jumps Without a Parachute," *Argumenty Nedeli*, October 20, 2010, available from *BBC Mon FSI FsuPol 211010 mk/osc*.
- <sup>133</sup> Stepanov.

*Chapter 3*

## **RUSSIAN POLITICAL, ECONOMIC, AND SECURITY ISSUES AND UNITED STATES INTERESTS<sup>\*</sup>**

*Jim Nichol*

### **SUMMARY**

Russia made some uneven progress in democratization during the 1990s, but according to many observers, this limited progress was reversed after Vladimir Putin rose to power in 1999-2000. During this period, the State Duma (lower legislative chamber) came to be dominated by government-approved parties and opposition democratic parties were excluded. Putin also abolished gubernatorial elections and established government ownership or control over major media and industries, including the energy sector. The methods used by the Putin government to suppress insurgency in the North Caucasus demonstrated a low regard for the rule of law and human rights, according to critics. Dmitriy Medvedev, Vladimir Putin's chosen successor and long-time protégé, was elected president in March 2008 and immediately designated Putin as prime minister. President Medvedev continued Putin's policies. In August 2008, the Medvedev-Putin "tandem" directed wide-scale military operations against Georgia and unilaterally recognized the independence of Georgia's separatist South Ossetia and Abkhazia, actions denounced by most of the international community. In September 2011, Putin announced that he would run in the upcoming March 2012 presidential election, and that Medvedev would then become prime minister. The two leaders claimed that they had agreed to consider this possible shift in roles in late 2007 when the two decided on their present arrangement.

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. In 2010-2011, rising world oil prices have bolstered the economy. Russia continues to be challenged by an economy highly dependent on the production of oil, gas, and other natural resources. It is also plagued by an unreformed healthcare system and unhealthy lifestyles; low domestic and foreign investment; and high rates of crime, corruption, capital flight, and unemployment.

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Russia's military has been in turmoil after years of severe force reductions and budget cuts. The armed forces now number less than 1.0 million, down from 4.3 million Soviet troops in 1986. Troop readiness, training, morale, and discipline have suffered, and much of the arms industry has become antiquated. Russia's economic growth during most of the 2000s allowed it to increase defense spending to begin to address these problems. Stepped-up efforts were launched in late 2007 to restructure the armed forces to improve their quality. Opposition among some in the armed forces, mismanagement, and corruption have appeared to slow force modernization efforts.

After the Soviet Union's collapse, the United States sought a cooperative relationship with Moscow and supplied over \$18 billion in aid for Russia from FY1992-FY2011 to encourage democracy and market reforms and in particular to prevent the proliferation of weapons of mass destruction (WMD). U.S. aid to reduce the threat posed by WMD proliferation has hovered around \$700 million-\$900 million per fiscal year, while other foreign aid to Russia has dwindled. In past years, 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 non-proliferation. Russia's 2008 conflict with Georgia, however, threatened such cooperation. The Obama Administration has worked to "re-set" relations with Russia. The Administration has hailed 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, and cooperation in Afghanistan as signifying the "re-set" of bilateral relations.

## **MOST RECENT DEVELOPMENTS**

In testimony to Congress at the end of January 2012 on worldwide threats, Director of National Intelligence James Clapper assessed that Russian Prime Minister Vladimir Putin's likely (re)- election to the presidency would result in "more continuity than change" in Russian foreign and domestic policy over the next year. Putin likely would not reverse the course of U.S.-Russia relations, but relations could prove more "challenging." While Putin views U.S.-Russia relations established under the Obama Administration's "reset" policy as having advantages for Russia, Putin still harbors an "instinctive distrust of U.S. intentions," and tends to view the continuation of the relationship as dependent on U.S. concessions. Russia is neither likely to support added sanctions on Iran nor to be cooperative in resolving the growing government violence in Syria, Clapper estimated. Russia's concerns about U.S. and NATO plans for European missile defense will reinforce Russia's reluctance to embrace further nuclear arms reductions. Russia is a major cyber threat that is involved in intrusions and theft of U.S. intellectual property, and otherwise is aggressive in economic espionage against the United States. In the domestic realm, Putin is unlikely to be a reformer or liberalizer, but will rather probably focus on "securing new opportunities for elite enrichment." He may need to "manage" rising discontent "which might prove increasingly difficult," if Russia's economy only grows moderately. He also raised concerns about "pervasive [governmental] corruption augmented by powerful criminal organizations." These Russian organized crime groups are increasingly allied with leading businessmen (the so-called oligarchs), and are used by the government to undermine international free market competition in gas, oil, aluminum, and precious metals markets, he warned.<sup>1</sup>



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## **POST-SOVIET RUSSIA AND ITS SIGNIFICANCE FOR THE UNITED STATES**

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

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

## **POLITICAL AND HUMAN RIGHTS DEVELOPMENTS**

### **Background**

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

The Russian Constitution combines elements of the U.S., French, and German systems, but with an even stronger presidency. Among its more distinctive features are the ease with which the president can dissolve the legislature and call for new elections and the obstacles preventing the legislature from dismissing the government in a vote of no confidence. The president, with the legislature's approval, appoints a prime minister who heads the government. The president and prime minister appoint government ministers and other officials. The prime minister and government are accountable to the president rather than the legislature. In November 2008, constitutional amendments extended the presidential term to six years and the term of Duma deputies from four to five years, to come into effect after existing terms expire.

### Russia: Basic Facts

**Area and Population:** Land area is 6.6 million sq. mi., about 1.8 times the size of the United States. The population is 138.7 million (*World Factbook*, mid-2011 est.). Administrative subdivisions include 46 regions, 21 republics, 9 territories, and 7 others.

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

**Gross Domestic Product:** \$2.2 trillion; per capita GDP is about \$15,900 (*World Factbook*, 2010 est., purchasing power parity).

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

**Biography:** Medvedev, born in 1965, received a doctorate in law from Leningrad (now St. Petersburg) State University in 1990. In 1991-1996, he worked with Vladimir Putin as an advisor to the mayor of Leningrad. In late 1999, he became deputy head of Putin's presidential administration, and in October 2003, chief of staff. From 2000- 2008, he also was vice chairman or chairman of the board of Gazprom. In November 2005, he became first deputy prime minister and was elected President in March 2008.

The bicameral legislature is called the Federal Assembly. The State Duma, the lower (and more powerful) chamber, has 450 seats. In May 2005, a law was passed that all 450 Duma seats would be filled by party list elections, with a 7% threshold for party representation. The upper chamber, the Federation Council, has 166 seats, two from each of the current 83 regions and republics of the Russian Federation. Deputies are appointed by the regional chief executive and the regional legislature.

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

## The Putin Era

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 as a known quantity for election as president in March 2000. Putin's electoral prospects were cemented by his depiction in state-owned television and other mass media as a youthful, vigorous, sober, and plain-talking leader; and by his decisive launch of military action against breakaway Chechnya. Putin was a Soviet KGB foreign

intelligence officer for 16 years and later headed Russia's Federal Security Service (the domestic component of the former KGB).

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

A defining political and economic event of the Putin era was the October 2003 arrest of Mikhail Khodorkovskiy, CEO of Yukos, then the world's fourth-largest oil company. Khodorkovskiy's arrest was triggered by his criticism of some of Putin's actions, his financing of anti-Putin political parties, and his hints that he might enter politics in the future. Khodorkovskiy's arrest was seen by many as politically motivated, aimed at eliminating a political enemy and making an example of him to other Russian tycoons. In May 2005, Khodorkovskiy was found guilty on multiple criminal charges of tax evasion and fraud and sentenced to eight years in prison. Yukos was broken up and its principal assets sold off to satisfy alleged tax debts. Since then, the government has renationalized or otherwise brought under its control a number of other large enterprises that it views as "strategic assets." These include ship, aircraft, and auto manufacturing, as well as other raw material extraction activities. At the same time, the Kremlin installed senior officials to head these enterprises. This phenomenon of political elites taking the helm of many of Russia's leading economic enterprises led some observers to conclude that "those who rule Russia, own Russia" (see also below). In December 2010, Khodorkovskiy was found guilty in a new trial on charges of embezzlement, theft, and money-laundering and sentenced to several additional years in prison. In February 2011, an aide to the trial judge alleged that the conviction was a case of "telephone justice," where the verdict had been dictated to the court by higher authorities. In late May 2011, the Russian Supreme Court upheld the sentence on appeal.<sup>2</sup>

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

The Kremlin decided to make the December 2007 State Duma election a display of Putin's popularity. Putin's October 2007 announcement that he would run for a Duma seat at the head of the United Russia ticket made the outcome doubly sure (under the constitution,

however, a sitting president is barred from also sitting in the Duma). Russian authorities effectively prevented the Organization for Security and Cooperation in Europe (OSCE) from sending observers by delaying the issuance of visas until the last minute, thus blocking normal monitoring of the election campaign. United Russia won 64.3% of the popular vote and 315 of the 450 seats—more than the two-thirds majority required to amend the constitution.<sup>3</sup> Barely a week later, Putin announced that his protégé Dmitriy Medvedev was his choice for president. Medvedev announced that, if elected, he would ask Putin to serve as prime minister. This arrangement was meant to ensure political continuity for Putin and those around him. The Putin regime manipulated election laws and regulations to block “inconvenient” candidates from running in the March 2008 presidential election, according to many observers. Medvedev garnered 70% of the vote against three candidates. As with the Duma election, the OSCE refused to submit to restrictions demanded by Moscow and did not send electoral observers.<sup>4</sup>

### **The Medvedev-Putin Era**

Many observers had hoped that President Medvedev would be more democratic than former President Putin. Despite some seemingly liberal statements and decisions by President Medvedev, the main trend was a continuation of the political system honed by current Prime Minister Putin, according to most observers.<sup>5</sup> In late 2008, President Medvedev proposed a number of political changes that were subsequently enacted or otherwise put into place. Observers regarded a few of the changes as progressive and most of the others as regressive. These included constitutional changes extending the presidential term to six years and State Duma deputies’ terms to five years (as mentioned above), requiring annual government reports to the State Duma, permitting regional authorities to dismiss mayors, reducing the number of signatures for a party to participate in elections, reducing the number of members necessary in order for parties to register, abolishing the payment of a bond in lieu of signatures for participation in elections, and giving small political parties more rights (see below).

Seen by some observers as a possible sign of democratization, in February 2009 Medvedev revived a moribund “Presidential Council to Promote the Development of Civil Society Institutions and Human Rights” (hereafter referred to as the Presidential Human Rights Commission). Some liberal advocates joined because Medvedev appeared more progressive than his predecessor, Putin. Medvedev met with the Council in April 2009, at which criticism of the human rights situation in Russia included that NGOs were being harmed by the 2006 NGO law. Some amendments proposed by the Council were signed into law in July 2009. Changes included easing some reporting requirements and limiting the ability of bureaucrats to inspect NGO facilities. Restrictions on foreign-based NGOs were only slightly eased, however. Some critics viewed the approved amendments as mainly cosmetic.<sup>6</sup> Seeming to be a sign of increasing political accountability, the Federal Assembly approved a Medvedev proposal in April 2009 for political parties that get between 5%-7% of the vote in future Duma elections (in the 2007 election, a party had to get 7% or more of the vote to gain seats) to win one or two seats. In a move that seemed regressive, President Medvedev called in August 2009 for further limiting jury trials (he had signed a law at the end of 2008 limiting jury trials in terrorist or extremist cases) that involve “criminal

communities,” which some legal experts and civil rights advocates criticized as an effort to further squelch unwanted acquittals by juries. At the end of 2010, Prime Minister Putin claimed that clan interests also tainted jury decisions. In February 2011, however, President Medvedev lamented that although jurors had many flaws, jury trials should not be abolished.<sup>7</sup>

President Medvedev authored an article in September 2009—“Go Russia”—that pledged that Russian democracy would be developed slowly so as not to imperil social stability and that “foreign grants” would not be permitted to influence the development of civil society (these views seemed to echo those of Central Asia’s authoritarian leaders).<sup>8</sup> In the state of the nation address to the Russian Federal Assembly on November 11, 2009, President Medvedev called for 10 political reforms—such as standardizing the ratio of deputies to the voting populations of the regions, using the internet to disseminate legislative debates and campaign information, and eliminating the gathering of signatures by parties in order to qualify to run in elections—that were viewed by some critics as useful but minor.

In June 2010, the Presidential Human Rights Commission sent a legal analysis to President Medvedev in opposition to a bill that criminalized disobeying an employee of the Federal Security Service (FSB) or hindering him in the performance of official duties. The bill also permitted the FSB to issue warnings to individuals or groups whose actions it felt might jeopardize national security, even if the actions were not crimes. The Council warned that “this kind of return to the worst and unlawful practices of a totalitarian state ... cannot be perceived by society as anything other than legitimizing the suppression of civil liberties and dissent.”<sup>9</sup> Despite this criticism, the FSB bill was approved with minor changes and signed into law.

In a September 2010 speech, President Dmitry Medvedev built on his “Go Russia” article by spelling out five requirements of democratization in Russia and other countries: the enshrinement of humanistic values in legislation; economic and technological modernization to ensure a decent standard of living; protecting citizens from terrorism, corruption, drug trafficking, and illegal migration; a high level of education and culture, including a culture of self-restraint; and a personal feeling that one is free, that one can solve one’s own problems, and that there is justice. He rejected the idea “that we are living under a police regime in an authoritarian state,” or in a “decorative democracy,” because Russia is making progress in meeting these five standards.<sup>10</sup> In the state of the nation address to the Russian Federal Assembly in November 2010, he appeared to argue that his political reforms largely had been completed.<sup>11</sup>

President Medvedev signed legislation in October 2011 to reduce the voting hurdle for party representation in the State Duma elected in 2016 from 7 to 5% (Putin had raised the limit from 5 to 7% in 2004). As with a similar move by President Nursultan Nazarbayev in Kazakhstan, the flip-flop in the percentage was proclaimed to mark advancing democratization.

### ***Government Moves Against Non-Favored Political Parties and Leaders***

In February 2011, the then-head of the Just Russia Party and Speaker of the Federation Council, Sergey Mironov, stated that his party had decided not to endorse any presidential candidate nominated by United Russia and instead might nominate its own candidate. In mid-March 2011, he accused United Russia of becoming a “trade union of bureaucrats, which has united capital and power and developed a strategy for enriching itself at people’s expense.”<sup>12</sup> Putin—then the chairman of United Russia, although not a formal member—appeared to

question one of Mironov's remarks as extremist during a meeting in early April 2011, perhaps marking a loss of confidence by Putin in Mironov's leadership.<sup>13</sup> Within days of this meeting, Mironov announced that he was stepping down as chairman of Just Russia. According to one interpretation, Mironov stepped down as chairman as a means to quell growing criticism by United Russia and others that an increasingly vocal political oppositionist should not also be the head of the Federation Council (senators in the Federation Council, the majority of which are United Russia Party members, elected him as chairman; also, senators are supposed to be nonpartisan in the performance of their duties). United Russia, however, had decided to seek Mironov's ouster as head of the Federation Council, and its members in the St. Petersburg legislature led a overwhelmingly successful May 18 recall vote. Some critics argued that the Kremlin, which had created Just Russia in 2006 as a harmless foil to United Russia, had become incensed that Just Russia was becoming a real opposition party by fits and starts and was gaining in popularity.<sup>14</sup> Mironov subsequently filled a seat in the Duma vacated by a fellow Just Party deputy on his behalf. St. Petersburg Mayor Valentina Matviyenko—who helped orchestrate Mironov's ouster from the Federation Council—subsequently became its new head.

At a meeting of United Russia on May 6, 2011, Prime Minister Putin called for the creation of a “broad popular front [of ] like-minded political forces,” to participate in the Duma election, including United Russia and other political parties, business associations, trade unions, and youth, women's and veterans' organizations. Non-party candidates nominated by these various organizations would be included on United Russia's party list, he stated.

Following Putin's speech, a headquarters and regional branches, leadership, and a website were quickly set up. Deputy prime minister and chief of government staff Vyacheslav Volodin was named the head of the popular front headquarters. Critics objected that it was illegal for government resources and officials to be involved in political party activities. They also claimed that the idea of the “popular front” was reminiscent of the one in place in the German Democratic Republic when Putin served there in the Soviet-era KGB.

A prospective pro-democracy party, the People's Freedom Party—co-headed by former Prime Minister Mikhail Kasyanov and liberal activists Vladimir Ryzhkov and Boris Nemtsov—submitted signatures in late May 2011 to gain registration, but was turned down on the grounds that many of the signatures were invalid.

According to some reports, authorities had pressured some individuals to repudiate their signatures. The U.S. State Department criticized the refusal to register the party as a setback for democratization in Russia.

Another party, Right Cause, had been set up with reported Kremlin support in early 2009 as a pro-government liberal party. In May 2011, the Kremlin allegedly picked Russian businessman Mikhail Prokhorov to head Right Cause, but he began to criticize the Kremlin's control over the party, and according to his account, was forced to step down in mid-September 2011.

Among his allegations, he claimed that then-Russian presidential administration official Vladislav Surkov was dictating who the party could field as candidates in the upcoming Duma election and otherwise attempting to maintain control over the “puppet” party.<sup>15</sup>

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

On September 24, 2011, at the annual convention of the ruling United Russia Party, Prime Minister Putin announced that he would run in the March 2012 presidential election. President Medvedev in turn announced that he would not run for reelection, and endorsed Putin's candidacy. Putin stated that he intended to nominate Medvedev as his prime minister, if elected. The two leaders claimed that they had agreed in late 2007, when they decided that Medvedev would assume the presidency, that Putin could decide to reassume it in 2012. Until these announcements, the United Russia Party had left the leading slot open on its proposed party list of candidates for the planned December 2011 State Duma election. Putin suggested that Medvedev head the party list. All these announcements were acclaimed by the assembled delegates. In his speech to the delegates, Putin warned that global economic problems posed a severe test for Russia, implying that Russia needed his leadership to solve these problems. In his speech, Medvedev pledged that he would continue to modernize the political system, the judiciary, and the economy, would combat corruption, and strengthen the military. The official news service hailed the continuation of the "effective" and "successful" Putin-Medvedev "tandem" as the best assurance of Russia's future modernization, stability, and "dignity."<sup>16</sup>

Just after the party convention, Medvedev fired Russian Finance Minister and Deputy Prime Minister Alexey Kudrin after Kudrin stated that he would not serve under Medvedev as prime minister (according to some reports, Kudrin may have expected to be named prime minister in a future government). Russian analyst Pavel Baev has stated that the legitimacy of Putin's return to the presidency "is seriously compromised because the spirit, if not the letter, of the constitution [which sets a limit of two presidential terms] is clearly violated."<sup>17</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 served for 18 years and who was remembered for his senility and the "era of stagnation" during the last part of his rule. One critic, referring to Brezhnev and Stalin, has predicted that Putin will choose to serve for life.

In mid-October 2011, Medvedev unveiled his idea of "big government," involving the setting up of a group of his supporters, somewhat like the Public Chamber. He stated that during his presidency, he had "tried to develop our party and political system. This was not entirely successful and there were some failures, but nevertheless this is what I tried to do." He also argued that his government had worked to combat corruption and encourage the development of civil society and economic modernization, and should be endorsed by the electorate to continue such work.<sup>18</sup> Some observers suggested that by forming such a group, Medvedev aimed to attract more liberal voters who might not normally support United Russia but had favorable views toward Medvedev.

A popular front program was released on October 24, 2011. Although there were some plans for the program to be the main document used in the elections, the United Russia Party decided after the September 2011 convention to use a compilation of Putin's and Medvedev's speeches, with the program serving a supporting function. The program calls for setting up a retirement system that pays larger pensions to those who voluntarily delay their retirements, lowering taxes on businesses and increasing alcohol and tobacco taxes, creating reverse mortgages, raising the drinking and smoking ages, and drawing up an ostensibly more humane criminal code. Despite these possibly positive proposals, the program appears to

emphasize the “stability” of the existing political and economic system over “modernization” initiatives as urged by Medvedev.

A United Russia Party convention to formally nominate Putin as its candidate was held in late November 2011. Russian analysts Maria Lipman and Nikolay Petrov have argued that “the Russian public saw the two leaders’ trading of places as evidence that they held their citizens in full contempt, especially when Medvedev, lamely, added that their decision to switch offices had been made long ago,” and this switch contributed to the launch of public protests (see below).

U.S. analyst Gordon Hahn similarly has stressed that many of the Russian public presumed that the switch meant that Medvedev’s minor but hopeful reforms would be reversed, triggering an “explosion of public outrage.”<sup>19</sup>

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

In the run-up to the December 2011 State Duma election, seven political parties were approved to run, although during the period since the last election in late 2007, several other parties had attempted to register for the election but were blocked from doing so. These actions had elicited criticism from the U.S. State Department that diverse political interests were not being fully represented. As election day neared, Russian officials became increasingly concerned that the ruling United Russia Party, which had held most of the seats in the outgoing Duma, was swiftly losing popular support. According to some observers, Russian authorities, in an attempt to prevent losses at the polls, not only used their positions to campaign for the party but also planned ballot-box stuffing and other illicit means to retain a majority of seats for the ruling party. In addition, Russian President Dmitriy Medvedev and Prime Minister Vladimir Putin had increasingly criticized election monitoring carried out by the Organization for Security and Cooperation in Europe (OSCE), and insisted on limiting the number of OSCE observers. Russian authorities also moved against one prominent Russian non-governmental monitoring group, Golos, to discourage its coverage of the election. According to the OSCE’s final report on the outcome of the election, the close ties between the Russian government and the ruling party, the refusal to register political parties, the pro-government bias of the electoral commissions and most media, and ballot-box stuffing and other government manipulation of the vote marked the election as not free and fair. OSCE observers reported that vote counting was assessed as bad or very bad in terms of transparency and other violations in one-third of polling stations they visited and in up to one-quarter of territorial electoral commissions.<sup>20</sup> Golos has estimated that just by padding the voting rolls, electoral officials delivered 15 million extra votes to United Russia, nearly one-half of its vote total (by this assessment, United Russia only received some 25% of the vote, even after authorities used various means to persuade or coerce individuals to vote for the party).<sup>21</sup> On December 23, 2011, the Presidential Human Rights Council called for the head of the CEC to resign because he had lost “the people’s trust,” and for new electoral laws to be drawn up in preparation for an early legislative election.<sup>22</sup>

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

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



forcibly dispersed them and detained hundreds. The Kremlin also mobilized pro-government youth groups to hold large demonstrations termed “clean victory” to press home their claim that minority groups would not be permitted to impose their will on the “majority” of the electorate. On December 7, 2011, several U.S. Senators issued a statement condemning Russian police crackdowns on those demonstrating against the “blatant fraud” of the Duma election.

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

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 ralliers called for Yavlinskiy (who attended) to be permitted to run in the presidential election, the release of “political prisoners” Khodorkovkiy and others, and legal reforms leading to new legislative and presidential elections. In Moscow, a counter-demonstration termed “Anti-Orange Protest” (referring to demonstrations in Ukraine in late 2004 that led to a democratic election) was organized by pro-Kremlin parties and groups, including the Patriots of Russia Party and Deputy Prime Minister Dmitriy Rogozin’s ultranationalist Congress of Russian Communities group. Moscow police claimed that 138-150,000 individuals joined this protest. Prime Minister Putin praised the turnout for the counter-demonstration. The counter-protesters reportedly accused the “For Fair Election” demonstrators as wishing for the destruction of Russia and alleged that the United States was fomenting “regime change” in Russia. Just before the “Anti-Orange Protest,” state television aired a “documentary” about how the United States allegedly had conspired in the late 1980s and 1990s to take over Russia’s resources.

## **Human Rights Problems**

Among recent actions bearing on human rights taken by Russia, a Working Group on Civil Society, part of the U.S.-Russia Bilateral Presidential Commission (see below, “The Obama Administration “Re-sets” Bilateral Relations”), held its first U.S. meeting in late January 2010. As per agreement, the working group is composed mainly of government officials and a few NGO representatives. The officials and NGO representatives met in separate sessions, and then the two groups compared notes. The topics of discussion included countering corruption, protecting children, prison reform, and rights of immigrants (the White House subsequently has described these topics as discussed by separate subgroups). Some Members of Congress had called in December 2009 for the Administration to boycott the meetings until Russia changed its head of the group.<sup>23</sup> In late May 2010, the Working Group held another meeting in Vladimir, Russia.<sup>24</sup> During the presidential summit in Washington,

DC, in June 2010, a semi-official meeting of civil society groups took place on the sidelines of the summit. Follow-on meetings of civil society groups took place in several Russian cities in October 2010.<sup>25</sup> A meeting of civil society groups took place in late May 2011, followed a week later by a session of the Working Group in Washington, DC. One Russian human rights activist not involved in the session, Lev Ponomarev, complained that the working group session was top-heavy with officials.<sup>26</sup>

As mentioned above, in June 2010, the Duma passed on first reading (introduced) amendments to the Law on the FSB that permitted the FSB to issue a warning to a person or group “on the impermissibility of actions that would comprise grounds and create conditions for the commission of crimes.” Another amendment would introduce a fine by the FSB for “disobeying the legal instruction or directive of an FSB official.” Prime Minister Putin admitted that he authored the bill. The bill elicited widespread public criticism, so that it was slightly altered in its second reading on July 9, 2010 (considered the main vote, with a third reading being the final vote). Critics raised concerns that major rationales for the language included further restricting the ability of individuals or groups to hold demonstrations and of media to operate freely.<sup>27</sup> The bill received final approval and was signed into law by President Medvedev on July 29, 2010, despite the urging of human rights groups that it be reconsidered.

In February 2011, Medvedev signed into law an initiative to require police—renamed from their former title of militia(men)—to follow stricter legal principles during such operations as searches and by launching a recertification process to eliminate corruption and criminality from police ranks. According to some public opinion polls, these reforms have resulted in more positive views of the police.

The death of Sergey Magnitskiy—a lawyer for the Hermitage Fund, a private investment firm—in November 2009 after being detained for 11 months has been a highly visible example of the failure of the rule of law in Russia, according to many observers. He had been detained on tax evasion charges after he alleged that police and other officials had illicitly raided Hermitage assets. Medvedev ordered an official investigation into Magnitskiy’s death, and in early July 2011 these investigators narrowly concluded that his death was due to the negligence of prison doctors. The next day, however, the Presidential Council to Promote the Development of Civil Society Institutions and Human Rights issued a report providing evidence that Magnitskiy’s arrest was unlawful, that he had been beaten and possibly tortured while in detention (including just before his death), and that prison officials and possibly higher-level officials had ordered doctors not to treat him. The Russian Prosecutor-General’s Office and Interior Ministry have rejected the findings of the Presidential Commission.

In the 112<sup>th</sup> Congress, H.R. 1575 (McGovern), introduced on April 15, 2011, and S. 1039 (Cardin), introduced on May 19, 2011, impose sanctions on persons responsible for the detention, abuse, or death of Sergei Magnitskiy, for the conspiracy to defraud the Russian Federation of taxes on corporate profits through fraudulent transactions and lawsuits against Hermitage, and for other gross violations of human rights. The State Department announced that some unnamed Russian individuals they deemed responsible for Magnitskiy’s detention and death would under existing law be subject to visa restrictions. In support of the bills, a Russian human rights group issued an expansive list of over 300 individuals it deemed had violated Magnitskiy’s rights or those of other human rights activists. This latter list incensed some Russian officials who appeared to believe that it had become part of the State Department action. The State Duma began consideration of retaliatory legislation to ban entry

to Russia for foreigners who had inflicted property or “emotional” damage on Russian citizens. In late October 2011, Foreign Minister Lavrov reported that some U.S. citizens had been placed on a Russian visa ban list (another ministry officials reportedly stated that the listed U.S. citizens had been involved in incidents linked to the Guantanamo Bay detention facility).

Medvedev repeatedly postponed meetings with the Presidential Human Rights Commission after last meeting with it in July 2011, although he continued to meet occasionally with its head, Mikhail Fedotov. At the July 2011 meeting, Medvedev was presented with a preliminary report on the Magnitskiy case, Fedotov suggested considering amnesty for certain economic crimes, and issues of inter-ethnic relations were discussed. In December 2011, the Commission initiated several actions, including forwarding to Medvedev a report on the Khodorkovskiy case. The report recommended that Medvedev review the case and consider a pardon for Khodorkovskiy. The Commission also sent the report to the Moscow city court in support of a complaint by Khodorkovskiy against the court’s guilty verdict in his second trial in 2010 (mentioned above). The Commission likewise forwarded a final report on the Magnitskiy case that recommended reopening the investigation of the case. At the end of January 2012, the Moscow city court rejected holding a new trial on the Khodorkovskiy case, but Fedotov called for Medvedev to pardon Khodorkovskiy and over two dozen other imprisoned Russians.

### *Ethnic Tensions*

In December 2010, a series of riots took place in Moscow targeting dark-skinned Caucasian and Central Asian individuals. President Medvedev convened a joint session of the State Council and the Commission for the Implementation of Priority National Projects and Demographic Policy in late December to discuss the riots. He appeared to stress migration into Russia as a major source of inter-ethnic tensions. He called for officials to encourage inter-ethnic harmony, for educational curricula to be altered to stress tolerance, for youth sports to be expanded, for a crackdown on illegal immigration, and for police to quell “ignorant rabble-rousers.” Prime Minister Putin called at the session for the development of “all-Russian patriotism,” as a substitute for Soviet nationality policy, which he claimed had “created an atmosphere of inter-ethnic and inter-faith peace.” President Medvedev agreed that a statist identity needed bolstering, but stressed that during the Soviet period, inter-ethnic stability was ensured through “severe” methods, whereas in post-Soviet times, “other methods” needed to be developed to encourage ethnic peace. In January 2011, Medvedev stressed that “we must give attention to our multi-ethnic culture, but without any doubt, we must give particular attention to Russian culture.”<sup>28</sup>

On October 1 and 22, 2011, ultra-nationalists held “Do Not Feed the Caucasus” rallies in Moscow to call for cutting economic support for the region. On October 20, 2011, President Medvedev reportedly denounced such sentiments as common to “not very bright people or outright provocateurs.” He argued that most regions of Russia depend on subsidies from the federal budget, and that the North Caucasus is a “fortress,” whose citizens mainly assist Russia in countering international terrorist infiltration.<sup>29</sup> In a speech at the Federation Council on October 17, 2011, Medvedev called for the parties running in the upcoming Duma election to eschew ultranationalist rhetoric, stating that “the use of the nationalist card and fanning interethnic conflicts and religious discord are crimes.... And even if it is committed during the election campaign, it will be given the appropriate legal assessment, without reductions for

democracy or freedom of speech.”<sup>30</sup> In December 2011, Prime Minister Putin denounced “Do Not Feed the Caucasus” sentiments, asserting that if such regional aid was cut off, Caucasians would migrate to major cities in other parts of Russia and gang wars would break out. However, some elements of the United Russia Party, the Young Guard youth wing of the party, the popular front, and the pro-Kremlin Nashi youth group continued to make ultranationalist appeals.

### *Insurgency in the North Caucasus*

Some observers have argued that Russia’s efforts to suppress insurgency in the North Caucasus—a border area between the Black and Caspian Seas that includes the formerly breakaway Chechnya and other ethnic-based regions—have been the most violent in Europe in recent years in terms of ongoing military and civilian casualties and human rights abuses.<sup>31</sup> In late 1999, Russia’s then-Premier Putin ordered military, police, and security forces to enter the breakaway Chechnya region. By early 2000, these forces occupied most of the region. High levels of fighting continued for several more years and resulted in thousands of Russian and Chechen casualties and hundreds of thousands of displaced persons. In 2005, then-Chechen rebel leader Abdul-Khalim Saydullayev decreed the formation of a Caucasus Front against Russia among Islamic believers in the North Caucasus, in an attempt to widen Chechnya’s conflict with Russia. After his death, his successor, Doku Umarov, declared continuing jihad to establish an Islamic fundamentalist Caucasus Emirate in the North Caucasus and beyond.

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

Terrorist attacks in the North Caucasus have appeared to increase every year since 2007. Although the rate of increase of terrorist incidents may have lessened in 2010 from the high rate of increase in 2008-2009, the rate of civilian casualties substantially increased throughout the North Caucasus in 2010 and a rising number of terrorist incidents took place outside of Chechnya.<sup>32</sup> Analyst Gordon Hahn has reported that for the first half of 2011, there was an “unprecedented” increase in terrorist incidents in the North Caucasus (344 attacks). As was the case in 2010, the insurgents appeared to be focusing more on killing civilians. There were larger numbers of civilians killed in the first half of 2011 than in the same period of 2010. The greatest number of terrorist attacks was in Dagestan, as in 2010, he states.<sup>33</sup> In early February 2012, Umarov reportedly issued an order to halt attacks on civilians, because civilians were turning against the Putin government by holding protests. Some observers viewed the announcement as an attempt by Umarov to gain favor with Russian dissidents, while others suggested that Umarov was attempting to insulate the Caucasus Emirate from blame in case the Russian security services launch “terrorist bombings” as a tactic during Putin’s election campaign.

Among recent terrorist incidents, on March 29, 2010, suicide bombings in Moscow’s subway killed 39 people and wounded dozens. Prime Minister Vladimir Putin condemned the attack and pledged that law enforcement personnel would “track down the organizers of the crime [and] scrape them from sewer bottoms and bring them into God’s light of day.”

Another suicide bombing in Russia's North Caucasus region of Dagestan two days later claimed 12 lives. Putin suggested that the bombings in Moscow and Dagestan were linked and that both were "crimes against Russia." President Dmitriy Medvedev vowed to "eliminate the terrorists" responsible for the bombings, to strengthen security forces in the North Caucasus, and to continue to carry out "pinpoint strikes" there to destroy terrorists "and their shelters." He also stressed that "resolving social and economic problems is in many respects the key to bringing about change in the situation," in the North Caucasus republics.<sup>34</sup> Umarov took responsibility for the Moscow bombings. President Obama condemned the "outrageous" bombings in Moscow and classed them with other "violent extremism and heinous terrorist attacks that demonstrate ... disregard for human life."<sup>35</sup>

On September 9, 2010, a car-bomb attack occurred at a crowded marketplace in Vladikavkaz, the capital of North Ossetia, killing 19 adults and children and injuring over 190. President Medvedev responded that "we will certainly do everything to catch these monsters, or in the case of resistance or other cases," to eliminate them. The Caucasus Emirate's Ingush Vilayet reportedly took responsibility, stating that the attack was aimed against "Ossetian infidels" on "occupied Ingush lands."<sup>36</sup>

On January 24, 2011, a suicide bombing in a publicly accessible area of Moscow's Domodedovo international airport resulted in over 40 reported deaths and nearly 200 injuries. Doku Umarov took responsibility. Caucasian terrorists also had taken responsibility for the 2004 bombing of two airplanes that had taken off from the same airport. President Obama reportedly telephoned President Medvedev the next day to offer condolences to the victims and to offer assistance in apprehending the perpetrators. In a speech to the FSB on January 25, President Medvedev stated that "terrorism remains a major threat to the security of our country, the main threat for Russia, for all our citizens." Claiming that the terrorist threat is greater in Russia than the United States, he denounced Russian security efforts that he claimed had not matched those of the United States. He condemned lapses in police and other agency protection at the airport and pledged to prosecute or dismiss those responsible for lapses.

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

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

At a May 2010 meeting of the Presidential Human Rights Council, President Medvedev argued that there needed to be a youth policy for the North Caucasus, including to ameliorate the 20% unemployment in the region, which heavily impacted youth. He also requested his presidential staff to study the issues of dwindling schooling and healthcare in the region. He dismissed calls to investigate past extrajudicial killings and urged focusing on the future. He

also rejected use of the term “guerrillas” instead of “terrorists.” He called for forging a new “Russian identity” in the region that would reduce inter-ethnic conflict.<sup>37</sup>

An official North Caucasus development strategy was promulgated in September 2010. It sets forth goals through 2025, stressing investments in agriculture, tourism, health resorts, energy and mining, and light industry. It also calls for encouraging ethnic Russians to resettle in the area, including by initially setting employment quotas for ethnic Russians. Eventually, by encouraging inter-ethnic harmony, the strategy suggests, the practice of allocating jobs by ethnicity and clan rather than merit might be eliminated. 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 Prime Minister Putin as its head. At a May 2011 session, Putin announced that 30 agriculture, tourism, and information technology development projects were moving forward, but he criticized progress in extending loan guarantees for private enterprise development. Regional Development Minister Viktor Basargin stated that \$9.7 billion would be budgeted for development projects in the North Caucasus through 2013.<sup>38</sup> 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. He and other officials at the meeting called for further reducing high unemployment rates of nearly 50% in Ingushetia and over 27% in Chechnya, including by launching more employment training programs, boosting micro-financing for opening up small businesses, and encouraging firms outside the region to hire Caucasians.<sup>39</sup>

## 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 less than 1.0 million at present—the Russian military remains formidable in some respects and is by far the largest in the region.<sup>40</sup> Because of the deteriorating capabilities of its conventional forces, however, Russia relies on nuclear forces to maintain its status as a major power. There is sharp debate within the Russian armed forces about priorities between conventional versus strategic forces and among operations, readiness, and procurement. Russia is trying to increase security cooperation with the other Soviet successor states that belong to the Commonwealth of Independent States (CIS).<sup>41</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 most of the 2000s, and even continued to increase slightly after the global financial crisis of 2008 impacted Russia’s economy. Even factoring in purchasing power parity, however, Russian defense spending still lags far behind current U.S. or former Soviet levels. The efficacy of the

larger defense budgets is reduced by systemic corruption. Some high-profile military activities have been resumed, such as large-scale multi-national military exercises, show-the-flag naval deployments to the Mediterranean and the Atlantic, and strategic long-range bomber patrols that approach U.S. and NATO airspace.

In February 2007, then-President Putin appointed Anatoliy Serdyukov as defense minister. With a career outside the military establishment, many observers suggest that Serdyukov was chosen to carry out a transformation of the armed forces from a mobilization model—large divisions only partially staffed and dependent upon the mobilization of reserves during emergencies—to permanently staffed smaller brigades. Problems of force composition, training, command and control, equipment, and doctrine were highlighted during the August 2008 Russia-Georgia conflict.<sup>42</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 non-commissioned 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 under 1 million.

During 2009, the brigade system for ground forces was set up and other reforms were carried out. Some reports suggested that many or most of the new brigades were not adequately supplied with weapons. Similarly, the Chief of the General Staff, Army General Nikolay Makarov, stated in February 2010 that the transition to professional (contract) soldiers had largely failed. Critics argued that the sums paid to contractees were far below adequate wages, so that the quality and number of contractees had remained low. Critics also alleged that large sums in the 2004-2007 defense budgets for transitioning to contracts had been pilfered.<sup>43</sup> The armed forces now face a crisis in finding enough young men to conscript for a one-year term of service given a sharp decline in births in past years and unhealthy living conditions. Alternatives include officially acknowledging and adjusting to an armed forces perhaps well below 1 million or increasing the length of service.

In late 2010, the existing six military districts were consolidated into Western, Eastern, Southern and Central military districts. A massive weapons modernization plan for 2011-2020 also was launched. Substantial modernization is contingent on rebuilding the largely obsolete defense industrial complex. Some observers have argued that Russia is seeking as a partial alternative purchasing some advanced military weapons and technology from abroad. Beginning in 2009, Russia negotiated with France over the purchase of a newly designed French amphibious assault warship, called the *Mistral*. Some Members of Congress raised concerns with France over the *Mistral* negotiations, as did the country of Georgia, which feared that Russia might in the future use the ship against it. In mid-June 2011, Russia’s Rosoboronexport (Russian Defense Export firm) General Director Anatoly Isaikin signed a contract with France’s DCNS (Direction des Constructions Navales) Director Patrick Boissier on the purchase of two *Mistral*-class warships. The agreement calls for technology transfers necessary for the construction of the hulls and for information management and communications, but for no weapons systems to be transferred. The completed warships may be deployed to the Pacific Fleet. Two more *Mistrals* reportedly will be built in new shipyard facilities in Kronstadt, Russia, after which the facilities will be used to build other warships.<sup>44</sup>

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. The United States has pursued these relations in order to promote cooperation in counter-terrorism and international peace-keeping, including Russia's support for U.S. and ISAF operations in Afghanistan, to advocate democracy and respect for human rights within Russian military, and also to assess Russian military reforms and civil-military relations. In September 2010, the United States and Russia signed a military cooperation agreement during a visit by Serdyukov to the United States that replaced a 1993 agreement. Reportedly, 67 events, exchanges, exercises, and consultations between the armed forces were planned for 2011. The two sides also issued a declaration of cooperation and agreed to form the Working Group on Defense Relations—as part of the U.S.-Russia Bilateral Presidential Commission—to meet annually.<sup>45</sup> Eight subgroups also were formed, ranging from logistics to strategy, which have held several meetings and have permitted the two countries to compare policies and practices. The brief public accounts of these meetings seem to indicate that Russia seeks knowledge of best practices as part of the reform effort. Bilateral military cooperation also has been evidenced by the signing of a memorandum of understanding on counter-terrorism cooperation in May 2011 by Makarov and the Chairman of the Joint Chiefs of Staff, Admiral Mike Mullen. 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, Defense Ministry official Yekaterina Priyetzheva, and 30 commissioners.

In late January 2012, Director of National Intelligence James Clapper presented the intelligence community's annual worldwide threat assessment, which included an appraisal that Russia's ten-year arms modernization plan faces complications posed by "funding, bureaucratic, and cultural hurdles, coupled with the challenge of reinvigorating a military industrial base that deteriorated for more than a decade after the Soviet collapse." Overall, he estimated, the military reforms launched by Serdyukov "will yield improvements that will allow the Russian military to more rapidly defeat its smaller neighbors and remain the dominant military force in the post-Soviet space, but will not—and are not intended to—enable Moscow to conduct sustained offensive operations against NATO collectively." He also assessed that "at least until Russia's high precision conventional arms achieve practical operational utility, Moscow will embrace nuclear deterrence as the focal point of its defense planning," and will continue to view its nuclear forces "as critical for ensuring Russian sovereignty and relevance on the world stage, and for offsetting its military weaknesses vis-à-vis potential opponents with stronger militaries."<sup>46</sup>

## **TRADE, ECONOMIC, AND ENERGY ISSUES**

### **Russia and the Global Economic Crisis<sup>47</sup>**

The Russian economy was hit hard by the global financial crisis and resulting economic downturn. The crisis exposed weaknesses in the economy, including its significant



dependence on the production and export of oil and other natural resources and its weak financial system. Russia shows signs of economic recovery, but persistent flaws in the economy could limit the recovery's depth and length.

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

However, in 2008, Russia faced a rapid decrease in the prices for oil and other commodities. It also faced investor unease caused in part by Russia's military confrontation with Georgia in August 2008 and also by the Russian government's reassertion of control over major industries, especially in the energy sector. Along with these events, the global financial crisis hit Russia in the latter part of 2008 as foreign banking credits, on which many Russian companies depend, decreased. As a result, Russia's period of economic growth came to an abrupt end. Although Russian real GDP *increased* 5.6% in 2008 as a whole, it did not grow at all during the fourth quarter of 2008. Russian GDP *declined* 7.9% in 2009. The decline occurred across most sectors of the economy, with manufacturing, construction, and transportation hit especially hard.<sup>48</sup>

The economic downturn also exposed Russia's dependence on the production and export of oil, natural gas, and other fossil fuels for economic growth and government revenues. On July 4, 2008, the price of a barrel of Urals-32 (the Russian benchmark price for oil) peaked at \$137.61 and declined to a low point of \$34.02 by January 2, 2009—a drop of 75.3% in six months.<sup>49</sup> The fuels accounted for about two-thirds of Russia's export revenues and for more than half of government revenues. Such a sharp drop in oil prices, along with heightened government expenditures to stimulate the economy, forced the government to incur its first budget deficit in 10 years in 2009—a deficit equivalent to 5.9% of GDP.<sup>50</sup>

The Russian government responded in 2008-2009 to the global financial crisis with various fiscal measures including heavier spending and tax cuts equivalent to more than 6% of GDP. These measures were designed mostly to support the banking system, increase social expenditures, and assist large state enterprises. The stimulus also included monetary measures that included reducing refinance rates by the Central Bank of Russia (CBR).<sup>51</sup> The CBR also drew down foreign reserves in order to defend the ruble against rapid depreciation.

Russia is slowly emerging from its recession. Russian real GDP is estimated to have increased by 4.0% in 2010, and 4.3% in 2011. Russia is once again benefitting from an increase in world oil prices.

Nevertheless, in the long term, unless Russia can reduce its dependence on the production of oil and other commodities and diversify and reform its economy, any recovery will likely remain fragile.<sup>52</sup> On several occasions, President Medvedev has expressed the need for Russia to diversify its economy.<sup>53</sup>

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

In 1993, Russia formally applied for accession to the General Agreement on Tariffs and Trade (GATT). In 1995, its application was taken up by the World Trade Organization (WTO), the successor organization of the GATT. Russia is the largest economy not in the WTO. However, after a number of fits and starts during the 18-year process, the 153-members of the WTO, on December 16, 2011, invited Russia to join the organization. The State Duma, the Russian parliament, must approve the conditions for accession by July 23, 2012, to complete the accession process. Russia would formally become a 30 days hence. Russian officials announced that the Duma will act on the package after the first quarter of 2012. In joining the WTO, Russia commits to bringing its trade laws and practices into compliance with WTO rules. Those commitments include: nondiscriminatory treatment of imports of goods and services; binding tariff levels; ensuring transparency when implementing trade measures; limiting agriculture subsidies; enforcing intellectual property rights for foreign holders of such rights; and forgoing the use of local content requirements and other trade-related investment measures.

Congress does not have a direct role in Russia's accession to the WTO but has an indirect role in the form of permanent normal trade relations (PNTR) status. "Normal trade relations" (NTR), or "most-favored-nation" (MFN), trade status denotes nondiscriminatory treatment of a trading partner compared to that of other countries.<sup>54</sup> Title IV of the U.S. Trade Act of 1974 applies conditions on Russia's status, including compliance with freedom of emigration criteria under Section 402--the so-called Jackson-Vanik amendment. Therefore, the United States would not be in compliance with the WTO requirement of "unconditional MFN" without Congress lifting the applicability of Title IV as it applies to Russia and authorizing the President to grant Russia PNTR before Russia enters the WTO. As a result, the United States has had to invoke the WTO non-application provision, thus declaring that the WTO obligations, rules, and mechanisms will not apply in its trade with Russia. The United States can "disinvoke" it, if and when Congress grants PNTR. In the meantime, Russia will not be obligated to apply many of the commitments its has made in acceding to the WTO, such as improved market access in services and in some agriculture trade, to the United States, thus potentially placing U.S. exporters and investors at a competitive disadvantage. The 112<sup>th</sup> Congress may take up the issue of PNTR for Russia in earlyto-mid-2012.

## **Medvedev's Modernization Initiative<sup>55</sup>**

Toward the end of his presidency, Vladimir Putin called for an updated economic strategy to the year 2020 to guide his chosen successor, Dmitriy Medvedev. The goal of the strategy was to make Russia one of the five major economic powers in terms of technological innovation, energy development, and finance. The global financial crisis led the Medvedev government to promulgate an "anti-crisis plan" in early 2009, but it pledged to retain the goals of "Strategy 2020." In May 2009, Medvedev complained that technological innovation was lagging, including because private businesses were not making long-term investments, and he decreed the establishment of a "Presidential Commission on Modernization and Technological Development of the Russian Economy." The foci of the meetings of the

Modernization Commission are on medical technology, pharmaceuticals, energy efficiency, nuclear technology, computer hardware and software, space technology, and telecommunications. It has a yearly budget for providing seed money for innovative projects.

The Medvedev government compiled a list of countries that are advanced in high technology of interest and invited these states to invest in Russia. In a foreign policy speech in July 2010, President Medvedev argued that the global economic crisis had brought about a “paradigm shift in international relations [which] opens for us a unique opportunity to put Russia’s foreign policy instruments to the most effective use possible to assist the country’s modernization.” He called for his diplomats and trade officials to forge a “modernization alliance” with Western democracies, such as the European Union and the United States, and other countries.<sup>56</sup>

In a September 2010 speech, Medvedev stressed that the purpose of technological innovation was to raise living standards. If existing government rules and regulations are rigorously applied and living standards are improved, he appeared to argue, then there is progress in democratization. He did not mention the need for progress on free elections, freedom of assembly, or other civil or human rights as components of democracy, according to some critics.<sup>57</sup>

During a meeting of the Modernization Commission and an associated trade show in late October 2011, President Medvedev attempted to dispel rumors that government funding for modernization initiatives would be reduced because of budget deficits. However, Russian media reported that the Finance Ministry planned to substantially reduce the budget for the Modernization Commission in 2013-2014, and that the overall budget for innovation was being reduced from \$2.3 billion in 2012 to \$900 million in 2013 and even less thereafter. One Russian official explained that innovation funding was being transferred to military acquisition. According to one report, the frequency of meetings of the Modernization Commission and its sub-groups have fallen off, and the public has become disillusioned, since they have not seen any benefits from Medvedev’s modernization initiative. Medvedev stated that he did not think that “modernization is no longer fashionable since it cannot bring political dividends.... Modernization is fashionable and it can bring political dividends,” even during an election season.<sup>58</sup>

U.S. critic Leon Aron argues that in order to modernize, Russia must stop persecuting Russian businessmen, strengthen democratic institutions, protect property rights, and withdraw its troops from Georgia.<sup>59</sup>

### ***The Skolkovo Center for Innovation***

At a meeting of the Presidential Commission on Modernization in February 2010, Medvedev announced that a campus for high technology research and commerce would be constructed outside of Moscow near the town of Skolkovo. To attract domestic and foreign firms, tax benefits have been offered. Construction began in 2011, and students will start attending in late 2012. Critics have argued that the project has been slow to get off the ground.

Russian media have reported that planned government spending on the Skolkovo Center will be reduced in 2013. Officials at Skolkovo argue that the government funds are being reduced as per long-term planning as private funding increases. Presidential aide Arkady Dvorkovich has called for prospective President Putin to continue to support the Skolkovo Center.

According to U.S. critic Matthew Jojansky, Medvedev is unlikely to be successful in creating a Silicon Valley-like environment at Skolkovo, because “he wants to create a little bubble outside of Moscow in which the rule of law, [such as] protections for intellectual property, will all be there within this bubble but not ... in the rest of Russia.”<sup>60</sup>

### ***U.S. Interest in Skolkovo***

The United States and other countries and international corporations have pledged to become involved in the Skolkovo Center for Innovation, and many others have indicated interest in the project. After visiting Silicon Valley in late June 2010, President Medvedev traveled to Washington, DC, for a presidential summit meeting and a conclave hosted by the U.S. Chamber of Commerce. At the summit, the two presidents issued a “Joint Statement on a Strategic Partnership in Innovation” that expressed the intent of the two sides “to begin new and dedicated efforts to promote collaboration in the areas of development of civil technologies, open standards, and innovation and technology policy.” The Skolkovo Innovation Center appeared to be referenced when the two sides pledged to develop “cooperation on innovation in science and technology through both existing mechanisms of strategic partnership and through new cooperation instruments at the level of government institutions, non-governmental organizations, and the private sector.” At the “U.S.-Russia Business Summit” hosted by the Chamber of Commerce, President Obama specifically mentioned the Skolkovo Innovation Center, stating that he had “pledged to President Medvedev that the United States wants to be Russia’s partner as he pursues his vision of modernization and innovation in Russia, including his initiative to create a Russian Silicon Valley outside of Moscow. American companies and universities were among the first to invest in this effort.”<sup>61</sup> Among recent interest, in late October 2011, President Medvedev witnessed the signing of an education and research agreement between the Skolkovo Center and the Massachusetts Institute of Technology (MIT). Some of the prospective Skolkovo Center students and others visited MIT in January 2012 to examine innovation techniques.

### **Russian Energy Policy<sup>62</sup>**

The Russian oil and natural gas industries are important players in the global energy market, particularly in Europe and Eurasia. In 2010, Russia had by far the largest natural gas reserves in the world, possessing nearly 24% of the world’s total. It was seventh in the world in oil reserves, with over 5% of the global total. Firms in these industries are either directly controlled by the Russian government or are subject to heavy Russian government influence. The personal and political fortunes of Russia’s leaders are tied to the energy firms. Russian government revenues (in 2010, 46% of total Russian government revenue came from oil and gas taxes) and Russia’s economic revival in the Putin/Medvedev era have been heavily dependent on the massive wealth generated by energy exports, mainly to Europe.

Some Members of Congress, U.S. officials, and European leaders (particularly those in central and eastern Europe) have claimed that European dependence on Russian energy and Russia’s growing influence in large segments of Europe’s energy distribution infrastructure poses a long-term threat to transatlantic relations. Russia accounts for about one-quarter of the EU’s natural gas supplies. Analysts have noted that Russia views its natural resources as a political tool. Russia’s “National Security Strategy to 2020,” released in May 2009, 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>63</sup>

Concerns about Russian energy policy have centered largely on Russia’s natural gas supplies to Europe. 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 for 2009. About 80% of Europe’s natural gas imports from Russia transit Ukrainian pipelines. A similar Russian-Ukrainian dispute had led to a gas cutoff to Europe at the beginning of 2006. In 2010 and 2011, disputes between Russian and Belarus over a variety of issues, including energy prices, debts owed by Belarus, and transit fees paid by Russia for the use of Belarusian pipelines, led to temporary reductions of oil and natural gas supplies to Belarus and neighboring countries. These incidents have provided further evidence of Russia’s unreliability as an energy supplier, according to some observers.

On the other hand, concerns about the reliability of gas transit through Ukraine and Belarus have caused Russia and some European countries to support new pipeline projects to bypass these two countries, as well as others in central and eastern Europe. In October 2011, Gazprom began transporting natural gas directly from Russia to Germany under the Baltic Sea via a new pipeline, known as Nord Stream. When a second pipeline is completed in late 2012, Nord Stream will have a total capacity of 55 billion cubic meters (bcm) per year, as compared to the Ukrainian pipeline system, which usually delivers 120-130 bcm per year. Russia has raised the possibility of a third Nord Stream pipeline, but Germany has rejected the idea so far.

Another pipeline project favored by Moscow is South Stream. In November 2007, Gazprom and the Italian firm ENI signed an agreement to build South Stream, which would run from Russia under the Black Sea to Bulgaria, with branches to Austria, Italy, and Greece. Serbia and Hungary have also signed on to the project. Russia plans to start construction of South Stream in 2013, and begin deliveries in 2015. Like Nord Stream, South Stream would bypass Belarus, Ukraine, Poland, and other central European countries. The pipeline has a projected capacity of 63 bcm per year.

Many European Union countries are concerned about the possible consequences of overdependence on Russia for energy. The EU has called for the building of a “Southern Corridor” of pipelines circumventing Russian territory that would transport Central Asian gas supplies to Europe. The largest EU-supported project in the Nabucco pipeline, which would have a capacity of 31 bcm per year. It would get its supplies from Azerbaijan’s Shah Deniz field (Stage 2) through pipelines in Georgia and Turkey. Turkmenistan and Iraq could also supply gas to Nabucco. It was planned that work on the pipeline could begin in 2013, with the first gas supplies available by 2018. However, the prospects for Nabucco have become clouded recently, and smaller, cheaper pipeline projects appear to have the inside track for access to Shah Deniz 2 gas. In addition, Russia has tried to undermine Nabucco, including by casting doubt on the legality of the planned and EU-supported Trans-Caspian Pipeline, which would transport gas from Turkmenistan to Nabucco.

In order to build political support for South Stream, Russia has enticed key western European companies to participate in the project. It has also discussed the possibility of modifying the pipeline’s route in order to play potential transit countries off against each other. However, some observers are skeptical about South Stream’s prospects as well,

pointing to its projected cost. Observers also question Russia's ability to significantly expand its gas production so that it can fill current and planned pipelines. Russia could also free up supplies for export by curbing growing domestic demand for gas through raising domestic prices, but it has put off doing so, perhaps for political reasons.

While building pipelines that would circumvent Ukraine, Russia continues its long-standing efforts to gain control of Ukraine's pipeline system. Ukrainian President Viktor Yanukovich has expressed concern about the impact of Nord Stream and South Stream on transit volumes through Ukraine's pipeline system. He has offered Russia partial ownership of the Ukrainian pipeline system in exchange for a share in natural gas fields in Russia and guaranteed transit volumes through Ukraine's pipelines. Russia has not accepted Kyiv's terms. Gazprom officials have warned Ukrainian leaders that they should sell control of Ukraine's pipelines to it while it can get a good price. Otherwise Gazprom may find it more profitable to build and use South Stream rather than modernize Ukraine's aging system.

Russia has repeatedly rejected Ukraine's demands to renegotiate the current gas supply contract in order to cut the price Kiev pays for gas. However, Ukraine's seemingly desperation to secure lower gas prices could still induce it to give Gazprom de facto control over its pipelines in exchange for cheaper gas. On the other hand, if Ukraine breaks the contract unilaterally, some observers see the possibility of another gas supply cut-off to Ukraine and perhaps to western Europe as well.

In February 2012, central and western European countries reported reductions in gas supplies from Gazprom, with Italy reportedly hit by cuts as large as 30%. Gazprom charged that the shortfall was due to Ukraine's taking more gas from the pipeline for its own use. Ukraine has admitted this, but said the problem was that Gazprom refused to increase supplies sent through the pipeline, in order to provide more gas to domestic consumers, who are suffering from a Europe-wide bout of unusually cold weather. Ukraine has said that it will take less gas from the pipeline and tap into its reservoir of stored gas, in order to boost supplies to other European customers.

Russia has had more success in gaining control of Belarus's gas infrastructure. In November 2011, Gazprom completed a deal to buy all the shares of Beltransgaz, Belarus's gas pipeline transport company, in exchange for reduced gas prices. The Yamal-Europe gas pipeline, which runs through Belarus and Poland, has a capacity of 33 bcm.

Russia's formerly dominant role in the transport of Central Asian energy supplies faces demand in Asian countries. A pipeline from Turkmenistan to China opened in 2009, which will deliver 40 bcm of gas per year. Turkmenistan has also expanded its gas pipeline capacity to Iran to reach 20 bcm.

Other factors could diminish Russia's leverage over Eurasian natural gas supplies. The development of previously difficult-to-develop "unconventional" gas deposits, including shale gas, in Europe and elsewhere could diversify supplies and keep prices down. The growth of the spot market for natural gas and the development of liquefied natural gas infrastructure in Europe could also help diversify supplies as well as reduce dependence on Russian-controlled pipelines. Some western European energy countries have sought and received modest reductions in gas prices from Gazprom. Companies are also seeking less reliance on long-term, inflexible "take or pay" contracts. In September 2011, investigators in 10 EU countries raided Gazprom offices as part of an EU Commission investigation into Gazprom's business practices, which are widely viewed as non-transparent. Russian officials

assert that the investigation is a thinly veiled attempt to pressure Gazprom to reduce gas prices.

Russia has threatened to supply more gas to China and other Asian countries if Europe does not exempt Gazprom from the EU's Third Energy Package, which bars companies from controlling both the production of energy supplies and their transport and distribution. However, Russia's threat may be hard to implement, given that China has been unwilling to pay as much as Europe does for Gazprom's gas.

## FOREIGN POLICY

### Russia and the West

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

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

According to analyst Dmitri Trenin, then-President Putin became greatly alarmed following the "orange revolution" in Ukraine in 2004-2005 and the "tulip revolution" in Kyrgyzstan later in 2005, and his attitude toward the United States hardened. Trenin claims that Putin viewed these popular revolts as "part of a U.S.-conceived and led conspiracy. At minimum, these activities ... aimed at drastically reducing Russia's influence.... At worst, they constituted a dress rehearsal for ... installing a pro-U.S. liberal puppet regime in the Kremlin."<sup>64</sup> In February 2007, at the 43<sup>rd</sup> annual Munich Security Conference, President Putin delivered a particularly harsh speech attacking Bush Administration policies and condemning the "unipolar" world he alleged the United States was creating.<sup>65</sup>

In contrast to Putin, President Medvedev has been considered by some observers to be a potentially pragmatic leader who could shift Russia's attitudes more positively toward the United States and the West. However, during Medvedev's first year or so in office, Russia's relations with the West became increasingly tense. In the aftermath of the August 2008 Russia-Georgia conflict, relations between Russia and the West reached what many considered to be their lowest point since the Cold War. Russia continued to voice strong opposition to NATO enlargement to Georgia and Ukraine; invaded Georgia and occupied two

of its regions; refused to recognize Kosovo's independence; cut off or reduced energy supplies in disputes with Ukraine and Belarus; boosted ties with Cuba and Venezuela; and attempted to end the use of airbases in Central Asia by the United States and NATO.

Responding in part to the Obama Administration's efforts to "re-set" relations, Russia has appeared somewhat more conciliatory toward the EU and the United States in recent months. An alleged Russian Foreign Ministry document leaked to the media in May 2010 called for the government to adopt a more conciliatory foreign policy toward the West in order to attract foreign investment. Similarly, Russian analyst Igor Yurgens has argued that the Russian leadership no longer is concerned that the West seeks to foment "colored revolutions" in Russia, stating that "there is no danger that someone from the West will want to rock the situation in our country."<sup>66</sup>

According to Polish analyst Adam Balcer, in the future Russia may seek to develop a strategic partnership with the EU (and the United States) in order to counter growing Chinese influence on Russia, including in the economic realm. A variant situation might be more pragmatic Russia-EU (and U.S.-Russia) relations, whereby China's dominant influence over the Russian economy moderates Russia's formerly ultra-nationalistic and exceptional foreign policy toward the West.<sup>67</sup>

### ***NATO-Russia Relations***<sup>68</sup>

Post-Cold War efforts to build a cooperative NATO-Russia partnership have had mixed results, at best. Russian views toward NATO, particularly since the beginning of the Putin era, have been marked predominantly by suspicion and skepticism regarding NATO's intentions. However, since NATO-Russia relations reached a new low in the wake of Russia's 2008 invasion of Georgia, the two sides have renewed efforts to strengthen ties. At NATO's November 2010 Summit in Lisbon, Portugal, NATO Heads of State met with Russian President Medvedev to mark what they what they hoped would be the beginning of a new era NATO-Russia relations, based on practical cooperation on common security challenges. Observers point out though that while Russian officials have welcomed some NATO and U.S. overtures, they remain critical of many aspects of NATO policy. Similarly, some NATO members continue to disagree on their assessment of Russian intentions.

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

Most observers agree that despite having advanced NATO-Russia cooperation in some key areas, the NRC has failed to live up to its potential. The NRC's perceived shortcomings are often attributed to Russian suspicion about NATO's long-term intentions. Many in Russia viewed NATO's 1999 and 2004 enlargements to 10 former Soviet satellite 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>69</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 non-permanent, in Bulgaria and Romania after NATO's 2004 enlargement were viewed by some in Moscow as further evidence of an encirclement of Russia by NATO and the United States.



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

More recently, Russian leaders have taken aim at NATO and U.S. plans for a ground-based missile defense system in Europe and NATO insistence that the alliance will not recognize a Russian sphere of influence along its borders. Moscow has criticized NATO member states for their refusal to recognize the Russian-encouraged independence of Abkhazia and South Ossetia and for their reluctance to establish alliance relations with the Russian-led Collective Security Treaty Organization (CSTO members include Armenia, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan). In 2007, Russia suspended compliance with the Treaty on Conventional Armed Forces in Europe (CFE Treaty); it has vocally opposed proposals to enhance NATO ties with Georgia and Ukraine; and Russian officials have said the country would develop offensive nuclear forces if the two sides were not to agree to a framework for cooperation on missile defense. Finally, Russian proposals for an alternative European security architecture have been viewed by many as an attempt to undermine NATO and to increase Russian influence in European affairs. Moscow has also been critical of those who have suggested a more formal role for NATO in European energy security issues.

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

Allied officials point to several areas of enhanced NATO-Russia since the Lisbon Summit. Russia has allowed the establishment of air and land supply routes for the NATO mission in Afghanistan on its territory and has agreed to bolster training for Afghan and regional counter-narcotics officers. Russian helicopters, operated by civilian crews, also

provide transport in Afghanistan, and the NRC has established a Helicopter Maintenance Trust Fund. The Helicopter Maintenance Fund, jointly funded by NATO and Russia, provides maintenance and repair support to the Afghan National Security Forces. In April 2011, the NRC approved a new Action Plan on Terrorism, designed to improve both sides' capabilities to deter, combat, and manage the consequences of terrorist attacks. Joint activities include exchange of classified information, development of technology to detect explosive devices, and improved protection of critical infrastructure. In early June 2011, NATO and Russian fighter aircraft held their first ever joint exercise over Poland and the Black Sea, as part of the Cooperative Airspace Initiative (CAI), aimed at preventing attacks like those of September 11, 2001, through coordinated interception of renegade aircraft.<sup>70</sup>

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

President Medvedev introduced the idea of a new Euro-Atlantic security architecture in June 2008. He has argued that the United States, through its membership in NATO, continues to exercise disproportionate influence in European affairs and that Russia should have a more formal role in the current European security architecture. While Russian officials claim that a new security architecture would improve trust among Euro-Atlantic governments and reduce the risk of internal European conflicts, many in the United States and Europe view the Russian proposals as attempts to weaken NATO, constrain the OSCE, and stop further encroachment of these organizations on Russia's borders. The United States and most European countries maintain that any dialogue on the future of European security must build upon existing Euro-Atlantic institutions.

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

### ***Russia and the European Union***<sup>71</sup>

Attitudes and outlooks on Russia differ considerably among the 27 member states of the European Union (EU). Accordingly, despite labeling Russia a "strategic partner," the EU has had difficulty developing robust common policies and a comprehensive strategic approach to

its eastern neighbor. The governments of some countries, such as Germany, France, and Italy, have been inclined to an approach based on pragmatism and engagement. They believe that the maintenance of extensive ties and constructive dialogue is the most effective way to influence Russia. Supporters of this approach observe that Russian cooperation is important on issues such as energy, Iran, climate change, and arms control. 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. The United Kingdom has also had notably difficult relations with Russia in recent years. A partial Polish-Russian rapprochement in 2010 reportedly diminished some of the sharpness of inter-European divisions about Russia. Although some bilateral tensions between the two countries remain, Poland's approach to Russia appears to have shifted in support of closer cooperation between the EU and Russia on economic and energy issues.<sup>72</sup>

EU leaders have long expressed concerns about human rights, political pluralism, and rule of law in Russia, although critics note that the EU's attempts to influence Russia in such areas have been largely ineffective. Tensions about these issues have risen following Russia's December 2011 parliamentary elections. EU High Representative Catherine Ashton observed that "Reports of procedural violations, such as lack of media impartiality, lack of separation of party and state, and the harassments of independent monitoring attempts, are...of serious concern."<sup>73</sup> The European Parliament went further, adopting a resolution calling for new free and fair elections to be held.

The resolution asserted that the election did not meet OSCE standards, called for investigations into electoral fraud, and welcomed opposition demonstrations as "an expression of the will of the Russian people for more democracy."<sup>74</sup> It also reiterated the European Parliament's continued interest in the Sergei Magnitsky case, calling for those responsible for his death to be held to account. The resolution was met with a backlash from Russian leaders and officials, some of whom condemned it as attempted interference in Russia's internal affairs. After the EU-Russia Summit held on December 15, 2011, European Council President Herman Van Rompuy reported having an "honest discussion" about concerns related to the election, and welcomed President Medvedev's response pledging a fair and impartial investigation into reported problems.<sup>75</sup> At the same time, observers noted that trade and visa liberalization comprised the main themes of the meeting.

Russia has stepped up its criticism of EU foreign policy in recent months. Following the adoption of EU sanctions against Syria and the discussion of ideas such as a no-fly zone and humanitarian intervention, Foreign Minister Lavrov accused the West of seeking war with Syria to remove President Bashar al-Assad. Russia has opposed the EU and the United States by blocking UN resolutions dealing with the violence in Syria. Foreign Minister Lavrov also criticized the EU's oil embargo on Iran as exceeding UN authorized mandates and an attempt to foment unrest and revolution in Iran.<sup>76</sup> For their part, EU leaders at the December 2011 summit mentioned the need for Russia to implement its obligations under the 2008 ceasefire agreements with Georgia, advocated for renewed negotiations on the Transnistria frozen conflict, and urged Russia to allow UN action on Syria.

Overall, relations between the EU and Russia revolve largely around energy and economics. Russia supplies the EU with more than one-quarter of its total gas and oil supplies, and some EU member states are almost completely reliant on Russian energy. As discussed above (see "Russian Energy Policy"), energy dependence and aggressive Russian

energy policies contribute to the tensions felt by some of the countries of central and eastern Europe with regard to Russia.

The EU's energy dependence on Russia is expected to grow substantially over the next 20 years and the apparent Russian inclination to use energy supplies as an instrument of foreign policy has raised concerns about potential vulnerabilities that could arise from this trend. Many officials and analysts agree on the need for the EU to further diversify its energy supply, but the EU has struggled to formulate a common strategic energy policy. According to some observers, the willingness of numerous EU member states to conclude bilateral energy deals with Russia has served to undermine the prospects of developing a stronger common policy.

To some extent, however, the EU-Russia energy relationship works two ways: while Russia is a crucial energy supplier for Europe, Europe is also a vital energy market for Russia. In terms of trade and investment, the EU is an even more important partner for Russia, accounting for more than half of Russia's trade and three-quarters of its foreign direct investment (FDI).<sup>77</sup> Russia, in turn, is the EU's third-largest trade partner (behind the United States and China); EU-Russia trade totaled some €245 billion (approximately \$343 billion) in 2010.<sup>78</sup>

The EU and Russia have been negotiating a new framework agreement to replace the EU-Russia Partnership and Cooperation Agreement (PCA) that came into force in 1997.<sup>79</sup>

Under that agreement, the EU and Russia launched efforts in 2003 to develop a more open and integrated Common Economic Space (CES) and to establish deeper cooperation on issues such as rule of law, human rights, research, education, crisis management, and non-proliferation.<sup>80</sup>

The 2010 EURussia Summit launched a "Partnership for Modernization" in which the EU pledged to help develop and diversify the Russian economy while encouraging reforms related to governance and rule of law.<sup>81</sup>

Russian leaders have been particularly interested in the potential economic and technological benefits of the Partnership for Modernization, including loans from the European Investment Bank (EIB) and possible cooperation in areas such as Russia's Soyuz space program and the EU's Galileo global positioning system.

## **Russia and the Soviet Successor States<sup>82</sup>**

Russia's July 2008 Foreign Policy Concept and the May 2009 National Security Strategy hail cooperation within the CIS as "a priority foreign policy direction." The latter document proclaims that the Collective Security Treaty Organization (CSTO; composed of CIS members Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan) is "the main interstate instrument" to combat regional military threats.<sup>83</sup> The February 2010 Military Doctrine states that the priorities of military-political cooperation are Belarus (formally part of a union with Russia), the CSTO, and the CIS. Despite Russia's emphasis on interests in the CIS, there has long been scant progress toward overall CIS integration. Many CIS summit meetings have ended in failure, with many of the presidents sharply criticizing lack of progress on common concerns and Russian attempts at domination.

In early October 2011, Prime Minister Putin published an article calling for the creation of a "Eurasian Union" of Soviet successor states. This "Eurasian Union" would be integrated

economically, politically, and militarily, and would unite the structures and functions of the CIS, the Union State between Belarus and Russia, and the CSTO, as well as the Common Economic Space between Russia, Belarus, and Kazakhstan that is planned to be inaugurated at the beginning of 2012. Putin raised the hope that the Soviet successor states would be able to integrate more rapidly than states forming the EU. The “Eurasian Union” would forge close links with the EU, he argued. The argument’s strong presumption appears to be that economic and other contacts between Soviet successor states and the rest of the world (including the EU) would be mediated by Russia. One Russian critic dismissed the article as campaign rhetoric, arguing that in his past elections, Putin had attempted to attract the votes of those nostalgic for the Soviet era.<sup>84</sup>

In a speech in mid-October 2011, Prime Minister Putin elucidated that elements of the “Eurasian Union” concept had originated in 2002, when he met with visiting presidents Kuchma (Ukraine), Nazarbayev (Kazakhstan), and Lukashenko (Belarus) to discuss economic integration. He stated that “it does not take an expert to realize that combining our capabilities in such areas as technology, infrastructure, transport, energy, mineral resources, labor, and territory, in addition to our shared language ... will result in a sharp increase in our competitiveness.... We will remove bureaucratic hurdles in the economy and form a single, essentially shared market for the free movement of goods, human resources and capital; we will introduce standard economic regulations, enhance the security of our outer borders, primarily the economic security, and will become more efficient and more attractive to our foreign partners.” He argued that “we are not talking about ... the revival of the Soviet Union,” claiming that centralized decision-making in the EU is now greater than what existed in the Soviet Union, and “no one talks about imperial ambitions” in such integration.<sup>85</sup>

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. 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 force may be used outside the CSTO at the aegis of the U.N. The decision to use the rapid reaction force is made by the presidents of the member-states at the request of one or a group of member states. The worth of the CSTO 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’s worth appeared to be placed in added question in June 2010 when Russia and other members balked at Kyrgyzstan’s request for troops to quell inter-ethnic conflict in southern Kyrgyzstan.

Russian policy toward Belarus has been focused on gaining control of Belarus’s key economic assets, while limiting subsidies to the Belarusian economy. Moscow has forced Belarus to sell the Beltransgaz natural gas firm (which controls the pipelines and other infrastructure on Belarusian territory) to Russia by threatening steep gas price rises if it did not. Moscow has also manipulated the issue of export duties on and the price of Russian

crude oil delivered to Belarusian refineries. Inexpensive and duty-free crude oil supplies, long a key de facto subsidy to Belarus's economy, have declined. In June 2011, the Russian-led Eurasian Economic Community offered Belarus a three-year, \$3 billion loan to bolster the country's rapidly deteriorating foreign exchange position, but in return Belarus had to agree to privatize \$7.5 billion in state-owned assets. In November 2011, Russia and Belarus reached agreement on the sale to Russia of the half of Beltransgaz that Russia did not already own. Russian businessmen are seeking to buy Belaruskali, the state-owned potash firm, and have also bought much of the banking sector.

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

Russian forces remain in the Transnistria region of Moldova against the wishes of the Moldovan government (and in violation of Russia's 1999 commitment under the adapted CFE Treaty to withdraw the forces). Russia has also provided economic subsidies to bolster the pro-Russian separatist regime in Transnistria. The United States and the EU have called upon Russia to withdraw its forces from Moldova. Russian leaders have sought to condition the withdrawal of their troops on the resolution of Transnistria's status. Transnistrian leaders have sought Russia's recognition of their independence, without success. In 2011, Russia pressured Transnistrian leaders (who have sought and failed to receive Russian recognition of their independence) to return to formal talks on Transnistria's future in part due to Germany's influence. Berlin has offered support for the creation of a high-level EU-Russia Political and Security Committee in exchange for Russian support for restarting settlement talks and achieving tangible results. Some experts believe Russia may push for a Transnistria settlement that would give the pro-Russian enclave effective veto power over Moldova's foreign and domestic policies, which could stymie Moldovan efforts toward European integration. In 2003, Russia offered such a proposal, called the Kozak Memorandum, that Moldova ultimately rejected.

In December 2011, Yevgeny Shevchuk was elected "president" of Transnistria. Experts believe that he may be more pragmatic in talks with the Moldovan government on practical issues such as trade, communications, education, and culture than his predecessor Igor Smirnov, but that he is just as dedicated to Transnistria's independence. Relations between Moscow and the new leadership in Transnistria are unsettled. Shevchuk defeated Moscow's preferred candidate during the vote. After the election, Russia suspended its aid to Transnistria, aggravating the area's severe economic problems.

Moscow has used the Armenian-Azerbaijani conflict over Nagorno-Karabakh to pressure both sides, maintain Armenia as an ally, and otherwise exercise regional influence. 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>87</sup> In the wake of the "reset" in U.S.-Russia relations since 2009, however, there has appeared to be increasing cooperation from Russia regarding the transit of materiel and the provision of other assistance to support U.S. and NATO military operations in Afghanistan and the continued (temporary) presence of U.S. and NATO bases in Central Asia.

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, allegedly because of Russia's budgetary problems). A part of the Black Sea Fleet also was deployed to Ochamchire in Abkhazia. The United States and others in the international community have called for Russia to reverse these deployments and rescind the recognitions of independence. Russia and Georgia have yet to reestablish diplomatic relations that Georgia broke off following the August 2008 conflict. In 2011, Switzerland mediated talks between Georgia and Russia to address Georgia's calls for customs control along its borders between Russia and the breakaway regions, as a condition for Georgia's consent for Russia's joining the World Trade Organization. President Medvedev stated on November 3, 2011, that Russia would accept some private third-party monitoring of the border and electronic data on trade, resolving this issue blocking WTO accession.

During the presidency of Viktor Yushchenko from 2005 until February 2010, Russia's relations with Ukraine were often tense due to differences over such issues as the supply of Russian energy through Ukrainian pipelines (leading to shut-offs of natural gas to Europe in 2006 and 2009), Russia's conflict with Georgia in 2008, the status of the Russian Black Sea Fleet in Ukraine's Crimea region, and Yushchenko's advocacy of NATO membership for Ukraine. The victory of the pro-Russian Viktor Yanukovich in Ukrainian presidential elections in February 2010 led to an improvement in Russian-Ukrainian relations.

Yanukovich dropped Yushchenko's NATO membership aspirations, 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, from the original withdrawal date of 2017. In exchange, Russia is providing Ukraine with discounted prices for natural gas supplies for 10 years, a benefit that the two sides estimated as worth \$40 billion. However, rising global energy prices have negated much of the savings Kyiv counted on from the Black Sea Fleet accord, and Yanukovich continues to seek further gas price reductions from Russia. This situation may give Moscow more leverage to secure additional foreign policy and economic

concessions from Kyiv. Russian firms, with Russian government support, have sought to buy key industrial assets in Ukraine during Yanukovych's presidency.

Some of Russia's boldest proposals appear to have gone further than Kyiv can support. Ukraine has rebuffed Russian suggestions that it join the CSTO. It has not accepted Russia's proposal that it join the customs union with Russia, Belarus and other former Soviet countries, which would conflict with Ukraine's WTO membership and a planned free trade agreement with the European Union.

However, former Ukrainian Prime Minister Yuliya Tymoshenko's sentencing in October 2011 to seven years imprisonment by a Ukrainian court for abuse of power provoked a sharp reaction from the EU. The EU has put off initialing the free trade agreement with Kyiv (and the association agreement of which it is a part). Moscow hopes that the EU's action will persuade Ukraine to change its mind and join its customs union instead.

## **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>88</sup> However, tensions soon increased on a number of issues that contributed to ever-growing discord in U.S.-Russian relations. Cooperation continued in some areas, and then Presidents Bush and Putin strove to maintain at least the appearance of cordial personal relations. In the wake of the August 2008 Russia-Georgia conflict, bilateral ties reached their lowest point since the Cold War.

### **The Obama Administration "Re-sets" Bilateral Relations**

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

In their joint statement on U.S.-Russia relations, the two presidents agreed to "deepen cooperation to combat nuclear terrorism" and to "support international negotiations for a verifiable treaty to end the production of fissile materials for nuclear weapons." President Obama confirmed his commitment to work for U.S. Senate ratification of the Comprehensive Nuclear Test Ban Treaty. Both sides also pledged to bring into force the bilateral Agreement for Cooperation in the Field of Peaceful Uses of Nuclear Energy, which former President Bush had withdrawn from consideration in the U.S. Senate following the August 2008 Russia-Georgia conflict. Russia agreed to assist the United States and the international community in responding to terrorism and the insurgency in Afghanistan and Pakistan, and to drug trafficking from Afghanistan. The two sides called for the continuation of the Six-Party Talks and for the verifiable denuclearization of the Korean Peninsula. They also pledged to



strengthen Euro-Atlantic and European security, including through the OSCE and NATO-Russia Council.<sup>89</sup>

Reflective of Russia's views of the bilateral relationship, its May 2009 National Security Strategy states that Moscow strives to establish "an equal and full-fledged strategic partnership" with the United States. The Strategy claims that the two countries have "key" influence in the world and should work together on arms control, on confidence-building measures, on the nonproliferation of weapons of mass destruction, on counterterrorism, and on the settlement of regional conflicts. The Strategy proclaims that Russia will work to maintain parity with the United States in strategic offensive weapons even if the United States deploys a global missile defense system.<sup>90</sup>

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

The two presidents and other officials signed six accords and issued three joint statements (details on significant decisions and deliberations at the summit are discussed below). According to Michael McFaul, the Senior Director for Russian and Eurasian Affairs on the National Security Council, the main topics at the summit were Iran, a major U.S. concern, and missile defense, a major Russian concern. One achievement of the summit was the establishment of a U.S.-Russia Bilateral Presidential Commission intended to strengthen consultations and diplomacy. President Obama highlighted the commission as the "foundation" element in re-setting relations, since it would greatly expand communications between the two countries. The presidents are the co-chairs, and the Secretary of State and the Foreign Minister coordinate meetings.

At the July 2009 summit, President Obama stated that one area where the two presidents "agreed to disagree" was on Georgia. McFaul reported that President Obama stated that the United States would not recognize South Ossetia and Abkhazia as independent states and also argued that the Russian idea of a "sphere of influence" in the Soviet successor states does not belong in the 21<sup>st</sup> century. The two presidents did agree, however, that "no one has an interest in renewed military conflict." They also discussed the Armenia-Azerbaijan conflict over Azerbaijan's breakaway Nagorno Karabakh (NK) region, according to McFaul, and agreed to continue cooperative efforts to resolve the conflict.

Secretary of State Hillary Clinton reported that her visit to Russia on October 12-14, 2009, had resulted in progress in negotiations to replace the expiring Strategic Arms Reduction Treaty (START), support for the Global Initiative To Combat Nuclear Terrorism, and cooperation in Afghanistan. Discussions about Iran's nuclear proliferation threat revealed ongoing differences, with Foreign Minister Lavrov stating that tightened sanctions against Iran were premature while diplomatic efforts were underway to ensure that Iran does not

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

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

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

The Obama Administration's National Security Strategy, released in May 2010, asserts that the United States endeavors "to build a stable, substantive, multidimensional relationship with Russia, based on mutual interests. The United States has an interest in a strong, peaceful, and prosperous Russia that respects international norms." The strategy calls for bilateral cooperation with Russia—termed one of the 21<sup>st</sup> century centers of influence in the world—in bolstering global nonproliferation; in confronting violent extremism, especially in Afghanistan; in forging new trade and investment arrangements; in promoting the rule of law, accountable government, and universal values within Russia; and in cooperating as a partner in Europe and Asia. At the same time, the strategy stresses that the United States "will support the sovereignty and territorial integrity of Russia's neighbors."<sup>91</sup>

President Medvedev visited the United States on June 22-24, 2010, to focus on business and technology ties between the two countries. In 11 joint statements, the two presidents pledged further cooperation to achieve stability in Afghanistan, to foster open government, and to strengthen counter-terrorism cooperation, among other issues. In a joint statement on strategic stability, they vowed to continue "the development of a new strategic relationship based on mutual trust, openness, predictability, and cooperation." President Obama also called for accelerating efforts with other members of the World Trade Organization (WTO) to complete the steps necessary for Russian accession to the WTO. He announced that Russia had agreed to purchase 50 Boeing aircraft, worth \$4 billion, and that the two countries had reached an agreement that would permit U.S. poultry products to again be exported to Russia.<sup>92</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). Some of the spies had been paired as couples by the Russian Foreign Intelligence Service. The spies had lived in several U.S. metropolitan areas for up to 10 years or longer. They were arrested on charges that 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 four 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>93</sup> Some observers in the United States and Russia speculated that the quick resolution of the spy case indicated a concerted effort among policymakers in both countries to preserve the "re-set" in bilateral relations.

In November 2010, Presidents Obama and Medvedev met on the sidelines at the Group of 20 industrialized states in Seoul, South Korea, at the Asia-Pacific Economic Summit in Yokohama, Japan, and at the NATO-Russia summit in Lisbon, Portugal. At the session of the NATO-Russia Council in Lisbon, the heads of state agreed to work on cooperation on common security challenges, to resume theater ballistic missile defense exercises, to identify opportunities for Russia to cooperate with NATO's new territorial missile defense capability, to expand Russia's support for NATO operations in Afghanistan, and to explore revitalizing and modernizing the Conventional Forces in Europe (CFE) Treaty. President Obama hailed the agreements as part of the re-set in NATO-Russia relations and as indicating that Russia is a partner rather than an adversary of NATO. The 112<sup>th</sup> Congress may hold oversight hearings on all of these issues.

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

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

The two sides signed or issued nine agreements, statements, memoranda of understanding (MoU), and reports, including a protocol of cooperation on the global eradication of polio;

statements of cooperation on visa issues, on counter-terrorism, and on the Bering Strait Region; memoranda of understanding on cooperation on civil aviation security, on “smart grid” energy, and on medical research; and reports on the progress of the U.S.-Russia Presidential Commission and on 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 at part of the bilateral Presidential Commission, a working group on innovation and a working group on the rule of law. The former group is headed by the U.S. Under Secretary of State and a Russian presidential advisor and the latter group is headed by the Russian Justice Minister and the U.S. Attorney General. According to McFaul, a major goal of the working group on innovation is to assist in Medvedev’s modernization campaign, including investment at the Skolkovo Center (see below), and a major goal of the working group on the rule of law is to strengthen legal institutions in Russia to facilitate investment.<sup>94</sup>

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

## **Bilateral Relations and Iran**

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

Russia agrees with the United States and many other nations that a nuclear-armed Iran would be destabilizing and undesirable. After Iran’s clandestine program to master the entire nuclear cycle, including uranium reprocessing, was revealed, Russia withheld delivery of nuclear fuel for the Bushehr reactor, pending agreement with Tehran about return of spent fuel to Russia for reprocessing. Russia joined the United States and the “EU-3” group (Great Britain, France, and Germany) in approving a series of limited U.N. Security Council (UNSC) sanctions related to Iran’s nuclear infrastructure, including asset freezes and trade bans targeting certain Iranian entities and individuals.<sup>95</sup> Moscow temporarily withdrew most of its technicians and scientists from the unfinished Bushehr reactor in 2007. However, Russia soon resumed construction and shipment of nuclear fuel to Bushehr. Fuel delivery was completed in early 2008. In early 2011, Russia’s permanent representative to NATO, Nikolay Rogozin, alleged that a computer virus had delayed the start-up of the reactor.<sup>96</sup> Reportedly,

some damaged systems had to be replaced, but Russian officials announced that the reactor had begun operation on May 8, 2011. The plant began supplying power for the electric grid in September 2011.

In September 2009, Iran informed the IAEA that it had been building a second uranium enrichment plant near the city of Qom. Many observers considered the disclosure further evidence that Iran intended to build nuclear weapons. A few days later, President Obama reported that a meeting he held with President Medvedev on the sidelines of a U.N. General Assembly session dealt mostly with Iran. President Medvedev stated that the international “task is to create ... a system of incentives that would allow Iran to continue its fissile nuclear program, but at the same time prevent it from obtaining nuclear weapons.”<sup>97</sup> In a meeting with concerned nations on October 1, 2009 (now termed the Sextet or Group of 6, consisting of the United States, United Kingdom, France, Russia, China, and Germany), Iran agreed to a late October IAEA inspection of the Qom enrichment site and initially appeared positive toward a plan to export most of its low-enriched uranium to Russia or France to be further enriched to fuel the Tehran Research Reactor. After inspecting the enrichment plant near Qom, the IAEA concluded that it was in an advanced stage of completion and that Iran’s efforts to hide it for years heightened IAEA concerns that other nuclear facilities were being hidden. Russia reportedly mediated with Iran to urge it to accept the research reactor fuel deal, but Iran rejected the deal. In late November, Russia joined other representatives of the IAEA in censuring Iran for concealing the enrichment plant near Qom. In February 2010, Iran announced that it would start enriching uranium to 20% to fuel the Tehran Research Reactor.

In June 2010, Russia supported the approval of UNSC Resolution 1929, which expressed growing international concern with Iran’s lack of compliance with ensuring that its nuclear program is peaceful and directed an expanded international arms embargo and added restrictions on commerce dealing with “proliferation-sensitive activities” in Iran. Explaining Russia’s vote for the resolution, U.N. ambassador Vitaliy Churkin stated that “it has become inevitable that additional restrictive measures should be adopted to constrain development in those Iranian activities that run counter to the task of strengthening the non-proliferation regime.”<sup>98</sup> Perhaps also a significant factor, simultaneously with Russia’s agreement on the draft resolution, its state arms export agency, Rosoboronexport, and other Russian firms were removed from U.S. lists of sanctioned entities.<sup>99</sup> Appearing to be one strategy to deflect Iran’s anger, Russia has denounced added sanctions imposed by the United States, the EU, and other countries in the wake of the approval of UNSC Resolution 1929.

After CIA revelations about Iran’s possession of highly enriched uranium, President Medvedev concurred in July 2010 that “Iran is nearing the possession of the potential which in principle could be used for the creation of a nuclear weapon.” He also stated that “we should not forget that Iran’s attitude [toward cooperation with the international community] is not the best one.”<sup>100</sup>

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

Lavrov reported that in November 2010, he urged the Sextet to back a “step-by-step” approach to resolving tensions over Iran’s nuclear program, involving easing and eventually eliminating UNSC sanctions in response to Iranian moves to comply with IAEA concerns.<sup>101</sup>

In testimony in December 2010, Under Secretary of State William Burns asserted that “Russia’s partnership [with the United States] in the diplomacy which led to Resolution 1929

and to its own decision to cancel the S-300 sale was crucial. Without Russia's partnership, I don't think we would have had Resolution 1929 [or] as significant a set of measures from the EU and from many others. So that painstaking effort to work together with regard to a shared concern about Iran's nuclear ambitions has been right at the core of our relationship with Russia over the last couple of years." At the hearing, some Members raised concerns that Russia's past and ongoing support for Iran's civil nuclear program might have facilitated its nuclear weapons ambitions. Under Secretary Burns argued that Russia and other countries have become increasingly worried about Iran's nuclear intentions and have intensified their support for countervailing international actions.<sup>102</sup>

In January 2011, Russia joined the other members of the Sextet at a meeting with Iran in Istanbul to urge Iran to commit to a modified agreement worked out by Russia, the United States, and France to exchange the bulk of Iran's low-enriched uranium for fuel rods for the Tehran research reactor. Iran raised preconditions to such an agreement that were rejected by the Sextet. Just before the meeting, Russia joined the Sextet in calling for fully implementing the sanctions under UNSC Resolution 1929, but again refused to join what it termed "unilateral sanctions" beyond those agreed to by the UNSC. On January 27, 2011, President Medvedev stated that "Iran needs to dispel the international community's doubts in relation to its nuclear program. It [Iran] should persuade us that this program is of a peaceful nature."<sup>103</sup>

The final declaration issued at the May 2011 meeting of the heads of state of the Group of 8 industrialized countries in France warned that "the severe proliferation challenges ... in Iran and North Korea ... pose a threat to global stability."<sup>104</sup>

On June 1, 2011, Lavrov stated that because the United States and European countries imposed added sanctions on Iran after the approval of UNSC Resolution 1929—sanctions that he claimed they had agreed to forego during negotiations prior to the approval of the resolution—Russia would not agree to further UNSC sanctions.<sup>105</sup> That same day, the Russian Foreign Ministry reported that Lavrov rejected a call by visiting Israeli Deputy Prime Minister Moshe Ya'alon for concerned countries to warn Iran that it faces military reprisals if it proceeds with its nuclear weapons development program. According to the Foreign Ministry, Lavrov reiterated Russia's views that concerns about Iran's nuclear program should be resolved exclusively through negotiations and that Iran has the right to pursue a peaceful nuclear program.<sup>106</sup>

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

In November 2011, the IAEA issued a report warning that Iran had intensified its nuclear weapons development program. Lavrov denounced the report as making "a totally unsupported conclusion that Iran's nuclear program had a military dimension."<sup>107</sup> Russia reportedly opposed UNSC action on the report, terming further sanctions an attempt to trigger "regime change" in Iran. Russia has instead urged the Sextet to pursue its "step-by-step" plan for easing sanctions in return for actions by Iran to dispel international concerns.

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

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

The United States imposed added financial and other sanctions on Iran under the National Defense Authorization Act of 2012, signed into law on December 31, 2011. An executive order implementing these and other sanctions was issued on February 6, 2012. On January 23, 2012, the EU also bolstered its sanctions on Iran, including drawing down imports of Iranian oil and restricting financial transactions with Iranian banks. Iran retaliated by immediately cutting off oil shipments to EU countries. Lavrov and other Russian officials criticized the added U.S. and EU sanctions, stating that they jeopardized talks underway to resume meetings of the Sextet.

According to one Russian observer, Prime Minister Putin—the lead candidate to regain the Russian presidency in March 2012—has expressed less concern over Iran’s nuclear ambitions than has Medvedev.

## **Bilateral Relations and Afghanistan**

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

Russia’s then-permanent representative to NATO, Dmitriy Rogozin, and Moscow Regional Governor Boris Gromov (the former commander of Soviet forces in Afghanistan) called in January 2010 for NATO forces not to “withdraw without victory” in Afghanistan. They asserted that the “Russian position” is that NATO should ensure political stability in Afghanistan and claimed that Russia is forming the CSTO’s rapid reaction forces to protect Central Asia as a hedge against NATO’s failure in Afghanistan. In late March 2010, Rogozin suggested that Russia should link its cooperation as a transit state for supply shipments to Afghanistan (see below) to a NATO pledge to combat drug trafficking into Russia. Seeking to elevate its status, the CSTO has repeatedly called for NATO to formally cooperate with it in order to stanch drug trafficking from Afghanistan and to defeat the Taliban.<sup>108</sup>

Russia's reaction to NATO's announcement in late 2010 of a planned drawdown of ISAF by the end of 2014 appeared complex. On the one hand, Russia welcomed a lessened U.S. presence in Afghanistan and Central Asia, but on the other was concerned about regional security during and after the drawdown. In January 2011, Russia's ambassador to Afghanistan, Andrey Avetisyan, stressed that NATO forces should not leave Afghanistan until the country is able to defend itself. He stated that Russia was ready to assist Afghanistan in rebuilding infrastructure and facilities that had been constructed by the former Soviet Union, but that such rebuilding would need international financing. He also renewed Russia's call for NATO to combat drug production. He also dismissed what he claimed were U.S. arguments that combating poppy growing in Afghanistan was complicated because it risked antagonizing farmers, stating that "the money made on the production of drugs ... finances the militants ... and part of the Afghan heroin also goes to Europe and the United States."<sup>109</sup>

In December 2011, Rogozin argued at a NATO-Russia Council meeting that Russia should link its cooperation with NATO in Afghanistan to NATO granting Russia a larger role in decision-making on the future of Afghanistan after the planned NATO drawdown of troops in 2014. Also in December, the CSTO presented a plan to the presidents of the member states for defending common borders with Afghanistan after the planned NATO drawdown.

### *Alternative Supply Routes to Afghanistan*

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

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

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

Reportedly, the first flight by the United States using this route took place in early October 2009, and another took place in November 2009. Allegedly, Russia was slow in



facilitating such flights, and the United States and NATO used alternative air transit through the Caspian region to reach Afghanistan. According to Assistant Secretary of State Philip Gordon, these air transit problems were resolved. He stated in mid-2010 that “on average, two U.S. planes a day to fly over Russia carrying troops and supplies in support of the mission in Afghanistan. To date, over 275 flights have carried over 35,000 passengers and valuable cargo. Russia’s rail network has facilitated transit of more than 10,000 containers of supplies.... About 30% of cargo to Afghanistan goes through the Northern Distribution Network (NDN) and 60% of the NDN [cargo] goes through Russia.”<sup>110</sup> An April 2011 Administration factsheet stated that 1,000 U.S. official flights over Russia had carried over 150,000 passengers and cargo. The factsheet also stated that more than 25,000 containers had transited Russia under the NATO-Russia transit agreement.<sup>111</sup>

A June 2010 Administration factsheet on the results of the “re-set” gave some information on Russian commercial support for the Afghan conflict. It stated that Russian companies had made over 12,000 flights in support of U.S. operations in Afghanistan and Iraq, had supplied over 30% of the fuel U.S. military troops use in Afghanistan, and provided over 80 MI-17 helicopters to the Afghan National Army, Afghan National Police, and Afghan Drug Interdiction Forces.<sup>112</sup>

During his confirmation hearing in July 2011 as Commander of the U.S. Transportation Command, Gen. William Fraser stated that the aim was to boost the percentage of surface transit through the NDN.<sup>113</sup> Part of this growing significance of Russia is as an egress route for materiel as the United States draws down its military operations in Afghanistan.

Russia is a substantial supplier of jet fuel for U.S. and NATO operations in Afghanistan. This relationship became more apparent in September 2011 when the US Defense Logistics Agency placed its first order for fuel with the Gazpromneft-Aero-Kyrgyzstan joint venture, which is majority-owned by Russia’s Gazprom state-controlled gas firm, to initially supply 20% of the aviation fuel needs of the Manas Transit Center in Kyrgyzstan. The Transit Center is the main U.S. airbase in Central Asia, and provides major aerial refueling services over northern Afghanistan. According to one report, the fuel is directly supplied from Gazprom’s oil refineries and transported by the Russian Transoil company to the transit center.<sup>114</sup>

In late November 2011, then-permanent representative to NATO Rogozin reportedly threatened that Russia might reconsider its support for the NDN if U.S. missile defense plans in Europe went ahead. He almost immediately retracted this statement. He and other Russian officials quickly stressed that at present they were not considering a linkage between missile defense plans and the NDN.<sup>115</sup>

In early February 2012, Russian media reported that NATO and Russia have agreed that cargo aircraft bringing materials out of Afghanistan can land at the Ulyanovsk airport, north of the Caspian Sea. From there, the materials will transit by railway to Riga or Tallinn. Russian planes reportedly will haul some of the cargoes. Such flights circumvent railway transit delays in Uzbekistan and Kazakhstan, according to some reports.<sup>116</sup>

## **Bilateral Relations and North Korea**

Russia has expanded its ties with North Korea in recent years as part of its policy of strengthening its role as an Asia-Pacific power. Russia stresses a negotiated settlement of the Korean conflict that protects the stability of its eastern regions and ensures a draw-down of

U.S. forces in South Korea. Russia also seeks the continuation of the six-party talks on North Korea's denuclearization (see below) as a means of containing, if not reducing, the threat posed by a nuclear-armed Pyongyang, according to some observers. Russia prefers that the consolidation of power by Kim Jong-un after the December 2011 death of his father, Kim Jong Il, be relatively peaceful, rather than involve a regime collapse that could involve refugee flows into Russia or other trans-border problems, or the occupation of North Korea by South Korea or China, according to some observers. Moscow has hoped to retain effective relations with Pyongyang throughout the succession period, in this view. Russia seeks working relations with South Korea for many of the same reasons—the pursuit of Asia-Pacific regional influence and stability in areas near its borders—as well as for economic and trade benefits.<sup>117</sup>

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

Russian-North Korean tensions increased in April-May 2009 after Russia supported the UNSC in approving Resolution 1874 that condemned North Korean missile and nuclear tests and increased sanctions on North Korea. Russia's Permanent Representative to the U.N., Vitaliy Churkin, stressed that the sanctions excluded military force and argued that they would be reviewed once North Korea renewed cooperation within the format of the six-party talks. Russia and China insisted that a UNSC Presidential Statement issued in July 2010 not assess blame for the sinking of the South Korean naval corvette *Cheonan*. Russia argued that its stance of not assessing blame would help “de-escalate tensions on the Korean Peninsula, restore dialogue and interaction between North Korea and South Korea, and resume the six-party talks.”<sup>118</sup>

Seemingly taking a stronger stance than in the case of the attack on the *Cheonan*, Russian Foreign Minister Lavrov immediately condemned the North Korean artillery attack and the loss of life on South Korea's Yeonpyeong Island in late November 2010, but also called for restraint by both sides. He similarly expressed “profound concern” over revelations by North Korea in November 2010 that it was enriching uranium as part of a civil nuclear power program, and termed such enrichment a violation of UNSC resolutions and the 2005 denuclearization statement.<sup>119</sup> The heads of state of the Group of 8 industrialized nations issued a statement in late May 2011 warning that the nuclear programs of North Korea and Iran are a threat to global stability.

In late August 2011, Supreme Leader Kim Jong-Il met with President Medvedev in the southeastern Russian town of Ulan-Ude. Kim Jong-Il reportedly reiterated a proposal to return to the six-party talks “without preconditions,” while accepting a moratorium on nuclear

tests and production after the resumption of the talks. The U.S. State Department issued a statement that “any engagement with the North Koreans should be conducted in a way that does not detract from the international community’s clear message of concern about the North’s weapons programs, and the necessity for Pyongyang to do what is necessary to return to the Six-Party talks.”<sup>120</sup> The Russian ambassador to South Korea admitted that the announcement by North Korea that it would resume six-party talks “without preconditions” was a repudiation of U.S. and South Korean calls for North Korea to halt all of its nuclear activities and allow U.N. inspectors to verify the suspension before the resumption of talks. He asserted that Russia agrees with the other parties to the talks, but he appeared to argue for further talks with North Korea to alter its stance.<sup>121</sup>

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

## **Bilateral Relations and Syria**

U.S.-Russia relations increasingly have become strained as a result of a Syrian government crackdown on civil unrest that intensified in early 2011. Russia’s ties with Syria include arms sales and a naval base at Tarsus—its only Mediterranean Sea facility—which Russia had refurbished before the intensified unrest. In October 2011, Russia and China vetoed a UNSC resolution that strongly condemned “the continued grave and systematic human rights violations and the use of force against civilians by the Syrian authorities” and called on all states “to exercise vigilance and restraint” in supplying arms to the Syrian government. Russia has continued to provide weaponry to the al-Assad government as violence intensifies. In early February 2012, the United States strongly urged Russia and China to support a second, stronger UNSC resolution condemning “gross violations” of human rights by the al-Assad government against civilians and calling for the “political transition to a democratic, plural political system.” Both countries, however, vetoed the resolution on February 4, 2012. U.S. Permanent Representative to the U.N. Susan Rice stated after the veto that “the United States is disgusted that a couple of members of this Council continue to prevent us from ... addressing an ever-deepening crisis in Syria and a growing threat to regional peace and security. For months this Council has been held hostage by a couple of members.... This intransigence is even more shameful when you consider that at least one of these members continues to deliver weapons to al-Assad.”<sup>122</sup> Foreign Minister Lavrov rejected the resolution as unbalanced, arguing that it gave more support to the oppositionists than to the al-Assad government, and urged negotiations between conflicting parties to end the violence.

Foreign Minister Lavrov flew to Syria on February 7 to meet with President Bashar al-Assad to obtain a pledge to open talks with the opposition (Lavrov did not meet with opposition figures, however). During Lavrov's visit, the al-Assad government reportedly continued to carry out bombings in the town of Homs. According to Director of National Intelligence Clapper, Russia "believes the West is pursuing a policy of regime change [in Syria] that Moscow assesses will destabilize the region."<sup>123</sup>

## **Russia's Role in the Middle East Quartet**

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

According to Russian analyst Dmitriy Trenin, Russia seeks to present itself as an unbiased arbiter in the Quartet, and participates in order to demonstrate its status as a great power.<sup>124</sup> Russian Foreign Minister Lavrov met with Hamas leader Khaled Meshaal in 2006 to discuss the future of the peace process after Hamas won a majority of seats in the Palestinian National Authority Legislative Council. Russia argues that Hamas has popular support among Palestinians and that Russian contacts with Hamas enable Russia to urge Hamas to moderate its behavior and take part in the establishment of a peaceful Palestinian state. The other members of the Quartet maintain that there should be no engagement with Hamas until it forswears terrorism, recognizes Israel's right to exist, and supports the Middle East peace process as outlined in the 1993 Oslo Accords. Russian President Medvedev met with Meshaal during his May 2010 trip to Syria. Israel condemned Medvedev's meeting with Meshaal.<sup>125</sup>

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

In January 2011, President Medvedev met with President Abbas in Jericho, where Medvedev did not declare recognition of Palestinian statehood but reaffirmed a statement of such support made by the former Soviet Union in 1988. At this Quartet meeting, Secretary Clinton, Russian Foreign Minister Lavrov, EU High Representative for Foreign Affairs and Security Policy Catherine Ashton, and U.N. Secretary General Ban Ki-moon issued a statement urging the immediate resumption of peace talks, given the civil turmoil in the Middle East. On February 18, 2011, the United States vetoed a UNSC draft resolution supported by Russia that the United States termed "unbalanced and one-sided" in its condemnation of all Israeli settlements established in occupied Palestinian territory since 1967 as illegal.

Russia supported the signing of the agreement in May 2011 between Fatah and Hamas on forming a power-sharing Palestinian Authority government for the West Bank and the Gaza Strip. Russia endorses the formation of a cabinet composed of "technocrats" rather than

politicians who will “base their policies on the platform of the PLO and on the Arab peace initiative,” including the recognition of Israel, rejection of violence, and adherence to the Quartet decisions. Following the formation of the cabinet of technocrats, legislative and presidential elections are proposed to be held within one year.<sup>126</sup> On May 20, 2011, the Quartet issued a statement of support “for the vision of Israeli-Palestinian peace outlined by U.S. President Barack Obama on May 19, 2011. The Quartet agrees that moving forward on the basis of territory and security provides a foundation for Israelis and Palestinians to reach a final resolution of the conflict through serious and substantive negotiations and mutual agreement on all core issues.”<sup>127</sup> Deputy Prime Minister Moshe Ya’alon visited Russia in early June 2011 and reportedly praised Russia’s participation in the Quartet, but stressed that “ Hamas cannot be a partner for negotiations [and] cannot be recognized as the legitimate authority in Gaza until it recognizes the State of Israel and renounces terror entirely.”<sup>128</sup> The United States has rejected dealing with Hamas unless it renounces terrorism and meets other principles enunciated above by the Quartet, and has been wary of French and Russian proposals for convening international conferences until the Israelis and the Palestinians themselves make progress toward reopening talks.

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

The UNSC is holding discussions and may in coming weeks schedule a vote on recommending Palestine’s U.N. admission, which then would be forwarded to the U.N. General Assembly, where approval requires a two-thirds majority vote. Russia has indicated that it will vote to recommend admission in the UNSC, but President Obama has stated that if necessary the United States will exercise its veto in the UNSC.

Holding the presidency at the 187<sup>th</sup> session of the UNESCO Executive Board in September-October 2011, Russia recommended that the UNESCO General Conference at the end of October vote to admit Palestine as a member. The United States voted against admission and later announced that under current U.S. law, it would halt financial contributions to UNESCO. Foreign Minister Lavrov explained that Russia accepted the argument of Palestine that admission would not substitute for reaching a negotiated peace settlement with Israel, and “regretted” the U.S. decision to halt contributions.<sup>129</sup>

## **Arms Control Issues<sup>130</sup>**

### ***Cooperative Threat Reduction***

Since 1992, the United States has spent over \$10 billion to help Russia and the other former Soviet states dismantle nuclear weapons and ensure the security of nuclear weapons, weapons-grade nuclear material, other weapons of mass destruction, and related technological know-how. This funding supports the Cooperative Threat Reduction Program (CTR) managed by the Department of Defense, along with nonproliferation programs managed by the Departments of Energy and State. These programs have helped to eliminate nuclear

weapons and delivery vehicles in Ukraine, Belarus, and Kazakhstan, and to transport, store, and eliminate weapons in Russia. They have also funded improvements in security at storage areas for both nuclear weapons and nuclear materials. The two sides have also cooperated to construct a chemical weapons destruction facility in Shchuch'ye.

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

Many analysts in the United States see the U.S. threat reduction and nonproliferation programs in Russia as a model for U.S. nonproliferation and anti-terrorism assistance to nations around the world. Some who support this expansion of U.S. threat reduction assistance argue, however, that the United States should not increase funding for other nations at the expense of funding for programs in Russia because Russia is still home to large stocks of insecure nuclear materials.

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

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

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

The Obama Administration has argued that the New START Treaty will strengthen U.S. security and contribute to the "re-set" in relations with Russia. The Administration has also noted that the treaty contributes to U.S. nuclear nonproliferation goals by indicating that the United States and Russia are both committed to meeting their disarmament obligations under Article VI of the Nuclear Nonproliferation Treaty. Some, however, have questioned whether the United States and Russia need a treaty to maintain stability in their relationship and

reduce their nuclear weapons. They note that Russia is already reducing its forces as it retires aging systems. Moreover, some question whether arms control agreements between the United States and Russia will have any affect on the goals and interests of nations seeking their own nuclear weapons.

The Foreign Relations Committee, Senate Armed Services Committee, and Senate Intelligence Committee held a total of 21 hearings and briefings with Administration officials, senior statesmen, and outside analysts between April and July, 2010. Most witnesses praised the treaty, and, although recognizing that it contains only modest reductions in U.S. and Russian nuclear weapons, argued that, on balance, it will enhance stability and predictability. Many also noted that its verification regime will restore the ability of the United States and Russia to monitor each other's strategic forces. Some, however, questioned whether the treaty might restrain U.S. missile defense programs. The Administration sought to alleviate this concern by noting that the treaty contains no limits on current or planned missile defense programs and simply acknowledges that robust missile defenses can undermine offensive forces. Others have noted that the treaty does not address Russia's stockpile of nonstrategic nuclear weapons. Treaty supporters agree with this point but argue that the United States and Russia cannot move on to a treaty that will address these weapons until the parties 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."<sup>131</sup> The parties have exchanged over 1,800 notifications during the first year, and both have conducted the full complement of 18 permitted on-site inspections. The Treaty's Bilateral Consultative Commission has also met three times during the Treaty's first year.

### ***Russia and Missile Defense***<sup>132</sup>

#### *Background: Recent U.S. Missile Defense Plans*<sup>133</sup>

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

In September 2009, the Obama Administration canceled the Bush-proposed European BMD program. Instead, Defense Secretary Gates announced U.S. plans to further develop a regional BMD capability that could be surged on relatively short notice during crises or as the situation might demand. Gates argued this new capability, known as the Phased Adaptive Approach (PAA), would be based initially around existing BMD sensors and Patriot, THAAD and Aegis BMD interceptors, and would be more responsive and adaptable to

growing concern over the direction and pace of Iranian short- and medium-range ballistic missile proliferation. The Administration plans for the PAA to evolve and expand over the next decade to include BMD against intermediate- and long-range Iranian ballistic missiles. This effort is largely supported by the Congress. Phase 1 of the Administration's European Phased Adaptive Approach will be completed as planned by the end of December 2011.

### *The Russian Response*<sup>134</sup>

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

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

On November 5, 2008—the day after the U.S. presidential election—President Medvedev stated that Russia would deploy short-range Iskander missiles to the Russian exclave of Kaliningrad, which borders Poland and Lithuania, if the EC were built. In late January 2009, however, the Russian media reported that Moscow had "suspended" plans to move short-range missiles to Kaliningrad because the Obama Administration was not "pushing ahead" with the EC deployment. However, there were reports that President Medvedev at the July 2009 G-8 (Group of eight highly industrialized nations) summit may have intimated that the Iskander deployment was still an option.

On February 7, 2009, at the annual Wehrkunde conference, Vice President Biden stated that "we will continue to develop missile defenses to counter a growing Iranian capability.... We will do so in consultation with our NATO allies and Russia."<sup>135</sup> However, the Obama Administration also indicated that it was prepared to open talks with Tehran if it is willing to shelve its nuclear program and renounce support of terrorism. During a February 10 visit to Prague, Secretary of State Hillary Clinton said that any change in U.S. policy on missile defense would depend on Iran, but that "we are a long, long way from seeing such evidence of any behavior change" in Iran.<sup>136</sup>

In early March 2009, the media reported that President Obama had sent a letter to President Medvedev offering to stop the development of the EC if Russia cooperated with international efforts to halt Iran's nuclear weapons and missile programs. President Obama denied such a *quid pro quo*, stating that "what I said in the letter was that, obviously, to the extent that we are lessening Iran's commitment to nuclear weapons, then that reduces the pressure for, or the need for a missile defense system. In no way does that diminish my commitment to [the security of] Poland, the Czech Republic and other NATO members."<sup>137</sup>



In a joint statement issued at their “get acquainted” meeting on April 1, 2009, Presidents Obama and Medvedev acknowledged that differences remained in their views toward the placement of U.S. missile defenses in Europe, but pledged to examine “new possibilities for mutual international cooperation in the field of missile defense.” Later that month, however, Russian Deputy Foreign Minister Sergey Ryabkov charged that “[U.S.] work in the missile defense has intensified, including in the NATO format.” Shortly thereafter, in a Russian media interview, Ryabkov was asked to comment on U.S.-Russia-NATO cooperation on missile defense through the use of Russian radar installations. He explained that the Russian offer was predicated on the fulfillment of “certain preliminary stages,” including the U.S. cancellation of the EC program, followed by a threat assessment, and then by political and economic measures to eliminate the threat.<sup>138</sup>

In early June 2009, a Russian official indicated that Moscow would not likely be willing to reduce its nuclear weapons arsenal unless the United States were to scrap plans to establish its missile defense site in Poland and the Czech Republic. However, the Russian government also stated that it still might deploy Iskander missiles to Kaliningrad if the United States were to transfer Patriot missile batteries to Poland.<sup>139</sup>

At the July 2009 U.S.-Russia summit, the two presidents declared in a joint statement that their governments “plan to continue the discussion concerning the establishment of cooperation in responding to the challenge of ballistic missile proliferation,” and that both countries would task experts “to work together to analyze the ballistic missile challenges of the 21<sup>st</sup> century and to prepare appropriate recommendations, giving priority to the use of political and diplomatic methods.” One day after the meeting, however, Russian Foreign Minister Sergey Lavrov stated that if the Obama Administration decided to pursue missile defense unilaterally, Russia might be reluctant to reduce its nuclear arsenal.<sup>140</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>141</sup> In addition, Moscow appeared to back away from its earlier signal that it might deploy Iskander missiles to Kaliningrad. In November, the U.S. ambassador to Ukraine quashed rumors that the United States had been discussing with Kiev deployment of missile defense facilities in Ukraine.

Some analysts on both sides of the Atlantic, however, 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.<sup>142</sup> 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, particularly with respect to cooperation with the United States on policy toward Iran.

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>143</sup>

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 defence 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>144</sup>

Before long, however, Russia began to criticize the new U.S. plan for missile defense against Iran, reviving the argument that it would compromise Russia's nuclear forces. In late December Prime Minister Putin tied discussions over missile defense to the renegotiation of START. He asserted that Moscow would need to beef up its offensive nuclear weapons forces in order to "preserve a strategic balance" with the planned U.S. missile defense system. A State Department spokesperson acknowledged the relationship between offensive and defensive missile capabilities, but maintained that the two countries should discuss missile defense "in a separate venue." The Administration also said that it would "continue to reject any negotiated restraints on U.S. ballistic missile defenses."<sup>145</sup> Observers assert that Putin's intervention would not likely affect the disarmament talks. Regarding missile defense, in January 2010 Russian Foreign Minister Lavrov stated that Russia had "told the U.S. and NATO that it is necessary to start everything from scratch – to jointly analyze the origin and types of missile proliferation risks and threats."<sup>146</sup>

Also 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—along with a crew of about 100 U.S. service personnel—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. In February 2010, a Polish official expressed doubts that the Patriots would be stationed permanently in Poland.<sup>147</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 will help cement bilateral ties, as well as protect Romanian territory—the Bush Administration's plan would only have covered the western part of the country from a possible Iranian missile launch. A State Department spokesperson and Romanian President Traian Basescu both stated that the system was not intended to guard against Russia.

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

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

be reminded how dangerous this is!?' The bear will come out and kick the ass of these pathetic hunters.'<sup>148</sup>

Some analysts have argued, however, that the interceptors planned for Romania would not be able to take out a Russian ICBM launched at the United States. A Russian military analyst, writing in *RIA Novosti*, conceded that the Obama-proposed SM-3 interceptors stationed anywhere in Europe would be incapable of downing Russian long-range ballistic missiles. He argued that Moscow's main objections were that 1) it had not been consulted on the decision, and 2) the U.S. system might be subject to change. On the first point, a spokesperson for the Romanian Foreign Ministry maintained that Russia had been kept in the loop, stating that "information coming from our American partners indicate that in the time that followed the September 2009 announcement by the U.S. president, the U.S. had detailed consultations with Russia concerning their plans for the anti-missile defense system." Also, on February 16, U.S. Under Secretary of State for Arms Control and International Security Ellen Tauscher stated that Russia had been told of the planned deployment to Romania. On the latter point, Russia is concerned that the SM-3 interceptors could eventually be upgraded to bring down ICBMs without Russia's knowledge, as the United States is not required to share information about its missile defense system.<sup>149</sup>

On February 12, Bulgaria's prime minister announced that he supported participation in the U.S. missile defense system; the U.S. ambassador to Bulgaria confirmed that discussions on such a deployment were in their early stages with Bulgaria—and with other countries. Bulgaria's foreign minister noted that the missile shield would also protect Russia from the threat of Iranian missiles. Russia, however, professed that it had been caught unawares by the announcement; Foreign Minister Lavrov stated that "we have already questioned our U.S. partners in Washington ... as to the meaning of this, and why we have this Bulgarian surprise after the Romanian surprise." Russian NATO Ambassador Rogozin tweeted that "Bulgarians are our brothers, but politically they are promiscuous." A few days later, Russia turned aside an apparent offer by Transnistria, a breakaway region of Moldova, to host Russian Iskander missiles.<sup>150</sup>

It has been argued that the new U.S. focus on Southern Europe is likely viewed with less alarm by Russia than the former plan, which included Poland and the Czech Republic. However, a member of the Russian Duma claimed that the possible deployments do not square with the Obama Administration's intention to improve relations with the Russian Federation. Konstantin Kosachyov, chairman of the Duma's International Affairs Committee, stated on February 16 that "the most regrettable thing is that these plans [to deploy missile defense facilities] do not fit the well known 'reset' program in Russian-American relations in any way."<sup>151</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>152</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. Russian Deputy Foreign Minister Ryabkov declared that Moscow did not believe that the potential threat from Iran warranted an anti-missile system such as the Obama Administration was planning to put in place; Foreign Ministry Spokesman Andrei Nesterenko echoed these comments, and also complained of insufficient consultation. However, a Russian parliamentarian stated that “there will be detailed discussions [concerning the proposed SM-3 deployment], but they will not be confrontational.”<sup>153</sup>

Also in July 2010, it was reported that NATO Secretary General Rasmussen hoped not only to have the Obama Administration’s PAA adopted as an additional alliance capability, but also to have Russia participate with NATO in missile defense. Partnering with Russia would, in Rasmussen’s words, “demonstrate that missile defence is not against Russia, but to protect Russia.”<sup>154</sup> In September, Russia was invited to attend the Lisbon summit meeting in November; Rasmussen indicated he hoped that cooperation on missile defense could be taken up by the NATO-Russia Council. Although some Russian officials continued to express misgivings about the U.S./NATO missile defense plans, on October 20, 2010, President Medvedev announced that he would attend the meeting in Lisbon.<sup>155</sup>

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>156</sup>

The NATO-Russia accord did not constitute immediate full collaboration; rather, Russia approved the involvement of Russian technicians in the planning and development of the system. President Medvedev cautioned that missile defense cooperation must eventually amount to “a full-fledged strategic partnership between Russia and NATO.” However, a State Department official emphasized that, although Russia would be involved in the program, the United States would “continue to reject any constraints or limitations on our missile defense plans.” In a televised interview with Larry King, Prime Minister Putin indicated that if Russia perceives that the PAA/NATO missile defense program is compromising Moscow’s nuclear deterrent, “Russia will just have to protect itself using various means, including the deployment of new missile systems to counter the new threats to our borders.”<sup>157</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>158</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>159</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.

In an address to the nation on November 30, 2010, Russian President Medvedev buttressed his case for striking a deal with Washington on missile defense. The Russian leader emphasized that the absence of such an agreement might lead to a new arms buildup—one that a financially strapped Russia could ill afford: “We will either come to terms on missile defense and form a full-fledged joint mechanism of cooperation or ... we will plunge into a new arms race and have to think of deploying new strike means, and it’s obvious that this scenario will be very hard.” A Russian political analyst noted that “we know that it was the arms race that led to the disintegration of the Soviet Union.... Russia is not ready financially for a new arms race.”<sup>160</sup>

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

Although Moscow is advocating a “common” system with sectoral defense responsibilities, NATO Secretary General Rasmussen has insisted that NATO and Russia must maintain independent systems, and that cooperation will consist of information sharing. The Russian proposal reportedly is unacceptable to NATO for reasons of both sovereignty and capabilities. According to Rasmussen, NATO “is responsible for protecting the territory of NATO member states and for the safety of their populations. We do not intend to transfer that responsibility to anyone else.” In addition, analysts note that current Russian missile defense technology lags far behind that of the NATO countries.<sup>161</sup> But Moscow has stated that it wants specific details about the arrangement. Russian leaders claim that they have not received “a direct and clear” description of Russia’s role.<sup>162</sup> Moscow is also now seeking written assurances from the United States and NATO that the interceptors not be aimed at Russia.<sup>163</sup>

In March 2011, the Russian media reported a view that appeared to be somewhat at variance with other comments of the country’s political and military leaders. According to an official within the Russian general staff, interceptors deployed in Poland would not represent a threat to Russia’s nuclear force, as they would only be capable of shooting down mid- and short-range missiles.<sup>164</sup>

Negotiations over a new missile defense architecture continued through the first half of the year. Vice President Joseph Biden met with President Medvedev and Prime Minister Putin in mid-March 2011, and Admiral Mike Mullen, then Chairman of the Joint Chiefs of Staff, met with his Russian counterpart in early May 2011, and at the end of the month, President Obama and Medvedev discussed the issue during the G-8 meeting in Deauville, France. On June 1, 2011, during a meeting in Bulgaria of a working group on missile defense, Russian Duma International Affairs Committee Chairman Konstantin Kosachyov warned that the European missile defenses would be inoperable without Russian participation. He also questioned whether the presumed threat justified the “colossal” costs of deploying a missile

defense system. On June 2, President Medvedev expressed impatience with the pace of ongoing negotiations, stating “So far, I’m not pleased with how the U.S. and all NATO countries reacted to my proposals because we are losing time.”<sup>165</sup>

Russia also expressed objections to the announcement in 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>166</sup> Discussions in the second half of 2011 centered around 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, U.S. Under Secretary of State Ellen Tauscher proposed that Russia be offered “written assurances” that 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 Strategic Arms Reduction Treaty and disallow NATO use of the northern supply routes to Afghanistan.<sup>167</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 PAA. 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>168</sup> Both Russian and NATO officials suggested that the next NATO-Russia Council meeting, planned to be held in May 2012 in conjunction with the NATO summit in Chicago, might be cancelled if there were no agreement on missile defense cooperation. Russian Deputy Foreign Minister Rybakov said that a final decision over attendance would be made after the March 4, 2012 presidential election.<sup>169</sup>

Despite the seeming lack of progress on the issue, in early February it was announced that Russia and NATO would conduct a joint, computer-based missile defense exercise in Germany the following month. The Munich Security Conference in February 2012 saw the unveiling of the Euro-Atlantic Security Initiative, a series of proposals developed by a commission headed by former German Deputy Foreign Minister Wolfgang Ischinger, former Russian Foreign Minister Igor Ivanov, and former U.S. Senator Sam Nunn. Regarding missile defense, the commission recommended the sharing of radar information to provide early warning of missile attacks; the commission also proposed that the parties would be responsible for protecting their own territories.<sup>170</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 point out that Russia will have presidential elections on March 4, 2012, and speculate that the hard-line stance might be motivated by domestic political considerations. Finally, some argue that Russia may be hoping to create a rift within NATO; they note that in June, Russian Defense Minister Anatoly Serdyukov stated that the missile defense debate depended on Washington's views, claiming that "[t]his is a U.S. position. There is a number of [NATO] countries expressing only concern. We could have received their support."<sup>171</sup>

## U.S.-Russia Economic Ties<sup>172</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. U.S. imports increased more than 244%, from \$7.8 billion to \$26.8 billion from 2000 to 2008, and U.S. exports rose 343%, from \$2.1 billion to \$9.3 billion. However, U.S. exports and imports with Russia declined substantially in 2009, as a result of the global financial crisis and economic downturn, but increased in 2010 as both countries have shown signs of recovery.

**Table 1. U.S. Merchandise Trade with Russia, 1994-2011 (in billions of dollars)**

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

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

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

Russia accounted for 1.6% of U.S. imports and 0.6% of U.S. exports in 2011, and the United States accounted for 3.7% of Russian exports and 5.2% of Russian imports.<sup>173</sup> Russia was the 37<sup>th</sup>-largest export market and 17<sup>th</sup>-largest source of imports for the United States in 2011. According to Russian government data, by the end of 2010, the United States accounted for less than 2.5% of total accumulated foreign direct and portfolio investments in Russia and was the However, the first three countries were Cyprus (20.7%), the Netherlands (13.5%), and Luxembourg (11.7%), suggesting that at least 50% of the investments might

have been repatriated Russian funds.<sup>174</sup> Russia and the United States have never been major economic partners, and it unlikely that the significance of bilateral trade will increase much in the near term. However, in some areas, such as agriculture, Russia has become an important market for U.S. exports. Russia is the largest foreign market for U.S. poultry. Furthermore, U.S. exports to Russia of energy exploration equipment and technology, as well as industrial and agricultural equipment, have increased as the dollar has declined in value.

Russian demand for these products will likely grow as old equipment and technology need to be replaced and modernized. Russia's significance as a supplier of U.S. imports will also likely remain small given the lack of international competitiveness of Russian production outside of oil, gas, and other natural resources. U.S.-Russian investment relations could grow tighter if Russia's business climate improves; however, U.S. business concerns about the Russian government's seemingly capricious intervention in energy and other sectors could dampen the enthusiasm of all but adventuresome investors. The greater importance of Russia's economic policies and prospects to the United States lies in their indirect effect on the overall economic and political environment in which the United States and Russia operate. From this perspective, Russia's continuing economic stability and growth can be considered positive for the United States.

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

## **U.S. Assistance to Russia**

U.S. assistance to Russia as a percentage of all aid to Eurasia has declined over the years, but historically Russia has received about one-half of all U.S. assistance to Eurasia. From FY1992 through FY2011, the U.S. government has budgeted over \$18 billion in assistance to Russia.

The bulk of this assistance (nearly 60%) has been 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 has been provided for democratization, market reform, and health needs.<sup>175</sup>

Annual foreign operations appropriations bills have contained conditions that Russia is 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 certifies that Russia has 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 has been generally respected in recent years, successive administrations have 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 has hinged on whether it is continuing the sale of nuclear reactor technology to Iran. As a result, 60% of planned U.S. assistance to Russia's central government has been cut.

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

Fiscal Year/ Program Area	1992	1993	1994	1995	1996	1997	1998	1999
Economic Growth	84.68	137.21	1187.92	231.37	72.69	39.35	51.21	74.0
Governing Justly & Democratically	33.93	63.82	238.65	70.8	49.97	38.16	67.27	83.85
Humanitarian Assistance	167.89	1060.4	39.49	48.44	35.34	0.93	6.34	1167.34
Investing in People	13.1	8.31	79.85	12.67	10.98	10.59	10.55	15.42
Peace & Security	28.81	182.71	361.69	203.19	323.18	456.21	461.36	790.05
Program Support	0	0	4.0	0.44	0	0	0	0
Cross-Cutting	0	0	0	0	0	0	0	0
Total	2320.41	3445.45	3905.6	2561.91	2488.16	2542.24	2594.73	4129.66
As % of Eurasia aid								

Source: U.S. Department of State, Office of the Coordinator of U.S. Assistance to Europe and Eurasia. Includes Freedom Support Act and other program and agency assistance.

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

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

Source: U.S. Department of State, Office of the Coordinator of U.S. Assistance to Europe and Eurasia. Includes Freedom Support Act and other program and agency assistance.

- The FY2001 foreign aid bill prohibited 60% of aid to the central government of Russia if it was not cooperating with international investigations of war crime

allegations in Chechnya or providing access to NGOs doing humanitarian work in Chechnya. Possibly as a result of Russian cooperation with the United States in its war on terrorism, the war crime provision was dropped in subsequent years.

- A condition in the FREEDOM Support Act prohibits aid to a Soviet successor state that has violated the territorial integrity of another successor state. A presidential waiver for Russia has been exercised, most recently in May 2011.

**Table 4. Assistance to Russia, FY2010-FY2011, and the FY2012 Request (in millions of dollars)**

Fiscal Year/Program Area	FY2010 Actual	FY2011 Estimate*	FY2012 Request
Economic Growth	0.5	--	0.5
Governing Justly & Democratically	37.021	--	35.434
Investing in People	22.508	--	19.34
Peace & Security	11.471	--	9.361
Total	71.5	66.1	64.635
As Percent of Eurasian Assistance	12	12	13

Sources: U.S. Department of State. *Congressional Budget Justification for Foreign Operations, Annex: Regional Perspectives, FY2012*, April 8, 2011; U.S. Department of State, Office of the Coordinator of Assistance to Europe and Eurasia.

Notes: Includes the Assistance for Europe, Eurasia, and Central Asia (AEECA) Account, Foreign Military Financing (FMF), Global Health and Child Survival (GHCS) funds, International Military Education and Training (IMET) funds, and the State Department's Non-proliferation, Anti-terrorism, Demining, and Related Programs (NADR). Does not include Defense or Energy Department programs.

\*\$54.35 was funded under the AEECA Account, \$8.49 million under GHCS-USAID, \$2.3 million under GHCSState, and \$1.0 million under NADR.

## End Notes

<sup>1</sup> U.S. Senate, Select Committee on Intelligence, *Statement for the Record on the Worldwide Threat Assessment of the US Intelligence Community*, James R. Clapper, Director of National Intelligence, January 31, 2012.

<sup>2</sup> S.Res. 189, introduced by Senator Roger Wicker on June 18, 2009, and a similar bill, H.Res. 588, introduced by Representative James McGovern on June 26, 2009, expressed the sense of the chamber that the prosecution of Khodorkovskiy was politically motivated, called for the new charges against him to be dropped, and urged that he be paroled as a sign that Russia was moving toward upholding democratic principles and human rights. S.Res. 65, 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 Khodorkovskiy received a second sentence, see Senator Wicker, *Congressional Record*, January 5, 2011, p. S54; Representative David Dreier, *Congressional Record*, January 19, 2011, p. H329.

<sup>3</sup> See CRS Report RS22770, *Russia's December 2007 Legislative Election: Outcome and Implications*, by Jim Nichol.

<sup>4</sup> RFE/RL, *Newsline*, February 5, 20, 2008.

<sup>5</sup> Analyst Gordon Hahn argues that even though President Medvedev's overall reform record is disappointing, some changes in the criminal code have been progressive. See "Assessing Medvedev's Presidential Legacy," Other Points of View, November 3, 2011, at <http://russiaotherpointsofview.com>.

<sup>6</sup> Michael Allen, "Obama Trip Prompts Token NGO Reform, but Kremlin Incapable of Real Change," *Democracy Digest*, July 6, 2009.

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*Chapter 4*

## **RUSSIA'S MARCH 2012 PRESIDENTIAL ELECTION: OUTCOME AND IMPLICATIONS\***

*Jim Nichol*

### **SUMMARY**

Challenges to Russia's democratic development have long been of concern to Congress as it has considered the course of U.S.-Russia cooperation. The Obama Administration has been critical of the apparently flawed Russian presidential election which took place on March 4, 2012, but has called for continued engagement with Russia and newly elected President Vladimir Putin on issues of mutual strategic concern. Some in Congress also have criticized the conduct of the election, but have endorsed continued engagement, while others have called for stepping back and reevaluating the Administration's engagement policy. Congress may consider the implications of another Putin presidency, lagging democratization, and human rights abuses in Russia as it debates possible future foreign assistance and trade legislation and other aspects of U.S.-Russia relations.

Five candidates were able to register for the March 4, 2012, presidential election. Of these, Prime Minister Putin had announced in September 2011 that he intended to switch positions with current President Dmitriy Medvedev, and return to the presidency for a third term. Of the other four candidates—Communist Party head Gennadiy Zyuganov, Liberal Democratic Party head Vladimir Zhirinovskiy, and A Just Russia Party head Sergey Mironov—were nominated by parties with seats in the Duma. The remaining candidate, businessman Mikhail Prokhorov, was self-nominated and was required to gather two million signatures to register. Other prospective candidates dropped out or were disqualified on technical grounds by the Central Electoral Commission (CEC). Opposition Yabloko Party head Grigoriy Yavlinskiy was disqualified by the CEC on the grounds that over 5% of the signatures he gathered were invalid. Many critics argued that he was eliminated because he would have been the only *bona fide* opposition candidate on the ballot. Of the registered candidates running against Putin, all but Prokhorov had run in previous presidential elections and lost badly.

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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 preliminary report, monitors led by the Organization for Security and Cooperation in Europe (OSCE) concluded that the election was well organized but that there were several problems. Although the report did not state outright that the election was “not free and fair,” some of the monitors at a press conference stated that they had not viewed it as free and fair. According to the report, Prime Minister Putin received an advantage in media coverage, and authorities mobilized local officials and resources to garner support for Putin. 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.

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

## INTRODUCTION AND BACKGROUND

Challenges to Russia’s democratic development have long been of concern to Congress as it has considered the course of U.S.-Russia cooperation. The Obama Administration has been critical of the apparently flawed Russian presidential election which took place on March 4, 2012, but has called for continued engagement with Russia and newly elected President Vladimir Putin on issues of mutual strategic concern. Some in Congress also have criticized the conduct of the election, but have endorsed continued engagement, while others have called for stepping back and reevaluating the Administration’s engagement policy. Congress may consider the implications of another Putin presidency, lagging democratization, and human rights abuses in Russia as it debates possible future foreign assistance and trade legislation and other aspects of U.S.-Russia relations.

Former Russian President Vladimir Putin served two elected terms from 2000 to 2008, after which he was required to step down due to a constitutional limit to two *successive* terms. He endorsed his then-First Deputy Prime Minister Dmitriy Medvedev as his choice to be the next president. Medvedev was elected by a wide margin in March 2008, and upon taking office nominated Putin to be his prime minister. In September 2011, Prime Minister Putin and President Medvedev announced that they would exchange places so that Putin could re-assume the presidency. The two leaders claimed that they had agreed to consider this switch before Medvedev had been elected in 2008.<sup>1</sup> This announcement created a great deal of resentment among many Russians who felt that a backroom deal had been foisted on them. The resentment was mostly low-key at first, but signs included polls showing growing dissatisfaction with Putin and Medvedev.

The trigger for wider open discontent was a December 2011 election to Russia’s legislature, the Duma, that was widely viewed by many Russians as not free and fair.<sup>2</sup> Demonstrations against the election began even before the polls closed, and over the next few weeks, several protests of up to 100,000 or more people were held in Moscow and many other cities, the largest since before the collapse of the Soviet Union over 20 years ago. These

protesters demanded that a new Duma election be held, but also called for a scheduled March 4, 2012, presidential election to be free and fair. At first, these protests appeared to shock the Putin government, leading to some arrests, but the government soon decided to permit the protest rallies as a means to “let off steam,” and President Medvedev introduced some legislation that he claimed would enhance democratization in Russia in the future.

## THE CAMPAIGN

Five candidates were able to register for the March 4, 2012, presidential election. Four of the five candidates—Putin, Gennadiy Zyuganov, Vladimir Zhirinovskiy, and Sergey Mironov—were nominated by parties with seats in the Duma. According to the election rules, other prospective candidates from minor parties not represented in the Duma or self-nominated individuals were required to gather two million signatures of support, with no more than 50,000 in each of at least 40 regions nationwide, within about one month. Many analysts have viewed these and many other requirements imposed on prospective minor party and independent candidates as too restrictive and as limiting political participation.<sup>3</sup>

Of the seventeen individuals who initially announced they would run for the presidency, some dropped out and many were disqualified on technical grounds by the Central Electoral Commission (CEC), and only three managed to submit signatures. Two out of the three—regional governor Dmitriy Mezentsev and opposition Yabloko Party head Grigoriy Yavlinskiy—were disqualified by the CEC on the grounds that over 5% of their signatures were invalid. The signatures of the third prospective candidate, businessman Mikhail Prokhorov, were deemed valid and he was placed on the ballot. According to some critics, Mezentsev was a “technical candidate,” who was nominated only to ensure that if all other candidates withdrew from the election, Putin would still have an opponent as required under the electoral law. After Prokhorov was registered, however, Mezentsev was no longer needed and he was eliminated as a candidate, these critics claim. Yavlinskiy was deemed ineligible on the grounds that some signatures gathered electronically were not handwritten in *ink* and therefore were invalid. Many observers argued that he was eliminated because he would have been the only *bona fide* opposition candidate on the ballot.<sup>4</sup>

Of the registered candidates, all but Prokhorov had run in previous presidential elections and lost badly. Zyuganov and Zhirinovskiy had run several times. While he was speaker of the Federation Council (the upper legislative chamber), Mironov ran in the 2004 presidential election, where he praised Putin’s policies. Prokhorov announced his candidacy just two days after a large opposition demonstration on December 10, 2012, raising speculation by some critics that he was urged to run by the government as a candidate who might attract the votes of some of the liberal protesters. According to polling, substantial percentages of prospective voters viewed all these candidates in a negative light and would never vote for them. For instance, over one-quarter of those polled stated that they would never vote for an “oligarch” like Prokhorov (he is said to be the 3rd richest man in Russia). These negative views greatly hampered the effectiveness of these candidates’ campaign efforts, and many voters may well have voted for Putin as the “lesser evil,” according to some observers.

Besides permitting protests “for free elections” as well as opposition presidential candidate meetings, the Medvedev-Putin government launched efforts to appeal to wavering

if not disgruntled voters, including by offering opposition figures jobs and by making some changes in government postings. Among the latter, Russia's ambassador to NATO, the nationalist Dmitriy Rogozin, was elevated to deputy prime minister in a seeming effort to attract the nationalist vote, according to some observers. Also, the Putin campaign orchestrated large-scale rallies, the most prominent of which was a pro-Putin demonstration on February 4 in Moscow aimed at rivaling the attendance at a "for free elections" rally, and a campaign rally in the Luzhniki stadium in Moscow on February 26, 2012. At this final campaign rally of the Putin campaign, some individuals reportedly had arrived by bus or train after trips lasting more than 24 hours, even though Putin's attendance at the rally was uncertain. The government claimed that over 130,000 supporters attended the rally, although the stadium's capacity is about 84,000.

In addition to these pro-Putin events, a wave of television shows was launched extolling Putin's rule and condemning alleged U.S. and opposition "subversion" against Russia. At the same time, authorities moved to harass and suppress independent vote monitoring groups, the Internet, and certain "old media" newspapers and broadcasters that the opposition relied on.

Putin refused to participate in televised debates with the other candidates, but appeared extensively on television in the guise of carrying out his duties as prime minister. Also, from mid-January through late February, he published seven long articles in major newspapers. These "election manifesto" articles covered such policy issues as ethnicity, the economy, democracy, socioeconomic problems, national security, and foreign policy. In the first overview article, Putin boasted that during his rule, he helped "deliver Russia from the blind alley of civil war, break the back of terrorism, restore the country's territorial integrity and constitutional order, and spark economic revival, giving us a decade distinguished by one of the world's fastest economic growth rates."<sup>5</sup> In the democracy article, he argued that there was no democracy in Russia in the 1990s, only "anarchy and oligarchy," but that under his rule in the 2000s, democracy had been established. He defined this democracy in terms of the rights of Russians to employment, free healthcare, and education, although he admitted that civil society recently had demanded more political participation. However, he warned against creating a contentious electoral environment of "buffoons" rather than one where "responsible" people are elected, and called for retaining a strong federal government if gubernatorial elections are reinstated. He also called for greater efforts to combat corruption, which he claimed had strengthened when young greedy people had moved into the civil service.<sup>6</sup> In general, the articles appeared to be a reiteration of existing policies and sentiments, rather than a forum for launching new initiatives, according to many observers.<sup>7</sup>

Besides these efforts, Putin boosted or promised large increases in military and government pay, pensions, and student stipends. These benefits may have made many voters very receptive to his argument that they should elect him in order to preserve their benefits.

A major aspect of the shift in tactics by the Putin campaign involved blaming the United States and the West for the protests. This anti-Americanism aimed to define the election as a patriotic vote for Putin. After Secretary Clinton voiced criticism of the Duma election in early December 2011, Putin accused her of "giving orders" for the launch of protests. Rogozin even asserted that Secretary Clinton and former Secretary Madeleine Albright wanted to destroy Russia in order to take over Siberia's mineral resources. At the campaign rally at the Luzhniki stadium on February 23, Putin urged voters "not to look abroad ... and not betray their motherland, but to stay with us, to work for [Russia's] benefit and its people. And love it the

way we do.”<sup>8</sup> This anti-American theme also was prominent in a number of supposedly non-partisan talk shows and “documentaries” aired on state-owned or controlled television.<sup>9</sup>

Several major Russian polling organizations are owned by the government or receive government contracts, so their objectivity was of concern, according to some observers. In particular, the prominent All-Russian Center for the Study of Public Opinion (known by its Russian acronym, VTsIOM), is state-owned. Some critics have argued that VTsIOM’s polls were an announcement of what results the government planned for on election day. The government pointed to the polls as evidence that the results were valid and not due to ballot-box stuffing, according to these critics. They point to Putin’s award of the Order for Services to the Fatherland to VTsIOM after the 2007-2008 election cycle as evidence of this collusion between the government and VTsIOM.<sup>10</sup> On February 27, the last permitted day to release polling results, VTsIOM estimated that Putin would garner nearly 59% of the vote, so that a second round of voting would not be necessary.

During the last few days before the election, the Putin government and campaign made several accusations that opposition politicians and other enemies of Putin were involved in criminal conspiracies. The most sensational was an announcement in late February that Ukrainian police had uncovered a plot by Chechen terrorists to assassinate Putin after the election. Other sensational accusations included those by Putin that oppositionist politicians planned to kill one of their own in order to blame the death on him, and another that oppositionists planned to stuff ballots marked with Putin’s name into ballot boxes in order to declare that the election was illegitimate. The privately-owned REN TV showed a program warning that if Putin was not elected, Russia would descend into civil war and destruction within a few months at the hands of the opposition.

In an attempt to convince the public that the election would be free and fair, Prime Minister Putin announced in mid-December 2011 that two webcams would be placed in each of about 94,500 polling places. Most of these were installed. Individuals who pre-registered were permitted to view the voting and vote-counting on-line (the latter after a delay until all polls were closed).

## **RESULTS AND ASSESSMENTS**

Putin declared victory two hours after the polls closed and after about one-third of polling precincts had reported that he had received a sufficient vote for a first-round win. He and Medvedev hosted a large pre-planned outdoor victory rally and concert in Moscow (the pro-Putin crowds had gathered well before the last polling places in Russia had closed, which ostensibly is illegal). Putin proclaimed that the voters had rebuffed attempts to “break up the state and usurp power.... We proved that no one can impose on us.... We have won in open and honest battle.”<sup>11</sup> Even before receiving or reviewing most reports of electoral violations, CEC head Vladimir Churov proclaimed just after the polls closed that only a tiny percentage would prove valid. He also declared that the election was the most “open, fair, transparent and decent presidential campaign” in the world.<sup>12</sup> Zhirinovskiy and Mironov immediately congratulated Putin for what they termed an honest win, but Zyuganov and Prokhorov alleged that electoral irregularities meant that the election was not free and fair. All but Zyuganov met with Putin on March 5, where a discussion of each candidate’s platform proposals took place.

**Table 1. Presidential Election Results**

<b>Candidate</b>	<b>Nominated by</b>	<b>Percent of Vote</b>
Vladimir Putin	United Russia Party	63.6
Gennadiy Zyuganov	Communist Party of the Russian Federation	17.18
Mikhail Prokhorov	Self-Nominated	7.98
Vladimir Zhirinovskiy	Liberal Democratic Party of Russia	6.22
Sergey Mironov	A Just Russia Party	3.85

Source: Russian Central Electoral Commission, March 7, 2012.

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.<sup>13</sup> Some of Mironov's expected supporters instead may have voted for Prokhorov, reducing his result below that gained by his A Just Russia Party in the Duma election. Moscow was the only major city where Putin failed to get over 50% of the vote, even though there may have been a concerted effort to inflate Putin's vote count in the city, according to some reports.<sup>14</sup> Chechnya continued its tradition of reporting a high turnout (99.6%) and vote (99.8%) for Putin.

Thousands of irregularities were reported by independent Russian activists, including video of individuals allegedly admitting that they had been paid to vote repeatedly, and "hundreds" of buses parked in Moscow that allegedly had carried Putin's supporters into the city to inflate the voting results there for Putin. The performance of the webcams was uneven. Many were not focused on the ballot boxes or views were blocked, or they malfunctioned. The independent Golos (Voice) monitoring group reported the heavy use of "carousel voting," in which buses carried groups that voted at several polling places. Golos also reported the use of absentee ballots in government offices, institutions, and businesses that were gathered up and checked by supervisors to make sure that the employees had voted for Putin. Golos concluded in its preliminary report on the election that although there appeared to be somewhat fewer irregularities than during the Duma election, the presidential election was not free and fair. At a press conference, Golos also stated that its ballot count had given Putin just over 50% of the vote, giving him a win in the first round.<sup>15</sup> Russian physicist Sergey Shpilkin estimated that Putin may actually have received about 58% of the vote, with the official result inflated by ballot box stuffing, by inflating the voter turnout and allocating these votes to Putin, and by other means.<sup>16</sup>

In their preliminary report, the 262 monitors led by the Organization for Security and Cooperation in Europe (OSCE) concluded that the election was well organized but that there were several problems. Although the report did not state outright that the election was "not free and fair," some of the monitors at a press conference stated that they had not viewed it as free and fair.<sup>17</sup> According to the report, Prime Minister Putin received an advantage in media coverage, and authorities mobilized local officials and resources to garner support for Putin. The report also raised concerns that precinct polling place chairpersons generally appeared to belong to the ruling United Russia Party or were state employees. On the positive side, the OSCE reported that the government did not hinder demonstrators calling for fair elections, permitted many monitors at polling places, and installed webcams in most polling places. On election day, the OSCE monitors assessed voting positively overall in the over 1,000 polling places they visited, but 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>18</sup>

## IMPLICATIONS FOR RUSSIA AND PUTIN

Putin (and outgoing President Medvedev) face rising dissatisfaction by many Russians with what are viewed as tainted elections, corruption, and other political and human rights problems. According to some Russian sociologists, about one-quarter of the Russian population belongs to the middle class and this portion could grow to one-third by the end of the decade. By this time, a majority of the working population will be middle class, they estimate. These individuals, including many business owners and private-sector employees, want a government that is not corrupt and follows the rule of law, these sociologists report.<sup>19</sup> Putin and other observers have pointed to this growing middle class as major participants in the protests that began after the Duma election. The fact that a large segment of this growing middle class lives in and around Moscow where Putin reportedly garnered a relatively low 47% of the vote should also raise concern for the long-term effectiveness of a new Putin presidency. To some small degree, Putin and Medvedev have become cognizant that this rising middle class increasingly will demand reforms and have already offered some accommodative gestures since the Duma election protests (see below).

A major question is whether a Putin presidency can implement substantial economic and democratic reforms. Some critics have argued that Putin is not attuned to making such reforms, and that he will face rising civil discontent during his third term in office. A few have warned darkly that he could be ousted.<sup>20</sup> Most observers discount such a scenario, however, but argue that Russian political and economic institutions and civil society will face substantial strains to adapt to the long-term demands of a modern global economy.<sup>21</sup>

Some observers have speculated that Putin may not follow through on his announced plans to nominate Medvedev as his prime minister. Alternatively, some of Medvedev's supporters have urged him not to become prime minister. Medvedev supporter Igor Yurgens has warned that Medvedev will be "torn apart" by the more conservative Putin appointees in the government, and suggested that the constitution be changed to name Medvedev vice president so that he could maintain more independence from Putin's non-reformist policies.<sup>22</sup> Most observers, however, believe that Medvedev will be confirmed as prime minister. On March 1, Putin stressed that he was running for president on the platform that Medvedev would be nominated as prime minister, and that voters would decide democratically on this "tandem."

Some observers suggest that a prime minister Medvedev would have substantial authority as a former president, so that the "tandem" would continue to operate much as it has over the past four years. According to this view, Putin would be unlikely to fire Prime Minister Medvedev, at least in the short term. However, prime ministers have been replaced by Putin (and former President Yeltsin) when the economy has declined.

Putin has stated that Medvedev as prime minister would continue to carry out initiatives he launched as president. Medvedev had announced several democratization initiatives in his state of the federation speech on December 22 that he stated were partly spurred by the protests (Putin, in contrast, has asserted that the protests had no bearing on these initiatives).

These proposals have been submitted to the legislature for debate. One proposal was to restore gubernatorial elections, which Putin had abolished in 2004. Putin voiced qualms about this initiative, requesting that he retain control over who may run in such elections, and the draft bill reportedly contains such a provision. Another vague proposal by Medvedev was to increase the openness of legislative elections, which some observers had hoped would include the restoration of constituency races and the possibility of self-nominated candidates (Putin had abolished these in 2005). The bill submitted to the Duma, however, called for altering electoral procedures so that voters in 225 new districts would select a party list with identifiable local candidates. Golos researchers have termed these two bills disappointing “propaganda” exercises.<sup>23</sup> Another bill may prove more reformist, however, by greatly reducing the registration requirements for new parties, which may permit many currently unrepresented interests in society to participate in political life.

On March 5, Medvedev directed the Prosecutor General to review Khodorkovskiy’s conviction and that of 30 other prisoners who had been highlighted by opposition politician Boris Nemtsov as “political prisoners” during a meeting with Medvedev on February 20. He also ordered the Prosecutor General to examine the mid-2011 denial of party registration to the Party of People’s Freedom.

## **Protest Rallies**

The initial protests after Putin’s election by those who view the electoral process as tainted appeared smaller in size and number than after the Duma election. Authorities approved a protest rally in Pushkin Square in central Moscow on March 5, along with Putin victory rallies elsewhere in the city. Some youth activists involved in the victory rallies reportedly stated that they were ready to fight against “provocations” by the protesters. After some of the protesters allegedly did not disperse after the time for the rally had elapsed, police forcibly intervened and reportedly detained up to 250 demonstrators, including activists Alexey Navalny, Sergey Udaltsov, and Ilya Yashin, who later were released. At a protest rally in St. Petersburg, reportedly 300 people were detained. Small protest rallies reportedly numbering up to several hundred people occurred in several other cities of Russia. Putin victory rallies reportedly attended by 1,000-7,000 people also were held in several cities across Russia on March 5.

A “for free elections” protest rally was held in Moscow on March 10, attended by 10,000-25,000 people. After the rally some protesters attempted a march and were temporarily detained, including Udaltsov. Some other small protest rallies reportedly numbering 350 or less people took place elsewhere in Russian on the same day. The Communist Party has planned to hold protests against the election in coming weeks. Some observers have discerned a lessening turnout at the protests. Some advocates of “right wing” democratization among the protesters, such as Yavlinskiy, have called for shifting the focus from rallies to organizing new or revitalized opposition political parties. Udaltsov, who represents the “left wing” nationalists among the protesters, has disagreed, however, arguing that unauthorized protests should continue as one means to pressure the authorities. Among other initiatives, Mironov has called for a change in electoral law to again permit party blocs, so that A Just Russia Party could join with the Communist Party to form a new social democratic coalition. Business interests appeared to welcome Prokhorov’s third-place



showing and his indication that he would continue a role in politics by forming a party, a proposal that also was endorsed by Putin on March 5. It remains to be seen whether the impetus to create and strengthen civil society organizations will be sustained, particularly if a new Putin administration cracks down on such efforts.

## **IMPLICATIONS FOR U.S. INTERESTS AND CONGRESSIONAL CONCERNS**

The day after the election, the State Department issued a statement that the United States “looks forward to working with the President-elect after ... he is sworn in.” The statement pointed to the results of the preliminary report of the OSCE in stating that the “election had a clear winner with an absolute majority,” but also urged the Russian government to address shortcomings mentioned in the report. The statement hailed the large number of Russian citizens who turned out to monitor the election, held rallies, and otherwise “express[ed] their views peacefully,” and also praised the intentions of the government to improve the political system by re-introducing gubernatorial elections, simplifying party registration, and make other reforms.<sup>24</sup> Other Western governments appeared to take similar viewpoints. The European Union’s High Representative Catherine Ashton on March 5 “took note” of Putin’s “clear victory,” and praised the significant level of civic engagement in the election. At the same time, she urged Russian authorities to address shortcomings mentioned in the OSCE report. She stated that the “EU looks forward to working with the incoming Russian President” to implement pledges of economic and political reforms.<sup>25</sup>

### **Impact on the U.S.-Russia “Reset”**

The Administration has pointed to successes of the U.S.-Russia “reset” of relations as including approval by Russia in 2009 for the land and air transit of military supplies to support U.S. and NATO forces in Afghanistan, and cooperation in approving a U.N. Security Council (UNSC) resolution in 2010 tightening sanctions on Iran, as well as the signing of the START Treaty and the work to gain Russia’s invitation at the end of 2011 to join the World Trade Organization.

It is possible that the anti-Americanism exhibited by Putin during the campaign could put a strain on future cooperation under the U.S.-Russia “reset,” particularly if the opposition protests continue in Russia into the summer and are met by a government crackdown and continuing anti-American statements. Soon after he arrived in Moscow in December 2011, new U.S. Ambassador Michael McFaul was accused on state-owned television of providing orders and money to some opposition politicians with whom he had met. However, he has reported that he has had fruitful meetings with Russian officials since this criticism. One positive sign is that various meetings of the working groups of the U.S.-Russia Bilateral Presidential Commission have continued in recent weeks.

Another positive sign is that Russian officials have stated that cooperation on the transit of supplies to support U.S. and NATO operations in Afghanistan will not be linked to other

issues in U.S.-Russia relations. Russia continues to support this transit because U.S. and NATO efforts help stanch terrorist threats aimed at Russia emanating from Afghanistan.

On other U.S.-Russia foreign policy issues, differences have remained or emerged in recent months. The United States, for example, continues to call for Russia to withdraw its troops from occupied areas of Georgia, to which Moscow thus far has failed to respond.

In early 2011, Russia abstained on a UNSC resolution calling for a “no-fly zone” to protect civilians in Libya. The U.S. and Russia viewed this abstention as support for the U.S.-Russia reset, but almost immediately Russia denounced NATO actions in Libya as aimed at “regime change,” and proclaimed that it would not support another UNSC resolution tightening sanctions on Iran, viewing it as a further “regime change” attempt. Russia has used the same rationale in vetoing UNSC resolutions on Syria. Secretary Clinton termed the February Russian veto “despicable.”<sup>26</sup> Russia is a major arms supplier to Syria and has a Mediterranean naval docking facility at Tartus (although it is seldom used). Although the Putin-Medvedev “tandem” defended the veto, it faced Russian domestic as well as international criticism. Members of Congress have criticized Russia’s veto of the Syria resolution; and S.Res. 370, introduced by Sen. Robert Casey, condemns Russia for supplying arms to Syria.

On February 24, Putin rejected an argument that U.S.-Russia relations were “cooling off,” stating that “I don’t think we are seeing a cooling.... We have a constant dialogue - we dislike some of the things our colleagues are doing, they don’t like some things we are doing. But in general we have built a partnership over the key issues on the international agenda.”<sup>27</sup> Similarly, in an interview with Western media on March 1, Putin praised the U.S.-Russia reset as “useful,” pointing to the START Treaty and WTO accession, and stated that he had warm relations with President Obama, whom he viewed as desiring good U.S.-Russia relations.<sup>28</sup>

Soon after his inauguration on May 7, Putin is expected to attend the Group of 8 (G-8) industrialized nations meeting at Camp David, Maryland, on May 19-20, just before a NATO summit meeting, scheduled to be held in Chicago. The Administration has suggested that Obama and Putin may hold a summit on the sidelines of the G-8 meeting. Some observers have warned that if European missile defense issues remain contentious at the time of this NATO Summit, Putin may deliver a harsh anti-U.S. speech. On February 24, 2012, one Russian official appeared to urge Putin to indicate readiness before the Camp David and Chicago meetings for “serious talks” on missile defense and nuclear issues with the United States.<sup>29</sup> Deputy Foreign Minister Sergey Ryabkov indicated on February 29 that a decision on attending the NATO Summit awaited the election and movement on missile defense issues. Russian media reported in early March that a lack of progress on missile defense made it unlikely that a NATO-Russia Council meeting would be held in Chicago, and speculated that Putin may not attend the NATO Summit.

A mostly positive assessment of near-term U.S.-Russia relations was given by Director of National Intelligence James Clapper in testimony to Congress in late January on worldwide threats. Clapper suggested that there would be “more continuity than change” in Russian domestic and foreign policy over the next year under a Putin presidency. He projected that Putin would not reverse the course of U.S.-Russian relations, but they might be more “challenging” since Putin has an “instinctive distrust of U.S. intentions.”<sup>30</sup>

## Congressional Concerns

Challenges to Russia's democratic development have long been of concern to Congress as it has considered the course of U.S.-Russia cooperation on matters of mutual strategic interest and as it has monitored problematic human rights cases. Among these concerns, many Members have condemned Russia's invasion of Georgia in 2008, the death of lawyer Sergey Magnitskiy after being detained and tortured in a Russian prison in 2009, and the re-sentencing of businessman/oligarch Mikhail Khodorkovskiy in 2010 to several more years in prison.

Recent legislation includes the Senate and House versions of the Magnitskiy Rule of Law bills, which would impose a visa ban and an asset freeze on human rights abusers, and a provision in the National Defense Authorization Act of 2012 (P.L. 112-81), signed into law on December 31, 2011, that calls for a plan to provide defensive weaponry to Georgia.

The Administration's foreign assistance budget for FY2013 submitted to Congress in February 2012 requests \$52 million for Russia, most of it aimed to continue support for democratization, and the Administration additionally has notified Congress of plans to create a \$50 million fund to further support these efforts. Some observers have suggested that since Putin has condemned such aid as interference in Russia's internal affairs, he may tighten restrictions on such aid for nongovernmental organizations or even ban some aid activities.

Ongoing Congressional concerns about democratization, human rights, and trade will continue and may have been heightened by the Russian election outcome. During his trip to Russia in late February 2012 to discuss U.S. trade prospects ahead of hearings on Russia's accession to the World Trade Organization (WTO), Senate Finance Committee Chairman Max Baucus stressed that the growth of U.S. trade and investment would be facilitated by further democratization.

Russia's legislature will give approval for the ratification of WTO accession by mid-2012. Congress may consider whether to grant Permanent Normal Trade Relations (PNTR) to Russia and to lift the applicability of the so-called Jackson-Vanik provisions of the Trade Act of 1974 to Russia (concerning emigration from the former Soviet Union). Russia's human rights and democratization record may well be part of the debate.<sup>31</sup>

On March 5, 2012, Rep. David Dreier, Chairman of the House Democracy Partnership, congratulated Putin on his election victory, but objected to Putin's election night victory speech which appeared to characterize the United States as interfering in Russia's domestic affairs.

Rep. Dreier stated that the United States was not seeking to dictate to Russia, but suggested that the United States, "a country that has had a 223-year history of democracy, could provide a little bit of advice to a country that is just now beginning to enter its third decade of democracy and obviously has had more than a few challenges." He endorsed an idea that Putin not run again after his third term in office, call a new Duma election, and hold free and fair gubernatorial elections.

Dreier also praised Medvedev's request for an examination of the sentence against Khodorkovskiy and suggested that former Russian Finance Minister Alexey Kudrin might make a good choice as prime minister. He stated that the United States wanted a "strong, vibrant, and growing Russia," and good U.S.-Russia relations.<sup>32</sup>

## End Notes

- <sup>1</sup> In an interview on March 1, 2012, Putin claimed that he and Medvedev had revisited the notion of the switch about a year ago, and the two had agreed that Putin had a higher popularity rating so should run for the presidency. Prime Minister of the Russian Federation, “Prime Minister Vladimir Putin Meets With Editors-in-chief of Leading Foreign Media Outlets,” March 2, 2012..
- <sup>2</sup> For background, see CRS Report R42118, *Russia’s December 2011 Legislative Election: Outcome and Implications*, by Jim Nichol.
- <sup>3</sup> *First Statement of the Association Golos on the Results of the Long-Term Election Monitoring of the Local Elections and the Presidential Elections which are Scheduled for 4th March 2012: The Nomination and Registration of the Candidates*, Golos, January 30, 2012. Golos (Voice) is a Russian non-governmental organization founded in 2000 that advocates democratization and monitors elections.
- <sup>4</sup> “Guide to Russia’s Presidential Election on 4 March 2012,” *BBC Monitoring*, February 2, 2012; *Moscow Times*, December 15, 2011; Open Source Center, *Central Eurasia: Daily Report* (hereafter *CEDR*), December 14, 2011, Doc. No. CEP-950097.
- <sup>5</sup> Prime Minister of the Russian Federation, “Russia Muscles Up: The Challenges We Must Rise to Face,” January 16, 2012; “Democracy and the Quality of Government,” February 6, 2012.
- <sup>6</sup> Prime Minister of the Russian Federation, “Prime Minister Vladimir Putin Meets With Editors-in-chief of Leading Foreign Media Outlets,” March 2, 2012.
- <sup>7</sup> For commentary on the articles, see Pavel Felgenhauer, “Massive Repression of the Prodemocracy Opposition May Begin Next Week,” *Eurasia Daily Monitor*, March 1, 2012.
- <sup>8</sup> *Interfax*, December 8, 2011; *CEDR*, February 1, 2012, Doc. No. CEP-41001; February 23, 2012, Doc. No. CEP-950037.
- <sup>9</sup> Some of these programs are discussed in “Facing Hell Without Putin,” *RIA Novosti*, March 2, 2012.
- <sup>10</sup> *CEDR*, April 28, 2008, Doc. No. CEP-18001.
- <sup>11</sup> Nick Morrison, “Russian Presidential Vote: Live Report,” *Agence Presse France*, March 4, 2012.
- <sup>12</sup> *Interfax*, March 4, 2012.
- <sup>13</sup> For background, see CRS Report RS22831, *Russia’s March 2008 Presidential Election: Outcome and Implications*, by Jim Nichol.
- <sup>14</sup> “BBCM Analysis: ‘Carousels’ Run Rings Round Moscow Observers in Russian Poll,” *BBC Monitoring*, March 5, 2012.
- <sup>15</sup> *Domestic Monitoring of Elections of the President of the Russian Federation, 4 March 2012: Preliminary Report*, Golos, March 5, 2012; *CEDR*, March 5, 2012, Doc. No. CEP-950073 and Doc. No. CEP-950001; Alexander Kynev, “Election Falsification and its Limits: A Regional Comparison Ahead of the Presidential Elections,” Golos, n.d.
- <sup>16</sup> *CEDR*, March 9, 2012, Doc. No. CEP-9001.
- <sup>17</sup> Several Russian officials stated that they considered the OSCE preliminary report more “balanced” than the remarks by the OSCE monitors given at the press conference.
- <sup>18</sup> OSCE, *International Election Observation, Russian Federation, Presidential Election – 4 March 2012: Statement Of Preliminary Findings and Conclusions*, March 5, 2012; *Press Release: Russia’s Presidential Election Marked by Unequal Campaign Conditions, Active Citizens’ Engagement, International Observers Say*, March 5, 2012.
- <sup>19</sup> Sergey Belanovskiy, Mikhail Dmitriyev, Svetlana Misikhina, and Tatyana Omelchuk, “Socio-Economic Change and Political Transformation in Russia,” Center for Strategic Research, November 7, 2011.
- <sup>20</sup> Leonid Gozman, Talk, “Psychology of Revolt in Russia Today and the Future,” Center for Strategic and International Studies, February 27, 2012.
- <sup>21</sup> Philip Hanson, James Nixey, Lilia Shevtsova and Andrew Wood, *Putin Again: Implications for Russia and the West*, Chatham House, February 2012.
- <sup>22</sup> *Interfax*, February 6, 2012; *CEDR*, February 23, 2012, Doc. No. CEP-46005 and Doc. No. CEP-950109.
- <sup>23</sup> Arkadiy Lyubarev and Alexander Kynev, “A Draft Law, Thrown Together Out of Necessity,” Golos, n.d.
- <sup>24</sup> U.S. Department of State, *Press Statement: Presidential Elections in Russia*, March 5, 2012.
- <sup>25</sup> The Council of the European Union, *Statement by Catherine Ashton, High Representative of the European Union, on the Presidential Elections in Russian on 4 March 2012*, March 5, 2012.
- <sup>26</sup> U.S. Department of State, *Press Availability on the Meeting of the Friends of the Syrian People: Remarks, Hillary Rodham Clinton*, February 24, 2012.

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- <sup>27</sup> Prime Minister of the Russian Federation. *Transcript: Prime Minister Vladimir Putin Meets with Experts in Sarov to Discuss Global Threats to National Security, Strengthening Russia's Defenses and Enhancing the Combat Readiness of its Armed Forces*, February 24, 2012.
- <sup>28</sup> Prime Minister of the Russian Federation, "Prime Minister Vladimir Putin Meets With Editors-in-chief of Leading Foreign Media Outlets," March 2, 2012; John Stackhouse, "Putin Backs Away from Assad Regime," *News and Mail*, March 2, 2012; *RIA-Novosti*, March 2, 2012.
- <sup>29</sup> Prime Minister of the Russian Federation. *Transcript: Prime Minister Vladimir Putin Meets with Experts in Sarov to Discuss Global Threats to National Security, Strengthening Russia's Defenses and Enhancing the Combat Readiness of its Armed Forces*, February 24, 2012.
- <sup>30</sup> U.S. Senate, Select Committee on Intelligence, *Statement for the Record on the Worldwide Threat Assessment of the US Intelligence Community*, James R. Clapper, Director of National Intelligence, January 31, 2012.
- <sup>31</sup> See CRS Report R42085, *Russia's Accession to the WTO and Its Implications for the United States*, by William H. Cooper.
- <sup>32</sup> *Congressional Record*, March 5, 2012, p. H1137.



*Chapter 5*

## **RUSSIA'S DECEMBER 2011 LEGISLATIVE ELECTION: OUTCOME AND IMPLICATIONS\***

*Jim Nichol*

### **SUMMARY**

Challenges to Russia's democratic development have long been of concern to Congress as it has considered the course of U.S.-Russia cooperation on matters of mutual strategic interest and as it has monitored problematic human rights cases. Most recently, elections for the 450-member Russian State Duma (lower legislative chamber) on December 4, 2011, have heightened concerns among some Members of Congress about whether Russia can be an enduring and reliable partner in international relations if it does not uphold human rights and the rule of law.

In the run-up to the December 2011 State Duma election, seven political parties were approved to run, although during the period since the last election in late 2007, several other parties had attempted to register for the election but were blocked from doing so. These actions had elicited criticism from the U.S. State Department that diverse political interests were not being fully represented. As election day neared, Russian officials became increasingly concerned that the ruling United Russia Party, which had held most of the seats in the outgoing Duma, was swiftly losing popular support. According to some observers, Russian authorities, in an attempt to prevent losses at the polls, not only used their positions to campaign for the party but also planned ballot-box stuffing and other illicit means to retain a majority of seats for the ruling party. In addition, Russian President Dmitriy Medvedev and Prime Minister Vladimir Putin had increasingly criticized election monitoring carried out by the Organization for Security and Cooperation in Europe (OSCE), and insisted on limiting the number of OSCE observers. Russian authorities also moved against one prominent Russian non-governmental monitoring group, Golos, to discourage its coverage of the election. According to the OSCE's preliminary report on the outcome of the election, the close ties between the Russian government and the ruling party, the refusal to register political parties, the pro-government bias of the electoral commissions and most media, and ballot-box stuffing and other government manipulation of the vote marked the election as not free and fair.

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The day after the election, about 5,000 protesters rallied in central Moscow against what they viewed as a flawed election. When many of them began an unsanctioned march toward the Central Electoral Commission, police forcibly dispersed them, reportedly detaining hundreds. The Kremlin quickly mobilized pro-government youth groups to hold large demonstrations termed “clean victory” to press home their claim that minority groups would not be permitted to impose their will on the “majority” of the electorate. On December 7, 2011, several U.S. Senators issued a statement condemning Russian police crackdowns on those demonstrating against the “blatant fraud” of the Duma election. On December 10, large demonstrations under the slogan “For Honest Elections!” were held in Moscow and dozens of other cities. At the rally, Boris Nemtsov, the co-head of the unregistered opposition Party of People's Freedom, reflected popular sentiment with a list of demands that included the ouster of the head of the Central Electoral Commission, the release of those detained for protesting and other “political prisoners,” the registration of previously banned parties, and new Duma elections.

Many observers have raised concerns that public unrest may continue, although security forces appear firmly in control and unlikely to permit the unrest to threaten the government. The Obama Administration has been critical of the apparently flawed Duma election, but has called for continued engagement with Russia on issues of mutual strategic concern. Some in Congress also have criticized the Duma election and the subsequent crackdown on protesters, and Congress may consider the implications of lagging democratization and human rights abuses as it considers possible future foreign assistance and trade legislation and other aspects of U.S.-Russia relations.

## BACKGROUND

The trajectory of Russia’s democratic development has long been of concern to Congress and successive Administrations as they have considered the course of U.S.-Russia cooperation on matters of mutual strategic interest and as they have monitored problematic human rights cases. A major question of U.S.-Russia relations is whether Russia can be an enduring and reliable partner in international relations if it fails to uphold human rights and the rule of law.

Most analysts agree that Russia’s democratic progress was uneven at best during the 1990s, and that the three cycles of legislative and presidential elections held under the leadership of President Vladimir Putin (in 1999-2000, 2003-2004, and 2007-2008) demonstrated serious weaknesses in Russian democratization.<sup>1</sup> After the pro-Putin United Russia Party gained enough seats and allies to dominate the State Duma (the 450-member lower legislative house of the Federal Assembly; the upper house is not directly elected) after the 2003 election, the Kremlin moved to make it more difficult for smaller parties to win seats in the future, including by raising the hurdle of minimum votes needed to win seats from 5% to 7%. Also, the election of 50% of Duma deputies in single-member district races—where independent candidates and those from small opposition parties usually won some seats—was abolished, with all Duma members to be elected via party lists.

Changes in campaign and media laws also made it more difficult for small parties and opposition groups to gain publicity in the run-up to the December 2007 Duma election. Putin assumed leadership of the ruling United Russia Party and when it gained a two-thirds majority in the Duma election that year, United Russia no longer needed to seek accommodation with the three other parties that won seats in order to pass favored laws,



including those amending the constitution. Electoral changes since 2007 included a provision that parties gaining between 5% and 6.99% of the vote would be granted one or two seats, and an increase in the Duma's term from four to five years.<sup>2</sup>

At a meeting of United Russia on May 6, 2011, Prime Minister Putin called for the creation of a "broad popular front [of ] like-minded political forces," to participate in the 2011 Duma election, including United Russia and other political parties, business associations, trade unions, and youth, women's and veterans' organizations. Putin also proposed that non-party candidates nominated by these various organizations would be included on United Russia's party list. Critics objected that the idea of the "popular front" was reminiscent of the one in place in the former German Democratic Republic when Putin served there in the Soviet-era KGB.

On September 24, 2011, at the annual convention of the United Russia Party, Prime Minister Putin announced that he would run in the March 2012 presidential election. President Medvedev in turn announced that he would not run for re-election, and endorsed Putin's candidacy. Putin stated that he intended to nominate Medvedev as his prime minister, if elected. Until these announcements, the United Russia Party had left the leading slot open on its proposed party list of candidates for the planned December 2011 State Duma election. Putin suggested that Medvedev head the party list, and hence be in charge of assuring that the party win a majority of seats in the December election.

In mid-October 2011, Medvedev unveiled his idea of "big government," involving the establishment of a group of his supporters to back the United Russia Party in the Duma election. He stated that during his presidency, he had "tried to develop our party and political system. This was not entirely successful and there were some failures, but nevertheless this is what I tried to do." He also argued that his government had worked to combat corruption and encourage the development of civil society and economic modernization, and should be endorsed by the electorate to continue such work.<sup>3</sup> Some observers suggested that by forming such a political support group, Medvedev aimed to attract more liberal voters who might not normally support the United Russia Party but had favorable views toward Medvedev.

A "popular front" program was released on October 24, 2011. Although there were some plans for the program to be the main document used in the elections, the United Russia Party decided after the September 2011 convention to use a compilation of Putin's and Medvedev's speeches, with the program serving a supporting function. The program calls for setting up a retirement system that pays larger pensions to those who voluntarily delay their retirements, lowering taxes on businesses and increasing alcohol and tobacco taxes, raising the drinking and smoking ages, and drawing up an ostensibly more humane criminal code. Despite these proposals, the program appears to emphasize the "stability" of the existing political and economic system over "modernization" initiatives as urged by Medvedev.

The election environment in the months leading up to the December 2011 Duma vote seemed to indicate increased public discontent with the current political system dominated by Putin. According to a July 2011 opinion survey by the Russian Levada Center polling organization, 53% of respondents believed that the upcoming Duma election would be "an imitation of an election and seats in the State Duma will be distributed as the authorities wish," and 59% of respondents agreed with a statement that the election was "a struggle of bureaucratic clans for access to the state budget," rather than a free and fair election.<sup>4</sup> In December 2011, Russian analyst Andrey Kolesnikov argued that Medvedev was the symbol of modernization, and that when Putin announced in September 2011 that he would re-assume

the presidency, the public became more aware of and discontented with the basic authoritarianism of the political system.<sup>5</sup> The discontent was evidenced by two incidents involving Prime Minister Putin, one when he was booed when he appeared at a boxing match on November 20, 2011, and another when some Communist Party and Just Russia Party deputies refused to stand up on November 23, 2011, when he entered the State Duma to address the body.

## THE CAMPAIGN

By the end of October 2011, all seven legal political parties had been approved by the Central Electoral Commission (CEC) to run in the December 4, 2011, Duma election. Four of these—the ruling United Russia Party, the Communist Party, the Liberal Democratic Party of Russia (LDPR), and Just Russia—already held seats in the State Duma, so they enjoyed an easy process of registering for the election. The other three—Patriots of Russia, Yabloko, and Right Cause—had to each obtain 150,000 signatures in order to run. Of these parties, Just Russia is a social-democratic party, the LDPR and Patriots are nationalist parties, and Right Cause and Yabloko are centrist-liberal parties. To make the United Russia Party more appealing, the list of candidates fielded by the party included nearly 200 non-party members who were added to the ticket during “primaries” held with the “popular front.” Some oppositionists belonging to parties that had been refused registration called for a boycott of the election or the spoiling of ballots, while others urged the public to vote for any party but United Russia.

A short campaign season officially lasted from November 5 to December 2. Russia permitted the Organization for Security and Cooperation in Europe’s Office for Democratic Institutions and Human Rights (ODIHR), the OSCE’s Parliamentary Assembly, and the Parliamentary Assembly of the Council of Europe (PACE) to deploy 325 monitors, about two-thirds less than those permitted in 2003. These monitors were able to visit 1,300 polling stations, as opposed to 2,500 in 2003, arguably an attempt by Russian authorities to limit their observations, according to some critics. Additional election monitors from the members of the Commonwealth of Independent States (CIS) were also invited to participate.<sup>6</sup>

As in the previous 2007 campaigning for the Duma, United Russia backers emphasized anti-Americanism and warned against the return of supposed Yeltsin-era populists and demagogues. For instance, in late November 2011, President Medvedev warned that if talks with NATO on cooperative missile defense failed, Russia would deploy tactical nuclear missiles to Russia’s Kaliningrad enclave and would break off implementation of START II. The Communist Party and the LDPR also endorsed Medvedev’s statement. Opposition leader Boris Nemtsov denounced the statement as a campaign effort to create a “war scare” to rally the public around the United Russia Party, an accusation President Medvedev strongly rejected.

During campaign debates on television and in the media, parties running against United Russia referred to it frequently as the “party of crooks and thieves,” an expression reportedly invented months previously by anti-corruption fighter and nationalist Alexey Navalny. The phrase reportedly incensed the Kremlin and may well have contributed to an accelerating loss of popular support for the United Russia Party. In one much-discussed debate, LDPR leader

Vladimir Zhirinovskiy used the expression, whereupon the United Russia representative retorted that “it is better to be in a party of crooks and thieves than in a party of murderers, rapists and robbers.”<sup>7</sup>

The private Russian election observation group Golos issued two pre-election assessments that alleged that officials at all levels, including the President and the members of the electoral commissions, were openly campaigning or otherwise supporting the United Russia ticket in violation of electoral laws. These officials had been ordered to maximize the party's vote, Golos alleged, and had pressured public institutions (including colleges and hospitals) and even local businesses to get their employees to vote for United Russia. Golos criticized campaigning by the “popular front” that was not included in the spending limits of the United Russia Party and alleged that Russian security officials increasingly were harassing the NGO during the run-up to the election.<sup>8</sup>

During the week before the election, the United Russia Party held a congress where it formally endorsed Putin as its candidate for president. The extravagant congress—held after a September 2011 congress had already proclaimed Putin as the party's prospective candidate—appeared to be an attempt to link Putin's greater popularity more closely to the fate of the party. At the congress, Putin warned that unnamed foreign interests (presumably including the United States) were funding Russian groups to try to influence the election. Three Duma deputies immediately wrote a letter to the Moscow Prosecutor's Office calling for an investigation of whether Golos had violated electoral and NGO laws. CEC chairman Churov also wrote a letter to the prosecutor, stating that he thought that Golos was illegally campaigning against the United Russia Party rather than acting as an NGO. The prosecutor quickly ordered Golos to halt the posting of reported electoral violations on its website and referred the case to a court, which in turn ruled that articles on the Golos website constituted polling in violation of a ban on such activities five days before the election. One regional electoral commission also called for the local prosecutor to block Golos as an election monitor on the grounds that Golos aimed to “oppose the work of the electoral commission.” Russian Presidential Human Rights Council Chairman Mikhail Fedotov decried the prosecution of Golos in the final stages of the election.

In a final appeal to voters on December 2, Medvedev warned them against electing a fractious Duma, and instead appeared to urge them to support United Russia Party candidates, who would form “a capable legislative body, where the majority is made up of accountable politicians who are able to, in deed, facilitate improvements to the quality of life for our people, whose actions will be guided by the interests of voters, by national interests.”<sup>9</sup>

## RESULTS AND ASSESSMENTS

According to the final results reported by the CEC, four parties won enough votes to pass the 7% hurdle and win seats in the Duma (see Table 1). United Russia lost 77 of the 315 seats it held since 2007, but it still retained over one half of the seats (238), and more than it had after the 2003 election (224 seats). The losing parties garnered about 5% of the vote (another 1.57% of the votes were deemed invalid). Russian authorities praised the CEC for the turnout of 60.1% of 109.24 million registered voters, a slightly smaller turnout than in 2007 (about 64%), but more than in 2003 (56%). The North Caucasus republics continued their “tradition”

of reporting improbably high turnouts and vote counts for the ruling United Russia Party. Despite harsh weather, 99.51% of Chechnya's voters turned out and 99.48% voted for the United Russia Party. According to one observer, these republics deliver reliable support for the government in return for substantial self-rule and federal budgetary assistance.

Golos reported that it had long-term monitors in 48 regions and short-term monitors in 40 regions that visited 4,000 polling stations. Because of last minute pressure, however, electoral commissions blocked it from fully monitoring some of the regional elections. In its preliminary report, Golos concluded that the election was characterized by "significant and massive violations of many key voting procedures." It argued that several political parties had been prevented from forming and participating in the election, that electoral commissions had been packed with government officials lacking knowledge of electoral procedures, and that many officials campaigned for United Russia as part of their duties. Golos observers reported instances in which absentee ballots appeared to be abused, groups appearing to be transported from polling place to polling place to vote repeatedly, folded or even tied batches of votes were seen in the ballot boxes, and the counting of votes appeared to violate procedures.<sup>10</sup>

The OSCE's preliminary report on the outcome of the election echoed many of the findings of Golos and other observers. The report judged that close ties between the Russian government and the ruling party, refusal to register political parties, 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. The report stated that monitors had received numerous credible allegations of attempts by local officials to pressure civil servants, factory workers, and social organization employees into voting for United Russia. The voting process appeared orderly, but the vote count was assessed as bad or very bad in about one-third of 115 polling stations observed. Frequent procedural violations and instances of apparent manipulation were observed, including serious indications of ballot-stuffing in 17% of these polling stations. Vote tabulation was observed to be poor in 16% of 73 territorial electoral commissions. Observers were deliberately obstructed from carrying out their activities in a number of cases.<sup>11</sup> In contrast to the OSCE assessment, observers from the Commonwealth of Independent States reported that the election was "held legally and without serious violations."

**Table 1. Parties that Won Seats in the State Duma**

<b>Party</b>	<b>Percentage of Vote</b>	<b>Seats</b>
United Russia	49.32	238
Communist	19.19	92
Just Russia	13.24	64
Russian Liberal Democratic	11.67	56
Total	93.42	450

Source: Central Electoral Commission, December 9, 2011 (final results).

Notes: The other 3 parties running—Patriots of Russia, Yabloko, and Right Cause—all received less than the 5% necessary to win seats. Yabloko received 3.43% of the vote, Patriots of Russia received 0.97%, and Right Cause received 0.6%.

Although Yabloko did not win any seats, it received enough votes (over 3%) to be able to receive public financing and free airtime in the next election.

In addition to the electoral issues mentioned above, several websites belonging to opposition or independent news organizations or civil society NGOs were disabled on election day, allegedly by denial of service attacks, including the Golos website. These cyberattacks have raised concerns by Russian and U.S. observers (including Secretary of State Hillary Clinton; see below) about new efforts to curb freedom of expression on the part of the Russian government.<sup>12</sup>

## IMPLICATIONS FOR RUSSIA AND PUTIN

Meeting with his supporters the day after the election, Medvedev hailed the “completely free, fair, and democratic election,” and argued that the United Russia Party “got more or less what the various sociological agencies predicted.... Discussion and debate between people usually end up producing more balanced decisions.... I therefore think that a ‘livelier’ and more energetic parliament will be good for our country, and I hope we will have just such a parliament.”<sup>13</sup> Putin reported to United Russia officials on December 6 that “United Russia has won a majority, a stable majority. True, there are losses, but they ... would be inevitable for any political force ... that has borne the burden of responsibility for the situation in the country for years.”<sup>14</sup> The First Deputy Chief of the Presidential Staff, Vladimir Surkov, asserted that “in a society which is colorful, irritated and far from being united, I repeat that United Russia's 50% is an excellent result.... Attempts to rock the boat and interpret the situation in a negative and provocative light are doomed to failure. Everything is under control. The system is working. Democratic institutions are working.”<sup>15</sup> Russian officials denounced the OSCE's preliminary report as biased and hypocritical, but seemed to focus their ire on a statement by Secretary Clinton (see below).

United Russia's control of over 50% of the seats and the leadership positions assure the passage of legislation it supports. Some analysts suggest that United Russia will need to seek allies in the Duma in order to pass legislation changing the constitution, which requires a 60% vote. Others discount this as a serious impediment, since the LDPR in particular has usually supported United Russia on major issues. Debate and the tenor of legislation may be affected, however. The minority parties that gained seats in the Duma are socialist-nationalist parties, reflecting increasing “leftist” and nationalist views among the public, according to some polls.<sup>16</sup>

### The Post-Election Protests

The day after the election, about 5,000 protesters rallied in central Moscow against what they viewed as a flawed election. When many of them began an unsanctioned march toward the CEC, police forcibly dispersed them, reportedly detaining hundreds. Protest attempts the next two nights were suppressed. The Kremlin quickly mobilized pro-government Nashi and Young Guard youth groups to hold large demonstrations termed “clean victory” to press home their claim that minority groups would not be permitted to impose their will on the “majority” of the electorate.<sup>17</sup>

On December 10, 2011, demonstrations under the slogan “For Honest Elections!” were held in Moscow, St. Petersburg, and dozens of other cities. In Moscow, the crowd was estimated by the police at about 25,000 (other estimates were up to 70,000), one of the largest such demonstrations in years. Police presence was massive, but there were few if any detentions. At the rally, Boris Nemtsov, the co-head of the unregistered opposition Party of People’s Freedom, issued a list of demands that included the ouster of the CEC head, the release of those detained for protesting and other “political prisoners,” the registration of previously banned parties, and new Duma elections. In some other cities, the protests were broken up by police. Additional protests against the election are planned for December 17 and 24, 2011. Some observers suggest that public dissatisfaction over the election may contribute to further unrest, but that security forces appear determined to prevent a “color revolution” such as occurred in Ukraine, Georgia, and Kyrgyzstan after tainted elections.

Until the post-election protests, most analysts and observers appeared to discount any effect of the Duma election on the prospects for Putin’s (re-)election as president in March 2012. However, the widespread public dissatisfaction with the electoral results appears to have emboldened those who object to Putin (re)assuming the presidency. Since the Duma election, several individuals quickly announced that they intend to run against Putin, including Just Cause’s Sergey Mironov, LDPR’s Vladimir Zhirinovskiy, Other Russia head Eduard Limonov, retired General Leonid Ivashov, and businessman and former Right Cause head Mikhail Prokhorov. Putin’s popularity also may have been further harmed by the perceived problems of the Duma election, in which case he will need to bolster his image in the run-up to the presidential election.

## **IMPLICATIONS FOR U.S. INTERESTS AND CONGRESSIONAL CONCERNS**

The Obama Administration selectively has praised Russia for respecting human rights and the rule of law in some areas, but also has stressed that serious problems remain.<sup>18</sup> In the run-up to the election, the Administration mostly avoided open calls for free and fair polling, but reportedly about \$9 million in U.S. assistance was provided over several months for voter education and other non-partisan efforts to enhance the electoral environment.<sup>19</sup> The day after the Duma election, on December 5, 2011, Secretary of State Clinton stated that the United States has “serious concerns about the conduct of the elections,” as detailed in the OSCE observers’ preliminary report, including ballot-box stuffing. She stated that “we are also concerned by reports that independent Russian election observers, including the nationwide Golos network, were harassed, had cyber attacks on their websites, totally contrary to what should be the protected rights of people to observe elections and participate in them and disseminate information.” She averred that she was “proud” of Golos and other Russians who attempted to bring about a fair and free and credible election, and that “Russian voters deserve a full investigation of all credible reports of electoral fraud and manipulation.”<sup>20</sup>

Prime Minister Putin retorted that he considered Secretary Clinton’s comments to be a “signal” to the Russian opposition to “begin active work,” with State Department help, to foment unrest. He stated that it was “unacceptable” that “foreign money is pumped into electoral processes,” and called for new laws to limit such alleged funding. Secretary Clinton

responded to Putin on December 8 by stating that while the United States values its relationship with Russia, “the United States and many others around the world have a strong commitment to democracy and human rights.... We expressed concerns that we thought were well-founded ... and we are supportive of the rights and aspirations of the Russian people....”<sup>21</sup> The White House also responded that the United States would continue to speak out about human rights violations in Russia and elsewhere and would continue to seek engagement both with the Russian government and with civil society groups.<sup>22</sup> Seeming to heighten tensions, on December 9, Russian media reported alleged emails between Golos and the U.S. Agency for International Development (USAID) that *ipso facto* were claimed to show U.S. interference in electoral processes. Also, on December 9, Russian Federation Council Deputy Speaker and United Russia Party official Svetlana Orlova asserted that the CIA was fomenting the opposition demonstrations in Russia.<sup>23</sup>

Russian opposition leaders Garry Kasparov and Vladimir Ryzhkov have called for the United States and the European Union not to ignore what they term the flawed election. Kasparov has called for sanctions against Russia's leaders, including by targeting investments and visas, and he has endorsed the sanctions called for by the U.S. Congress as a result of the 2009 death of Sergey Magnitsky while in Russian detention. Ryzhkov calls for PACE to refuse to recognize the credentials of the Russian Duma delegates, for the new EU-Russia Partnership and Cooperation Agreement to include strong provisions on democratization and respect for human rights, and for the EU to impose a visa ban and economic sanctions against Russian officials who commit human rights abuses.<sup>24</sup>

Some observers have raised concerns that campaigning by the United Russia Party and Russian political leaders speaking on its behalf during the election could represent a shift in official views of the United States that might damage U.S.-Russia relations. A major element of United Russia's campaign, as mentioned above, included anti-Americanism, in an effort to foster and appeal to ultranationalists and jingoists. It remains unclear whether these anti-American themes will be continued, but if they do, there could be harm to U.S.-Russia relations and cooperation. Such anti-Americanism may play a greater role in Putin's presidential campaign as well as in the campaigns of other prospective candidates.

To date, the Administration has not indicated that it would impose travel bans or other sanctions against officials responsible for the Duma election and repression against protesters after the election, as it did in the wake of the 2010 Belarusian presidential election. Some U.S. analysts recently have called for boosting U.S. assistance to Russian civil society and human rights groups.<sup>25</sup> However, Putin's increased criticism of such U.S. aid in recent days may place it in added jeopardy, particularly in the wake of past Russian tightening of reporting requirements and other restrictions on the use of such aid.

In mid-December 2011, the Ministerial meeting of the World Trade Organization (WTO) in Geneva is expected to invite Russia to join the WTO. In the period leading up to and after the Russian legislature's ratification of membership in the WTO, perhaps in the Spring of 2012, Congress may consider whether to extend permanent normal trade relations to Russia, or to invoke the non-application provision of WTO rules.<sup>26</sup> Some observers argue that Russia's membership in WTO would enhance the rule of law in Russia, through the necessity of bringing Russian trade legislation and regulations into compliance with WTO rules. Others dispute that the rule of law will be substantially strengthened, unless Western countries continue to press for further reforms. They argue that Congress should either retain the so-called Jackson-Vanik provisions of the Trade Act of 1974 as one means of monitoring human

rights and democratization progress in Russia (albeit indirectly, since Jackson-Vanik specifically applies to freedom of emigration), or enact other measures to sanction Russia or restrict U.S. assistance if Moscow violates human rights standards.<sup>27</sup>

Many in Congress have had continuing concerns about democratization and human rights progress in Russia, as reflected in calls in recent foreign operations appropriations bills as well as other legislation and hearings for added Obama Administration attention to Russian democratization. Among recent Member attention, Speaker of the House John Boehner in a speech in October 2011, called for conditioning U.S.-Russia relations on Russian progress on democratization and respect for human rights, and offered the support of the House of Representatives for such a policy.<sup>28</sup> On December 2, 2011, Members of the U.S. Commission on Security and Cooperation in Europe criticized a court action against Golos just days before the election, and on December 7 criticized the balloting as the “most controversial election in decades.” The Commission also raised concerns about the detention of those protesting against what the Commission termed the flawed election.<sup>29</sup> Senator John McCain raised concerns on December 7, 2011, that democratization and human rights have been declining in Russia, as evidenced by the problematic Duma election—as well as by the death of Sergey Magnitsky, the new conviction of Mikhail Khodorkovskiy, and worsening corruption—and called for protesters detained after the election to be released. He also warned that “as Russia’s Government grows less tolerant of its own people’s rights at home, we should not be surprised if it treats us the same way.”<sup>30</sup> Also on December 7, Senators McCain, Joseph Lieberman, and Jeanne Shaheen issued a statement condemning Russian police crackdowns on those demonstrating against the “blatant fraud” of the Duma election and calling for their release.<sup>31</sup>

These challenges to Russia’s democratic development likely will continue to be of concern to Congress and the Administration as they consider the course of U.S.-Russia cooperation on matters of mutual strategic interest and as they monitor problematic human rights cases. A major question of U.S.-Russia relations is whether Russia can be an enduring and reliable partner in international relations if it fails to uphold human rights and the rule of law.

## End Notes

<sup>1</sup> Putin became prime minister in August 1999 and acting president at the end of 1999. For previous legislative elections, see CRS Report RS20437, *Russia’s December 1999 Legislative Election: Outcome and Implications*, by Jim Nichol (nondistributable; available from author); CRS Report RL32662, *Democracy in Russia: Trends and Implications for U.S. Interests*, by Jim Nichol; and CRS Report RS22770, *Russia’s December 2007 Legislative Election: Outcome and Implications*, by Jim Nichol.

<sup>2</sup> For further information on democratization and human rights issues, see CRS Report RL33407, *Russian Political, Economic, and Security Issues and U.S. Interests*, coordinated by Jim Nichol.

<sup>3</sup> President of the Russian Federation, October 15, 2011, at <http://www.kremlin.ru>.

<sup>4</sup> OSCE, *Russian Federation State Duma Elections, 4 December 2011: Pre-Election Assessment Report*, September 14, 2011.

<sup>5</sup> Open Source Center, *Central Eurasia: Daily Report* (hereafter *CEDR*), December 7, 2011, Doc. No. CEP-4007.

<sup>6</sup> In early September 2011, President Medvedev had raised concerns that OSCE election monitoring in the Soviet successor states was hypocritical and called for more reliance on CIS observers. At the end of September 2011, Russia’s CEC chief had denounced an OSCE pre-election assessment report, stating that the report’s concerns that government resources were being used to support the United Russia Party were misguided, since there is a law against such abuses. The CEC chief also asserted that access to media by the parties would not



- be a problem since some time is provided by law and freedom of the media is guaranteed by the constitution. When a few members of PACE visited Russia in mid-November 2011, Russia's CEC chief lodged complaints with the General Prosecutor's Office and the Foreign Ministry that some of their comments violated the law. The CEC chief reportedly called for the monitors to focus solely on the mechanics of the election within the framework of Russian law. Some commentators viewed the complaints as a preemptive means to target the OSCE monitors as biased even before they issued their election reports. *CEDR*, September 3, 2011, Doc. No. CEP-950031; September 30, 2011, Doc. No. CEP-41004; "Russian Election Chief Says European Mission 'Infringes Law,'" *BBC Worldwide Monitoring*, November 19, 2011.
- <sup>7</sup> *CEDR*, November 26, 2011, Doc. No. CEP-950037.
- <sup>8</sup> *The First Statement of the Golos Association on the Results of Long-Term Monitoring of Election Campaigns for the Local, Regional and State Duma Elections set for December 4, 2011*, November 2, 2011; *The Second Statement of the Golos Association*, November 30, 2011, at <http://www.Golos.org>.
- <sup>9</sup> *CEDR*, December 2, 2011, Doc. No. CEP-950041.
- <sup>10</sup> *A Brief Statement of the Association 'Golos' on the Observation of the Elections to the State Duma of the Federal Assembly of the Russian Federation*, December 5, 2011, at <http://www.golos.org/asset/5223>.
- <sup>11</sup> OSCE, *International Election Observation, Russian Federation, State Duma Elections, 4 December 2011: Statement of Preliminary Findings and Conclusions*, December 5, 2011.
- <sup>12</sup> *CEDR*, December 4, 2011, Doc. No. CEP-950013; Doc. No. CEP-950005; *OSC Feature*, Doc. No. FEA-024818.
- <sup>13</sup> The Kremlin, President of Russia, December 5, 2011.
- <sup>14</sup> *CEDR*, December 6, 2011, Doc. No. CEP-950124.
- <sup>15</sup> *CEDR*, December 5, 2011, Doc. No. CEP-950239.
- <sup>16</sup> *Twenty Years Later: Confidence in Democracy and Capitalism Wanes in Former Soviet Union*, Pew Research Center, Global Attitudes Project, December 2011.
- <sup>17</sup> *CEDR*, December 6, 2011, Doc. No. CEP-950086; December 7, 2011, Doc. No. CEP-4006.
- <sup>18</sup> U.S. Department of State, *Remarks to Russian Human Rights Activists Visiting Washington*, Michael H. Posner, Assistant Secretary, Bureau of Democracy, Human Rights, and Labor, May 27, 2011. The State Department has set up a website of recent statements about human rights in Russia. See <http://www.state.gov/p/eur/ci/rs/c41672.htm>.
- <sup>19</sup> White House spokesman Jay Carney appeared to endorse the \$9 million as a correct estimate. See The White House, Office of the Press Secretary, *Press Briefing*, December 9, 2011.
- <sup>20</sup> U.S. Department of State, *Remarks at the Bonn Conference Center*, December 5, 2011.
- <sup>21</sup> U.S. Department of State, *Press Availability in Brussels, Belgium*, December 8, 2011.
- <sup>22</sup> Open Source Center, *Central Eurasia: Daily Report*, December 8, 2011, Doc. No. CEP-950049; The White House, Office of the Press Secretary, *Press Briefing by Press Secretary Jay Carney*, December 8, 2011.
- <sup>23</sup> "Election-Meddling Fiasco Hits US-Russia Relations," *Agence Presse France*, December 9, 2011; *CEDR*, December 9, 2011, Doc. No. CEP-950095.
- <sup>24</sup> *London Times*, December 10, 2011; *The Moscow Times*, November 22, 2011.
- <sup>25</sup> Ariel Cohen, "Rethinking Reset: Re-Examining the Obama Administration Russia Policy," *Hampton Roads International Security Quarterly*, October 1, 2011.
- <sup>26</sup> For details, see CRS Report RS21123, *Permanent Normal Trade Relations (PNTR) Status for Russia and U.S.-Russian Economic Ties*, by William H. Cooper.
- <sup>27</sup> Anna Borshchevskaya, "Human Rights, Russia, and the WTO," *The American Magazine*, December 6, 2011.
- <sup>28</sup> "Rep. John A. Boehner, R-Ohio, Speaker of the House of Representatives, Delivers Keynote Remarks at the Heritage Foundation Seminar on 'The Risks of the Reset: Why Washington Must Watch Its Step With Moscow,'" *Political Transcript Wire*, October 25, 2011.
- <sup>29</sup> U.S. Commission on Security and Cooperation in Europe, *U.S. Helsinki Commission Statement on Russian Government Harassment of NGO Golos*, December 1, 2011; *Helsinki Commission Leaders Call On Russian Authorities To Respect Democracy Commitments*, December 7, 2011.
- <sup>30</sup> *Congressional Record*, December 7, 2011, pp. S8395-S8398.
- <sup>31</sup> U.S. Senate, *Lieberman, McCain, Shaheen Statement on Russian Elections*, December 7, 2011, at <http://lieberman.senate.gov/index.cfm/news-events/news/2011/12/lieberman-mccain-shaheen-statement-on-russianelections>.



*Chapter 6*

## **THE NEW START TREATY: CENTRAL LIMITS AND KEY PROVISIONS\***

*Amy F. Woolf*

### **SUMMARY**

The United States and Russia signed the New START Treaty on April 8, 2010. The Senate Foreign Relations Committee and Senate Armed Services Committee both held hearings on the treaty. The U.S. Senate gave its advice and consent to ratification on December 22, 2010, by a vote of 71-26. Both houses of the Russian parliament—the Duma and Federation Council— approved the treaty in late January 2011, and it entered into force on February 5, 2011, after Secretary of State Clinton and Foreign Minister Lavrov exchanged the instruments of ratification.

New START provides the parties with seven years to reduce their forces, and will remain in force for a total of 10 years. It 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; those are the actual number of warheads on deployed ICBMs and SLBMs, and one warhead for each deployed heavy bomber.

New START contains detailed definitions and counting rules that will help the parties calculate the number of warheads that count under the treaty limits. Moreover, the delivery vehicles and their warheads will count under the treaty limits until they are converted or eliminated according to the provisions described in the treaty's Protocol. These provisions are far less demanding than those in the original START Treaty and will provide the United States and Russia with far more flexibility in determining how to reduce their forces to meet the treaty limits. The monitoring and verification regime in the New START Treaty is less costly and complex than the regime in START. Like START, though, it contains detailed definitions of items limited by the treaty; provisions governing the use of national technical means (NTM) to gather data on each side's forces and activities; an extensive database that identifies the numbers, types, and locations of

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items limited by the treaty; provisions requiring notifications about items limited by the treaty; and inspections allowing the parties to confirm information shared during data exchanges. New START does not limit current or planned U.S. missile defense programs. It does ban the conversion of ICBM and SLBM launchers to launchers for missile defense interceptors, but the United States never intended to pursue such conversions when deploying missile defense interceptors. Under New START, the United States can deploy conventional warheads on its ballistic missiles, but these will count under the treaty limit on nuclear warheads. The United States may deploy a small number of these systems during the time that New START is in force. The Obama Administration and outside analysts argue that New START will strengthen strategic stability and enhance U.S. national security. They contend that New START will contribute to U.S. nuclear nonproliferation goals by convincing other nations that the United States is serious about its obligations under the NPT. This might convince more nations to cooperate with the United States in pressuring nations who are seeking their own nuclear weapons. Critics, however, question whether the treaty serves U.S. national security interests, as Russia was likely to reduce its forces with or without an arms control agreement and because the United States and Russia no longer need arms control treaties to manage their relationship. Some also consider the U.S.-Russian arms control process to be a distraction from the more important issues on the nonproliferation agenda.

## INTRODUCTION

The United States and Russia signed a new strategic arms reduction treaty—known as New START—on April 8, 2010.<sup>1</sup> This treaty is designed to replace the 1991 Strategic Arms Reductions Treaty (START), which expired, after 15 years of implementation, on December 5, 2009.<sup>2</sup> The U.S. Senate provided its advice and consent to ratification of New START on December 22, 2010, by a vote of 71-26. The Russian parliament, with both the Duma and Federation Council voting, did so on January 25 and January 26, 2011. The treaty entered into force on February 5, 2011, after Secretary of State Clinton and Foreign Minister Lavrov exchanged the instruments of ratification. New START supersedes the 2002 Strategic Offensive Reductions Treaty (known as the Moscow Treaty), which has now lapsed.<sup>3</sup> New START provides the parties with seven years to reduce their forces, and it will remain in force for a total of 10 years.

Presidents Obama and Medvedev outlined their goals for the negotiations on a new START Treaty in early April 2009. In a joint statement issued after they met in London, they indicated that the subject of the new agreement “will be the reduction and limitation of strategic offensive arms.”<sup>4</sup> This statement indicated that the new treaty would not address missile defenses, nonstrategic nuclear weapons, or nondeployed stockpiles of nuclear weapons. The Presidents also agreed that they would seek to reduce their forces to levels below those in the 2002 Moscow Treaty, and that the new agreement would “mutually enhance the security of the Parties and predictability and stability in strategic offensive forces, and will include effective verification measures drawn from the experience of the Parties in implementing the START Treaty.”

The Presidents further refined their goals for New START, and gave the first indications of the range they were considering for the limits in the treaty, in a Joint Understanding signed at their summit meeting in Moscow in July 2009. They agreed that the new treaty would restrict each party to between 500 and 1,100 strategic delivery vehicles and between 1,500

and 1,675 associated warheads. They also agreed that the new treaty would contain “provisions on definitions, data exchanges, notifications, eliminations, inspections and verification procedures, as well as confidence building and transparency measures, as adapted, simplified, and made less costly, as appropriate, in comparison to the START Treaty.”<sup>5</sup>

The New START Treaty follows many of the same conventions as the 1991 START Treaty. It contains detailed definitions and counting rules that the parties will use to identify the forces limited by the treaty. It also mandates that the parties maintain an extensive database that will describe the locations, numbers, and technical characteristics of weapons limited by the treaty. It allows the parties to use several types of exhibitions and on-site inspections to confirm information in the database and to monitor forces and activities limited by the treaty.

But the new treaty is not simply an extension of START. The United States and Soviet Union negotiated the original START Treaty during the 1980s, during the latter years of the Cold War, when the two nations were still adversaries and each was still wary of the capabilities and intentions of the other. Many of the provisions in the original treaty reflect the uncertainty and suspicion that were evident at that time. The New START Treaty is a product of a different era and a different relationship between the United States and Russia.<sup>6</sup> In some ways, its goals remain the same—the parties have still sought provisions that would allow for predictability and transparency in their current forces and future intentions. But, the United States and Russia have streamlined and simplified the central limits and the monitoring and verification provisions. The new treaty does not contain layers of limits and sublimits; each side can determine its own mix of land-based intercontinental ballistic missiles (ICBMs), submarine-launched ballistic missiles (SLBMs) and heavy bombers. Moreover, in the current environment, the parties were far less concerned with choking off avenues for potential evasion schemes than they were with fostering continued cooperation and openness between the two sides.

## CENTRAL LIMITS AND KEY PROVISIONS

### Central Limits

#### *Limits on Delivery Vehicles*

The New START Treaty contains three central limits on U.S. and Russian strategic offensive nuclear forces; these are displayed in Table 1, below. First, it 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. Second, within that total, it limits each side to no more than 700 deployed ICBMs, deployed SLBMs, and deployed heavy bombers equipped to carry nuclear armaments. Third, the treaty limits each side to no more than 1,550 deployed warheads. Deployed warheads include the actual number of warheads carried by deployed ICBMs and SLBMs, and one warhead for each deployed heavy bomber equipped for nuclear armaments. Table 1 compares these limits to those in the 1991 START Treaty and the 2002 Moscow Treaty.

According to New START's Protocol<sup>7</sup> a deployed ICBM launcher is "an ICBM launcher that contains an ICBM and is not an ICBM test launcher, an ICBM training launcher, or an ICBM launcher located at a space launch facility." A deployed SLBM launcher is a launcher installed on an operational submarine that contains an SLBM and is not intended for testing or training. A deployed mobile launcher of ICBMs is one that contains an ICBM and is not a mobile test launcher or a mobile launcher of ICBMs located at a space launch facility.

**Table 1. Limits in START, Moscow Treaty, and New START**

Treaty	START (1991)	Moscow Treaty (2002)	New START (2010)
Limits on Delivery Vehicles	1,600 strategic nuclear delivery vehicles	No limits	800 deployed and nondeployed ICBM launchers, SLBM launchers and heavy bombers equipped to carry nuclear weapons Within the 800 limit, 700 deployed ICBMs, SLBMs, and heavy bombers equipped to carry nuclear weapons
Limits on Warheads	6,000 warheads attributed to ICBMs, SLBMs, and heavy bombers  4,900 warheads attributed to ICBMs and SLBMs  1,100 warheads attributed to mobile ICBMs  1,540 warheads attributed to heavy ICBMs	1,700-2,200 deployed strategic warheads  No sublimits	1,550 deployed warheads  No sublimits
Limits on Throwweight	3,600 metric tons	No limit	No limit

Source: State Department fact sheets.

These deployed launchers can be based only at ICBM bases. A deployed ICBM or SLBM is one that is contained in a deployed launcher. Nondeployed launchers are, therefore, those that are used for testing or training, those that are located at space launch facilities, or those that are located at deployment areas or on submarines but do not contain a deployed ICBM or SLBM.

The New START Treaty does not limit the number of nondeployed ICBMs or nondeployed SLBMs. It does, however, state that these missiles must be located at facilities that are known to be within the infrastructure that supports and maintains ICBMs and SLBMs. These include "submarine bases, ICBM or SLBM loading facilities, maintenance facilities, repair facilities for ICBMs or SLBMs, storage facilities for ICBMs or SLBMs, conversion or elimination facilities for ICBMs or SLBMs, test ranges, space launch facilities,

and production facilities.” Nondeployed ICBMs and SLBMs may also be in transit between these facilities, although Article IV of the treaty indicates that this time in transit should be “no more than 30 days.”

The parties will share information on the locations of these missiles in the database they maintain under the treaty and notify each other when they move these systems. These provisions are designed to allow each side to keep track of the numbers and locations of nondeployed missiles and to deter efforts to stockpile hidden, uncounted missiles. A party would be in violation of the treaty if one of its nondeployed missiles were spotted at a facility not included on the list, or if one were found at a location different from the one listed for that missile in the database.<sup>8</sup>

According to the Protocol to New START, a deployed heavy bomber is one that is equipped for nuclear armaments but is not a “test heavy bomber or a heavy bomber located at a repair facility or at a production facility.” Moreover, a heavy bomber is equipped for nuclear armaments if it is “equipped for long-range nuclear ALCMs, nuclear air-to-surface missiles, or nuclear bombs.” All deployed heavy bombers must be located at air bases, which are defined as facilities “at which deployed heavy bombers are based and their operation is supported.” If an air base cannot support the operations of heavy bombers, then the treaty does not consider it to be available for the basing of heavy bombers, even though they may land at such bases under some circumstances. Test heavy bombers can be based only at heavy bomber flight test centers and non-deployed heavy bombers other than test heavy bombers can be located only at repair facilities or production facilities for heavy bombers. Each party may have no more than 10 test heavy bombers.

Heavy bombers that are not equipped for long range nuclear ALCMs, nuclear air-to-surface missiles, or nuclear bombs will not count under the treaty limits. However, the treaty does specify that, “within the same type, a heavy bomber equipped for nuclear armaments shall be distinguishable from a heavy bomber equipped for non-nuclear armaments.” Moreover, if a party does convert some bombers within a given type so that they are no longer equipped to carry nuclear weapons, it cannot base the nuclear and non-nuclear bombers at the same air base, unless otherwise agreed by the parties.

Hence, the United States could reduce the number of bombers that count under the treaty limits by altering some of its B-52 bombers so that they no longer carry nuclear weapons and by basing them at a separate base from those that still carry nuclear weapons. In addition, if the United States converted all of the bombers of a given type, so that none of them could carry nuclear armaments, then none of the bombers of that type would count under the New START treaty. This provision would allow the United States to remove its B-1 bombers from treaty accountability. They no longer carry nuclear weapons, but they still counted under the old START Treaty and have never been altered so that they could not carry nuclear weapons. The conversion rules that would affect the B-1 bombers are described below.

### ***Limits on Warheads***

Table 1 summarizes the warheads limits in START, the Moscow Treaty, and the New START Treaty. Two factors stand out in this comparison. First, the original START Treaty contained several sublimits on warheads attributed to different types of strategic weapons, in part because the United States wanted the treaty to impose specific limits on elements of the Soviet force that were deemed to be “destabilizing.” Therefore, START sought to limit the Soviet force of heavy ICBMs by cutting in half the number of warheads deployed on these

missiles, and to limit future Soviet deployments of mobile ICBMs. The Moscow Treaty and New START, in contrast, contain only a single limit on the aggregate number of deployed warheads. They provide each nation with the freedom to mix their forces as they see fit. This change reflects, in part, a lesser concern with Cold War models of strategic and crisis stability. It also derives from the U.S. desire to maintain flexibility in determining the structure of its own nuclear forces.

Table 1 also highlights how the planned numbers of warheads in the U.S. and Russian strategic forces have declined in the years since the end of the Cold War. Before START entered into force in 1991, each side had more than 10,000 warheads on its strategic offensive delivery vehicles. If the parties implement the New START Treaty, that number will have declined by more than 80%. However, although all three treaties limit warheads, each uses different definitions and counting rules to determine how many warheads each side has deployed on its strategic forces.

Under START, the United States and Russia did not actually count deployed warheads. Instead, each party counted the launchers—ICBM silos, SLBM launch tubes, and heavy bombers—deployed by the other side. Under the terms of the treaty, they then assumed that each operational launcher contained an operational missile, and each operational missile carried an “attributed” number of warheads. The number of warheads attributed to each missile or bomber was the same for all missiles and bombers of that type. It did not recognize different loadings on individual delivery vehicles. This number was listed in an agreed database that the parties maintained during the life of the treaty. The parties then multiplied these warhead numbers by the number of deployed ballistic missiles and heavy bombers to determine the number of warheads that counted under the treaty’s limits.

In most cases, the number of warheads attributed to each type of ICBM and SLBM was equal to the maximum number that missile had been tested with. START did, however, permit the parties to reduce the number of warheads attributed to some of their ballistic missiles through a process known as “downloading.” When downloading missiles, a nation could remove a specified number of reentry vehicles from all the ICBMs at an ICBM base or from all the SLBMs in submarines at bases adjacent to a specified ocean.<sup>9</sup> They could then reduce the number of warheads attributed to those missiles in the database, and therefore, the number that counted under the treaty limits.

Unlike ballistic missiles, bombers counted as far fewer than the number of warheads they could carry. Bombers that were not equipped to carry long-range nuclear-armed cruise missiles counted as one warhead, even though they could carry 16 or more bombs and short-range missiles. U.S. bombers that were equipped to carry long-range nuclear-armed cruise missiles counted as 10 warheads, even though they could carry up to 20 cruise missiles. Soviet bombers that were equipped to carry long-range nuclear-armed cruise missiles counted as 8 warheads, even though they could carry up to 16 cruise missiles. These numbers were then multiplied by the numbers of deployed heavy bombers in each category to determine the number of warheads that would count under the treaty limits.

In contrast with START, the Moscow Treaty did not contain any definitions or counting rules to calculate the number of warheads that counted under the treaty limit. Its text indicated that it limited deployed strategic warheads, but the United States and Russia could each determine its own definition of this term. The United States counted “operationally deployed” strategic nuclear warheads and included both warheads on deployed ballistic missiles and bomber weapons stored near deployed bombers at their bases. Russia, in contrast, did not



count any bomber weapons under its total, as these weapons were not actually deployed on any bombers. Moreover, because the Moscow Treaty did not contain any sublimits on warheads deployed on different categories of delivery vehicles, the two parties only had to calculate an aggregate total for their deployed warheads. In addition, while they exchanged data under START on the numbers of accountable launchers and warheads every six months, they only had to report the number of warheads they counted under the Moscow Treaty once, on December 31, 2012, at the end of the treaty's implementation period.

Like START, the New START Treaty contains definitions and counting rules that will help the parties calculate the number of warheads that count under the treaty limits. For ballistic missiles, these rules follow the precedent set in the Moscow Treaty and count only the actual number of warheads on deployed delivery vehicles. For bombers, however, these rules follow the precedent set in START and attribute a fixed number of warheads to each heavy bomber.

Article III of the New START Treaty states that “for ICBMs and SLBMs, the number of warheads shall be the number of reentry vehicles emplaced on deployed ICBMs and on deployed SLBMs.” Missiles will not count as if they carried the maximum number of warheads tested on that type of missile. Each missile will have its own warhead number and that number can change during the life of the treaty. The parties will not, however, visit each missile to count and calculate the total number of warheads in the force. The New START database will list total number of warheads deployed on all deployed launchers. The parties will then have the opportunity, 10 times each year, to inspect one missile or three bombers selected at random. At the start of these inspections, before the inspecting party chooses a missile or bomber to view, the inspected party will provide a list of the number of warheads on each missile or bomber at the inspected base. The inspecting party will then choose a missile at random, and confirm that the number listed in the database is accurate. This is designed to deter the deployment of extra warheads by creating the possibility that a missile with extra warheads might be chosen for an inspection.

As was the case under START, this inspection process will not provide the parties with the means to visually inspect and count all the deployed warheads carried on deployed missiles. Under START, this number was calculated by counting launchers and multiplying by an attributed number of warheads. Under New START, as was the case in the Moscow Treaty, each side will simply declare its number of total deployed warheads and include that number in the treaty data base. Unlike the Moscow Treaty, however, the parties will provide and update these numbers every six months during the life of the treaty, rather than just once at the end of the treaty.

Under the New START Treaty, each deployed heavy bomber equipped with nuclear armaments will count as one nuclear warhead. This is true whether the bomber is equipped to carry cruise missiles or gravity bombs. Neither the United States nor Russia deploys nuclear weapons on their bombers on a day-to-day basis. Because the treaty is supposed to count, and reduce, actual warheads carried by deployed delivery vehicles, the bomber weapons that are not deployed on a day-to-day basis are excluded. In addition, because the parties will use on-site inspections to confirm the actual number of deployed warheads on deployed delivery vehicles, and the bombers will have no warheads on them during inspections, the parties needed to come up with an arbitrary number to assign to the bombers. That number is one.

## **Conversion and Elimination**

According to New START, ICBM launchers, SLBM launchers, and heavy bombers equipped to carry nuclear armaments shall continue to count under the treaty limits until they are converted or eliminated according to the provisions described in the treaty's Protocol. These provisions are far less demanding than those in the original START Treaty and will provide the United States and Russia with far more flexibility in determining how to reduce their forces to meet the treaty limits.

### ***ICBM Launchers***

Under START, ICBM launchers were “destroyed by excavation to a depth of no less than eight meters, or by explosion to a depth of no less than six meters.” If missiles were removed from silos, and the silos were not eliminated in this fashion, then the silos still counted as if they held a deployed missile and as if the deployed missile carried the attributed number of warheads.

New START lists three ways in which the parties may eliminate ICBM silo launchers. It states that silo launchers “shall be destroyed by excavating them to a depth of no less than eight meters or by explosion to a depth of no less than six meters.” It also indicates that the silos can be “completely filled with debris resulting from demolition of infrastructure, and with earth or gravel.” Finally, it indicates the party carrying out the elimination can develop other procedures to eliminate its silos. It may have to demonstrate this elimination alternative to the other party, but that party cannot dispute or deny the use of that method.

Hence, instead of blowing up the silos, digging them out of the ground, or filling them with dirt, the parties to the treaty might simply choose to disable the silo, using measures it identifies itself, so that it can no longer launch a missile. This could be far less costly and destructive than the procedures mandated under START, and would help both nations eliminate some silos that have stood empty for years while continuing to count under the old START Treaty. For the United States, this would include the 50 silos that held Peacekeeper missiles until 2005 and the 50 silos that held Minuteman III missiles until 2008. The United States has never destroyed these silos, so they continued to count under START. It can now disable these silos without destroying them, and remove them from its tally of launchers under the New START Treaty.

### ***Mobile ICBM launchers***

Under START, the elimination process for launchers for road-mobile ICBMs required that “the erector-launcher mechanism and leveling supports shall be removed from the launcher chassis” and that “the framework of the erector-launcher mechanism on which the ICBM is mounted and erected shall be cut at locations that are not assembly joints into two pieces of approximately equal size.” It also required that the missile launch support equipment be removed from the launcher chassis, and that the “mountings of the erector-launcher mechanism and of the launcher leveling supports shall be cut off the launcher chassis” and cut into two pieces of approximately equal size. START also required that 0.78 meters of the launcher chassis be cut off and cut into two parts, so that the chassis would be too short to support mobile ICBMs.

Under New START, the elimination process for launchers for road mobile ICBMs is far more simple and far less destructive. As was the case under START, the elimination “shall be

carried out by cutting the erector-launcher mechanism, leveling supports, and mountings of the erector-launcher mechanism from the launcher chassis and by removing the missile launch support equipment ... from the launcher chassis.” But neither the framework nor the chassis itself have to be cut into pieces. If the chassis is going to be used “at a declared facility for purposes not inconsistent with the Treaty” the surfaces of the vehicle that will be visible to national technical means of verification must be painted a different color or pattern than those surfaces on a deployed mobile ICBM launcher.

### ***SLBM Launchers***

Under START, the SLBM launch tubes were considered to be eliminated when the entire missile section was removed from the submarine; or when “the missile launch tubes, and all elements of their reinforcement, including hull liners and segments of circular structural members between the missile launch tubes, as well as the entire portion of the pressure hull, the entire portion of the outer hull, and the entire portion of the superstructure through which all the missile launch tubes pass and that contain all the missile launch-tube penetrations” were removed from the submarine. The missile launch tubes then had to “be cut into two pieces of approximately equal size.”

Under New START, SLBM launch tubes can be eliminated “by removing all missile launch tube hatches, their associated superstructure fairings, and, if applicable, gas generators.” In other words, the missile section of the submarine and the individual launch tubes can remain in place in the submarine, and cease to count under the treaty limits, if they are altered so that they can no longer launch ballistic missiles. Moreover, according to the Ninth Agreed Statement in the New START Protocol, SLBM launch tubes that have been converted in accordance with this procedure and are “incapable of launching SLBMs may simultaneously be located on a ballistic missile submarine” with launch tubes that are still capable of launching SLBMs. After a party completes this type of conversion, it “shall conduct a one-time exhibition of a converted launcher and an SLBM launcher that has not been converted” to demonstrate, to the other party, “the distinguishing features of a converted launcher and an SLBM launcher that has not been converted.”

Under START, the United States had to essentially destroy an entire submarine to remove its launch tubes from accountability under the treaty limits. With these provisions in New START, the United States can not only convert ballistic missile submarines to other uses without destroying their missile tubes and missile compartments, it can also reduce the number of accountable deployed SLBM launchers on ballistic missile submarines that continue to carry nuclear-armed SLBMs.

These provisions will provide the United States a great deal of flexibility when it determines the structure of its nuclear forces under New START.

During the past decade, the United States has converted four of its Trident ballistic missile submarines so that they no longer carry ballistic missiles but now carry conventional cruise missiles and other types of weapons.

These are now known as SSGNs. Because the United States did not remove the missile compartment from these submarines, they continued to count as if they carried 24 Trident missiles, with 8 warheads per missile, under the old START Treaty. These submarines will not count under the New START Treaty.

In the Second Agreed Statement in the New START Protocol, the United States has agreed that, “no later than three years after entry into force of the Treaty, the United States of

America shall conduct an initial one-time exhibition of each of these four SSGNs. The purpose of such exhibitions shall be to confirm that the launchers on such submarines are incapable of launching SLBMs.” Moreover, if an SSGN is located at an SSBN base when a Russian inspection team visits that base, the inspection team will have the right to inspect the SSGN again to confirm that the launchers have not been converted back to carry SLBMs. Russia can conduct six of these re-inspections during the life of the treaty, but no more than two inspections of any one of the SSGNs.

### ***Heavy Bombers***

Under START, heavy bombers were eliminated by having the tail section cut off of the fuselage at a location that obviously was not an assembly joint; having the wings separated from the fuselage at any location by any method; and having the remainder of the fuselage cut into two pieces, with the cut occurring in the area where the wings were attached to the fuselage, but at a location obviously not an assembly joint.

START also allowed the parties to remove heavy bombers from treaty accountability by converting them to heavy bombers that were not equipped to carry nuclear armaments. According to the elimination and conversion Protocol in START, this could be done by modifying all weapons bays and by removing or modifying the external attachment joints for either long-range nuclear ALCMs or other nuclear armaments that the bombers were equipped to carry.

The elimination procedure for heavy bombers has also been simplified under New START. To eliminate bombers, the parties must cut “a wing or tail section from the fuselage at locations obviously not assembly joints,” *or* cut “the fuselage into two parts at a location obviously not an assembly joint.”

It no longer has to remove the wings from the fuselage. In addition, to convert a bomber counted under the treaty to a heavy bomber no longer equipped to carry nuclear armaments, the parties can either modify the weapons bays and external attachments for pylons so that they can not carry nuclear armaments, or modify all internal and external launcher assemblies so that they can not carry nuclear armaments, or develop any other procedure to carry out the conversion. As was the case with the conversion and elimination of missile launchers, the party may have to demonstrate its conversion procedure, but the other party does not have the right to object or reject the procedure.

The United States no longer equips its B-1 bombers with nuclear weapons, and has no plans to do so in the future. It has not, however, converted these bombers to non-nuclear heavy bombers using the procedures outlined in START.

As a result, they continued to count as one delivery vehicle and one warhead under the counting rules in START. The United States does not, however, want to count these bombers under the New START Treaty. As a result, in the First Agreed Statement, the United States and Russia agreed, during the first year that the treaty is in force, the United States will conduct a “one-time exhibition” to demonstrate to Russia that these bombers are no longer equipped to carry nuclear weapons.

The bombers that no longer carry nuclear weapons will have a “distinguishing feature” that will be recorded in the treaty database and will be evident on all B-1 bombers that are no longer equipped to carry nuclear weapons. After all the B-1 bombers have been converted in this manner, they will no longer count against the limits in the New START Treaty.

## Mobile ICBMs

### *Mobile ICBMs in START*

Mobile ICBMs became an issue in the original START negotiations in the mid-1980s, as the Soviet Union began to deploy a single warhead road-mobile ICBM, the SS-25, and a 10-warhead rail-mobile ICBM, the SS-24.<sup>10</sup> The United States initially proposed that START ban mobile ICBMs because the United States would not be able to locate or target these systems during a conflict. Some also questioned whether the United States would be able to monitor Soviet mobile ICBM deployments well enough to count the missiles and verify Soviet compliance with the limits in START. Some also argued that the Soviet Union might be able to stockpile hidden missiles and launchers, and to reload mobile ICBM launchers during a conflict because the United States could not target and destroy them.

The Soviet Union refused to ban mobile ICBMs. As a result, START limited the United States and Soviet Union to 1,100 warheads on mobile ICBMs. The treaty also limited the numbers of nondeployed missiles and nondeployed launchers for mobile ICBMs. Each side could retain 250 missiles and 110 launchers for mobile ICBMs, with no more than 125 missiles and 18 launchers for rail mobile ICBMs. This did not eliminate the risk of “breakout,” which refers to the rapid addition of stored missiles to the deployed force, but it did limit the magnitude of the breakout potential and the number of missiles that the Soviet Union could “reload” on deployed launchers during a conflict.

START also contained a number of complementary, and sometimes overlapping, monitoring mechanisms that were designed to help the parties keep track of the numbers and locations of permitted missiles.<sup>11</sup> Each side could monitor the final assembly facility for the missiles to count them as they entered the force.<sup>12</sup> The parties also agreed to record the serial numbers, referred to in the treaty as “unique identifiers,” for the mobile ICBMs, and to list these numbers in the treaty’s database. These numbers were used to help track and identify permitted missiles because the parties could check the serial numbers during on-site inspections to confirm that the missiles they encountered were those that they expected to see at the facility during the inspection. The parties also had to provide notifications when mobile ICBMs moved between permitted facilities and when mobile ICBMs moved out of their main operating bases for an exercise. These notifications were designed to complicate efforts to move extra, hidden missiles into the deployed force. Finally, missiles and launchers removed from the force had to be eliminated according to specific procedures outlined in the treaty. This not only helped the parties keep an accurate count of the deployed missiles, but served as a further deterrent to efforts to hide extra missiles outside the treaty regime.

### *Mobile ICBMs in New START*

The New START Treaty contains many limits and restrictions that will affect Russia’s force of mobile ICBMs, but it does not single them out with many of the additional constraints that were contained in START. Russia pressed for an easing of the restrictions on mobile ICBMs in New START, in part because these restrictions were one sided and only affected Russian forces. But Russian officials also noted, and the United States agreed, that mobile ICBMs could enhance the survivability of Russia’s nuclear forces, and therefore strengthen strategic stability under the new treaty.

The United States was also willing to relax the restrictions on mobile ICBMs because it is far less concerned about Russia’s ability to break out of the treaty limits than it was in the

1980s. After 15 years of START implementation, the United States has far more confidence in its knowledge of the number of deployed and nondeployed Russian mobile ICBMs, as it kept count of these missiles as they entered and left the Russian force during START. There is also far less concern about Russia stockpiling extra missiles while New START is in force. During the 1980s, the Soviet Union produced dozens of new missiles each year; Russia now adds fewer than 10 missiles to its force each year.<sup>13</sup> Some estimates indicate that, with this level of production, Russia will find it difficult to retain the 700 deployed missiles permitted by the treaty. In such a circumstance, it would have neither the need nor the ability to stockpile and hide extra missiles. Moreover, where the United States was once concerned about Russia's ability to reload its mobile launchers with spare missiles, after launching the first missiles during a conflict, this scenario no longer seems credible. It would mean that Russia maintained the ability to send extra missiles and the equipment needed to load them on launchers out on patrol with its deployed systems and that it could load these missile quickly, in the field, in the midst of a nuclear war, with U.S. weapons falling all around. Yet, Russia has not practiced or exercised this capability and it is hard to imagine that it would try it, for the first time, in the midst of a nuclear war.

The New START Treaty does not contain a sublimit on mobile ICBMs or their warheads. It also does not contain any limits on the number of nondeployed mobile ICBMs or the number of nondeployed mobile ICBM launchers. These launchers and warheads will, however, count under the aggregate limits set by the treaty, including the limit of 800 deployed and nondeployed launchers. As a result, the United States will still need to count the number of mobile ICBMs in Russia's force.

New START will not permit perimeter and portal monitoring at missile assembly facilities. The parties must, however, provide notification at least 48 hours before the time when solid-fuel ICBMs and solid-fuel SLBMs leave the production facilities. Moreover, the parties will continue to list the serial numbers, or unique identifiers, for mobile ICBMs in the shared database.<sup>14</sup>

New START limits the locations of mobile ICBMs and their launchers, both to help the United States keep track of the missiles covered by the treaty and to deter Russian efforts to hide extra missiles away from the deployed force. Deployed mobile ICBMs and their launchers must be located only at ICBM bases. All nondeployed launchers for mobile ICBMs must be located at "production facilities, ICBM loading facilities, repair facilities, storage facilities, conversion or elimination facilities, training facilities, test ranges, and space launch facilities." The locations of nondeployed mobile ICBMs are also limited to loading facilities, maintenance facilities, repair facilities, storage facilities, conversion or elimination facilities test ranges, space launch facilities, and production facilities. Some of these facilities may be at bases for operational mobile ICBMs, but, in that case, the nondeployed missiles must remain in the designated facility and cannot be located in deployment areas.

Moreover, when deployed or nondeployed missiles or launchers move from one facility to another, the parties will have to update the database so each facility contains a complete list of each item located at that facility, and of the unique identifier associated with each item. Then, according to the Protocol to the Treaty, "inspectors shall have the right to read the unique identifiers on all designated deployed ICBMs or designated deployed SLBMs, non-deployed ICBMs, non-deployed SLBMs, and designated heavy bombers that are located at the inspection site."<sup>15</sup> Hence, the parties will have the opportunity to confirm that items located at the facilities are supposed to be there.

This is designed not only to increase transparency and understanding while the treaty is in force, but also to discourage efforts to hide extra missiles and break out of the treaty limits. The treaty does not limit the number of nondeployed missiles, but it does provide the United States with continuous information about their locations and the opportunity, during on-site inspections, to confirm that these missiles are not mixed into the deployed force. Moreover, the number of nondeployed launchers for these missiles is limited, under the 800 limit on deployed and nondeployed launchers. So, even if Russia did accumulate a stock of nondeployed missiles, the number that it could add to its force in a relatively short amount of time would be limited.

Some have questioned whether Russia might use these stored mobile ICBMs to break out of the treaty by deploying them on mobile launchers that are not limited by the treaty. Specifically, they have questioned whether the New START Treaty would count rail-mobile ICBMs, and, if not, whether Russia could develop and deploy enough of these launchers to gain a military advantage over the United States.<sup>16</sup> This concern derives from the definition of mobile launcher in the paragraph 45 of the Protocol to the Treaty, which indicates that a mobile launcher is “an erector-launcher mechanism for launching ICBMs and the *self-propelled* device on which it is mounted [emphasis added].” This definition clearly captures road-mobile launchers, such as those that Russia uses for its SS-25 and SS-27 missiles, because the transporters for these missiles are self-propelled. But a rail car that carried an erector-launcher for an ICBM would not be self-propelled; it would be propelled by the train’s locomotive.

Others, however, point to several provisions in the treaty that indicate that rail-mobile launchers of ICBMs would count under the treaty limits. First, they note that the treaty limits all deployed and nondeployed ICBM launchers. It defines ICBM launcher, in paragraph 28 of the Protocol to the Treaty, as “a device intended or used to contain, prepare for launch, and launch an ICBM.” Any erector-launcher for ICBMs would be covered by this definition, regardless of whether it was deployed on a fixed site, on a road-mobile transporter, or on a railcar.

Moreover, the article-by-article analysis of the treaty specifically states that “all of the defined terms are used in at least one place elsewhere in the Treaty documents.” Article III, paragraph 8 of the treaty lists the current types of weapons deployed by each side and notes that these all count against the limits. It does not list any missiles deployed on rail-mobile launchers, and, therefore, the Protocol does not define rail-mobile launchers, because Russia no longer deploys any missiles on rail-mobile launchers. It had deployed SS-24 missiles on such launchers during the 1980s and 1990s, but these were all retired in the past decade, and the last operating base for these missiles and railcars was closed in 2007.<sup>17</sup>

The treaty would not prohibit Russia from deploying these types of systems again in the future. Article V specifically states that “modernization and replacement of strategic offensive arms may be carried out.” However, the second paragraph of this article indicates that, “when a party believes a new kind of strategic offensive arms is emerging, that party shall have the right to raise the question of such a strategic offensive arm for consideration in the Bilateral Consultative Commission.” Section six of the Protocol to the Treaty, which describes the Bilateral Consultative Commission, states that this body should “resolve questions related to the applicability of provisions of the treaty to a new kind of strategic offensive arm.” In addition, Article XV of the treaty states that “if it becomes necessary to make changes in the Protocol ... that do not affect the substantive rights or obligations under this Treaty,” the

parties can use the BCC to reach agreement on these changes without amending the treaty. Hence, if Russia were to deploy ICBMs on rail-mobile launchers, the parties could modify the definition to “mobile launcher” to confirm that these weapons count under the treaty limits.

New START does not define rail-mobile launchers for ICBMs because neither the United States nor Russia currently deploys these systems and the treaty does not specifically prohibit their deployment in the future. If, however, either party installs an erector-launcher for an ICBM on a rail car, that launcher would count under the treaty limits, and the new type of strategic arm, represented by the launcher on a railcar, would be covered by the limits in the treaty. The parties would then use the BCC to determine which of the monitoring provisions and elimination and conversion rules applied to that type of weapons system.

## **Monitoring and Verification<sup>18</sup>**

The original START Treaty included a comprehensive and overlapping set of provisions that was designed to allow the United States and Soviet Union to collect a wide range of data on their forces and activities and to determine whether the forces and activities were consistent with the limits in the treaty. While each party would collect most of this information with its own satellites and remote sensing equipment—known as national technical means of verification (NTM)—the treaty also called for the extensive exchange of data detailing the numbers and locations of affected weapons, numerous types of on-site inspections, notifications, exhibitions, and continuous monitoring at assembly facilities for mobile ICBMs. Further, in START, the parties agreed that they would not encrypt or otherwise deny access to the telemetry generated during missile flight tests, so that the other side could record this data and use it in evaluating the capabilities of missile systems.

The New START Treaty contains a monitoring and verification regime that resembles the regime in START, in that its text contains detailed definitions of items limited by the treaty, provisions governing the use of NTM to gather data on each side’s forces and activities, an extensive database that identifies the numbers, types, and locations of items limited by the treaty, provisions requiring notifications about items limited by the treaty, and inspections allowing the parties to confirm information shared during data exchanges. At the same time, the verification regime has been streamlined to make it less costly and complex than the regime in START. It also has been adjusted to reflect the limits in New START and the current circumstances in the relationship between the United States and Russia. In particular, it focuses on maintaining transparency, cooperation, and openness, as well as on deterring and detecting potential violations.

Under New START, the United States and Russia will continue to rely on their NTM to collect information about the numbers and locations of their strategic forces. They may also broadcast and exchange telemetry—the data generated during missile flight tests—up to five times each year. They do not need this data to monitor compliance with any particular limits in New START, but the telemetry exchange will provide some transparency into the capabilities of their systems.<sup>19</sup> The parties will also exchange a vast amount of data about those forces, specifying not only their distinguishing characteristics, but also their precise locations and the number of warheads deployed on each deployed delivery vehicle. They will notify each other, and update the database, whenever they move forces between declared



facilities. The treaty also requires the parties to display their forces, and allows each side to participate in exhibitions, to confirm information listed in the database.

New START will also permit the parties to conduct up to 18 short-notice on-site inspections each year. These inspections will begin in early April 2011, 60 days after the treaty enters into force. These inspections can occur at facilities that house both deployed and nondeployed launchers and missiles. The treaty divides these into Type One inspections and Type Two inspections. Each side can conduct up to 10 Type One inspections and up to eight Type Two inspections. Moreover, during each Type One inspection, the parties will be able to perform two different types of inspection activities—these are essentially equivalent to the data update inspections and reentry vehicle inspections in the original START Treaty. As a result, the 18 short-notice inspections permitted under New START are essentially equivalent to the 28 short-notice inspections permitted under START.

### ***Type One Inspections***

Type One inspections are those that will occur at ICBM bases, submarine bases, and air bases that house deployed or nondeployed launchers, missiles, and bombers. The parties will use these inspections “to confirm the accuracy of declared data on the numbers and types of deployed and non-deployed strategic offensive arms subject to this treaty. During Type One inspections, the parties will also be able to confirm that the number of warheads located on deployed ICBMs and deployed SLBMs and the number of nuclear armaments located on deployed heavy bombers” are consistent with the numbers listed in the treaty database.

The inspections used to confirm the number of deployed warheads in New START will be distinctly different from the inspections in START because the counting rules for ballistic missiles have changed. Under START, the treaty database listed the number of warheads *attributed* to a type of missile, and each missile of that type counted as the same number of warheads. The parties then inspected the missiles to confirm that the number of warheads on a particular missile did not exceed the number attributed to that type of missile. The database in New START will list the aggregate number of warheads deployed on all the missiles at a given base, but before beginning a Type One inspection, the team will receive a briefing on the actual number of warheads deployed *on each missile* at the base. During the inspections, the parties will have the right to designate one ICBM or one SLBM for inspection, and, when inspecting that missile, the parties will be able to count the actual number of reentry vehicles deployed on the missile to confirm that it equals the number provided for that particular missile prior to the inspection. The inspected party can cover the reentry vehicles to protect information not related to the number of warheads, but the party must use covers that allow the inspectors to identify the actual number of warheads on the missile.

Because these inspections will be random, and will occur on short notice, they provide the parties with a chance to detect an effort by the other party to deploy a missile with more than its listed number of warheads. As a result, the inspections may deter efforts to conceal extra warheads on the deployed force. These inspections, by allowing the parties to count the actual number of deployed warheads, also provide added transparency.

### ***Type Two Inspections***

Type Two inspections will occur at facilities that house non-deployed or converted launchers and missiles. These include “ICBM loading facilities; SLBM loading facilities; storage facilities for ICBMs, SLBMs, and mobile launchers of ICBMs; repair facilities for

ICBMs, SLBMs, and mobile launchers of ICBMs; test ranges; and training facilities.” The parties will use these inspections “to confirm the accuracy of declared technical characteristics and declared data, specified for such facilities, on the number and types of non-deployed ICBMs and non-deployed SLBMs, first stages of ICBMs and SLBMs, and nondeployed launchers of ICBMs.” In addition, they can conduct these inspections at formerly declared facilities, “to confirm that such facilities are not being used for purposes inconsistent with this Treaty.” They will also use Type II inspections to confirm that solid-fueled ICBMs, solid-fueled SLBMs, or mobile launchers of ICBMs have been eliminated according to treaty procedures.

## **Ballistic Missile Defense**

Presidents Obama and Medvedev had agreed, when they met in April 2009, that the two nations would address Russia’s concerns with U.S. missile defense programs in a separate forum from the negotiations on a New START Treaty.<sup>20</sup> However, during their meeting in Moscow in July 2010, Presidents Obama and Medvedev agreed that the treaty would contain a “provision on the interrelationship of strategic offensive arms and strategic defensive arms.”<sup>21</sup> This statement, which appears in the preamble to New START, states that the parties recognize “the existence of the interrelationship between strategic offensive arms and strategic defensive arms, that this interrelationship will become more important as strategic nuclear arms are reduced, and that current strategic defensive arms do not undermine the viability and effectiveness of the strategic offensive arms of the parties.”

Russia and the United States each issued unilateral statements when they signed New START that clarified their positions on the relationship between New START and missile defenses. Russia stated that

the Treaty can operate and be viable only if the United States of America refrains from developing its missile defense capabilities quantitatively or qualitatively. Consequently, the exceptional circumstances referred to in Article 14 of the Treaty include increasing the capabilities of the United States of America’s missile defense system in such a way that threatens the potential of the strategic nuclear forces of the Russian Federation.<sup>22</sup>

In its statement, the United States stated that its

missile defense systems are not intended to affect the strategic balance with Russia. The United States missile defense systems would be employed to defend the United States against limited missile launches, and to defend its deployed forces, allies and partners against regional threats. The United States intends to continue improving and deploying its missile defense systems in order to defend itself against limited attack and as part of our collaborative approach to strengthening stability in key regions.<sup>23</sup>

These statements do not impose any obligations on either the United States and Russia. As Senator Lugar indicated before New START was signed, these statements are, “in essence editorial opinions.” Under Secretary of State Ellen Tauscher has also stated that “Russia’s unilateral statement on missile defenses is not an integral part of the New START Treaty. It’s not legally-binding. It won’t constrain U.S. missile defense programs.”<sup>24</sup> These statements

also do not provide Russia with “veto power” over U.S. missile defense systems. Although Russia has said it may withdraw from the treaty if the U.S. missile defenses threaten “the potential of the strategic nuclear forces of the Russian Federation,” the United States has no obligation to consult with Russia to confirm that its planned defenses do not cross this threshold. It may develop and deploy whatever defenses it chooses; Russia can then determine, for itself, whether those defenses affect its strategic nuclear forces and whether it thinks the threat to those forces justifies withdrawal from the treaty.

Article V, paragraph 3 of New START also mentions ballistic missile defense interceptors. It states that the parties cannot convert ICBM launchers and SLBM launchers to launchers for missile defense interceptors and that they cannot convert launchers of missile defense interceptors to launchers for ICBMs and SLBMs. At the same time, the treaty makes it clear that the five ICBM silos at Vandenberg Air Force Base that have already been converted to carry missile defense interceptors are not affected by this prohibition. It states that “this provision shall not apply to ICBM launchers that were converted prior to signature of this Treaty for placement of missile defense interceptors therein.”

This provision is designed to address Russian concerns about the U.S. ability to “break out” of the treaty by placing ICBMs in silos that had held missile defense interceptors or by converting ICBM silos to missile interceptor silos then quickly reversing that conversion to add offensive missiles to its forces with little warning. Russia began to express this concern after the United States converted the five ICBM silos at Vandenberg for missile defense interceptors. It initially sought to reverse this conversion, or at least to count the silos under the New START limits. The United States refused, but, in exchange for Russia accepting that the five converted silos would not count under New START, the United States agreed that it would not convert additional silos.

The provision will also protect U.S. missile defense interceptors from the START inspection regime. If the parties were permitted to convert missile defense silos to ICBM silos, they would also have been able to visit and inspect those silos to confirm that they did not hold missiles limited by the treaty. The ban on such conversions means that this type of inspection are not only unnecessary, but also not permitted.

The Obama Administration has stated on many occasions that the New START Treaty does not contain any provisions that limit the numbers or capabilities of current or planned U.S. ballistic missile defense systems.<sup>25</sup> The ban on launcher conversion does not alter this conclusion because the United States has no plans to use any additional ICBM launchers or any SLBM launchers to hold missile defense interceptors. It is constructing new launchers for its missile defense systems. Some have questioned, however, whether the ban on silo conversion may limit missile defenses in the future, particularly if the United States wanted to respond to an emerging missile threat by quickly expanding its numbers of missile defense interceptors.<sup>26</sup>

General Jim Jones, President Obama’s National Security Adviser, has stated that this provision is a “limit in theory, but not in reality.”<sup>27</sup> It is not just that the United States has no plans to convert ICBM silos to missile defense interceptor silos, it is that it would be quicker and less expensive for the United States to build new silos for missile defense interceptors than to remove the ICBMs and all their equipment, reconfigure the silo, and install all the equipment for the missile defense interceptors. Moreover, given that the missile defense interceptor launched from the central United States, where U.S. ICBM silos are located,

would drop debris on U.S. territory, the United States might prefer to locate its missile defense interceptors in new launchers near the U.S. coast.

General Patrick O'Reilly, the Director of the Missile Defense Agency, has also stated that his agency "never had a plan to convert additional ICBM silos at Vandenberg and intends to hedge against increased BMDS [ballistic missile defense system] requirements by completing construction of Missile Field 2 at Fort Greely. Moreover, we determined that if more interceptors were to be added at Vandenberg AFB, it would be less expensive to build a new GBI [ground-based interceptor] missile field (which is not prohibited by the treaty)."<sup>28</sup> He went on to note that "some time ago we examined the concept of launching missile defense interceptors from submarines and found it an unattractive and extremely expensive option." Putting missile defense interceptors in SLBM launchers would undermine the primary mission of the submarine, which is designed to patrol deeply and quietly to remain invulnerable to attack, by requiring it to remain in one place near the surface while it sought to track and engage attacking missiles.

### **Conventional Long-Range Strike**

During their summit meeting in July 2009, Presidents Obama and Medvedev agreed that the New START Treaty would contain "a provision on the impact of intercontinental ballistic missiles and submarine-launched ballistic missiles in a non-nuclear configuration on strategic stability." This statement, which is in the preamble to the treaty, simply states that the parties are "mindful of the impact of conventionally armed ICBMs and SLBMs on strategic stability."

During the negotiations on New START, Russia voiced concerns about U.S. plans to deploy conventional warheads on ballistic missiles that now carry nuclear warheads.<sup>29</sup> Russian officials have argued that these weapons could upset stability for several reasons. First, even if Russia were not the target of an attack with these missiles, it might not know whether the missile carried a nuclear warhead or a conventional warhead, or whether it was headed towards a target in Russia. Moreover, ballistic missiles armed with conventional warheads could destroy significant targets in Russia and, therefore, they might provide the United States with the ability to attack such targets, with little warning, without resorting to nuclear weapons. Finally, some argued that the United States might replace the conventional warheads with nuclear warheads to exceed the limits in a treaty.

Russia initially sought to include a provision in New START that would ban the deployment of conventional warheads on strategic ballistic missiles. The United States rejected this proposal. It is seeking this capability as a way to attack targets around the world promptly, and does not envision using these weapons against Russia. As a result, as the White House noted in its Fact Sheet on New START, "the Treaty does not contain any constraints on ... current or planned United States long-range conventional strike capabilities."<sup>30</sup> However, if the United States deploys conventional warheads on missiles that are covered by the limits in START, the warheads on these missiles will count under the treaty limit on deployed warheads. Because the United States expects to deploy very small numbers of these systems, this trade-off would not have a significant effect on U.S. nuclear capabilities.<sup>31</sup> Moreover, if the United States deploys conventional warheads on new types of long-range

strike systems that are currently under development, these systems would not count under or be affected by the limits in New START.

## U.S. AND RUSSIAN FORCES UNDER NEW START

### U.S. Forces

According to the 2010 Nuclear Posture Review (NPR), which was released by DOD on April 6, 2010,<sup>32</sup> the United States will maintain a triad of ICBMs, SLBMs, and heavy bombers under New START. The NPR did not specify how many ICBMs would remain in the force, but indicated that each would be deployed with only one warhead. It also indicated that the United States would, initially at least, retain 14 Trident submarines. It might, however, reduce its fleet to 12 submarines after 2015. The NPR did not indicate whether the Trident submarines would continue to be deployed with 24 missiles on each submarine, or if the Navy would eliminate some of the launchers on operational submarines in accordance with the treaty's Ninth Agreed Statement. Finally, the NPR indicated that the United States would convert some of its 76 dual-capable B-52 bombers to a conventional-only role.

The Administration clarified its plans for U.S. forces under New START in the 1251 plan that it submitted to the Senate with the treaty documents on May 13, 2010.<sup>33</sup> This plan indicated that the United States would eliminate at least 30 ICBM silos, retaining a force of up to 420 launchers under the treaty limits. It would also retain 14 Trident submarines, but each submarine would contain only 20 launchers, and two of the submarines would be in overhaul at any time, so 40 of the launchers would not count under the limit on deployed launchers. In addition, the report indicated that the United States would retain up to 60 bombers equipped for nuclear weapons, including all 18 B-2 bombers in the current force.

This force includes up to 720 deployed ICBMs, SLBMs, and heavy bombers, a number that exceeds the 700 deployed missiles and bombers permitted by the treaty. In a hearing before the Senate Armed Services Committee on June 17, 2010, Secretary of Defense Gates and Admiral Mullen acknowledged that the United States would have to make a small number of further reductions, or convert a small number of additional systems to non-deployed status, to meet the treaty limits. However, they noted that because the United States will have seven years to reduce its forces to these limits, they saw no reason to identify a final force structure at this point. Secretary Gates noted that DOD was considering a number of options for the final force structure, and would make a decision on this force structure after considering the international security environment and Russia's force structure in the treaty's later years.

Table 2, below, contains an estimated force structure of the United States prior to New START's entry into force; the current force structure, as of October 2011; and a potential force for the United States under New START that is consistent with the force outlined in the 1251 report. The force assumes, as the Administration has indicated, that the United States will retain a triad of ICBMs, SLBMs, and heavy bombers, and that it will reduce the number of deployed nuclear-armed B-52 bombers to meet the limits in New START. The table indicates that, under the treaty limit of 800 total launchers, the United States could reduce the number of launchers on its Trident submarines and retain up to 420 total Minuteman III

missiles in its force. Some of the Minuteman III launchers would not hold ICBMs, and would, therefore, not count under the 700 limit for deployed launchers. The United States would adjust the number of warheads on deployed SLBMs to meet the treaty limit of 1,550 warheads.

The United States will not have to destroy many ICBM or SLBM launchers to reach the limits in New START. The treaty includes provisions that will allow the United States to exempt many of its existing nondeployed launchers, including 50 empty ICBM silos, 94 B-1 bombers, and 4 ballistic missile submarines that have been converted to carry cruise missiles, from the treaty limits.

Moreover, as it reduces its deployed forces, the United States would not have to destroy either ICBM or SLBM launchers to remove them from the treaty limits; it could deactivate them so that they could no longer launch ballistic missiles. Instead of eliminating missiles and launchers, the United States plans to reach the limits in New START by deploying its missiles with far fewer than the maximum number of warheads that each could be equipped to carry.

**Table 2. U.S. Strategic Nuclear Forces Under New START  
(Estimated current forces and potential New START forces)**

Estimated U.S. Forces, 2010			Current U.S. Forces, October 2011a			Potential Forces Under New STARTb		
	Deployed Launchers	Warheads	Total Launchers	Deployed Launchers	Warheads	Total Launchers	Deployed Launchers	Warheads
Minuteman III	450	500	506	448		420	400	400
Peacekeeper	0	0	51	0		0	0	0
Trident	336	1152	336	249		280	240	1090
B-52	76	300	130	114		74	42	42
B-2	18	200	20	11		18	18	18
Total	880	2152	1,043	822	1,790	792	700	1550

Source: CRS estimates.

<sup>a</sup> U.S. Department of State, Bureau of State, Bureau of Arms Control, Verification, and Compliance, *New START Treaty Aggregate Numbers of Strategic Offensive Forces*, Fact Sheet, Washington, D.C., December 1, 2012, <http://www.state.gov/documents/organization/178270.pdf>. The Fact Sheet does not display warhead subtotals for each delivery system; it only includes an aggregate across the force.

<sup>b</sup> This force assumes that the United States retains 14 Trident submarines, with two submarines in overhaul, but that each has only 20 deployed launchers.

## Russian Forces

According to the most recent data exchange under the New START Treaty, Russia currently has 1,566 warheads on 516 deployed ICBMs, SLBMs, and heavy bombers, within a total of 871 deployed and nondeployed launchers.<sup>34</sup> It is currently retiring its older SS-25 mobile ICBMs, and replacing them with newer SS-27 ICBMs and the anticipated RS-24 ICBM. Unlike the SS-25 and SS-27, the RS-24 can reportedly carry up to 7 warheads.

Russia is also retiring many of its older ballistic missile submarines. It has several new Boreyclass submarines under construction, and plans to deploy them with the new Bulava missile. The missile has, however, failed in most of its flight tests, so it is not known when Russia will deploy this new system.

Table 3, below, presents estimates of Russia's current force structure and potential forces that it might deploy under the New START Treaty. This table assumes that Russia's new RS-24 missile would carry 4 warheads. However, according to accounts in the Russian press this missile will carry "no fewer than 4" warheads. If each of these missiles were to carry 6-7 warheads, Russia could retain the 1,550 warheads permitted by the treaty. Moreover, the table assumes that Russia will eliminate most of its SS-18 ICBMs and all of its SS-19 ICBMs. It could retain some of these older missiles, both to increase the number of total and deployed launchers and to increase the number of deployed warheads.

**Table 3. Russian Strategic Nuclear Forces Under New START  
(Estimated current forces and potential New START forces)**

	Estimated Forces 2010		Potential Forces under New START		
	Launchers	Warheads	Total Launchers	Deployed Launchers	Deployed Warheads
SS-18 ICBM	68	680	68	20	200
SS-19 ICBM	72	432	0	0	0
SS-25 (mobile)	180	180	0	0	0
SS-27 (mobile)	13	13	27	27	27
SS-27 (silo)	50	50	60	60	60
RS-24 (mobile)	0	0	85	85	340
SS-N-18 (Delta III SSBN)	64 (4 SSBNs)	192	0	0	0
SS-N-23 (Delta IV SSBN)	96 (6 SSBNs)	384	64 (4 SSBNs)	64	256
Bulava (Borey SSBN)	0	0	64 (4 SSBNs)	64	384
Blackjack Bomber	14	168	13	13	13
Bear Bomber	63	688	63	63	63
Total	620	2787	444	396	1335

Source: United States Department of State, Fact Sheet, START Aggregate Numbers of Strategic Offensive Arms, July 1, 2009; Nuclear Notebook: Russian Nuclear Forces, 2010," *Bulletin of the Atomic Scientists*, January/February 2010; Russian Nuclear Forces <http://russianforces.org/>.

Table 3 indicates that Russia will almost certainly deploy fewer than the permitted number of deployed and nondeployed launchers under New START. It currently has only 516 deployed launchers, and this number may decline to around 400 deployed and 444 total launchers. This would likely be true whether or not the treaty enters into force because Russia is eliminating older missiles as they age, and deploying newer missiles at a far slower pace than that needed to retain 700 deployed launchers. However, at the same time, Russia will have to reduce the number of warheads carried on its force to meet the treaty limits. As Table 3 indicates, prior to implementation of New START, it had around 2,800 warheads on its strategic offensive forces, including many bomber weapons that will not count under the treaty. At the same time, because Russia will reduce its number of deployed launchers, it is

likely that, under New START, Russia will deploy most of its missiles with the maximum number of warheads they are capable of carrying, so that it can retain the full quantity of 1,550 warheads.

## RATIFICATION

### U.S. Ratification Process

The Obama Administration submitted the New START Treaty to the Senate on May 13, 2010. The treaty package included the treaty text, the Protocol, the Annexes, the Article-by-Article analysis prepared by the Administration, and the 1251 report on future plans and budgets for U.S. nuclear weapons required by Congress. It also included the text of the unilateral statements made by the United States and Russia when they signed the treaty. The Senate offered its advice and consent to the ratification of the treaty by voting on a Resolution of Ratification. The treaty's approval requires a vote of two-thirds of the Senate, or 67 Senators.

The Senate Foreign Relations Committee has held 12 hearings on the treaty. These began in April 2009, with testimony from former Secretaries of Defense William Perry and James Schlesinger. In total, the committee received testimony from more than 20 witnesses from both inside and outside the Obama Administration. It received testimony from current senior officials from the State Department, the Defense Department, and the Department of Energy, and from several former officials from past Administrations. The committee completed its hearing process in mid-July, after receiving a National Intelligence Estimate on the future of Russian forces and a report on the verifiability of the treaty.

The Senate Armed Services Committee held a total of eight hearings and briefings on the treaty. The Armed Services Committee heard testimony from Secretary of State Clinton, Secretary of Defense Gates, Secretary of Energy Chu, and Admiral Mullen on June 17, 2010. It also received testimony and briefings from other Administration officials and from experts from outside the government. The Intelligence Committee also held a closed hearing to discuss U.S. monitoring capabilities and the verifiability of the treaty.

The Senate Foreign Relations Committee held a business meeting to mark up the Resolution of Ratification for New START on September 16, 2010.<sup>35</sup> The committee began its consideration with a draft proposed by Senator Lugar, then addressed a number of amendments proposed by members of the committee. Both the Lugar draft and many of the proposed amendments addressed the members' concerns with U.S. missile defense programs, U.S. conventional prompt global strike capabilities, monitoring and verification, and Russian nonstrategic nuclear weapons. Most of these amendments were defeated, although the committee did modify and incorporate some into the resolution.<sup>36</sup>

The Senate Foreign Relations Committee approved the Resolution of Ratification by a vote of 14- 4, and sent the resolution to the full Senate. The Senate did not address the treaty before the November elections. The Administration pressed the Senate to debate the treaty during the lame-duck session of Congress in December 2010. Many Senators supported this goal. Some, however, suggested that the Senate would not have time to debate the treaty



during the lame-duck session, and indicated that they preferred the Senate wait until 2011 to debate the treaty.

The Senate began the debate on New START on December 16, 2010. During the debate, some Senators proposed amendments to the treaty, both to strike language related to ballistic missile defenses and to add language related to nonstrategic nuclear weapons. The treaty's supporters argued that these amendments would "kill" the treaty because they would require Russian approval and could lead to the reopening of negotiations on a wide range of issues addressed in the treaty. The Senate rejected these amendments, but it did accept amendments to the Resolution of Ratification that underlined the U.S. commitment to modernizing its nuclear weapons infrastructure and its commitment to deploying ballistic missile defenses. In addition, President Obama sent a letter to the Senators confirming his view that the New START Treaty places "no limitations on the development or deployment of our missile defense programs," highlighting his commitment to proceed with the deployment of all four phases of the missile defense system planned for Europe, and noting that the continued development and deployment of U.S. missile defenses would not threaten the strategic balance with Russia and would not "constitute the basis for questioning the effectiveness and viability of the New START Treaty."<sup>37</sup>

The Senate gave its advice and consent to ratification of New START on December 22, 2010, approving the Resolution of Ratification by a vote of 71-26. President Obama signed the instruments of ratification in early February 2011.

## **Russian Ratification Process**

Russia's President Medvedev submitted the New START Treaty to the Russian Parliament on May 28, 2010. Both Houses of the Russian Parliament, the Duma and the Federation Council, will vote on the treaty, with a majority vote required to approve the law on ratification. Russia's president said he hoped that the two sides could "synchronize" their ratification, voting on the treaty at about the same time. This would avoid the circumstances that existed on the second START Treaty in the late 1990s, when the U.S. Senate gave its consent to ratification of START II in January 1996, but by the time the Russian Parliament voted in 2000, the parties had negotiated a Protocol to the Treaty that also required ratification. The Senate never voted on the new version of the treaty, and START II never entered into force. Most experts agree that President Medvedev should be able to win approval for the treaty in the Russian Parliament with little difficulty.

The Foreign Affairs Committee of the Russian Duma had initially supported the treaty. However, in early November 2010, Konstantin Kosachev, the head of the committee, indicated that the committee would reconsider the treaty. He indicated that this was in response to both the delay in the U.S. Senate's consideration of the treaty and the conditions and understandings that the Senate Foreign Relations Committee included in the U.S. Resolution of Ratification. Nevertheless, after the Senate voted on the treaty on December 22, members of the Duma called for the prompt ratification of New START. Reports indicated they received the documents from the Senate on December 23, and they held their first vote on the Draft Law on Ratification by Friday, December 24. The Duma then crafted amendments and declarations to the Federal Law on Ratification, and, after two more votes, approved the treaty by a vote of 350-96 (with one abstention) on January 25, 2011.

The upper chamber of Russia's parliament, the Federation Council, also voted on the ratification of the treaty. Sergei Mironov, the Speaker of the Federation Council, indicated that the vote would take place after the vote in the Duma.<sup>38</sup>

This occurred on January 26, 2011, when the Federation Council unanimously approved the ratification of the treaty.<sup>39</sup> President Medvedev signed the instruments of ratification on January 28, 2011. Russia's Federal Law on Ratification contains a number of declarations and understandings that highlight the Duma and Federation Council's concerns with the New START Treaty. These do not alter the text of the treaty and, therefore, will not require U.S. consent or agreement.

Many of the provisions in the law call on Russia's leadership to pursue funding for the modernization and sustainment of Russia's strategic nuclear forces. They also reiterate Russia's view that the preamble to the treaty, and its reference to the relationship between offensive and defense forces, is an integral part of the treaty.

The law does not indicate that this language imposes any restrictions on the United States. It does, however, reiterate that Russia has a right to withdraw from the treaty, and could do so if the United States deploys defenses that undermine Russia's strategic deterrent. In addition, the law indicates that new kinds of strategic offensive weapons, such as the potential U.S. conventional prompt global strike weapons, should count under the treaty limits. The law indicates that the parties should meet in the BCC and agree on how to count these systems before either party deploys the system.

This differs from the U.S. interpretation because the United States has indicated that it could deploy such systems before completing the discussions in the BCC. These differing interpretations should not delay the entry into force of the treaty, but could raise questions in the future, if the United States deploys a PGS system that it does not consider to count under the treaty limits.

## **Entry into Force and Implementation**

Secretary Clinton and Foreign Minister Lavrov exchanged the instruments of ratification for the New START Treaty on February 5, 2011. This act brought the treaty into force and started the clock on early activities outlined in the treaty. For example, the United States and Russia conducted their initial data exchange, 45 days after the treaty entered into force, on March 22, 2011, within 45 days of entry into force. They also had the right to begin on-site inspection activities in early April, 60 days after the treaty entered into force. Reports indicate that this process began in the United States with the display of a B-1 bomber and in Russia with the display of Russia's new RS-24 missile.

The United States and Russia also met in Geneva, from March 28 through April 8, 2011, in the first meeting of the treaty's Bilateral Consultative Commission. The representatives issued two joint statements at the conclusion of the meeting that addressed procedures that would be used during the on-site inspection process. The parties met for the second session of the BCC from October 19 to November 2, 2011.

The third meeting of the BCC occurred in late January 2012. During that meeting, the parties signed several statements on the sharing telemetry on missile test launches. They agreed that they would exchange telemetric data on one ICBM or SLBM launch that had occurred between February 5, 2011, when the treaty entered into force, and the end of 2011.

They also agreed on when they would begin and end the sharing of telemetric data during the flight test of an ICBM or SLBM. They also agreed on the procedures they would use when demonstrating the recording media and playback equipment used when providing telemetric information.<sup>40</sup>

In a data exchange released in February 2011, with numbers drawn from the treaty's initial data exchange, the U.S. State Department noted that the United States had 1,800 warheads on 882 deployed ICBMs, deployed SLBMs, and deployed heavy bombers.<sup>41</sup> These deployed forces were within a total of 1,124 deployed and nondeployed launchers of ICBMs and SLBMs, and deployed in nondeployed heavy bombers. By September 2011, the United States had reduced these numbers to 1,790 warheads on 882 deployed ICBMs, deployed SLBMs, and deployed heavy bombers.<sup>42</sup>

The total number of deployed and nondeployed launchers had declined to 1,043. The State Department did not provide details of how the United States had altered its forces, but, with the number of deployed launchers remaining the same, it is likely that the United States withdrew 10 warheads from deployed ICBMs or SLBMs. The reduction in 81 nondeployed launchers likely reflects the conversion or elimination of some of the "phantom" launchers that remained in the U.S. force but no longer carried nuclear warheads.

The State Department releases also include the summary of Russia's force data. In February 2011, Russia reported that it had 1,537 warheads on 521 deployed ICBMs, deployed SLBMs, and deployed heavy bombers. Russia also reported a total of 865 deployed and nondeployed delivery vehicles. At the time of this report, analysts expressed surprise that Russian forces were already below the treaty limits in New START when the treaty entered into force. Some argued that this indicated the United States did not have to sign the treaty to bring about reductions in Russian forces, and that the treaty represented unilateral concessions by the United States.

Others noted that the number of deployed warheads possibly reflected the ongoing retirement of older Russian missiles and could change in the future as Russia deployed new, multiple-warhead land-based missiles. In September 2011, in the second treaty data exchange, Russia reported that it had 1,566 deployed warheads on 516 deployed ICBMs, deployed SLBMs, and deployed heavy bombers. Hence, although the number of deployed delivery vehicles declined, the number of warheads increased by a small amount, and now exceeds the treaty limit of 1,550 warheads.

Because the data provides no details of the force composition, this increase could either be due to the deployment of the new MIRVed RS-24 missiles, which carry more warheads than the single-warhead SS-25 missile they replace, or due to variations in the numbers of warheads carried on deployed SLBMs. The number of deployed and nondeployed delivery vehicles had also increased slightly, to 871. This could reflect the retirement of some of Russia's older missiles, which would move their delivery vehicles from the deployed to nondeployed column in the data.

In a joint briefing provided by the United States and Russia in October 2011, the parties also reported on their progress in implementing the monitoring regime in New START. They noted that, in the first six months of treaty implementation, they had exchanged almost 1,500 notifications and had conducted demonstrations of telemetric information playback equipment.

By end of the first year of implementation, on February 5, 2012, the parties had exchanged over 1,800 notifications. They had also conducted three required exhibitions, with

Russia exhibiting the RS-24 missile and its launcher, and the United States exhibiting the B-1 and B-2 bombers. During the year, both parties had also conducted all 18 of the permitted inspections at facilities in the other nation. These inspections occurred at ICBM, SLBM, and heavy bomber bases; storage facilities; conversion and elimination facilities; and test ranges.<sup>43</sup>

## ISSUES FOR CONGRESS

### **New START and Strategic Stability**

When the Obama Administration released the 2010 Nuclear Posture Review, it indicated that the United States would retain a triad of ICBMs, SLBMs, and heavy bombers under the New START Treaty. The NPR indicates that this force structure supports strategic stability because it allows the United States to maintain an “assured second-strike capability” with warheads on survivable ballistic missile submarines and allows the United States to retain “sufficient force structure in each leg to ... hedge effectively ... if necessary due to unexpected technological problems or operational vulnerabilities.”<sup>44</sup>

Administration officials have also indicated that New START promotes strategic stability by “discounting” the weapons on heavy bombers. As President Reagan argued during his commencement address at Eureka College in 1982, ballistic missiles are the “most destabilizing nuclear systems.”<sup>45</sup> As a result, in his START proposals, President Reagan sought deep reductions in ballistic missile warheads, but lesser reductions in the weapons on heavy bombers. The counting rules in New START reflect this logic. Because bomber weapons would take hours or days to reach their targets, and because they could be recalled after they were launched, they pose less of a threat to strategic stability than do ballistic missiles. As a result, some argue that, even if the United States and Russia retain hundreds of bomber weapons that do not count against the treaty limits, the reductions required in ballistic missile warheads will enhance strategic stability.

Some have also noted that New START may strengthen strategic stability from the Russian perspective by removing the specific limits and restrictions on mobile ICBMs. Russia does not deploy many submarines at sea, and, therefore, lacks an assured second-strike capability on that leg of its triad. Instead, it has sought to improve the survivability of its forces by deploying ICBMs on mobile launchers. Under START, the United States sought to restrict these systems because it feared it would not be able to count them in peacetime and target them in wartime. In the current environment, concerns about wartime targeting played less of a role in the negotiations. Consequently, instead of limiting their numbers and restricting their operations, New START seeks to provide transparency and openness, so the United States can be confident in its ability to count these weapons in peacetime even though it might not be able to attack them during a conflict.

Critics of the New START Treaty have questioned whether it serves U.S. security interests even if it does promote strategic stability. Some argued, during the negotiations, that the United States did not need to negotiate a new treaty to maintain its own triad, as this was possible with or without arms control. They also argued that the United States did not need to reduce its forces to bring about reductions in Russia’s forces, as Russia would reduce its forces over the next decade as it retired aging systems, even in the absence of a new arms

control agreement.<sup>46</sup> Moreover, they question whether arms control should even be a part of the U.S.-Russian relationship as arms control is a symbol of a Cold War, antagonistic relationship between the two nations. They believe that the United States and Russia should not measure their relationship with each other using Cold War-era measures like strategic stability and survivable warheads.

Some of these same critics, however, have argued that New START is flawed because it will not limit the number of nondeployed missiles for mobile ICBM launchers. They argue that, during a conflict, Russia could reload these launchers with stored warheads, or mate them with nondeployed launchers, and vastly increase its ability to strike targets in the United States. As a result, they argue, the treaty would not strengthen stability and could undermine the security of the United States.

While it is true that New START does not limit nondeployed ICBMs, many in the United States no longer consider missiles in storage to be a threat to U.S. security. The treaty allows the United States to keep track of the numbers and locations of stored missiles. Moreover, these numbers are not likely to grow quickly during the life of the treaty because Russia produces so few missiles each year that it would find it difficult to maintain the size of its deployed force and augment its nondeployed stockpile. Moreover, it seems inconsistent to criticize the treaty negotiations on the grounds that they perpetuate a Cold War relationship that no longer exists, then to criticize the treaty on the grounds that it does not address a concern with mobile ICBMs that derives from that Cold War-era relationship.

## **Monitoring and Verification in New START**

Monitoring and verification have been among the central concerns addressed in the Senate committees during their review of the New START Treaty. The cooperative monitoring measures in the treaty may receive special scrutiny, as many observers of the arms control process specifically measured the value of the monitoring and verification regime in the original START Treaty by its widespread use of notifications, on-site inspections, and other cooperative measures.

Some critics of New START have questioned whether the monitoring provisions in the new treaty are sufficient to provide the United States with enough information to either confirm Russian compliance with the treaty or to detect efforts to violate its terms. They point to differences between the verification regime in the original START Treaty and those in New START to argue that the new verification regime is less robust than the old regime. They note that the United States will no longer maintain a monitoring presence outside the Votkinsk facility where Russia assembles its mobile ICBMs, which may weaken the U.S. ability to count these missiles as they enter Russia's forces. They also note that the United States and Russia will no longer exchange telemetry data on all their ballistic missile flight tests, which, over time, could lessen the U.S. ability to understand and evaluate the capabilities of Russian ballistic missiles.

The Obama Administration and others who support the new treaty have argued that the verification regime in New START will be more than sufficient to provide the United States with confidence in Russia's compliance with the treaty. They acknowledge that the regime is different from the regime in the original START Treaty, but note that this is, in part, due to improvements in the relationship between Russia and the United States and differences

between the limits and restrictions in the two treaties. They argue that the monitoring regime in New START is streamlined, both to reduce its costs and to ease the disruptions caused by monitoring for U.S. and Russian military forces. They also note that it relies on as much or more cooperation between the two parties, which will continue to build confidence and reduce suspicions.

Moreover, many in the Administration have noted that the United States has not had any opportunity to monitor Russian forces on Russian territory since the original treaty expired in December 2009. They argued that continuing delays in Senate consideration of New START could further reduce U.S. and Russian confidence in their knowledge of each others forces, leading to worst-case assessments and possible instabilities. They further remind those who contend that the verification regime in New START is less robust than the regime in old START, that the absence of a treaty means the absence of any monitoring and verification regime. The United States does not have the option of returning the regime of the original START Treaty; nor should it want to do so since the new treaty has different limits and restrictions than the old treaty. Many U.S. officials, including Admiral Mullen and General Chilton, have included their concerns about the absence of monitoring in their appeals for the prompt ratification of the New START Treaty.

Questions about the monitoring and verification regime in New START go beyond concerns about the specific monitoring mechanisms and the U.S. ability to confirm Russian compliance with individual limits in the treaty. Most experts agree that neither party can be absolutely certain that the other is in perfect compliance with all the limits and restrictions in the treaty. This is due, in some cases, to ambiguities in the treaty language and varying interpretations of the treaty requirements. It is also due to the fact that both sides may have gaps in their knowledge about the details of the other side's forces and activities. These uncertainties do not, by themselves, indicate that the parties should not ratify and implement the treaty. The broader question often asked by experts on treaty monitoring and verification is whether the parties, in general, and the United States, in particular, will have high confidence in Russia's compliance with the treaty, and, in those cases when compliance concerns may come up, whether the United States will be able to detect evidence of potential violations that might undermine U.S. security with enough warning to respond and adjust U.S. forces to offset those security concerns.

The Obama Administration has indicated, in documents submitted to the Senate in July 2010, that the New START Treaty meets this standard. The Administration concluded that the benefits to Russia of cheating would be minimal, as the United States, by maintaining a triad of ICBMs, SLBMs, and bombers, would be able to respond to any attempt to shift the strategic balance by adding significant numbers of warheads to its own forces. Moreover, if Russia were to cheat to any significant degree, it would undermine its relationship with the United States and interfere with any possible future arms control agreements. Therefore, in a letter sent to the Senate Foreign Relations Committee in September 2010, Secretary of Defense Gates concluded that Russia would not be able to achieve "militarily significant cheating" under the New START Treaty.<sup>47</sup>

## **New START and Ballistic Missile Defenses**

As was noted above, the Administration has testified repeatedly that the New START Treaty imposes no limits on current or planned ballistic missile defense programs in the United States. Some critics have claimed, however, that the United States might impose those limits itself, to ensure that Russia does not withdraw from New START, as it said it might do in the unilateral statement it released when it signed the treaty.

Officials from the Obama Administration have argued that this concern is unfounded. They have noted that the Soviet Union issued a similar statement when it signed the original START Treaty, threatening to withdraw if the United States withdrew from the 1972 Anti-ballistic Missile (ABM Treaty). Yet, when the United States withdrew from the ABM Treaty in 2002, Russia not only did not withdraw from START, it continued to participate in negotiations on the 2002 Strategic Offensive Reductions Treaty. Moreover, in the 1990s, when the United States might have altered its missile defense plans in response to the Soviet letter, the United States actually expanded its missile defense activities and increased spending on missile defense programs. As a result, there is little reason, based on historical data, to expect the United States to restrain its missile defense programs. Moreover, officials from the Obama Administration have highlighted that the Ballistic Missile Defense Review, the Nuclear Posture Review, and the 2011 budget all offer strong support for continuing U.S. missile defense programs.<sup>48</sup>

Some critics have also claimed that Russia might seek, and the United States might agree to, new limits on U.S. missile defense capabilities in the Bilateral Consultative Commission established by the treaty. According to the Protocol to New START, this commission is designed “to promote the implementation of the provisions of the Treaty.” The Protocol indicates that the United States and Russia will meet in the commission to “resolve questions relating to compliance with the obligations assumed by the Parties,” agree on “additional measures as may be necessary to improve the viability and effectiveness of the Treaty,” and “discuss other issues raised by either Party.” Some have claimed that because this agenda is somewhat open-ended, Russia may raise its concerns about U.S. missile defenses in the commission and propose limits on those systems.

The Obama Administration has insisted that the parties could not, and would not use the BCC to negotiate new limits on ballistic missile defenses or any other elements of the U.S. strategic arsenal. In a fact sheet that accompanies the treaty, the State Department has indicated that the parties would use the BCC “to reach agreement on changes in the Protocol to the Treaty, including its Annexes, that do not affect substantive rights or obligations. The BCC may in no way make changes that would affect the substantive rights and obligations contained in the New START Treaty.”<sup>49</sup> The parties may use the BCC to “agree upon such additional measures as may be necessary to improve the viability and effectiveness of the Treaty” but these measures would address concerns that came up while implementing the existing limits and restrictions in the treaty. They would not be able to impose new limits or restrictions without amending the treaty, and any amendment to the treaty would be subject to the same ratification process as the treaty itself. The Senate would have to offer its advice and consent.

## **Modernization**

The New START Treaty does not limit or restrict the ability of the United States or Russia to modernize strategic offensive nuclear forces. It specifically states, in Article V, paragraph 1, that, “Subject to the provisions of this Treaty, modernization and replacement of strategic offensive arms may be carried out.”

Although the treaty does not restrict weapons modernization, some Members of Congress and analysts outside government have questioned whether the United States is sufficiently committed to modernizing and maintaining its strategic nuclear forces, nuclear weapons complex, and nuclear warheads. The FY2010 Defense Authorization Act includes a provision (P.L. 111-84, §1251) that required the Administration to submit a report to Congress when it submitted the New START Treaty to the Senate that described how it planned to “enhance the safety, security, and reliability of the nuclear weapons stockpile of the United States; modernize the nuclear weapons complex; and maintain the delivery platforms for nuclear weapons.” In this 1251 report, the Administration stated that the United States planned to spend \$180 billion over the next 10 years to meet these objectives, with \$80 billion allocated to the U.S. nuclear weapons complex and nuclear warheads and \$100 billion allocated to the Navy and Air Force for the maintenance and modernization of their delivery systems. These totals did not include any modernization programs that were planned to occur after the 10-year time frame.

Some Members of Congress and analysts outside the government have questioned whether the funding in this program would be sufficient to maintain and sustain the U.S. nuclear arsenal. Some argued that the totals did not add enough above the previously planned program to go far in expanding the U.S. capability to maintain and modernize its forces. Others questioned whether the Administration would sustain its commitment for more than a year or two, particularly in an era of tight defense budgets.

Others, however, have argued that the Administration’s budget for the nuclear weapons complex in FY2011 and the added funding outlined in the 1251 report demonstrate a strong commitment to recapitalizing the U.S. nuclear weapons complex, maintaining nuclear warheads, and maintaining and modernizing the delivery vehicles. The Administration added nearly 10%, or over \$700 million, to the DOE budget for nuclear weapons in FY2011. Ambassador Linton Brooks, who had served as the Director of the National Nuclear Security Administration during the Bush Administration, indicated that he would have “killed” for a budget of that magnitude when he was managing the nuclear weapons complex for DOE.<sup>50</sup> While there are no assurances that Congress will approve these increases and continue to fund the weapons programs at this level for the duration of the New START Treaty, the Administration has argued that there should be little doubt about its commitment to modernize the complex and maintain U.S. nuclear weapons capabilities.

## **Nonstrategic Nuclear Weapons**

Presidents Obama and Medvedev agreed, in April 2009, when they initiated the negotiations on the New START Treaty, that this agreement would address only strategic nuclear forces, the long-range weapons that each side could use to reach the territory of the other side. It would not seek to limit or restrict the shorter-range nonstrategic nuclear



weapons in either side's arsenal. This agreement derived not only from the fact that the existing START Treaty, and nearly all past bilateral arms control treaties, had addressed only strategic nuclear weapons, but also from the fact that many of the issues that would need to be addressed in a treaty that limited nonstrategic nuclear weapons would likely prove too complex to resolve in the near term, when both sides sought to replace the existing START Treaty.

There is widespread agreement in Congress, in the Obama Administration, and within the arms control community, that the United States and Russia should seek to negotiate a treaty that increases transparency and possibly imposes limits on nonstrategic strategic nuclear weapons.<sup>51</sup> However, there is also widespread agreement that negotiating such a treaty would prove extremely difficult, as Russia maintains a far larger stock of these weapons than the United States, in part to compensate for perceived weaknesses in its conventional forces, and because U.S. nonstrategic nuclear weapons are a part of the U.S. commitment to NATO, and the United States believes that any changes in their deployment should be addressed by the alliance before they are addressed in an arms control negotiation.

Some analysts and Senators have questioned whether the United States should agree to limit its strategic nuclear weapons in the absence of any limits on Russian nonstrategic nuclear weapons. They note that Russia retains approximately 3,800 nonstrategic nuclear weapons while the United States has fewer than 400 in Europe, and that the value of these weapons could grow as the numbers of U.S. and Russian strategic nuclear weapons decline. They also note that these weapons could seem particularly threatening to some of the new NATO states that are located near the periphery of Russia. Others however, argue that Russian nonstrategic nuclear weapons do not pose a threat to the United States or NATO, as Russia has indicated that these weapons would only be used in response to an attack on Russian territory. So, these analysts note, as long as NATO does not initiate such an attack, NATO members would not be threatened by these weapons. Moreover, as Senator Lugar noted in his response to former Massachusetts Governor Mitt Romney's critique of New START, most of Russia's nonstrategic nuclear weapons do not pose a missile threat to Europe. Senator Lugar stated that "most of Russia's tactical nuclear weapons either have very short ranges, are used for homeland air defense, are devoted to the Chinese border, or are in storage."<sup>52</sup>

Many of the experts who testified in support of the New START Treaty agreed that the United States and Russia should pursue negotiations on a treaty on nonstrategic nuclear weapons. However, most agreed that Russia would be unwilling to participate in such discussions, and the United States and Russia would be unlikely to find common ground on such an agreement, unless both sides ratified and implemented the New START Treaty first. For example, in testimony before the Senate Foreign Relations Committee on April 29, 2010, former Secretaries of Defense James Schlesinger and William Perry both indicated that nonstrategic nuclear weapons should be an issue for the next treaty, and that the United States should ratify New START as a step on the path to get to reduction in nonstrategic nuclear weapons.<sup>53</sup>

## **New START and the U.S. Nuclear Nonproliferation Agenda**

The Obama Administration has argued that U.S.-Russian cooperation on arms control, in general, and the New START Treaty, specifically, can help move forward the U.S. and international nuclear nonproliferation agenda. No one has argued that the treaty will convince nations who are seeking their own nuclear weapon that they should follow the U.S. and Russian lead and reduce those weapons or roll back those programs. However, some have argued that U.S.-Russian cooperation on arms control could strengthen the U.S.-Russian cooperation on a broader array of issues and that, “cooperation is a prerequisite for moving forward with tough, internationally binding sanctions on Iran.”<sup>54</sup>

Moreover, some have noted that U.S.-Russian cooperation on arms control will also demonstrate that these nations are living up to their obligations under the Nuclear Nonproliferation Treaty (NPT).<sup>55</sup> Most nations that are parties to the NPT believe that reductions in the number of deployed nuclear weapons are a clear indicator of U.S. and Russian compliance with their obligations under Article VI of the NPT.<sup>56</sup> During the preparatory committee meetings (PrepComs) leading up to the 2010 Review Conference of the NPT, many of the participants called on the United States and Russia to complete negotiations on a New START Treaty. While the completion of this treaty may not assure the United States of widespread agreement on U.S. goals and priorities at the NPT review conference, many argue that the absence of an agreement would have certainly complicated U.S. efforts and reduced the chances for a successful conference.

In contrast, some have argued that the New START Treaty will do little to advance U.S. nonproliferation goals. They argue that the parties at the NPT review conference may express their approval of the new treaty, but their positions on substantive issues will reflect their own national security interests and goals. Moreover, some critics argue that the new treaty has been a distraction and the United States would have used its time better working directly to implement crippling sanctions on Iran. Finally, some argue that the New START Treaty, and the NPR, may undermine U.S. nonproliferation goals by calling into question U.S. security commitments and the continuing salience of U.S. nuclear weapons.

## **Arms Control after New START**

The Obama Administration indicated that the New START Treaty would be the first step in a renewed arms control process with Russia. In his statement on April 8, 2010, when the United States and Russia signed the treaty, President Obama indicated that “this treaty will set the stage for further cuts. And going forward, we hope to pursue discussions with Russia on reducing both our strategic and tactical weapons, including nondeployed weapons.”<sup>57</sup>

Many analysts hoped the New START Treaty would cut more deeply into U.S. and Russian forces, reducing them to perhaps 1,000 warheads on each side. Others objected to the START format because the Presidents agreed the new treaty would not contain limits on nonstrategic nuclear weapons or nondeployed nuclear warheads. A second treaty would likely address some of these concerns. But a new treaty that addressed each of these issues could be extremely difficult to complete. Russia may not be willing to negotiate reductions in its nonstrategic nuclear weapons, and neither side may be willing to adopt the amount of transparency necessary to negotiate verifiable limits on nondeployed warheads in storage.

Moreover, before the number of deployed warheads can decline much further, Russia may again insist on negotiating limits on U.S. missile defense programs. And some speculate that, if the United States and Russia reduce their forces below 1,000 deployed warheads, the negotiations would have to include China, France, and Great Britain, the other declared nuclear weapons states under the NPT.

Moreover, some analysts and Members of Congress do not believe that new START should be the first of many steps on a renewed arms control agenda because they object to many of the potential additional steps on this agenda. They would not support a treaty that imposed deeper reductions on U.S. strategic nuclear weapons or one that imposed limits on nondeployed nuclear weapons. They would object to the ratification and implementation of the Comprehensive Test Ban Treaty, which may be next on the Obama Administration's arms control agenda, and they object strongly to the President's vision of a world free of nuclear weapons, which he endorsed in his speech in Prague on April 5, 2009. Hence, some who have concluded that the New START Treaty would not harm U.S. security by itself, have objected to its ratification because they believe its defeat will close the door on the rest of the President's arms control agenda.

## End Notes

<sup>1</sup> The treaty is officially titled the Treaty Between the United States of America and the Russian Federation on Measures for the Further Reduction and Limitation of Strategic Offensive Arms. The text of the Treaty, its Protocol, annexes, and article-by-article analysis can be found at <http://www.state/newstart/c44126.htm>.

<sup>2</sup> For a brief summary of the original START Treaty, as well as a review of the U.S.-Russian negotiations on the new START Treaty see CRS Report R40084, *Strategic Arms Control After START: Issues and Options*, by Amy F. Woolf.

<sup>3</sup> The Moscow Treaty was to remain in force until December 31, 2012, unless replaced by a subsequent treaty. For details on this agreement see CRS Report RL31448, *Nuclear Arms Control: The Strategic Offensive Reductions Treaty*, by Amy F. Woolf.

<sup>4</sup> The White House, Office of the Press Secretary, *Joint Statement by President Dmitriy Medvedev of the Russian Federation and President Barack Obama of the United States of America*, April 1, 2009. [http://www.whitehouse.gov/the\\_press\\_office/Joint-Statement-by-President-Dmitriy-Medvedev-of-the-Russian-Federation-and-President-Barack-Obama-of-the-United-States-of-America/](http://www.whitehouse.gov/the_press_office/Joint-Statement-by-President-Dmitriy-Medvedev-of-the-Russian-Federation-and-President-Barack-Obama-of-the-United-States-of-America/).

<sup>5</sup> The White House, Office of the Press Secretary, *Joint Understanding by Obama, Medvedev on Weapon Negotiations*. July 8, 2009. <http://www.america.gov/st/texttrans-english/2009/July/20090708154724xjsnommis0.7355005.html>.

<sup>6</sup> U.S. Department of State, Bureau of Verification, Compliance and Implementation, *Comparison of START Treaty, Moscow Treaty, and New START Treaty*, Fact Sheet, Washington, DC, April 8, 2010, <http://www.state.gov/t/vci/rls/139901.htm>.

<sup>7</sup> New START is a three-part document. It includes the Treaty, a Protocol, and technical annexes. All three parts will be submitted to the Senate for advice and consent.

<sup>8</sup> Each individual missile will be identified in the database by a "unique identifier," which will, in most cases, be the serial number affixed to the missile during production.

<sup>9</sup> A reentry vehicle is a cone-shaped container that holds a warhead to protect it from heat and other stresses when it reenters the Earth's atmosphere.

<sup>10</sup> In 1987, the United States began to develop its own mobile ICBM, the 10-warhead MX (Peacekeeper) missile and it continued to explore mobile basing for the new single warhead small ICBM. Although it eventually deployed the Peacekeeper missile in fixed silos, the parties considered it to be a mobile ICBM under the terms of START.

<sup>11</sup> For more information on the monitoring regime in START, see CRS Report R41201, *Monitoring and Verification in Arms Control*, by Amy F. Woolf.

- <sup>12</sup> The perimeter/portal continuous monitoring systems (PPCMS) consisted of fences surrounding the entire perimeter of the facility and one restricted portal through which all vehicles large enough to carry items limited by the treaty (such as the first stage of a mobile ICBM) had to pass. The portal contained scales and other measuring devices that the countries could use to determine whether the vehicle carried an item limited by the treaty.
- <sup>13</sup> According to one U.S. inspector, monitoring at Votkinsk “was very monotonous. We could have months go by without inspecting a missile.” See Elaine M. Grossman, “U.S. Treaty-Monitoring Presence at Russian Missile Plant Winding Down,” *Global Security Newswire*, November 20, 2009.
- <sup>14</sup> In START, the parties recorded unique identifiers only for mobile ICBMs. In new START, the parties will record these numbers for all ICBMs, SLBMs, and heavy bombers covered by the limits in Treaty.
- <sup>15</sup> <http://www.state.gov/documents/organization/140047.pdf>.
- <sup>16</sup> See, for example, Christopher Ford, “Does New START Fumble Reloads and Rail-Mobile ICBMs?” *New Paradigms Forum*, April 26, 2010, [http://02e18f7.netsolhost.com/New\\_Paradigms\\_Forum/Nuclear\\_Weapons/Entries/2010/4/26\\_New\\_START\\_Fumbles\\_Missile\\_REloads\\_and\\_Rail-Mobile\\_ICBMs.html](http://02e18f7.netsolhost.com/New_Paradigms_Forum/Nuclear_Weapons/Entries/2010/4/26_New_START_Fumbles_Missile_REloads_and_Rail-Mobile_ICBMs.html).
- <sup>17</sup> Pavel Podvig, *New START on Rail-Mobile ICBMs and Reloads*, April 29, 2010, [http://russianforces.org/blog/2010/04/new\\_start\\_on\\_rail-mobile\\_icbms.shtml](http://russianforces.org/blog/2010/04/new_start_on_rail-mobile_icbms.shtml).
- <sup>18</sup> For more information on the monitoring and verification regime in new START, see CRS Report R41201, *Monitoring and Verification in Arms Control*, by Amy F. Woolf.
- <sup>19</sup> U.S. State Department, Bureau of Verification, Compliance and Implementation, *Telemetry*, Fact Sheet, Washington, DC, April 8, 2010, <http://www.state.gov/t/vci/rls/139904.htm>.
- <sup>20</sup> The White House, Office of the Press Secretary, *Joint Statement by President Dmitriy Medvedev of the Russian Federation and President Barack Obama of the United States of America*, April 1, 2009. [http://www.whitehouse.gov/the\\_press\\_office/Joint-Statement-by-President-Dmitriy-Medvedev-of-the-Russian-Federation-and-President-BarackObama-of-the-United-States-of-America/](http://www.whitehouse.gov/the_press_office/Joint-Statement-by-President-Dmitriy-Medvedev-of-the-Russian-Federation-and-President-BarackObama-of-the-United-States-of-America/).
- <sup>21</sup> The White House, Office of the Press Secretary, *Joint Understanding by Obama, Medvedev on Weapon Negotiations*. July 8, 2009. <http://www.america.gov/st/texttrans-english/2009/July/20090708154724xjsnommis0.7355005.html>.
- <sup>22</sup> Article 14, following the form of most previous arms control treaties, indicates that each party shall have the right to withdraw from the Treaty if it decides that extraordinary events related to the subject of the Treaty have jeopardized its supreme national interests. For the Russian statement, see <http://eng.kremlin.ru/text/docs/2010/04/225214.shtml>
- <sup>23</sup> <http://www.state.gov/documents/organization/140406.pdf>.
- <sup>24</sup> Under Secretary of State Ellen Tauscher, *The Case for New START Ratification*, Atlantic Council Panel Discussion, April 21, 2010. <http://www.state.gov/t/us/140633.htm>.
- <sup>25</sup> The White House, Office of the Press Secretary, *Key Facts About the New START Treaty*, Washington, DC, March 26, 2010, <http://www.whitehouse.gov/the-press-office/key-facts-about-new-start-treaty>. See, also, the remarks of Under Secretary of State Ellen Tauscher at Atlantic Council Panel Discussion on April 21, 2010. <http://www.state.gov/t/us/140633.htm>.
- <sup>26</sup> “Stopping Missile Defense?” *Wall Street Journal*, April 17, 2010, p. A12.
- <sup>27</sup> James L. Jones, “New START Treaty Won’t Limit Missile Defenses,” *Wall Street Journal*, April 20, 2010.
- <sup>28</sup> U.S. Congress, House Armed Services, Strategic Forces, *President Obama’s Fiscal 2011 Budget Request for the Missile Defense and Ballistic Missile Review Programs*, Hearing, 111<sup>th</sup> Cong., 2<sup>nd</sup> sess., April 14, 2010.
- <sup>29</sup> For information about the issues associated with the potential deployment of conventional warheads on ballistic missiles see CRS Report R41464, *Conventional Prompt Global Strike and Long-Range Ballistic Missiles: Background and Issues*, by Amy F. Woolf. See, also David E. Sanger and Thom Shanker, “U.S. Faces Choice of New Weapons for Fast Strikes,” *New York Times*, April 23, 2010.
- <sup>30</sup> The White House, Office of the Press Secretary, *Key Facts About the New START Treaty*, Washington, DC, March 26, 2010, <http://www.whitehouse.gov/the-press-office/key-facts-about-new-start-treaty>.
- <sup>31</sup> U.S. State Department, Bureau of Verification, Compliance, and Implementation, *Conventional Prompt Global Strike*, Fact Sheet, Washington, DC, April 8, 2010, <http://www.state.gov/t/vci/rls/139913.htm>.
- <sup>32</sup> U.S. Department of Defense, *Nuclear Posture Review*, Washington, DC, April 6, 2010, pp. 19-25.
- <sup>33</sup> Congress mandated that the President submit a report on this plan in Section 1251 of the FY2010 Defense Authorization Act. P.L. 111-84.
- <sup>34</sup> U.S. Department of State, Bureau of State, Bureau of Arms Control, Verification, and Compliance, *New START Treaty Aggregate Numbers of Strategic Offensive Forces*, Fact Sheet, Washington, D.C., December 1, 2012, <http://www.state.gov/documents/organization/178270.pdf>.

- <sup>35</sup> U.S. Congress, Senate Committee on Foreign Relations, *Treaty with Russia on Measures for Further Reduction and Limitation of Strategic Offensive Arms (The New START Treaty)*, Executive Report , 111<sup>th</sup> Cong., 2<sup>nd</sup> sess., October 1, 2010, Exec. Rept 111-6 (Washington: GPO, 2010).
- <sup>36</sup> Josh Rogin, “Kerry and DeMint Spar over Missile Defense,” *Foreign Policy, The Cable*, September 16, 2010. [http://thecable.foreignpolicy.com/posts/2010/09/16/kerry\\_and\\_demint\\_spar\\_over\\_missile\\_defense](http://thecable.foreignpolicy.com/posts/2010/09/16/kerry_and_demint_spar_over_missile_defense) See, also, John Isaacs, Analysis of the Senate Foreign Relations Committee Passage of the new START Treaty, *The Chain Reaction*, September, 16, 2010. <http://blog.livableworld.org/story/2010/9/16/16585/7341>
- <sup>37</sup> <http://www.america.gov/st/texttrans-english/2010/December/20101220112111su0.6327565.html>.
- <sup>38</sup> “Federation Council Ready to Ratify New START on Same Day as Duma - Mironov,” *Interfax*, December 23, 2010.
- <sup>39</sup> “Russian Parliament Approves START Nuclear Arms Treaty,” *BBC News*, January 26, 2011.
- <sup>40</sup> For the text of these three statements, see, U.S. Department of State, Bureau of Arms Control, Verification, and Compliance, <http://www.state.gov/t/avc/rls/183540.htm>, <http://www.state.gov/t/avc/rls/183541.htm>, <http://www.state.gov/t/avc/rls/183539.htm>.
- <sup>41</sup> <http://www.state.gov/t/avc/rls/164722.htm>.
- <sup>42</sup> <http://www.state.gov/t/avc/rls/175945.htm>.
- <sup>43</sup> U.S. Department of State, Bureau of Arms Control, Verification, and Compliance, *New START Treaty Implementation Update*, Washington, D.C., February 5, 2012, <http://www.state.gov/t/avc/rls/183335.htm>.
- <sup>44</sup> U.S. Department of Defense, *Nuclear Posture Review*, Washington, DC, April 6, 2010, p. 20, <http://www.defense.gov/npr/docs/2010%20Nuclear%20Posture%20Review%20Report.pdf>.
- <sup>45</sup> Ronald Reagan, Commencement Address at Eureka College, May 9, 1982. <http://www.presidency.ucsb.edu/ws/index.php?pid=42501>.
- <sup>46</sup> Keith B. Payne, “Evaluating the U.S.-Russia Nuclear Deal,” *Wall Street Journal*, April 8, 2010, p. A21.
- <sup>47</sup> Robert Burns, “Gates: Any Russian Arms Cheating Would Backfire,” *Associated Press*, September 9, 2010.
- <sup>48</sup> U.S. State Department, Bureau of Verification, Compliance, and Implementation, *Ballistic Missile Defense and the New START Treaty*, Fact Sheet, Washington, DC, April 21, 2010, <http://www.statevci/rls/140624.htm>.
- <sup>49</sup> <http://www.state.gov/t/vci/rls/145830.htm>.
- <sup>50</sup> <http://csis.org/blog/ambassador-linton-brooks-new-start-and-next-treaty>.
- <sup>51</sup> For a description of U.S. and Russian nonstrategic nuclear weapons see CRS Report RL32572, *Nonstrategic Nuclear Weapons*, by Amy F. Woolf.
- <sup>52</sup> Press Release of Senator Richard Lugar. “Lugar: Romney Misinformed on New START Treaty.” July 8, 2010. <http://lugar.senate.gov/news/record.cfm?id=326277&&>
- <sup>53</sup> U.S. Congress, Senate Committee on Foreign Relations, *Senate Foreign Relations Committee Holds Hearing on U.S.-Russia Arms Control Cooperation*, Hearing, 111<sup>th</sup> Cong., 2<sup>nd</sup> sess., April 29, 2010.
- <sup>54</sup> Under Secretary of State Ellen Tauscher, *The Case for New START Ratification*, Atlantic Council Panel Discussion, April 21, 2010. <http://www.state.gov/t/us/140633.htm>.
- <sup>55</sup> *Ibid.*
- <sup>56</sup> Article VI states that the parties to the treaty will “pursue negotiations in good faith on effective measures relating to cessation of the nuclear arms race at an early date and to nuclear disarmament, and on a Treaty on general and complete disarmament under strict and effective international control.” <http://www.state.gov/t/us/16281.htm>.
- <sup>57</sup> “Remarks by President Obama and President Medvedev of Russia at New START Signing Ceremony and Press Conference.” April 8, 2010. Available at <http://www.whitehouse.gov/the-press-office/remarks-president-obama-and-president-medvedev-russia-new-start-treaty-signing-cere>.



*Chapter 7*

## **RUSSIA'S ACCESSION TO THE WTO AND ITS IMPLICATIONS FOR THE UNITED STATES\***

*William H. Cooper*

### **SUMMARY**

In 1993, Russia formally applied for accession to the General Agreement on Tariffs and Trade (GATT). In 1995, its application was taken up by the World Trade Organization (WTO), the successor organization of the GATT.

Russia is the largest economy not in the WTO; 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 WTO during the Ministerial Conference in Geneva. The State Duma, the Russian parliament, must approve the conditions for accession by July 23, 2012, to complete the accession process. Russia would formally become a member 30 days later.

The immediate policy issue for Congress will be whether to enact legislation authorizing the President to grant permanent normal trade relations (PNTR) status for Russia, a status that all WTO members are required to provide each other.

Some Members of Congress have indicated that they view congressional consideration of PNTR legislation as the opportunity to ensure that the conditions on which Russia is invited to join the WTO address U.S. concerns.

In joining the WTO, Russia will have committed to bring its trade laws and practices into compliance with WTO rules and other market-opening measures. In doing so, it will take a major step in integrating its trading system with the rest of the world. Those commitments include

- nondiscriminatory treatment of imports of goods and services;
- reducing tariffs and binding tariff levels;
- ensuring transparency when implementing trade measures;
- limiting agriculture subsidies; enforcing intellectual property rights (IPR) of foreign holders of such rights;

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- forgoing the use of local content requirements and other investment measures that limit imports; and
- opening government procurement contract opportunities to foreign firms. In joining the WTO, Russia will also commit to accepting WTO dispute settlement procedures.

In return, Russia will have a voice in shaping and implementing the international trade regime.

It will be able to hold its WTO partners accountable for adhering to WTO rules in conducting their trade relations with Russia, making those trade relations more predictable and stable.

In addition, Russian economic reformers anticipate that WTO membership will make Russia a more attractive location for foreign producers and investors to do business by locking in trade-liberalizing reforms, which could increase Russia's economic growth.

Concerns among U.S. stakeholders regarding Russia's WTO accession are not so much over whether Russia should be admitted into the WTO but rather whether the conditions for its accession are adequate to ensure that Russia fulfills its obligations and provides meaningful trade and investment opportunities for U.S. firms. U.S. IPR holders remain cautious that Russia will enforce its commitments on IPR protection. Russia is currently a relatively small U.S. trading partner.

However, U.S. manufacturing, agriculture, and service providers view WTO accession as an opportunity to broaden the bilateral trading relationship.

In Russia, agriculture interests and some manufacturers, such as auto producers, are concerned that WTO membership will expose them to foreign competition that will adversely affect their interests.

## INTRODUCTION

In 1993, Russia formally applied for accession to the General Agreement on Tariffs and Trade (GATT). Its application was taken up by the World Trade Organization (WTO) in 1995, when it was established to succeed the GATT. The WTO is a 153-member organization that administers a set of multilaterally negotiated rules on trade and trade-related activities. After a number of fits and starts during the 18-year process, the members of the WTO, on December 16, 2011, invited Russia to join the WTO. The State Duma, the Russian parliament, must approve the conditions for accession by July 23, 2012, to complete the accession process. Russia would formally become a member 30 days later.

Since China and Taiwan joined in December 2001/January 2002, eight countries have acceded to the WTO. Yet, none of those eight accessions has drawn as much interest from Congress and the U.S. policymaking establishment as Russia's pending accession. This interest can be attributed to several factors. Russia is the largest economy that is not a member of the WTO, and therefore, its accession could have important influence on the future of the WTO and its members. In addition, WTO accession is generally considered one of the remaining post-Cold War steps toward bringing Russia into the system of multilateral economic organizations. (Russia is already a member of the International Monetary Fund and the World Bank.)

In addition, for some Members of Congress and other U.S. stakeholders, the experience of China's WTO accession in 2001 has fueled interest and raised concerns regarding Russia's accession. They argue that the United States must not repeat what they view as the mistakes



made with China's accession by ensuring that Russia accedes only under conditions that reinforce WTO rules and principles.

The WTO requires each member to extend to other members "immediate and unconditional" most-favored-nation (MFN), nondiscriminatory status, which is called permanent normal trade relations (PNTR) status in U.S. trade law. In order for the United States to comply with this rule and for the United States to have a trade relationship with Russia in the WTO, Congress would have to pass legislation removing the so-called Jackson-Vanik free emigration requirements as they apply to Russia. Therefore, congressional interest in Russia's accession to the WTO is closely tied to congressional action on PNTR for Russia.

This report provides a brief overview of the WTO itself, the accession process in general, and the commitments that Russia has made to join the WTO. The report discusses U.S. policy on Russia's accession and the accession in the context of the U.S.-Russia economic relationship. It outlines the congressional role in the process and the potential impact of WTO accession for Russian trade with the United States.

## THE WTO AND THE ACCESSION PROCESS

The WTO's membership of 153 countries and customs areas spans all levels of economic development, from the least developed to the most highly developed economies. The WTO came into existence in January 1995 as a part of the agreements reached by the signatories to the General Agreement on Tariffs and Trade (GATT) at the end of the Uruguay Round negotiations. The WTO's primary purpose is to facilitate trade among its members by administering the roughly 60 agreements and separate commitments made by its members as part of the GATT 1994 (for trade in goods), the General Agreement on Trade in Services (GATS—for trade in services), the agreement on trade-related aspects of intellectual property rights (TRIPS) and other multilateral trade agreements.

Membership in the WTO commits its members to fundamental principles in trade with one another. These principles include

- **Most-favored nation treatment (MFN):** The imports of goods and services originating from one member country will be treated no less favorably than imports of goods and services from any other member country.
- **National treatment:** Imports of goods and services are treated no less favorably than like goods and certain services produced domestically.
- **Transparency:** Government laws and regulations that affect foreign trade and investment are to be published and made available to all members.
- **Lowering trade barriers through negotiations:** Members agree to participate in negotiations (rounds) to lower trade barriers further and bind tariff levels. Members have conducted eight rounds of negotiations to lower trade barriers with the ninth round—the Doha Development Agenda (DDA)—in progress since 2001.
- **Reliance on tariffs to protect sensitive sectors:** In order to promote predictability and openness in commerce, the WTO requires members to use tariffs and avoid using quotas or other nontariff measures when restricting imports to counter the effects of

unfairly traded imports or surges in fairly traded imports. The WTO has a general prohibition on the use of quantitative restrictions on exports and imports.

- **Dispute resolution:** The WTO provides a mechanism for the binding settlement of disputes between members when the dispute involves alleged violations of WTO agreements.
- **Trade policy reviews:** The WTO regularly reviews each member's trade regime to ensure that it conforms to WTO rules. Trade among WTO members accounts for over 90% of total world trade.<sup>1</sup>

Article XII of the agreement that established the WTO provides that, “[a]ny state or customs territory having full autonomy in the conduct of its trade policies is eligible to accede to the WTO on terms agreed between it and WTO members.” The accession process begins with a letter from the applicant to the WTO requesting membership. The WTO General Council, the governing body of the WTO when the Ministerial Conference is not meeting, forms a working party (WP) to consider the application. Membership in the WP is open to any interested WTO member.

More than 60 member countries, including the United States, are part of the WP on Russia's accession. The U.S. delegation is led by the Assistant U.S. Trade Representative for WTO and Multilateral Affairs and includes representatives from the other relevant departments and agencies.

The applicant submits a memorandum to the WP that describes in detail its current trade regime and then responds to questions on the trade regime from the WP members. Once WP members are satisfied that they have all the relevant information, negotiations on the terms of accession begin under the WP's aegis. In general, the acceding country negotiates “multilaterally” with the WP itself on a schedule of commitments pertaining to WTO rules, that is, determining what the acceding country needs to do to bring its trade regime into compliance with WTO rules on goods, services, and other investment measures. It negotiates informally with a self-selected subgroup of the WP on a schedule of commitments pertaining to agricultural support and export subsidies which, when completed, is brought to the full WP for approval. The acceding country negotiates market-opening concessions and commitments on tariffs on goods and a schedule of commitments on services bilaterally with each WP member that chooses to do so. However, WP members may also raise issues bilaterally on rules. The bilateral agreements are submitted to the WTO Secretariat, where they are consolidated into draft schedules on goods and services that will apply to all WTO members once accession is completed. The WP operates by consensus; therefore, any one WP Member can halt proceedings by objection.

The commitments on rules, the schedule on goods, and the schedule on services are included in the WP report. The WP develops and attaches to the report a draft Protocol of Accession, which sets out the terms of accession for the acceding country, and also attaches as an annex a draft Decision for the General Council to invite the applicant-country to accede to the WTO. The package is placed before the General Council (or the Ministerial Conference if it is in session) for approval. Article XII requires the package be approved by at least two-thirds of the WTO members, but in practice approval has been determined by consensus. If approved, the Protocol of Accession is submitted to the applicant, which must accept it by signature or ratification.

Article XII places no deadline or timeframe on the accession process. The length of time can depend on a number of factors, including the complexity of issues at hand and the ability of the WTO negotiators and the negotiators from the applicant to address them. It can also depend on the political will of all relevant parties. Since the establishment of the WTO in 1995, 25 countries have acceded. The shortest amount of time for completing the process has been 2 years and 10 months (the Kyrgyz Republic), and the longest has been 15 years and 5 months (China). Russia's application has already exceeded that record.

## RUSSIAN ECONOMIC POLICY AND WTO ACCESSION

WTO accession has been supported by some Russian policymakers who have sought to restructure and reform the Russian economy in the post-Soviet era. The fits and starts of the accession process have closely mirrored the advances and retrenchments that have occurred over the last two decades in Russian economic reform efforts.

Russia's transition from central planning was bound to be more difficult and longer than that of the Central and East European states. The communist system was much more entrenched there than in the rest of the Soviet Bloc. Furthermore, Russia does not have a legacy of a market economy to draw on as was the case with some of the Central and East European countries. Russia has had to deal with the legacy of a Soviet economy that was administered to meet the needs of the military, while private sector production and investment and consumer demand were given low priority.

Although former President Boris Yeltsin launched the accession process in 1993, the motivation for the project was tempered by political instability. This included Yeltsin's confrontation in 1993 with the Supreme Soviet, the then-parliament, which consisted largely of former communists. Instability was also caused by Yeltsin's re-election to the presidency by the slimmest of margins, barely winning over the communist party candidate. This period was also one of major economic instability, including very high inflation, high interest rates, a plummeting ruble foreign exchange rate, severe economic contractions, and a mismanaged privatization program—all of which led to a major financial crisis in August 1998. These factors contributed to a political and economic environment not conducive to the economic reforms that an economy in transition would need to undertake in joining the WTO.<sup>2</sup>

During his first presidential term (2000-2004), Vladimir Putin promoted Russia's integration into the world economy as part of his strategy to revive the Russian economy and retrieve the country from the chaos of the Yeltsin period. This strategy included promoting Russia's accession to the WTO. He proclaimed that this strategy included, "speed[ing] up the work on Russia's accession to the WTO on conditions that are acceptable to us and generally work[ing] to make Russia competitive in all senses of the word."<sup>3</sup> The government implemented many of the laws required for reform and also to make its trade regime more consistent with WTO rules, including reform of its customs code.<sup>4</sup>

However, during his second term (2004-2008), Putin retrenched on economic reform by reasserting state control over critical economic sectors, including oil and natural gas, and halting other structural reforms that were intended to diversify the economy away from its dependence on oil and other natural resources. This period was first marked by the arrest in October 2003 of Mikhail Khodorkovskiy, the head of the Yukos oil firm. The government

charged him with tax evasion, but popular consensus asserts that he was arrested for challenging Putin politically. He is currently serving a prison term. The arrest of Khordorkovskiy and the brake on reforms generated skepticism regarding Putin's commitment to Russian economic restructuring, which lasted through the end of his second term. It also led to growing apprehension among foreign investors about the viability of Russia as a host for foreign investment. Nevertheless, the Russian economy enjoyed strong economic growth as world oil prices continued to increase and the government practiced prudent fiscal and monetary policies that produced government surpluses and lower inflation.

Putin's support for WTO accession appeared to wane as well.<sup>5</sup> Nevertheless, Russia made progress towards accession by completing most of its bilateral market access negotiations, including those with the European Union (EU) in 2004, the United States in 2006, and most other participating members by 2009.

The Russian economy was hit hard by the global financial crisis that surfaced in 2008, resulting in an economic downturn, the effects of which are still being felt.

It also represented the beginning of the present phase of Russian economic policy that coincides with the presidency of Dmitri Medvedev, who has governed in tandem with Putin as prime minister. The crisis exposed weaknesses in the Russian economy, including its significant dependence on the production and export of oil and other natural resources.

Russia faced a rapid decrease in the prices for oil and other commodities. It also exposed severe weaknesses in the financial system as the financial crisis restricted Russia's access to foreign banking credits, on which many Russian companies depend.

Russia also faced investor unease caused in part by its military confrontation with Georgia in August 2008.

By mid-2009, Russia appeared to be close to completing the accession process. However, on June 9, 2009, Putin announced that Russia would be abandoning its application to join the WTO as a single entity and would instead pursue accession with Belarus and Kazakhstan as a customs union, which set back the process for about a year and also raised doubts about Putin's commitment to join the WTO. However, after meeting resistance from WTO members and officials, Russia and the other two countries decided to pursue accession separately, while continuing to coordinate their trade policies within the customs union.

On June 24, 2010, during their meeting in Washington, DC, President Obama and President Medvedev pledged to resolve the remaining bilateral issues regarding Russia's accession to the WTO. The United States also pledged to provide technical assistance to Russia to speed up the process of Russia's accession.

On October 1, 2010, USTR announced that the United States and Russia had resolved most bilateral issues, including those related to intellectual property rights (IPR). In addition, Russia completed negotiations with the EU and the other trading partners.

## **RUSSIA'S COMMITMENTS AND MAJOR ISSUES**

Russia filed the "Memorandum on the Foreign Trade Regime" that began the process for GATT/WTO accession in 1994. The WTO established the Working Party (WP) on the accession in 1995. From 1995 through 1997, the process consisted of Russian representatives

answering questions from WP members to clarify the description of the trade regime contained in the Memorandum. It is on the basis of the Memorandum and numerous supplementary documents that the WP members determined what steps Russia needed to take in order to ensure its foreign trade regime complies with WTO rules. Negotiations with WP members and bilateral WTO member trading partners began in 1998.<sup>6</sup>

By 2009, Russia had completed most of its bilateral negotiations (although some outstanding issues with Georgia remained unresolved until November 2011). The WTO Secretariat reconciled the tariff schedules and other commitments on market access for goods and services that Russia negotiated bilaterally and the commitments on trade in agriculture that are included in the final working party report that is attached to the Protocol of Accession. On November 10, 2011, the WP formally approved the accession package and sent it for consideration by the Ministerial Conference which approved it and, on December 16, invited Russia to join the WTO.

In order for Russia to accede to the WTO, it must agree to comply with the terms of all WTO agreements, including GATT 1994, the GATS, and TRIPS. What follows is a discussion of some of the proposed commitments Russia has made through its bilateral negotiations and negotiations with the Working Party.

## Manufactured Goods

WTO members are required to set limits or *bindings* on tariff rates. Frequently the *bound* tariff rates are higher than the actual or *applied* tariff rates, allowing the country some flexibility in its tariff policies but also providing exporters to the market assurances that tariffs will not exceed established ceilings. Russia's average applied tariff rate on manufactured goods was 9.5% in 2011, down from an applied rate of 12.1% in 2005.<sup>7</sup> Russia maintains high tariff rates on imports of some sensitive products, including both new and used cars and cigarettes.<sup>8</sup> Russia has agreed to bind its tariffs on manufactured goods at an average rate of around 7.3%.<sup>9</sup> Within this group, Russia will reduce:

- tariffs on wide-body aircraft to no higher than 7.5% (from 20.0%), tariffs on narrow-bodied aircraft to no higher than 12.5% (from 20.0%), and tariffs on aerospace engines to an average of no higher than 5% (from 10.0%);<sup>10</sup>
- automobiles to 12.0% (from 15.1%);<sup>11</sup>
- construction equipment to an average bound rate of no higher than 5.5%;<sup>12</sup>
- agricultural equipment, including combine harvesters and threshers, to an average bound tariff of no higher than 5.6%;
- medical equipment to an average bound tariff of no higher than 4.9%;
- high-tech instruments to an average rate of no higher than 4.4%;
- chemicals to an average bound tariff of 5.2% (down from 6.7%);
- machinery (e.g., submersible pumps, chain saws, filtering equipment) to an average bound tariff of no higher than 7.2%;
- electrical equipment to 6.2%;
- consumer goods (e.g., appliances, furniture, recreation goods) to a average bound tariff of no higher than 2.0%; and
- textiles, apparel, footwear, and travel goods to average bound tariff of 11.1%.

Furthermore, Russia has committed to eliminate tariffs on information technology products (currently a 5.4% tariff) listed in the WTO Information Technology Agreement (ITA), such as computers, and agreed to implement 95% of these commitments during the first three years of its accession.<sup>13</sup>

## **Agricultural Goods**

Russian restrictions on imports of agricultural products, particularly meats, have been a sensitive issue in its trade relations with the United States, the EU, Brazil, and other agriculture-exporting countries and, therefore, were a very contentious issue during the WTO accession negotiations. Russia applies high tariffs and tariff-rate quotas (TRQs) on agricultural imports.<sup>14</sup> Exporters have also claimed that Russia has applied sanitary and phytosanitary (SPS) controls, which are ostensibly used to protect the health and safety of consumers from food contaminants, as protectionist measures. Russian agricultural subsidies have also been an issue in the accession negotiations.

### ***Market Access***

Russia's WTO commitments regarding agricultural trade resulted mainly from bilateral negotiations with the United States, the EU, and members of the Cairns group of agriculture exporters.<sup>15</sup> Russia agreed to bind tariffs on a range of products either at current rates or at lower rates. According to the WTO, Russia agreed to reduce and bind its tariffs on:

- dairy products to 14.9% from 19.8%;
- cereals to 10.0% from 15.1%;
- oilseeds, fats, and oils to 7.1% from 9.0%; and
- wood and paper to 8.0% from 13.4%.<sup>16</sup>

Russia's TRQ on pork would be 400,000 tons, and its TRQ on poultry imports would be 350,000 tons. Russia will set its quota on beef imports at 530,000 tons.<sup>17</sup> Some quotas are subject to specific WTO member allocations. According to the WTO, Russia will set and bind its tariff on:

- beef at 15% within the TRQ and 55% outside the TRQ;
- pork at 0% within the TRQ and 65% outside the TRQ (and would replace the TRQ with a flat 25% tariff on January 1, 2020);
- selected poultry products at 25% within the TRQ and 80% outside the TRQ; and
- some whey products at 10% within the TRQ and 15% outside the TRQ.<sup>18</sup>

### ***Sanitary and Phytosanitary (SPS) Measures***

As a WTO member, Russia would be obligated to adhere to the provisions of the WTO Sanitary and Phytosanitary (SPS) Agreement when imposing measures to protect human, animal, or plant life or health. The main objective of the SPS Agreement is to prevent WTO members from using such measures as disguised protectionism. The Agreement allows members to apply their own standards but requires that they be based on science; that they should be applied only to the extent necessary to protect human, animal, and plant life; that

they should not discriminate between countries where similar conditions prevail; and that they should distort trade as minimally as possible. Under the agreement, members are encouraged to apply internationally accepted standards but may use higher standards if they are based on science. In addition, members are expected to practice equivalence in order to facilitate trade. That is, if an exporting country can demonstrate that its inspection measures achieve the same level of safety protection as the importing country, then the importing country is expected to accept the exporting country's standards and procedures as "equivalent" to its own.

Reaching agreement with Russia on how it would implement the SPS agreement and bring its regulations into compliance with that agreement has been one of the most challenging aspects of Russia's accession process. The difficulty was related in part to Russia's practice of using rigid SPS requirements for imported animal and plant products. For example, Russia has required certification that imported grains are pest free, a process that could be cumbersome and costly. Russia has also required that imported meats only be shipped from facilities that are on a Russian government-approved list as meeting Russian safety requirements. For the United States, these requirements have adversely affected exports of meats, especially poultry and pork, dairy products, and grains and oilseeds. The United States and other agriculture exporting countries have argued that Russia's SPS requirements do not conform to international standards and are not based on accepted science as required under the WTO SPS Agreement.<sup>19</sup> Russia's bilateral accession negotiations with the United States, EU, and members of the Cairns Group, as well as with the WTO Working Party, focused on ensuring that Russia would pass and implement laws and resolutions requiring agencies to follow international SPS standards.

Another challenge emerged with the formation of the Customs Union (CU) with Belarus and Kazakhstan. Russia has signed agreements with its CU partners that cede authority over customs matters to the CU and require that customs regulations, including SPS regimes, be harmonized among the three CU countries. For example, CU authorities, rather than national agencies, will now issue SPS certificates. In the process of the harmonization, not all of the Russian measures, such as provisions on equivalence and adherence to international standards, were reflected in the CU regulations. WP members have been working to ensure that Russia's commitments to adhere to the SPS Agreement are reflected in the CU regulations.

According to the WTO, Russia has committed, among other things, to

- develop and apply international standards on SPS measures through membership in the Codex Alimentarius, the World Organization for Animal Health (OIE) and the International Plant Protection Convention;
- negotiate veterinary export certificates that include requirements different from those of the customs union if an exporting country makes a substantiated request prior to January 1, 2013, to negotiate such a certificate; and
- refrain from suspending imports from establishments based on results of onsite inspection before it had given the exporting country the opportunity to propose corrective measures.<sup>20</sup>

### ***Subsidies***

Russia has agreed to eliminate all agricultural export subsidies. It had been pressing WP members to allow it to have a cap of \$9 billion on permitted trade-distorting agricultural

subsidies, which are called “amber-box” subsidies in the WTO. Its current use of such subsidies has been below that level, but Russian agricultural interests argued that they needed the flexibility of the higher ceiling on trade-distorting subsidies to be able to meet the challenge of increased foreign competition from increased agricultural imports once they join the WTO.<sup>21</sup> As a result of the negotiations, Russia would be allowed a \$9 billion cap and would reduce these subsidies to \$4.4 billion by 2018. Russia will also be required to limit product-specific subsidies to 30% of allowable trade-distorting subsidies.<sup>22</sup>

## **Export Duties**

Russia maintains export duties on hydrocarbons, scrap metals, and other strategic materials. In 2007, it introduced export duties on raw lumber to give an advantage to its domestic lumber processors.

This has been a sensitive issue for the EU. At the end of 2010, after intense negotiations with the EU, Russia agreed to abandon a planned increase from 25% to 80% in export duties and instead to establish export quotas with export duties 13%-15%, depending on the type of lumber.<sup>23</sup>

On October 21, 2011, EU Trade Commissioner Karel De Gucht announced that the export duty issue had been resolved to the EU’s satisfaction. The issue is particularly sensitive to Finland, which is dependent on imports of Russian raw lumber for its lumber processing industry.<sup>24</sup>

## **Services**

Throughout its bilateral negotiations on Russia’s accession to the WTO, the United States assigned priority to obtaining Russian commitments to open its fledgling services sector, especially financial services, to foreign providers. In some cases, the objective was to get Russia to lock in or bind established regulations and practices, and in other cases, the objective was to get Russia to liberalize rules and practices. Because of their leading role among global companies, U.S. services providers would be poised to take advantage of a more open Russian services sector. The United States took the lead in services negotiations, and the final proposed schedule of Russian commitments largely reflects the commitments the United States obtained during the negotiations.<sup>25</sup>

Regarding financial services, the United States obtained Russian commitments in *insurance and banking*. Russia will allow 100% foreign ownership of non-life insurance companies upon accession and will phase out restrictions on foreign participation in mandatory life insurance and restrictions on the number of licenses granted to foreign life insurance companies during the first five years of membership.<sup>26</sup>

Furthermore, Russia will raise the ceiling on total foreign ownership in the Russian banking sector from 15% to 50%, will allow 100% foreign ownership of banks and other non-insurance financial entities, and will allow foreign financial services companies to provide asset management services, credit card services, and other payment services. The United States and other WTO members had pressed Russia to allow foreign banks to open branches. Russia refused but will allow foreign banks to open subsidiaries which come under the regulatory



control of the Russian central bank. (Russia agreed to discuss the issue of bank branching again when it negotiates its membership in the Organization of Economic Cooperation and Development.)

In the area of *telecommunications services*, Russia agreed to eliminate the government monopoly on land-line long distance services and to allow foreign-owned telecommunications companies to operate in any telecommunications sector. Russia also agreed to establish an independent telecommunications regulator separate from the Ministry of Communications to avoid conflict of interests.

Russia agreed, upon accession, to increase market access for foreign providers of *professional services and business services*, including lawyers, architects, accountants, engineers, health care professionals, advertising, and market and management services. It will also permit foreign-owned companies to establish 100%-owned business service companies in Russia.

Among its other commitments in services, Russia will allow foreign-owned providers of *distribution services, including express delivery and wholesale and retail services*, to establish wholly owned subsidiaries in Russia upon accession. Russia will also open its market to foreign *audio-visual service* suppliers in motion picture distribution and projection services and sales of television and radio programs to TV and radio stations. Russia will also allow foreign audiovisual companies to operate as 100% foreign-owned entities. Furthermore, Russia has made commitments to open its services markets to providers of *energy services and computer and computer-related services*.

## Intellectual Property Rights

The lack of intellectual property rights (IPR) protection has tainted the business climate in Russia for U.S. investors for some time. The Office of the United States Trade Representative (USTR) has consistently identified Russia as a “priority watch list” country, most recently in April 2011.<sup>27</sup> According to the USTR report, Russia has improved its IPR protection. However, the USTR has found that implementation of IPR laws has been slow and enforcement weak, especially in the area of Internet piracy.<sup>28</sup>

IPR protection was a pivotal issue in Russia’s bilateral negotiations with the United States and in its negotiations with the WP. Intellectual property owners, such as software creators, movie companies, and music producers, view WTO accession as an opportunity to secure Russian commitments to stronger IPR protection. Under the November 2006 agreement with the United States, Russia made commitments to improve its IPR regime and to meet its obligations under the WTO’s Trade-Related Intellectual Property Rights (TRIPS) agreement. A number of these commitments became effective immediately.

As a result of bilateral negotiations with the United States and other WP members, Russia has

- committed to fight optical disc piracy more effectively by permanently closing down production of optical media containing pirated and counterfeit material;
- enacted legislation to deny licenses to past offenders;
- been shutting down websites that illegally distribute music and other copyrighted works and enacted laws to stop websites from doing so in the future;

- enacted laws to protect pharmaceutical test data from unauthorized use;
- enacted criminal penalties to deter piracy and counterfeiting;
- strengthened border enforcement against piracy; and
- brought Russia's laws in compliance with international standards under TRIPS.

The United States remains cautious regarding Russia's enforcement of these commitments. Assistant USTR Chris Wilson said that the United States needs to see "on-the-ground results" from Russia.<sup>29</sup>

## **Trade-Related Investment Measures (TRIMS)**

The WTO TRIMS agreement is intended to prevent members from employing restrictions on foreign direct investments that distort trade in goods. Such measures include local content requirements that require that a certain level of inputs (raw materials, parts) used by foreign-invested firms be of domestic origin. The TRIMS agreement also prohibits WTO members from using trade-performance requirements, for example, requiring foreign direct investors to export specific shares or amounts of their output.

On April 15, 2005, the Russian government began to implement a program to promote domestic auto production. Under the program, auto producers located in Russia that produce at least 25,000 vehicles annually; used at least 30% local content; and performed welding, painting, and assembly operations within their Russia-based operation would qualify for reduced import duties on imported components. As of February 2011, the requirements were increased to include a minimum of 350,000 vehicles produced annually; 60% local content; stamping operations as part of the locally based production process; and the establishment of research and development centers in Russia to perform engineering, design, and testing of vehicles and parts. Both the United States and the EU argued that the program violates the prohibition against local-content requirements under the TRIMS agreement. The United States obtained a Russian commitment to terminate the program by 2018. However, the EU, a major auto parts supplier to Russia, negotiated further to minimize the adverse impact the program would have to its auto parts-supplying firms. As a result, the EU obtained a commitment from Russia for compensation to remedy the adverse impact of the program on EU auto parts exports.<sup>30</sup>

## **Other Commitments**

During the accession negotiations, the United States and, in particular, the EU had concerns about the Russian government policy on subsidizing *natural gas prices* for domestic users. They argued that such subsidies gave Russian producers in energy-intensive industries, such as steel production, an unfair advantage over foreign competitors. Russia agreed to price natural gas at market prices to commercial users but could still subsidize prices to households and other noncommercial users.<sup>31</sup>

The *WTO Government Procurement Agreement (GPA)* is a plurilateral pact, that is, only those members who have signed it are obligated to comply with its provisions. Those signatories agree to open up certain government contracts for purchases of goods and services

to firms from other signatories. Signing the GPA is not a *prime facie* condition of WTO membership. However, as part of the conditions of its accession, Russia has agreed to join the GPA and to notify its intention to the GPA Committee at the time of its accession and to negotiate the terms of its membership in the GPA within four years of its accession.<sup>32</sup>

## IMPACT OF WTO ACCESSION ON RUSSIA

WTO accession has several economic policy implications for Russia. Perhaps the most important implication would be introducing greater certainty in its trade relations with other WTO members since WTO rules govern how members trade with one another, and a member can appeal to the WTO if it believes that another WTO member has violated those rules. At the same time, Russia will have to adhere to WTO rules, reducing its ability to impose new trade restrictions in dealing with other members. For example, upon accession, Russia could not arbitrarily raise tariff rates on imports or exports of sensitive products beyond its bound rates or quantitative restrictions on exports and imports. Its trade actions could be subject to WTO dispute settlement procedures initiated by other WTO members, which could lead to sanctions against Russia. WTO accession is also expected to improve the Russian business climate, because traders and foreign investors would consider Russia a less risky place to do business. Furthermore, accession would give Russia a seat at the table in negotiating and implementing the rules.

In addition to the policy implications, WTO accession will likely have some economic effects for Russia. According to a World Bank study, in the medium term, WTO accession would increase Russia's gross domestic product (GDP) by 3.3% and, in the longer term, would increase it by 11%. The study concluded that a small increase in GDP growth would come from more efficient allocation of resources as a result of reduction of tariffs and increased competition from imports. Another small increase would come from improved terms of trade, that is, increased prices for Russian exports relative to imports, as a result of increased demand for Russian exports. The remainder of the increase in GDP, and by far the largest contributor according to the study, would result from measures Russia would take to liberalize foreign investment in services. The study argues that the availability of services from foreign providers of banking, insurance, telecommunications, transportation, and other services would increase the productivity of Russian firms and contribute to overall Russian economic growth. Those manufacturing industries likely to benefit the most from accession include non-ferrous metals, ferrous metals, and chemicals, while machinery and equipment, food and light industry, and construction materials would be adversely affected by increased foreign competition.<sup>33</sup>

## WTO ACCESSION AND U.S.-RUSSIA ECONOMIC RELATIONS

Successive U.S. Administrations have supported Russia's accession to the WTO. Most recently the Obama Administration included the issue as a priority in its 2011 trade agenda as part of its efforts to "reset" U.S. relations with Russia.<sup>34</sup> The U.S. government has provided advice to the Russian government on how to make its trade and investment regime WTO

compatible and to educate Russian firms on the implications of WTO accession. Because the United States is the world's largest economy and has a lot of influence within the WTO, its support is critical to the success of Russia's application. However, the United States has also insisted that Russia enter the WTO on terms that provide meaningful trade liberalization and that require Russia to adhere to WTO agreements upon accession. U.S. support for Russian accession is just one part of post-Cold War U.S. trade and economic policy that has encouraged Russia to establish a market economy. This policy is itself part of a larger U.S. foreign policy strategy to anchor Russia in the world community and to reshape the U.S.-Russian relationship into one of cooperation.

U.S. support for Russia in the trade and investment areas has come in the form of technical assistance, trade preferences (including tariff preferences under the U.S. Generalized System of Preferences (GSP) program which gives duty free treatment to many developing countries), and financial assistance to U.S. exporters to, and investors in, Russia through the U.S. Export-Import Bank and the Overseas Private Investment Corporation (OPIC).

U.S.-Russia 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 further. Between 2000 and 2008, U.S. exports rose 343%, from \$2.1 billion to \$9.3 billion, but declined in 2009 in the wake of the global recession. U.S. exports span a range of products, including meat, machinery parts, and aircraft parts. U.S. imports increased more than 244%, from \$7.8 billion to \$26.8 billion from 2000 to 2008, but declined in 2009. 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 a large share of U.S. imports from Russia—rather than to an increase in the volume of imports. U.S.-Russia bilateral trade increased in 2010 and 2011 as both countries showed signs of recovery.

**Table 1. U.S. Merchandise Trade with Russia, 1993-2010 (in billions of dollars)**

<b>Year</b>	<b>U.S. Exports</b>	<b>U.S. Imports</b>	<b>U.S. Trade Balances</b>
2001	2.7	6.3	-3.5
2002	2.4	6.8	-4.4
2003	2.4	8.6	-6.2
2004	3.0	11.9	-8.9
2005	3.9	15.3	-11.3
2006	4.7	19.8	-15.1
2007	7.4	19.3	-11.9
2008	9.3	26.8	-17.5
2009	5.4	18.2	-12.8
2010	6.0	25.7	-19.7

Source: U.S. Department of Commerce Data, U.S. Census Bureau, Compiled by Global Trade Information Systems, Inc., World Trade Atlas.

Despite the post-Cold War increase in bilateral trade, Russia and the United States are still only moderately important trade partners to each other. Russia accounted for 1.6% of U.S. imports and 0.6% of U.S. exports in 2010, and the United States accounted for 3.3% of Russian exports and 5.3% of Russian imports. Russia was the 31<sup>st</sup> largest export market and

14<sup>th</sup>-largest source of imports for the United States in 2011, while the United States was the 10<sup>th</sup>-largest export market for Russia and its 5<sup>th</sup>-largest source of imports.<sup>35</sup>

Similarly, investment relations are modest. According to Russian government data, by the end of 2010, the United States accounted for less than 2.5% of total accumulated foreign direct and portfolio investment. The first three countries were Cyprus (20.7%), the Netherlands (13.5%), and Luxembourg (11.7%), countries that are known mostly as financial centers, suggesting that at least 50% of the investments might have been repatriated Russian funds.<sup>36</sup> U.S. exporters and investors claim that a number of factors make them cautious about entering the Russian market: the lack of adherence to international standards of accounting; weak enforcement of intellectual property rights; the lack of protection of shareholders rights; burdensome taxation; poor legal protection of contract sanctity; and government corruption.

Russia's accession to the WTO could have some qualitative and quantitative effects on the relationship in absolute terms. As a number of observers have pointed out, WTO accession would likely bring more stability and predictability to the relationship, reducing the opportunities for unilateral actions. For example, Russia would be limited on how high it could raise its tariffs, as it did on car imports during the recession. It would also be obligated to adhere to WTO agreements on implementing SPS measures, safety and certification procedures, and other trade-related measures.

In addition to these qualitative effects, Russia's WTO accession could have some quantitative effects. One study forecasts that U.S. exports of agricultural products, including meats, grapes, apples, and processed foods, would increase two or three times as a result of reduction in Russian tariffs and standardization of SPS measures.<sup>37</sup> The United States could also realize an increase in exports of civil aircraft and aircraft parts, telecommunications equipment, and pharmaceuticals as a result of lower Russian tariffs. Furthermore, improvements in Russia's enforcement of intellectual property rights and concessions on foreign investment could raise the level of investor confidence and increase the level of U.S. business investment in Russia, including investment and trade in services.<sup>38</sup>

## THE ROLE OF CONGRESS AND PNTR FOR RUSSIA

“Normal trade relations” (NTR), or “most-favored-nation” (MFN), trade status is used to denote nondiscriminatory treatment of a trading partner compared to that of other countries.<sup>39</sup> The WTO requires that WTO members apply MFN tariff treatment “immediately and unconditionally” to the goods of every other WTO member. Title IV of the U.S. Trade Act of 1974 applies conditions on Russia's status—compliance with freedom of emigration criteria under Section 402, the so-called Jackson-Vanik amendment—that are not applied to other WTO members. (See the Appendix for more details on Title IV and the Jackson Vanik amendment.) Therefore, the United States would not be in compliance with the MFN principle without Congress lifting the applicability of Title IV as it applies to Russia and authorizing the President to grant Russia unconditional MFN, or what is often called permanent NTR (PNTR) before Russia enters the WTO. If a WTO member determines that it cannot, for any reason, comply with this or any other WTO rule toward a *newly acceding* member, it can “opt-out” of its obligations toward that member by invoking the non-application provision (Article XIII of the WTO). In so doing, the WTO member declares that

the WTO obligations, rules, and mechanisms (e.g., the binding dispute settlement mechanism) will not apply in its trade with the new member in question. The United States continues to invoke Article XIII in its trade with Moldova since it joined in 2001.

If the United States were to invoke “non-application” at the time of Russia’s accession, it would continue to conduct its trade relations with Russia under the provisions of the 1992 “Agreement on Trade Relations Between the United States and Russia.” Article I of this agreement provides for MFN (NTR) and nondiscriminatory treatment in the application tariffs and other customs duties. Article II of the agreement extends MFN treatment to the application of technical regulations and standards (technical barriers to trade). Therefore, any commitments on tariffs and the application of technical barriers Russia will have made on joining the WTO would still apply to its trade with the United States per the MFN provisions of the 1992 agreement, according to Assistant USTR Chris Wilson.<sup>40</sup>

However, Russia would not be obligated to apply the range of other commitments, such as those regarding services, trade-related investment measures, intellectual property rights, and sanitary and phytosanitary measures. In addition, the two sides would not have the use of WTO dispute settlement procedures to resolve issues in their bilateral trade. The United States has invoked Article XIII temporarily at the time of the accession of some countries, for example, Armenia, Georgia, and Vietnam. Once PNTR was extended to these countries, the United States disinvoked the nonapplication clause. At this writing, no legislation has been introduced in the 112<sup>th</sup> Congress to authorize PNTR for Russia. Therefore, the United States invoked Article XIII, at least temporarily.

## **OBSERVATIONS AND OUTLOOK**

It appears that Russia’s 18-year quest to join the WTO is reaching completion, the longest such process in WTO history. The process had been particularly challenging as a result of domestic political and economic uncertainties that at times seemed to undermine Russia’s commitment to undertake the reforms necessary to comply with WTO agreements and rules. The process was also delayed by international crises such as the 1997 and 1998 financial crisis and the 2007-2008 global financial crisis. The process was further complicated in June 2009 with the formation of Russia’s customs union with Belarus and Kazakhstan, which is now responsible for most customs matters for the three countries. Also, a dispute between Georgia, a WTO member, and Russia over monitoring of trade between Russia and the two Georgian break-away provinces of Abkhazia and South Ossetia threatened to delay the completion of the accession. On November 9, 2011, the two countries agreed to a suggestion from Swiss mediators that international officials monitor trade between Russia and the two provinces.<sup>41</sup>

In joining the WTO, Russia will have committed to bring its trade laws and practices into compliance with WTO rules. In doing so, it will take a major step in integrating its trading system with the rest of the world. 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. Russia will have also joined the WTO, knowing

that its fellow WTO members will hold it accountable, through WTO dispute settlement procedures, for fulfilling its WTO commitments. Some U.S. policymakers, for example, view WTO rules as an expanded set of tools with which to manage trade with Russia.

In return, Russia will have a major voice in shaping and implementing the international trade regime in the form of the WTO. It will also be able to hold other WTO partners accountable for adhering to WTO rules in conducting their trade relations with Russia, making those trade relations more predictable and stable. In addition, Russian economic reformers anticipate that WTO membership will make Russia a more attractive location for foreign producers and investors to do business by locking in trade-liberalizing reforms and will boost Russian trade and economic growth.

For the WTO as a whole, Russia's accession will mean that all major economies will be under the WTO umbrella. Russia will help shape the WTO agenda. For some that may be viewed as positive if Russia's interests are congruent with theirs. For others, it may be negative, if those interests are in conflict.

For Congress, the immediate policy issue will be whether to enact legislation authorizing PNTR for Russia. Some Members have indicated that they view congressional consideration of PNTR legislation as an opportunity to ensure that the conditions on which Russia is invited to join the WTO address U.S. concerns. For example, the chairmen and ranking Members of the Senate Finance Committee and the House Ways and Means Committee sent a joint letter to USTR Ron Kirk asking him to make sure that the conditions will require Russia to protect intellectual property rights; commit Russia to adhere to the WTO Information Technology Agreement; not impose unacceptable measures to inhibit agriculture imports; and not adversely affect the interests of the U.S. auto industry through its foreign investment policies.<sup>42</sup> Members may also use debate on PNTR as an opportunity to raise concerns about Russian foreign policy, for example in regards to Georgia, and about human rights, such as the slow prosecution of murderers of investigative journalists.

## APPENDIX. NTR STATUS AND JACKSON-VANIK

"Normal trade relations" (NTR), or "most-favored-nation" (MFN), trade status is used to denote nondiscriminatory treatment of a trading partner compared to that of other countries.<sup>43</sup> Only two countries—Cuba and North Korea—do not have NTR status in trade with the United States. In practice, duties on the imports from a country which has been granted NTR status are set at much lower rates than those from countries that do not receive such treatment. Thus, imports from a non-NTR country can be at a large price disadvantage compared with imports from NTR-status countries.

Section 401 of Title IV of the Trade Act of 1974 requires the President to continue to deny NTR status to any country that was not receiving such treatment at the time of the law's enactment on January 3, 1975. In effect this meant all communist countries, except Poland and Yugoslavia. Section 402 of Title IV, the so-called Jackson-Vanik amendment, denies the countries eligibility for NTR status, as well as access to U.S. government credit facilities, such as the Export-Import Bank, as long as the country denies its citizens the right of freedom-of-emigration. These restrictions can be removed if the President determines that the country is in *full compliance* with the freedom-of-emigration conditions set out under the

Jackson-Vanik amendment. For a country to maintain that status, the President must reconfirm his determination of full compliance in a semiannual report (by June 30 and December 31) to Congress. His determination can be overturned by the enactment of a joint resolution of disapproval concerning the December 31<sup>st</sup> report.

The Jackson-Vanik amendment also permits the President to *waive* the freedom of emigration requirements, if he determines that such a waiver would promote the objectives of the amendment, that is, encourage freedom of emigration. This waiver authority is subject to an annual renewal by the President and to congressional disapproval via a joint resolution. Before a country can receive NTR treatment under either the presidential determination of full compliance or the presidential waiver, it and the United States must have concluded and enacted a bilateral agreement that provides for, among other things, reciprocal extension of NTR or MFN treatment. The agreement and a presidential proclamation extending NTR status cannot go into effect until a congressional joint resolution approving the agreement is enacted.

In 1990, the United States and the Soviet Union signed a bilateral trade agreement as required under Title IV of the Trade Act of 1974. The agreement was subsequently applied to U.S.-Russian trade relations, and the United States signed similar but legally separate agreements with the other former non-Baltic Soviet states. The United States extended NTR treatment to Russia under the *presidential waiver* authority beginning in June 1992. Since September 1994, Russia has received NTR status under the *full compliance* provision. Presidential extensions of NTR status to Russia have met with virtually no congressional opposition.

## End Notes

<sup>1</sup> Based on WTO background information, at <http://www.wto.org>.

<sup>2</sup> *Ibid.*, p. 51.

<sup>3</sup> Office of the President of Russia, *Annual Address to the Federal Assembly*, April 3, 2001, <http://www.kremlin.ru>.

<sup>4</sup> Åslund, Anders, "Why Doesn't Russia Join the WTO?," *The Washington Quarterly*, April 2010, p. 55.

<sup>5</sup> *Ibid.*, 57.

<sup>6</sup> Åslund, Anders, "Why Doesn't Russia Join the WTO?," *The Washington Quarterly*, April 2010, p. 51.

<sup>7</sup> World Trade Organization, *Tariff Profiles*.

<sup>8</sup> Economist Intelligence Unit, *Country Commerce 2010*, November 2010, p. 75.

<sup>9</sup> World Trade Organization, News Items, *Working Party Seals the Deal on Russia's Membership Negotiations*, November 10, 2011, [http://www.wto.org/english/news\\_e/news11\\_e/acc\\_rus\\_10nov11\\_e.htm](http://www.wto.org/english/news_e/news11_e/acc_rus_10nov11_e.htm).

<sup>10</sup> Some of the following data were reported by the WTO and represent the final commitments made by Russia. Other data were reported by the Department of Commerce and were based on Russia's commitments under the bilateral accession agreement with the United States and may not reflect the lowest rates agreed to in the other bilateral negotiations.

<sup>11</sup> Russian officials have indicated that the current tariff is 30% and would be reduced first to 25% then eventually to 15%. *International Trade Daily*, November 15, 2011.

<sup>12</sup> In some cases, the comparable current tariff rates are not available.

<sup>13</sup> Under its 2006 bilateral agreement with the United States, Russia committed to "join the Information Technology Agreement (ITA)." Office of the United States Trade Representative, *Trade Facts: Results of Bilateral Negotiations on Russia's Accession to the World Trade Organization (WTO)—Non-Agricultural Market Access*, November 19, 2006.

<sup>14</sup> Under TRQs countries allow an established volume of products to be imported into the country at one often relatively low tariff rate but any imports beyond the quota at a higher, oftentimes prohibitive, tariff rate.



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- <sup>15</sup> The Cairns group includes Argentina, Australia, Bolivia, Brazil, Canada, Chile, Costa Rica, Colombia, Guatemala, Indonesia, Malaysia, New Zealand, Pakistan, Paraguay, Peru, Philippines, South Africa, Thailand, and Uruguay.
- <sup>16</sup> World Trade Organization, News Items, *Working Party Seals the Deal on Russia's Membership Negotiations*, November 10, 2011, [http://www.wto.org/english/news\\_e/news11\\_e/acc\\_rus\\_10nov11\\_e.htm](http://www.wto.org/english/news_e/news11_e/acc_rus_10nov11_e.htm).
- <sup>17</sup> *International Trade Daily*, November 15, 2011.
- <sup>18</sup> World Trade Organization, News Items, *Working Party Seals the Deal on Russia's Membership Negotiations*, November 10, 2011, [http://www.wto.org/english/news\\_e/news11\\_e/acc\\_rus\\_10nov11\\_e.htm](http://www.wto.org/english/news_e/news11_e/acc_rus_10nov11_e.htm).
- <sup>19</sup> Office of the United States Trade Representative, *2011 Report on Sanitary and Phytosanitary Measures*, March 2011, p.71-74.
- <sup>20</sup> World Trade Organization, News Items, *Working Party Seals the Deal on Russia's Membership Negotiations*, November 10, 2011, [http://www.wto.org/english/news\\_e/news11\\_e/acc\\_rus\\_10nov11\\_e.htm](http://www.wto.org/english/news_e/news11_e/acc_rus_10nov11_e.htm).
- <sup>21</sup> Tarr and Volchkova, p. 208-211.
- <sup>22</sup> *Inside U.S. Trade*, October 20, 2011.
- <sup>23</sup> *International Trade Daily*, November 15, 2011..
- <sup>24</sup> European Commission Directorate-General for Trade, *EU and Russia Agree to Terms for Moscow's Eventual WTO Accession*, Press Release, October 21, 2011.
- <sup>25</sup> This analysis of the services commitments is largely based on October 2011 discussions with USTR officials who participated in the negotiations.
- <sup>26</sup> Office of the United States Trade Representative, *Trade Facts: Results of Bilateral Negotiations on Russia's Accession to the World Trade Organization—Bilateral Market Access Agreement on Services*, November 19, 2006.
- <sup>27</sup> Section 301 of the Trade Act of 1974 (P.L. 93-618), as amended, is the principal U.S. statute for identifying foreign trade barriers due to inadequate intellectual property protection. The 1988 Omnibus Trade and Competitiveness Act (P.L. 100-418) created the "Special 301" provisions, which require the USTR to conduct an annual review of foreign countries' intellectual property policies and practices.
- <sup>28</sup> Office of the United States Trade Representative, *Special 301 Report*, April 30, 2011.
- <sup>29</sup> *International Trade Reporter*, June 30, 2011.
- <sup>30</sup> European Commission Directorate-General for Trade, *EU and Russia Agree to Terms for Moscow's Eventual WTO Accession*, Press Release, October 21, 2011.
- <sup>31</sup> World Trade Organization, News Items, *Working Party Seals the Deal on Russia's Membership Negotiations*, November 10, 2011, [http://www.wto.org/english/news\\_e/news11\\_e/acc\\_rus\\_10nov11\\_e.htm](http://www.wto.org/english/news_e/news11_e/acc_rus_10nov11_e.htm).
- <sup>32</sup> *Ibid.*
- <sup>33</sup> Jensen, Jesper, Thomas Rutherford, and David Tarr, *Economy-Wide and Sector Effects of Russia's Accession to the WTO*, May 26, 2004, p. 15-21.
- <sup>34</sup> Office of the United States Trade Representative, *2011 Trade Policy Agenda and 2010 Annual Report of the President of the United States and the Trade Agreements Program*, Chapter I, p. 6.
- <sup>35</sup> *World Trade Atlas*, Global Trade Information Services, Inc.
- <sup>36</sup> Russian Federal Statistics Service, <http://www.gks.ru>.
- <sup>37</sup> Åslund, Anders and Gary Clyde Hufbauer, *Why It's in the U.S. Interest to Establish Normal Trade Relations with Russia*, Peterson Institute for International Economics, 2011, p. 5. (Draft)
- <sup>38</sup> *Ibid.*
- <sup>39</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>40</sup> The comments were made during a one-on-one discussion with the author.
- <sup>41</sup> *International Trade Daily*, November 10, 2011.
- <sup>42</sup> *International Trade Daily*, November 2, 2011.
- <sup>43</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.



*Chapter 8*

## **PERMANENT NORMAL TRADE RELATIONS (PNTR) STATUS FOR RUSSIA AND U.S.-RUSSIAN ECONOMIC TIES\***

*William H. Cooper*

### **SUMMARY**

U.S.-Russian trade is governed by Title IV of the Trade Act of 1974, which conditions Russia's normal trade relations (NTR) status, including the "freedom-of-emigration" requirements of the Jackson-Vanik amendment. On December 16, 2011, the 153 members of the World Trade Organization (WTO) invited Russia to join the organization, after Russia completed an 18-year accession process. The WTO requires each member to accord newly acceding members "immediate and unconditional" most-favored-nation (MFN) status which is called NTR in U.S. law. Russia is expected to formally join the WTO sometime in the summer after its parliament as approved the accession package. In order to comply with the WTO rule, the United States would have to change Russia's status from conditional NTR to unconditional or permanent NTR (PNTR). The change in Russia's trade status will require legislation to lift the restrictions of Title IV of the Trade Act of 1974 as they apply to Russia and authorize the President to grant Russia PNTR. Therefore, Members of the 112<sup>th</sup> Congress confront the issue of whether to authorize PNTR for Russia.

Granting Russia permanent normal trade relations (PNTR) status requires a change in law because Russia is prohibited from receiving unconditional and permanent NTR under Title IV of the Trade Act of 1974. The change would likely occur in the form of legislation to eliminate the application of Title IV to trade with Russia. Title IV includes the so-called Jackson-Vanik amendment. Extension of PNTR has implications for Russia's accession to the World Trade Organization (WTO). The WTO requires its members to extend immediate and unconditional nondiscriminatory treatment to the goods and services of all other members. As a result, the United States invoked "non-application" of WTO rules to its trade relationship with Russia. This report examines this

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legislative issue in the context of Russian accession to the WTO and U.S.-Russian economic ties.

## WHAT ARE NTR STATUS AND THE JACKSON-VANIK AMENDMENT?

“Normal trade relations” (NTR), or “most-favored-nation” (MFN), trade status is used to denote nondiscriminatory treatment of a trading partner compared to that of other countries.<sup>1</sup> Only two countries—Cuba and North Korea—do not have NTR status in trade with the United States. In practice, duties on the imports from a country which has been granted NTR status are set at lower rates than those from countries that do not receive such treatment. Thus, imports from a non-NTR country can be at a large price disadvantage compared with imports from NTR-status countries.

Section 401 of Title IV of the Trade Act of 1974 requires the President to continue to deny NTR status to any country that was not receiving such treatment at the time of the law’s enactment on January 3, 1975. In effect this meant all communist countries, except Poland and Yugoslavia. Section 402 of Title IV, the so-called Jackson-Vanik amendment, denies the countries eligibility for NTR status as well as access to U.S. government credit facilities, such as the Export-Import Bank, as long as the country denies its citizens the right of freedom-of-emigration. These restrictions can be removed if the President determines that the country is in *full compliance* with the freedom-of-emigration conditions set out under the Jackson-Vanik amendment. For a country to maintain that status, the President must reconfirm his determination of full compliance in a semiannual report (by June 30 and December 31) to Congress. His determination can be overturned by the enactment of a joint resolution of disapproval concerning the December 31<sup>st</sup> report.

The Jackson-Vanik amendment also permits the President to *waive* the freedom of emigration requirements, if he determines that such a waiver would promote the objectives of the amendment, that is, encourage freedom of emigration. This waiver authority is subject to an annual renewal by the President and to congressional disapproval via a joint resolution. Before a country can receive NTR treatment under either the presidential determination of full compliance or the presidential waiver, it and the United States must have concluded and enacted a bilateral agreement that provides for, among other things, reciprocal extension of NTR or MFN treatment.

The agreement and a presidential proclamation extending NTR status cannot go into effect until a congressional joint resolution approving the agreement is enacted.

## RUSSIA’S NTR STATUS

In 1990, the United States and the Soviet Union signed a bilateral trade agreement as required under Title IV of the Trade Act of 1974. The agreement was subsequently applied to U.S.-Russian trade relations, and the United States signed similar but legally separate agreements with the other former non-Baltic Soviet states. The United States extended NTR treatment to Russia under the *presidential waiver* authority beginning in June 1992. Since September 1994, Russia has received NTR status under the *full compliance* provision.

Presidential extensions of NTR status to Russia have met with virtually no congressional opposition.

Russian leaders have continually pressed the United States to “graduate” Russia from Jackson-Vanik coverage entirely. They see the amendment as a Cold War relic that does not reflect Russia’s new stature as a fledgling democracy and market economy. Moreover, Russian leaders argue that Russia has implemented freedom-of-emigration policies since the fall of the communist government, making the Jackson-Vanik conditions inappropriate and unnecessary.

While Russia remains subject to the Jackson-Vanik amendment, some of the other former Soviet republics have been granted permanent and unconditional NTR. For example, Kyrgyzstan and Georgia received PNTR in 2000, and Armenia received PNTR in January 2005. Perhaps what has irked Russian leaders greatly is that the United States granted permanent and unconditional NTR status to Ukraine in 2006.

As with these other countries, extending PNTR to Russia would likely involve legislation that would remove the application of Title IV of the Trade Act of 1974 as it applies to Russia. It would authorize the President to grant PNTR by proclamation.

## **U.S.-RUSSIAN ECONOMIC TIES**

During the Cold War, U.S.-Soviet economic ties were very limited. They were constrained by national security and foreign policy restrictions, including the Jackson-Vanik amendment restrictions. They were also limited by Soviet economic policies of central planning that prohibited foreign investment and tightly controlled foreign trade.

With the collapse of the Soviet Union, successive Russian leaders have been dismantling the central economic planning system. This has included the liberalization of foreign trade and investment. U.S.-Russian economic relations have expanded, but the flow of trade and investment remains very low, as reflected in Table 1, which contains data on U.S. merchandise trade with Russia since 2000.

The table indicates that 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 most of U.S. imports from Russia—and not to an increase in the volume of imports. U.S. exports span a range of products including meat, machinery parts, and aircraft parts. U.S. imports increased more than 244%, from \$7.8 billion to \$26.8 billion from 2000 to 2008, and U.S. exports rose 343%, from \$2.1 billion to \$9.3 billion. However, U.S. exports and imports with Russia declined substantially in 2009, as a result of the global financial crisis and economic downturn, but increased in 2010 and 2011 as both countries have shown signs of recovery. Russia accounted for 1.6% of U.S. imports and 0.6% of U.S. exports in 2011, and the United States accounted for 3.3% of Russian exports and 5.3% of Russian imports.<sup>2</sup> Russia was the 31<sup>st</sup> -largest export market and 14<sup>th</sup>-largest source of imports for the United States in 2011.

U.S. exports to and imports from Russia are heavily concentrated in a few commodity categories. The top five 2-digit Harmonized System (HS) categories of imports accounted for about 70% of total U.S. imports from Russia and consisted of precious stones and metals, inorganic chemicals, mineral fuels, aluminum, iron and steel, and fish and other seafood.

About 60% of U.S. exports to Russia consisted of products in three 2-digit HS categories: aircraft, machinery (mostly parts for oil and gas production equipment), and meat (beef, pork, and poultry).<sup>3</sup>

## ISSUES IN U.S.-RUSSIAN TRADE

Russia's treatment of imports of U.S. meats—poultry, pork, and beef—is one of the most sensitive issues in U.S.-Russian trade relations. Russia's agricultural sector, particularly meat production, has not been very competitive, and domestic producers have not been able to fulfill Russia's expanding demand for meat, especially as the rise of Russian incomes has led to a rise in demand for meat in the Russian diet. U.S. producers, especially of poultry, have been able to take advantage and have become major sources of meat to the Russian market. At the same time, Russia has become an important market for U.S. exports of meat. For example, in 2009, Russia was the largest market for U.S. poultry meat exports.<sup>4</sup>

On January 1, 2010, the Russian government implemented new regulations on imports of poultry, claiming that the chlorine wash that U.S. poultry producers use in the preparation of chickens violates Russian standards and is unsafe. These regulations effectively halted U.S. exports of poultry to Russia. The United States claimed that the wash is effective and safe and that Russian restrictions are not scientifically based. U.S. and Russian officials conducted discussions to resolve the issue. At their June 24, 2010, press conference that closed a bilateral summit meeting, President Obama and President Medvedev announced that the dispute over poultry trade had been resolved and that U.S. shipments of poultry to Russia would resume. However, the full resumption of shipments was delayed over Russian demands to inspect U.S. poultry processing plants before they can be certified for shipping to Russia. On September 30, 2010, the two countries reportedly reached a compromise on this issue whereby Russian inspectors would examine and certify U.S. plants on an expedited basis.<sup>5</sup> However, as a result of the Russian restrictions, U.S. exports of poultry to Russia plummeted almost 70% by the end of 2011 compared to 2009.<sup>6</sup>

The lack of adequate intellectual property rights (IPR) protection in Russia has tainted the business climate in Russia for U.S. investors for some time. The Office of the United States Trade Representative (USTR) consistently identifies Russia in its Special 301 Report as a "priority watch list" country, as it did in its latest (April 30, 2011) report. The USTR report acknowledges improvements in IPR protection and cites steps taken to fulfill its commitments to improve IPR protection made as part of the 2006 bilateral agreement that was reached as part of Russia's WTO accession process. It also finds that Russia has problems with weak enforcement of IPR in some areas, including internet piracy.<sup>7</sup>

Russian economic policies and regulations have been a source of concerns. The United States and the U.S. business community have asserted that structural problems and inefficient government regulations and policies have been a major cause of the low levels of trade and investment with the United States. U.S. exporters have also cited problems with Russian customs regulations that are complicated and time-consuming.

## RUSSIA'S ACCESSION TO THE WTO

PNTR for Russia is closely tied to Russia's efforts to join the WTO. The WTO requires its members to extend immediate and unconditional nondiscriminatory treatment to the goods and services of all other members. To fulfill that commitment, the United States would have to extend PNTR to Russia.

Russia first applied to join the General Agreement on Tariffs and Trade (GATT—now the World Trade Organization (WTO)) in 1993.<sup>8</sup> Russia completed negotiations with a WTO Working Party (WP), which includes representatives from about 60 WTO members, including the United States and the European Union (EU). WP members raised concerns about Russia's IPR enforcement policies and practices, sanitary and phytosanitary (SPS) regulations that may be blocking imports of agricultural products unnecessarily, and Russia's demand to keep its large subsidies for its agricultural sector. The United States also raised issues regarding the role of state-owned enterprises (SOEs) in the Russian economy and Russian impediments to imports of U.S. products containing encryption technology.

Prime Minister Putin's June 9, 2009 announcement that Russia would be abandoning its application to join the WTO as a single entity and would instead pursue it with Belarus and Kazakhstan as a customs union seemed to set back the accession process. However, after meeting resistance from WTO officials, Russia and the other two countries decided to pursue accession separately. On June 24, 2010, during their meeting in Washington, DC, President Obama and President Medvedev pledged to resolve the remaining issues regarding Russia's accession to the WTO by September 30. The United States also pledged to provide technical assistance to Russia to speed up the process of Russia's accession taking into account its customs union with Belarus and Kazakhstan. On October 1, 2010, the USTR announced that "the United States and Russia have reached agreement on the substance of a number of Russian commitments." He noted that Russia had enacted amendments to laws related to the protection of IPR and that the United States "looks to the effective implementation of these laws."<sup>9</sup>

Russia completed its bilateral negotiations and negotiations with the Working Party. On November 10, 2011, the members of the Working Party approved the accession package and sent it on for consideration by the Ministerial Conference. The Ministerial Conference approved the package and, on December 16, 2011, formally invited Russia to join the WTO. Russia's parliament, the State Duma, must approve the accession package by July 23, 2012, 30 days after which Russia will be a WTO Member.

**Table 1. U.S. Trade with Russia, 2001-2011 (Billions of dollars)**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Exports	2.7	2.4	2.4	3.0	3.9	4.7	7.4	9.3	5.4	6.0	8.3
Imports	6.3	6.8	8.6	12.6	15.3	19.8	19.3	26.8	18.2	25.7	34.6
Balances	-3.5	-4.4	-6.2	-8.9	-11.3	-15.1	-11.9	-17.4	-12.8	-19.7	-26.3

Source: U.S. Department of Commerce, International Trade Administration.

## IMPLICATIONS AND LEGISLATION

PNTR is a major issue in Russia's accession to the WTO. Because Title IV still applies to Russia, the United States invoked nonapplication of WTO rules, procedures, and agreements in its trade with Russia. As a result many of the commitments that Russia will have made in joining the WTO might not necessarily apply to the United States, if Title IV remains in effect on Russia when Russia formally joins the WTO.

Legislation to grant Russia PNTR has not been introduced in the 112<sup>th</sup> Congress to date. Russian leaders consider the absence of PNTR status an affront and the Jackson-Vanik amendment to be a relic of the Cold War that should no longer apply to U.S.-Russia trade relations, especially since such still ostensibly communist countries as China and Vietnam are afforded PNTR status by the United States.

Congressional consideration of legislation to grant Russia PNTR status would likely generate debate not only on the pros and cons of PNTR status for Russia per se, but also on U.S. economic policy towards Russia and Russia's economic policies and practices. For example, Russia's treatment of imports of U.S.-produced meat has been a contentious issue and could come up during the debate, despite a recent agreement on the issue. In addition, U.S. businesses have cited Russian allegedly weak enforcement of intellectual property rights and government corruption as a significant barrier to doing business there. Human rights and foreign policy issues might also be raised.

### End Notes

<sup>1</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>2</sup> *World Trade Atlas*. Global Trade Information Services, Inc.

<sup>3</sup> *World Trade Atlas*.

<sup>4</sup> U.S. Department of Agriculture. Economic Research Service. FATUS, *Export Aggregations*, March 18, 2009.

<sup>5</sup> *World Trade Online*. September 30, 2010. For more information on issues pertaining to U.S. exports of meat to Russia, see CRS Report RS22948, *U.S.-Russia Meat and Poultry Trade Issues*, by Renée Johnson.

<sup>6</sup> Derived from U.S. Department of Commerce data.

<sup>7</sup> Office of the United States Trade Representative, *Special 301 Report*, April 30, 2011, p. 26.

<sup>8</sup> For more information on Russia's WTO accession, see CRS Report R42085, *Russia's Accession to the WTO and Its Implications for the United States*, by William H. Cooper.

<sup>9</sup> Office of the United States Trade Representative, *USTR Kirk Welcomes Bilateral Resolution of Key WTO Issues with Russia* press statement, October 1, 2010.



*Chapter 9*

## **2011 COUNTRY REPORTS ON HUMAN RIGHTS PRACTICES—RUSSIA\***

*U.S. Department of State*

### **EXECUTIVE SUMMARY**

The Russian Federation has a centralized political system, with power highly concentrated in a president and a prime minister, a weak multiparty political system dominated by the ruling United Russia party, and a bicameral legislature (Federal Assembly). The Federal Assembly consists of a lower house (State Duma) and an upper house (Federation Council). Security forces generally reported to civilian authorities; however, in some areas of the Northern Caucasus, there were serious problems with civilian control of security forces.

The most significant human rights problems during the year involved:

1. **Violations of Democratic Processes:** Parliamentary elections were held in December; domestic and international observers described these elections as marked by government interference, manipulation, electoral irregularities, and restrictions on the ability of opposition parties to organize, register candidates for public office, access the media, or conduct political campaigns.
2. **Administration of Justice and Rule of Law:** Individuals who threatened powerful state or business interests were subjected to political prosecution, as well as to harsh conditions of detention. The conditions of prisons constituted a major violation of the human rights of many prisoners, who were subjected to poor medical care, lack of basic human needs, and abuse by prison officials. These conditions at times resulted in death. The government did not take adequate steps to prosecute or punish most officials who committed abuses, resulting in a climate of impunity. Rule of law was particularly deficient in the North Caucasus, where the conflict between the government and insurgents, Islamist militants, and criminal forces led to numerous human rights abuses by security forces and insurgents, who reportedly engaged in killing, torture, physical abuse, and politically motivated abductions. In addition the government of Ramzan

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\* This is an edited, reformatted and augmented version of a U.S. Department of State, Bureau of Democracy, Human Rights, and Labor report released on May 24, 2012.

Kadyrov in Chechnya continued to violate fundamental freedoms, engage in collective retribution against families of suspected militants, and foster an overall atmosphere of fear and intimidation.

3. **Freedom of Expression:** While there was free expression on the Internet and in some print and electronic media, self-censorship and the government's ownership of and pressure on some print and most broadcast media outlets limited political discourse. Some journalists and activists who publicly criticized or challenged the government or well-connected business interests were subject to physical attack, harassment, increased scrutiny from government regulatory agencies, politically motivated prosecutions, and other forms of pressure. Attacks on and killings of journalists and activists occurred, and a number of high-profile cases from previous years remained unsolved. During the December Duma elections, Web sites that published reports of electoral fraud were disabled by distributed denial of service (DDoS) attacks.

Other problems observed during the year included physical abuse of conscripts by military officers; restrictions on the right to free assembly; widespread corruption at all levels of government and law enforcement; violence against women and children; trafficking in persons; xenophobic attacks and hate crimes; societal discrimination, harassment, and attacks on religious and ethnic minorities and immigrants; societal and official intimidation of civil society and labor activists; discrimination against lesbian, gay, bisexual, and transgender (LGBT) persons; limitations on the rights of workers.

## **SECTION 1. RESPECT FOR THE INTEGRITY OF THE PERSON, INCLUDING FREEDOM FROM**

### **a. Arbitrary or Unlawful Deprivation of Life**

In the North Caucasus, there were numerous extrajudicial killings carried out by both authorities and local militants (see section 1.g.).

On October 13, Colonel Boris Khubiyev, deputy department head of the Military Prosecutor General's Office, reported nine deaths as a direct result of military hazing. The nongovernmental organization (NGO) Committee of Soldiers' Mothers believed that the vast majority of cases went unreported and contended that the actual number could be 10 to 12 times higher.

As of October, 119 soldiers had committed suicide, many as a result of hazing. On August 23, a young recruit shot himself in the head in Volgograd Oblast. He left a letter explaining that he could no longer endure the threats and taunts of his commanding officer.

On September 3, Private Aiderkhanov from a Tatar-Bashkir village in Chelyabinsk Oblast was found dead after reportedly hanging himself. The body of Aiderkhanov showed significant injuries, including missing teeth, a broken leg, a knife wound to the chest, and cigarette burns. Residents from Aiderkhanov's village drafted a petition to the Ministry of Defense declaring that they would not allow their sons to be drafted into the army until those responsible for Aiderkhanov's death were brought to justice. On October 27, according to online news source News.ru, the director of the Research Institute of Forensics, Alexander Vlasov, concluded that the trauma on Aiderkhanov's body was inflicted while he was still alive. In October the Ministry of Defense opened an investigation.

Several journalists, including Garun Kurbanov, Yakhya Magomedov, and Khazimurad Kamalov, were killed during the year for reasons apparently related to their professional activities (see section 2.a.).

Prison officials and police subjected inmates and suspects in custody to acts of torture or neglect that occasionally resulted in death. On November 9, it was reported that Deputy Director of the Federal Penitentiary Service (FSIN) Alexey Velichko stated that 258 people died in jail in the first nine months of the year. In 2011, according to the Civil Commission for Relations with the Justice System, approximately 50 people died in pretrial detention from various causes, while the FSIN reported that 44 people died in Moscow pretrial detention centers, compared with 64 in 2010.

In March Chelyabinsk Oblast Ombudsman for Human Rights Aleksey Sevastyanov submitted a complaint to Urals Federal District Chief Prosecutor Yuriy Zolotov, claiming that a January suicide in a Kopeysk Prison was staged by prison officials to hide signs of torture on a convict's body and that the prison's film studio had been used to produce a fake suicide video. The complaint alleged that the oblast prosecutor's office was complicit in covering up the case. It noted that the victim, Sergey Samuylenkin, had just one year left on his prison term and left no suicide note. Independent experts enlisted by Samuylenkin's relatives maintained that his death was caused by over 70 beatings and forced suffocation. The prosecutor did not call independent medical experts or Samuylenkin's cellmates as witnesses in the case. On April 22, Lieutenant P. Chikulin, senior investigator of the Investigation Department of Kopeysk of Chelyabinsk Regional Investigation Directorate of the Investigation Committee of the Russian Federation, ruled not to initiate a criminal case due to the absence of any evidence of criminal intent.

On November 17, charges of negligence were filed against Aleksandra Artamonova, a specialist from an independent medical center, in the 2010 death of businesswoman Vera Trifonova in a Moscow pretrial detention center. Investigators charged that Dr. Artamonova forgot to remove a catheter from Trifonova's vein, which caused a clot and led to the patient's death. Human rights advocates believed that Trifonova was intentionally denied access to medical care for months to pressure her into confessing to fraud charges.

The prime suspect in the 2010 death of Judge Eduard Chuvashov, a Russian neo-Nazi named Aleksey Korshunov, was killed in an accidental explosion on October 7, when a grenade he was carrying detonated. There were no further developments in the Chuvashov case by year's end.

On May 6, a Moscow court sentenced Russian ultranationalists Nikita Tikhonov and Yevgeniya Khasis to life in prison and 18 years in prison, respectively, for the 2009 killing of lawyer Stanislav Markelov and *Novaya Gazeta* reporter Anastasiya Baburova.

## **b. Disappearance**

Reports of politically motivated disappearances in connection with the conflict in the Northern Caucasus continued (see section 1.g.).

### **c. Torture and other Cruel, Inhuman, or Degrading Treatment or Punishment**

The constitution prohibits such practices; however, there were numerous, credible reports that law enforcement personnel engaged in torture, abuse, and violence to coerce confessions from suspects, and there were allegations authorities did not consistently hold officials accountable for such actions. There is no law defining torture, and prosecutors are therefore only able to bring charges of simple assault or exceeding authority against police suspected of engaging in torture. Government forces engaged in the conflict in the North Caucasus reportedly tortured and otherwise mistreated civilians and participants in the conflict (see section 1.g.).

Physical abuse of suspects by police officers usually occurred within the first few hours or days after arrest. Some of the methods reportedly used included beatings with fists, batons, or other objects.

On November 29, Aleksandr Bastykin, chairman of the Investigative Committee of the Russian Federation (SKR), ordered an investigation into the death of 23-year-old Yevgeniy Kotov in the Ministry of Internal Affairs (MVD) division police station in Vladimir Oblast. According to the SKR press service, Kotov was arrested on suspicion of breaking into a home. Kotov disappeared on October 16, and his family later found his body, which showed signs of torture, in the morgue, where it had been taken by the MVD division. Kotov had spent about an hour at the MVD station. According to the police shift commander, Captain D. Aliyev, Kotov mutilated himself (including genitalia) at the police station, then walked out on the stair landing and fell to his death. Police stated that video evidence from surveillance cameras within the police station was unavailable as the tapes had been reused. Family members believed that police officers at the station killed Kotov.

On October 7, the case of Sapiyat Magomedova, a human rights lawyer charged in 2010 with “insult to a representative of authority” after she was beaten by police at a police precinct, was returned to the prosecutor’s office when the judge ruled the charges unjustified. Although Magomedova was able to identify the officers whom she claimed attacked her, the Khasavyurt City Court asked the prosecutor to reexamine the case against two of the officers in September and halted the trials of the other two until further notice. On November 14, the Dagestan Supreme Court rejected Magomedova’s appeal to overturn the Khasavyurt City Court’s prior decision, with the expectation that criminal charges would be refiled. Magomedova remained under a travel ban at year’s end.

There continued to be attacks on political and human rights activists, critics of government policies, and persons whom the government considered supportive of the opposition. On June 6, Bakhrom Hamroev, a human rights defender who worked on issues related to Central Asia and Islam with the NGO Human Rights Center Memorial, was beaten by unidentified men near his home. He was repeatedly punched, kicked, and sprayed with mace. Investigators discovered that the lens of the video camera on the front door of the building was covered with chewing gum, suggesting that the attack was premeditated. Hamroev was previously attacked in December 2010, he alleged by law enforcement officers.

On March 14, it was reported that investigators formally charged Andrey Chernyshev, a department head in the administration of the Khimki district in Moscow Oblast, and five others with organizing a 2010 attempt to murder environmental activist Konstantin Fetisov. No trial date was set.

During the year reports by refugees, NGOs, and the press suggested a pattern of beatings, arrests, and extortion by police when dealing with persons who appeared to be of Caucasus, Central Asian, African, or Roma ethnicity.

Human rights activists told *Moskovskiye Novosti* that they received complaints daily about illegal detentions in psychiatric hospitals throughout the country. In November the newspaper reported that the director of a state psychiatric hospital in Kome committed hospital staff member Svetlana Punegova to the psychiatric ward against her will. Punegova was reportedly forced to spend more than 24 hours in confinement, together with patients diagnosed with serious mental illnesses, after she persisted in asking for a salary increase. When she was released, she immediately filed a criminal complaint against the hospital, and the Investigative Committee initiated a case for “unlawful placement in a hospital.” On November 10, the Federal Investigative Committee determined that Punegova should be sent to Moscow for expert psychiatric analysis to be used in the investigation because it did not trust local doctors to conduct relevant tests.

Physical abuse and hazing continued to be a problem in the military. On October 20, Vladimir Molodykh, head of the Main Military Prosecutor’s Directorate, reported that more than 1,500 cases of hazing had been registered during the year, a 25 percent drop from 2010. Chief Military Prosecutor Sergey Fridinskiy stated that in the first half of 2011, assault charges were brought against 75 lieutenants and more than 170 sergeants. The Committee of Soldiers’ Mothers received approximately 25,000 complaints about hazing during the year, approximately the same number as in 2010. The complaints mostly concerned alleged beatings but also included alleged sexual abuse, torture, and enslavement. According to the Committee of Soldiers’ Mothers, soldiers often did not report hazing to unit officers or military prosecutors due to fear of reprisal, since in some cases officers allegedly tolerated or even encouraged hazing as a means of controlling their units. Such cases were usually investigated only following pressure from family members, NGOs, or the media.

In July a conscript from Chelyabinsk was badly beaten with a rifle butt by an officer in Stavropol Krai, leading him to attempt suicide by jumping out of a fifth floor window. The conscript was hospitalized in serious condition but was able to give details of the incident. The officer involved gave himself up and testified about the details of the incident, which did not result in criminal charges of “incitement to suicide.” The officer was relieved of duty.

### ***Prison and Detention Center Conditions***

According to the FSIN, as of December 1, the prison population was 749,600. This figure included 634,500 offenders held in 760 correctional colonies, 42,900 offenders in open colonies, 1,620 prisoners serving life sentences in five prisons, and 2,900 juveniles in 47 educational colonies. In addition, approximately 112,400 detainees were being held in 230 pretrial detention centers, compared with 129,800 in 2010. There were approximately 62,200 women in prison. In 13 facilities, women were allowed to have their children with them.

Detainees were held in five types of facilities: temporary police detention centers, pretrial detention facilities, correctional labor colonies (ITKs), prisons designated for those who violate ITK rules, and educational labor colonies for juveniles.

The Russian federal standard of space per person in detention is a minimum of 43 square feet, which was generally followed but less than the 75 square-foot standard set by the European Convention on Human Rights. Prison reform activists said prison officials

deliberately overcrowd prisoners whom they want to pressure. Authorities permitted some monitoring by independent nongovernmental observers.

Prison conditions remained harsh and at times life threatening, resulting in approximately 50 deaths during the year in pretrial detention centers, according to the Moscow Helsinki Group and For Human Rights. In October school principal Andrey Kudoyarov died from a heart attack after waiting 43 minutes for an ambulance. In prison since June, Kudoyarov had exhibited signs of distress, such as increased high blood pressure, stress, and vomiting. No charges were filed against anyone at the Moscow pretrial detention center where Kudoyarov was held.

Health, nutrition, ventilation, and sanitation standards were generally poor, but varied from facility to facility. The prison director has discretion to allocate funds to improve conditions. Prisoners have access to potable water; however, it was generally limited and not clean. On November 3, *Today's Press* reported that female inmates at a prison in the Chuvash Republic town of Tsvil'sk received approximately one quart of hot water in the morning and one at night, to be used for both drinking and hygienic needs.

There were conflicting reports on the condition of women's prisons. Some NGOs believed women had better living conditions than men, while others believed women faced harsher conditions. Most NGOs reported that women were less likely to be subjected to excessive force.

Access to quality medical care remained a significant problem in the penal system. Overall, doctors lacked proper qualifications, medicine was limited, and equipment was outdated. Specialists such as cardiologists were not available to prisoners and often only a nurse was on staff. In certain cases medical staff reportedly denied inmates medical care under orders from investigators or law enforcement officials. In pretrial detention centers, denial of medical care was often used to pressure detainees and force confessions or cooperation. On February 25, Sergey Kudeneyev, head of a directorate at the Prosecutor General's Office, stated that "in 2010, 4,423 people died at correctional facilities. This is 6 percent more than in 2009." He noted that improper provision of medical assistance to prisoners was one of the causes of the increased death rate.

There were a number of significant developments during the year in the case of Sergey Magnitskiy, a lawyer who died of medical neglect and abuse while in pretrial detention in 2009. In May the Prosecutor General's Office concluded its probe into the Ministry of Internal Affairs officers who arrested and prosecuted Magnitskiy. It found no evidence of wrongdoing. In June the Prosecutor General's Office approved the findings of the Ministry of Internal Affairs officers accused by Magnitskiy of tax fraud and the theft of 5 billion rubles (approximately \$150 million). In their report the officers claimed that Magnitskiy himself carried out the theft that he reported to authorities.

On July 5, President Medvedev chaired a meeting of the Presidential Council for the Development of Civil Society and Human Rights at which the council issued its independent expert report on the case. The report found that: 1) Magnitskiy was arrested on trumped-up charges, in breach of Russian law and the European Human Rights Convention; 2) he was prosecuted unlawfully by the Ministry of Internal Affairs officers he had implicated in the \$230 million theft; 3) he was systematically denied medical care; 4) instead of being provided medical care, he was beaten in custody, which was a proximate cause of his death; 5) after his death, detention center officials falsified his medical records; and 6) there was an ongoing

cover-up and resistance by all government bodies to investigate the \$230 million theft that Magnitskiy exposed.

Following the release of the council's findings, President Medvedev acknowledged that a "crime had been committed." However, on August 2, police refused a request by the council to reinvestigate Magnitskiy's death. On August 12, the Investigative Committee charged Larisa Litvinova, laboratory doctor at the pretrial detention center that had held Magnitskiy, with involuntary manslaughter; the detention center's deputy chief in charge of medical issues, Dmitry Kratov, was charged with negligence. On September 6, the Ministry of Internal Affairs announced that it would reopen the tax fraud investigation of Magnitskiy. Magnitskiy's family asked for the case to be closed, but their request was ignored, seemingly contradicting a 2011 Constitutional Court ruling in a separate case. On November 24, the Investigative Committee extended its investigation into the death of Magnitskiy until January 2012.

In November 2010 Taisiya Osipova, wife of opposition leader Sergey Fomchenkov, was arrested at her home in Smolensk by 20 police officers from the Department to Combat Extremism of the Russian Federation on drug possession charges. While in pretrial detention, authorities reportedly pressured her to provide information on her husband by threatening to deny her parental right to her six-year-old daughter and deny her adequate medical care. She suffered from diabetes, pancreatitis, chronic pyelonephritis, and chronic toxic-allergic hepatitis. On June 16, the court ordered a medical examination, which was carried out on July 7, but no diagnosis was made. Osipova's lawyer claimed the examination was not thoroughly conducted, and the lack of diagnosis was being used to reduce Osipova's claim of inadequate medical treatment. On December 29, a Smolensk district court sentenced Osipova to 10 years in prison for the possession and sale of drugs.

On February 25, Aleksandr Reimer, director of the FSIN, stated that approximately 90 percent of persons incarcerated in federal institutions had some type of illness, including more than 410,000 with significant illness. Of 819,200 detainees incarcerated as of January 1, approximately 67,000 inmates had mental disorders, 38,500 had active tuberculosis, 55,000 had HIV, 58,000 had a drug dependency, and 1,720 had some form of cancer. Tuberculosis infection rates were far higher in detention facilities than in the population at large.

Abuse of prisoners by prison staff continued to occur. For example, on October 28, Sergei Zychkov, deputy warden of settlement colony Number 4 in the village of Priozerny in the Amur Region, was sentenced to two months in jail after a video showing him beating a female inmate was released.

Abuse of prisoners by other prisoners continued to be a problem. There were elaborate inmate-enforced caste systems in which certain groups, including informers, homosexuals, rapists, prison rape victims, and child molesters were considered "untouchables" (the lowest caste). Prison authorities provided little or no protection to these groups.

Prisoners generally were permitted religious observance and access to religious figures and literature; however, there were cases of prisoners denied access. Some Muslim prisoners complained they were not allowed to pray five times a day or were not given a prayer rug. For security purposes offenders from the North Caucasus region were often sent to prison far from their homes, which could restrict access to their religion if there were no mosques or imams in the area of incarceration.

Prisoners were given visitation rights; however, access to visitors can be taken away depending on the circumstances. Those serving a regular sentence in a prison were allowed

four three-day visits per year with their spouses. On occasion visits were cancelled if the prison did not have enough space. Prisoners still under investigation can be denied visitors, a decision made not by the prison director but by the judge or investigator in the case. Relatives who were deemed a threat can also be prohibited from visiting prisoners. The number of visitors was limited, usually to two adults and two children.

According to Penal Reform International, while the government took steps to improve prison conditions, including improvement in the condition of isolation cells, prisoners continued to suffer from overcrowding, inadequate food, lack of sanitation, and poor living conditions.

Unofficial prisons, many of which were in the North Caucasus region, continued to exist throughout the country.

The law regulating public oversight of detention centers allows public oversight commission (POC) representatives to visit the facilities. There were 76 registered POCs staffed by unpaid volunteers who worked in groups of up to 20 people. Only POCs were permitted to regularly visit prisons to monitor conditions. Other organizations, such as the Red Cross, could not visit prisons regularly and not without prior notice. There were reports that prison officials, citing disease or danger, denied access for inspectors to facilities upon arrival. The law does not establish procedures for local authorities to respond to POC findings or recommendations. Successful monitoring and implementation of reform therefore depended on prison directors, some of whom were cooperative, while others were reportedly obstructionist.

There are no prison ombudsmen. In theory prisoners are allowed to file complaints against the penal system with POCs or with the human rights ombudsman's office, but in practice this did not occur without censorship. Inmates were often afraid of reprisals, leading to self-censorship. Complaints that reached the POCs were often less serious and focused on minor personal requests, not the system itself. Prison reform activists reported that only prisoners who felt they had no other option would risk the consequences and file a complaint.

#### **d. Arbitrary Arrest or Detention**

The law prohibits arbitrary arrest and detention; however, in practice problems remained.

##### ***Role of the Police and Security Apparatus***

The Ministry of Internal Affairs, the Federal Security Service (FSB), and the Office of the Prosecutor General are responsible for law enforcement at all levels of government. The FSB is responsible for security, counterintelligence, and counterterrorism, and also for fighting crime and corruption. The national police force under the Ministry of Internal Affairs is organized at the federal, regional, and local levels.

According to Yuriy Draguntsov, director general of security for the Ministry of Internal Affairs, 1,166 staff members were convicted of criminal misconduct in the first half of 2011, an increase of 25 percent from the same period the previous year. During this period, 35,000 officers (an increase of 9 percent) were registered in connection with crimes, and 60,500 crimes and infractions were committed (an increase of 21 percent). As of December 1, more than 10,000 employees (a 20 percent increase) were recommended for dismissal, while approximately 1,880 (a 19 percent increase) police officers were fired.



***Arrest Procedures and Treatment While in Detention***

By law an individual may be held in custody for up to 48 hours without court approval if arrested at the scene of a crime, provided there is evidence of the crime or a witness. Otherwise, an arrest warrant is required. After arrest detainees are typically taken to the nearest police station, where they are informed of their rights. Police are required to document the grounds for detention. This document must be signed by the detainee and the police officer within three hours of detention.

Police must interrogate the detainee within the first 24 hours of detention. Prior to interrogation the detainee has the right to meet with an attorney for two hours. No later than 12 hours after detention, police must notify the prosecutor. They must also notify the detainee's relatives unless a prosecutor issues a warrant to keep the detention secret. Police are required to release a detainee after 48 hours, subject to bail conditions, unless a court decides to prolong custody in response to a motion filed by police no later than eight hours before the expiration of the 48-hour detention period. The defendant and his or her attorney must be present at the court hearing.

By law police must complete the investigation and transfer the case to a prosecutor for arraignment within two months of a suspect's arrest, although a court may extend a criminal investigation for up to six months. With the personal approval of the prosecutor general, a judge may extend that period up to 18 months. According to some defense lawyers, these time limits were often violated in practice.

There were a number of problems relating to defendants' ability to obtain adequate defense counsel. There were reports of police occasionally obtaining defense counsel friendly to the prosecution. These "pocket" defense attorneys agreed to the interrogation of their clients in their presence, while making no effort to defend their clients' legal rights. The general ignorance of legal rights on the part of both defendants and their legal counsel contributed to the persistence of these violations. In many cases, especially in more remote regions, defense counsel was not available for indigent defendants. Judges usually did not suppress confessions of suspects if they were taken without a lawyer present. They also freed suspects who were held in excess of detention limits, although they usually granted prosecutors' motions to extend the detention period for good cause.

Legal limitations on detention were generally respected throughout the country, with the exception of the North Caucasus. There were reports of occasional violations of the 48-hour limit for holding a detainee. At times authorities failed to write the official detention protocol within the required three hours after the actual detention and held suspects longer than the legal detention limits.

In April President Medvedev signed a law regulating lawyers' visits with their clients in detention facilities. The law prohibits lawyers from bringing cell phones, video cameras, or recording devices into the detention facility.

There were some reports of arbitrary detention. On November 1, a six-year-old boy was questioned alone by police in Moscow for several hours while his father, Sergey Aksyonov, was detained for organizing an unsanctioned opposition rally. According to online news source Gazeta.ru, the order to detain them was given by an officer of the antiextremism unit of the Moscow city police. No charges were filed against the boy or police. It is illegal to question a child without an adult guardian present.

### **e. Denial of Fair Public Trial**

The law provides for an independent judiciary; however, judges remained subject to influence from the executive branch, the military, and other security forces, particularly in high profile or politically sensitive cases. The law requires judicial approval of arrest warrants, searches, seizures, and detentions. This requirement was generally honored, although the process of obtaining judicial warrants was occasionally subverted by bribery or political pressure.

A report in May by the commissioner for human rights, Vladimir Lukin, noted that slightly more than 50 percent of the complaints received by his office were filed in connection with violations of personal (civil) rights. Of these, 64.9 percent related to the violation of the right to a fair trial.

A May report by the EU-Russia Center noted that judges routinely received intimidating telephone calls from superiors instructing them how to rule in specific cases. The Presidential Council for the Development of Civil Society and Human Rights reported that “in practice [judges] do not possess genuine, as opposed to declaratory, independence. The powers of a judge who does not agree to carry out the requests may be prematurely terminated. In such a situation, the conscientious judge is subject to pressure from within the judicial system and has no chance of defending his or her own rights.”

In many cases authorities did not provide adequate protection for witnesses and victims from intimidation or threats from powerful criminal defendants.

#### ***Trial Procedures***

Trials typically are conducted before a judge without a jury (bench trials). The defendant is presumed innocent. The law provides for the use of jury trials for a limited range of crimes in higher-level regional courts. Certain crimes, including terrorism, espionage, hostage taking, and mass disorder, must be heard by panels of three judges rather than by juries. Juries try approximately 600 to 700 criminal cases each year, a very small percentage of the total number. While judges acquit approximately 1 percent of defendants, juries acquit an estimated 20 percent of defendants. The law allows for the appeal of acquittals. Approximately 30 percent of acquittals are reversed on appeal and remanded for new trials, although these cases often end in a second acquittal.

During trials the defense is not required to present evidence and is given an opportunity to cross-examine witnesses and call defense witnesses. Defendants who are in custody during the trial are confined to a caged area. Defendants have the right of appeal. Prior to trial defendants are provided a copy of their indictment, which describes the charges in detail. They are also given an opportunity to review their criminal file following the completion of the criminal investigation. The law provides for the appointment of an attorney free of charge if a suspect cannot afford one, although the high cost of competent legal service means lower-income defendants often lacked competent representation, and there were few qualified defense attorneys in remote areas of the country. Defense attorneys are allowed to visit their clients in detention, although defense lawyers claimed that their conversations were monitored electronically by informants and that sometimes prison authorities did not provide them with access to their clients.

Plea bargaining in criminal cases has been used since 2002, but the government changed the law in 2009 to allow a defendant to receive a reduced sentence for testifying against

others. Plea bargains reduced defendants' time in pretrial detention in approximately 50 percent of the cases, reduced the average prison term to no more than half of the otherwise applicable statutory maximum, and allowed courts and prosecutors to devote their resources to other cases.

The European Court of Human Rights (ECHR) on multiple occasions found the country in violation of provisions of the European Convention on Human Rights related to trial procedures. In 2010 violation of the right to a fair trial was among the three most frequent violations cited by the court in its 1,019 judgments against Russia.

On May 31, the ECHR ruled on a 2004 complaint filed by former Yukos oil company owner Mikhail Khodorkovskiy, after his first conviction, finding violations of the European Convention on Human Rights due to the conditions of Khodorkovskiy's detention, the speed and circumstances under which the charges were brought against him, and the length of continued detention pending the investigation and trial. The court ordered the government to pay Khodorkovskiy \$35,000.

On September 20, the ECHR dismissed claims that Russia abused the law to destroy Yukos and seize its assets. However, the court ruled that Russia violated Yukos' right to protection of property and that Russian authorities violated provisions of the European Convention on Human Rights, including Article 6, the right to a fair trial.

In December 2010, in a second criminal case, a Moscow court convicted Khodorkovskiy and his business partner, Platon Lebedev, of financial crimes and sentenced each to 13 years in prison. On September 13, the Supreme Court ruled that Khodorkovskiy and Lebedev were illegally held in pretrial detention from May to August 2010, during their second trial, based on amendments to the criminal code adopted in April 2010 that abolished pretrial detention for economic crimes. The convictions raised concerns about selective prosecution and about the rule of law being overshadowed by political considerations. Khodorkovskiy and Lebedev had both been denied parole repeatedly.

On December 21, independent experts working under the aegis of the Presidential Council for the Development of Civil Society and Human Rights recommended that the Investigative Committee reconsider the criminal case to review the basis for the original investigation and to consider new evidence. The report questioned the legal basis of the charges and validity of the verdict in the second trial.

### ***Political Prisoners and Detainees***

Authorities selectively detained and prosecuted members of the political opposition (see section 2.b., Freedom of Assembly). Human rights organizations and activists also identified up to 39 individuals during the year as political prisoners, including Khodorkovskiy, Lebedev, Aleksey Sokolov, Zara Murtazaliyeva, and Valentin Danilov. On July 27, authorities released Sokolov, head of an NGO that investigates corruption and abuse in prisons, on parole, after two earlier requests were denied. In the case of Murtazaliyeva, in November 2010 the ECHR asked the government why it did not question all available witnesses or allow the defendant and her attorneys to view the video materials the accusation was based on during the trial. Russia was obliged to answer before March 9 but had not responded by year's end. Murtazaliyeva was serving a nine-year sentence handed down in 2004 for allegedly preparing a terrorist attack in Moscow. Danilov, sentenced in 2004, was serving a 13-year prison sentence for allegedly transferring classified technology to China,

although colleagues asserted that the information was declassified more than a decade before his arrest. Although eligible, Danilov had not sought parole.

### ***Regional Human Rights Court Decisions***

By law any person may file a complaint with the ECHR concerning alleged violations by the state of human rights under the European Convention on Human Rights, provided they have exhausted “effective and ordinary” appeals in the country’s own courts. As of October the ECHR had received more than 41,300 complaints involving the country since 1996. Of the 133 cases involving the country heard by the ECHR during the year, the court found violations of the European Convention in 121 cases. The most frequent violations found by the court (some cases had multiple violations) were violations of the right to liberty and security (68 cases), inhuman or degrading treatment (62 cases), and lack of effective investigation (58 cases).

In November Human Rights Watch stated that since 2005, ECHR had issued more than 170 judgments holding the state responsible for grave human rights violations in the Caucasus region, primarily issuing fines for failure to carry out effective investigations into abductions, deaths, and damages related to conflicts in Chechnya and Ingushetia. In these cases the court also charged the country with failure to protect the right to life, failure to provide effective remedy, and causing mental suffering.

In March the ECHR ruled that the residents of the Chechen village of Kogi, where five civilians were killed and 30 houses were destroyed by a 1999 air attack, should receive 1.5 million euros (\$1.95 million) in compensation from the government.

While the government generally paid compensation to victims when ordered to do so, it did not fully implement judgments that called for conducting effective investigations and holding perpetrators accountable. The government generally failed to change systemic practices that the ECHR has repeatedly condemned. During the year, according to the Committee of Ministers of the Council of Europe, the government ignored one class action suit involving 154 individual cases that found the government responsible for killings, abductions, and torture in Chechnya.

### ***Civil Judicial Procedures and Remedies***

Although the law provides mechanisms for filing lawsuits against authorities for violations of civil rights, these mechanisms often did not work well in practice. For example, the law provides that a defendant who has been acquitted after a trial has the right to compensation from the government. In practice human rights activists claimed that authorities avoided paying compensation through procedural means, such as leaving cases in pending status. Persons who believed their civil rights had been violated typically sought redress in the ECHR after the courts had ruled against them.

On May 4, a law entered into force allowing petitioners to request “reasonable” financial compensation for violation of “reasonable” time limits in the consideration of criminal and civil cases, including the enforcement of judgments.

## **f. Arbitrary Interference with Privacy, Family, Home, or Correspondence**

The law forbids officials from entering a private residence except in cases prescribed by federal law or on the basis of a judicial decision. The law also prohibits government monitoring of correspondence, telephone conversations, and other means of communication without a warrant and prohibits the collection, storage, utilization, and dissemination of information about a person's private life without his or her consent. While these provisions were generally followed, there were allegations that government officials and others engaged in electronic surveillance without judicial permission and entered residences and other premises without warrants.

Law enforcement agencies require telecommunications service providers to grant the Ministry of Internal Affairs and the FSB 24-hour remote access to their client databases, including telephone and electronic communication and records, enabling police to track private communications and monitor Internet activity. The law permits authorities to monitor telephone calls in real time. The Ministry of Information and Communication requires telecommunications companies and Internet service providers to allow the FSB to tap telephones and monitor information over the Internet. The Ministry of Information and Communication maintained that no information would be accessed without a court order.

On May 2, it was reported that the Yandex search engine company had given personal data to the FSB concerning bloggers who donated money through a payment system to an online anticorruption project named "RosPil," headed by anticorruption activist Aleksey Navalny. Some donors to the RosPil project received inquiries from anonymous individuals about their ties to the project. Following official requests from two Duma deputies, investigators on December 21 opened a case regarding accusations that Kremlin allies illegally tapped opposition politician Boris Nemstov's phone and published the recordings online.

## **g. Use of Excessive Force and other Abuses in Internal Conflicts**

Violence continued in the North Caucasus republics, driven by separatism, interethnic conflict, jihadist movements, vendettas, criminality, and excesses by security forces. Dagestan continued to be the most violent area in the North Caucasus. Kabardino-Balkaria also saw an increase in violence compared with the previous year, while violence continued to decrease in Chechnya, Ingushetia, and North Ossetia.

### ***Killings***

On April 14, the chief of the Internal Affairs Ministry Directorate for the North Caucasus, Sergey Chenchik, stated that 94 militants, including five rebel leaders, had been killed at that point in the year. He also stated that, of 67 civilians injured in the violence, 30 had died, 21 of whom were from Dagestan. On June 27, Minister of Internal Affairs Nurgaliyev stated that 40 police officers had been killed and 74 injured. The online news outlet Caucasian Knot reported that during the year there were at least 1,378 victims of the conflict in the Northern Caucasus, including 750 killed and at least 628 injured. Of the 750 killed, 335 were from the insurgents, 239 were from government forces, and 176 were civilians.

On March 21, 15 masked men kidnapped activist Ilez Gorchkhanov from a bus stop in Nazran. Gorchkhanov's body was found on April 19 in the riverbed of the Assa River on the border between Ingushetia and Chechnya. Caucasian Knot reported the body was mutilated, although official reports noted no signs of torture.

Caucasian Knot reported a reduction in bombings and terrorist attacks in the North Caucasian Federal District compared with 2010. The number of bombings fell from 138 to 93, the number of individuals killed decreased from 81 to 43 persons, and the number of wounded decreased by more than two-thirds, from 297 to 93 persons.

According to the Center for Journalism in Extreme Situations, at least three journalists were killed in the North Caucasus region during the year: Garun Kurbanov of the official press service of the Republic of Dagestan, Yakhya Magomedov of the newspaper *As-Salam* in Dagestan, and Khadzhimurad Kamalov, founder of *Chernovik*, a popular newspaper that covers sensitive issues such as police abuse, corruption, and Islamic extremism in Dagestan (see section 2.a.).

On July 28, the Glasnost Defense Foundation (GDF), a nonprofit journalist organization, reported that Kurbanov, head of information policy and the Dagestan presidential press service, was killed along with his driver while leaving his house. The president of Dagestan, Magomedshah Magomedov, along with other officials, maintained that Kurbanov's killing was connected to his official duties and communication with rebels. Two unidentified gunmen alleged to have killed Kurbanov were not found.

There continued to be reports of indiscriminate use of force by security personnel, resulting in numerous deaths, without prosecution for their conduct.

Caucasian Knot reported on July 6 that security forces of the Ministry of Internal Affairs shot at civilians after militants shelled a military convoy. The human rights organization Memorial reported that as a car full of Dagestani residents approached the scene, security forces fired at their vehicle. Passengers in other cars got out with their hands in the air; they were reportedly shot. Three persons were killed and others were wounded. Rebels also killed civilians for reasons related to their profession or activities they believe to be un-Islamic. Caucasian Knot reported that on June 7 in Makhachkala, two unidentified persons shot and killed Maksud Sadikov, a Sufi Muslim and chancellor of the Institute of Theology and International Relations, and his nephew. Inspectors believed the crime to be related to Sadikov's professional activities, particularly his active stand against extremist Islamic beliefs.

On July 9, Sadikullah Akhmedov, a school principal in Sovetskoye, Dagestan, was shot and killed. Suspicion fell on local extremists, who had condemned Akhmedov's policy of enforcing a school uniform code that banned female students from wearing headscarves. Members of the Presidential Council for the Development of Civil Society and Human Rights urged law enforcement bodies to investigate the killing.

In June a court in Vienna convicted Otto Kaltenbrunner (formerly known as Ramzan Edilov), Suleiman Dadayev, and Turpal-Ali Yesherkayev of participating in the 2009 killing of Umar Israilov. Kaltenbrunner received a life sentence; Dadayev received 19 years in prison, and Yesherkayev 16 years. Israilov, a former bodyguard of Chechen leader Ramzan Kadyrov, became a critic of Kadyrov's rule and filed a complaint with the ECHR stating he had witnessed Kadyrov torturing prisoners and that Chechen authorities, including Kadyrov, had also beaten and tortured him and his family. According to the European Center for Constitutional and Human Rights, an expert witness testified at the Vienna trial that the man

suspected of pulling the trigger, Letscha Bogatirov, was promoted by the Kadyrov government following the killing as a reward for his actions.

### ***Abductions***

Government personnel, rebels, and criminal elements continued to engage in abductions in the North Caucasus. The head of the Prosecutor General's Office for the North Caucasus stated in June that more than 2,100 disappearances remained unsolved in the North Caucasian republics. Security forces in Chechnya, Dagestan, and Ingushetiya frequently abducted or detained individuals for several days without immediate explanation or charge. Human rights groups believed the numbers of abductions were underreported because victims' relatives were reluctant to complain to authorities due to fear of reprisal. Generally, there was no accountability for government security personnel involved in abductions. Criminal groups in the region, possibly with links to rebel forces, frequently resorted to kidnapping for ransom.

On January 23, Memorial reported that at least eight Russian citizens from the North Caucasus had been kidnapped since September 2010. According to Caucasian Knot, in the first 11 months of 2011, there were 64 disappearances, 28 of which took place in Dagestan, 20 in Chechnya, 13 in Ingushetia, and three in Kabardino-Balkaria.

Human rights groups alleged that security forces under the command of Kadyrov played a significant role in abductions, either on their own initiative or in joint operations with federal forces, including abductions of family members of rebel commanders and fighters.

Caucasian Knot and Amnesty International reported that on May 7, Chechen security force members captured Tamerlan Suleymanov. He was allegedly tortured and forced to confess to preparing an act of terror. He was released but abducted again from his work on May 9 by two men. Two of his coworkers tried to stop the kidnappers but were beaten as well. He remained missing despite witness testimony about the make, model, and license numbers of the vehicles.

According to Amnesty International, on September 4, 22-year-old Amir Chaniev of Ingushetia disappeared after approximately 30 law enforcement officers searched his home without authorization and led him away. Chaniev's 19-year-old sister, Karina, was detained the next day and told that her brother was on a police wanted list, for reasons officers did not specify. She reportedly was told to sign a release or she would not see her brother again. According to Memorial, on October 20, Karina was convicted of aiding terrorist Arthur Amriev and sentenced to one year in a penal colony in Kabardino-Balkaria. Amir Chaniev's whereabouts remained unknown.

### ***Physical Abuse, Punishment, and Torture***

Armed forces and police units reportedly abused and tortured both rebels and civilians in holding facilities. On September 22, Malik Appa of Kabardino-Balkaria claimed that police unlawfully detained and tortured him with beatings and electric shocks until he admitted ownership of a hand grenade. According to Memorial, a forensic examination was carried out, which noted injuries on his body: a burn wound on the left buttocks; abrasions on his left little finger, right leg, and nose; and a bruise on his left shoulder.

On May 23, Amnesty International reported that Chechen police were obstructing the investigation into the alleged 2009 unlawful detention and torture of Islam Umarpashayev. In December 2009 Umarpashayev was abducted from his home in Chechnya and held incommunicado until his release in April 2010. Umarpashayev reported that he was held at

the headquarters of the Chechen Special Task Police Force, where he said he was handcuffed to a radiator for three months, beaten, and threatened. After that he and his family were relocated to an area outside of Chechnya to help ensure their safety.

On March 23, masked men in Nazran detained opposition activist Magomed Khazbiev, a member of the Expert Council under the human rights ombudsman of the Russian Federation, and his brothers Berd and Murad after they participated in a protest against the abduction of activist Ilez Gorchkhanov. The masked men took the brothers from their home and beat their parents. Police reportedly beat Berd and Magomed while they were in custody; a judge sentenced the two brothers to 10 days of administrative arrest for organizing an unsanctioned demonstration.

Burning the homes of suspected rebels, a mechanism of collective punishment in use since 2008, reportedly continued. On July 6, Caucasian Knot reported that in the settlement of Geldagan, Chechnya, several houses belonging to families of young people who had recently joined the insurgency were burned down.

The Independent Commission on Human Rights in the Northern Caucasus, headed by the chairman of the State Duma Committee on Legislation, continued to hear hundreds of complaints, ranging from destruction or theft of property to rape and killing. However, the commission was not empowered to investigate or prosecute alleged offenders and referred complaints to military or civil prosecutors. Chechnya's Human Rights Ombudsman Nurdi Nukhazhiyev was uncooperative with the area's leading NGO, Memorial.

According to the Landmine and Cluster Munition Monitor, no new reported minefields were laid in the North Caucasus over the last several years. However, mine contamination remained an issue. Chechen officials and human rights organizations estimated that 96 square miles of land was mine-affected and 2.5 percent of Chechnya's total agricultural land rendered unusable. Additionally, the military made more than 600 site visits in the Southern Federal District during the year, clearing mines and unexploded ordnance from World War II.

## **SECTION 2. RESPECT FOR CIVIL LIBERTIES, INCLUDING**

### **a. Freedom of Speech and Press**

#### ***Status of Freedom of Speech and Press***

The constitution provides for freedom of speech and press; however, in practice government pressure on some media constrained coverage of certain controversial issues, resulting in numerous infringements of these rights.

While the government generally respected citizens' right to freedom of speech, state-controlled media frequently ignored critical voices with regard to the conduct of federal forces in the North Caucasus, human rights, high-level corruption, and opposition political views. Some regional and local authorities took advantage of procedural violations and vague legislation to detain persons who expressed views critical of the government.

In other cases the government used direct ownership, or ownership by large private companies with government links, to control or influence major national media and regional media outlets, especially television. There were reports of self-censorship in the television media, particularly on issues critical of the government.



*Freedom of Speech:* The government on several occasions restricted the ability of individuals to criticize the government publicly or privately or discuss matters of general public interest without reprisal. For example, on August 11, the GDF reported that Bui-TV, a private television/radio network in Kostroma Oblast, had been subjected to pressure through frequent inspections, confiscation of equipment, and anonymous phone threats. Journalists at Bui-TV linked this pressure campaign to their professional activities and saw it as municipal authorities' reaction to criticism.

*Freedom of Press:* More than 60 percent of the country's 45,000 registered local newspapers and periodicals were owned directly by the government or by state-owned/state-controlled companies. Approximately 66 percent of the 2,500 television stations, including all six national news channels, were completely or partially owned by the federal and local governments.

In the period preceding the December 4 Duma elections, international observers criticized the unbalanced access to the media, particularly television, for candidates in elections, noting that, as in previous elections, candidates from the ruling party, United Russia, received favored media access. Observers also noted press freedom abuses, including harassment of media outlets, lack of equal access to information, and arbitrary application of rules. Media coverage of major political protests after the December 4 elections were largely covered by the major state-run television stations in a more balanced manner, with many of the protesters given air time to criticize the conduct and integrity of the elections and the government.

On October 31, the Communist Party criticized state television channels for not providing equal airtime, as mandated by election law, to all political parties competing in the Duma elections. A letter sent to the chief executives of three Russian state channels, Channel One, NTV, and Rossiya, did not garner a public response. This came after the Central Election Commission agreed on July 15 to compensate political parties currently holding seats in the parliament for air time that they did not receive in the previous election.

*Violence and Harassment:* There were conflicting reports on the numbers of journalists killed and attacked during the year. According to the Center for Journalism in Extreme Situations, four journalists were killed, while the GDF and *Kommersant Vlast* magazine both reported that six journalists were killed. The GDF also reported that, since the beginning of the year, there had been 39 attacks on journalists, while *Kommersant Vlast* reported 81 attacks on media representatives and four on media offices, compared with 58 and eight, respectively, in 2010. In November Pavel Gusev, chairman of the Public Chamber's Committee on Information Policy, reported that 150 journalists were attacked since January. NGOs supporting independent media characterized beatings of journalists by unknown assailants as "routine," noting that those who pursued investigative stories on corruption and organized crime found themselves at greatest risk. A joint report released in April by the Russian Union of Journalists and the International Federation of Journalists noted a downward trend in the number of journalists murdered in recent years, while the number of attacks increased. The report also described a climate of impunity for those who attack journalists, since very few of these crimes were solved.

On December 14, Khadzhimurad Kamalov, founder of the Dagestani newspaper *Chernovik*, was shot 14 times and killed outside his office in Makhachkala by a masked man who escaped in a waiting car. Kamalov was critical of security services' abuses in Dagestan and was working to expose corruption in the republic. In 2009 he had been placed on a "death

list” that was distributed throughout Makhachkala. Police opened an investigation into his killing.

On September 9, Memorial and the family of former investigative journalist Nataliya Estemirova, who was abducted and killed in 2009, filed a joint complaint with the ECHR stating that, official pronouncements notwithstanding, neither prosecutors nor investigators had given them any reason to believe that Estemirova’s murder had been solved. On February 26 and September 15, the lead investigator in case announced that authorities knew who killed her and had DNA evidence but were unable to make an arrest. At the time she was killed, Estemirova was working on a documentary on the government’s alleged arson campaign in Chechnya.

On May 31, Rustam Makhmudov, the suspected hit man in the 2006 killing of investigative journalist Anna Politkovskaya, was arrested. He was awaiting trial in Moscow. On August 23, Dmitry Pavlyuchenkov, a former chief of the fourth division of the Moscow City Police Operational Search Department, was arrested and charged with arranging the contract killing of Politkovskaya. According to *Novaya Gazeta*, Pavlyuchenkov previously was a “secret witness” for the prosecution and was therefore questioned in a “secret procedure.” On September 2, Sergey Khadzhikurbanov, a former police officer with the Moscow Directorate for Combating Organized Crime, was arrested in connection with the killing. On September 3, Lom-Ali Gaytukaev of Chechnya was named as the potential mastermind of Politkovskaya’s killing by Vladimir Markin, a spokesman for the Investigative Committee. On October 28, Gaytukaev was charged as an accessory to murder for his role in the killing. Human rights groups contended, however, that the government took no steps to find and prosecute the person who ultimately ordered the killing of Politkovskaya.

There was no new information regarding investigations into the 2004 murder of journalist Paul Klebnikov.

On May 11, the Zamoskvoretskiy Court in Moscow refused to file criminal charges in the beating of *Gazeta.ru* journalist Aleksandr Artemev, whose arm was allegedly broken by a policeman at a May 2010 rally organized by the “Strategy 31” freedom of assembly movement.

On December 22, the Altai Republic’s Supreme Court reportedly upheld the acquittal of Sergey Mikhaylov on 2010 charges of instigating interethnic strife and insulting a government official and cancelled Mikhaylov’s criminal conviction of libel for defaming Governor Alexander Berdnikov. However, the court upheld Berdnikov’s civil claim and ordered Mikhaylov to pay Berdnikov 200,000 rubles (approximately \$6,200) in moral damages.

There was no new information regarding investigations into the 2010 beating of journalist Arkadiy Lander. No arrests were made in the 2010 beating of journalist Oleg Kashin.

On November 17, parliament passed a law establishing sentencing guidelines of six years in prison or five years of forced labor for threats and violence against journalists. Human rights groups welcomed the legislation.

*Censorship or Content Restrictions:* The government continued to use legislation and decrees to curtail media freedom. The law provides an expansive definition of extremism and gives law enforcement officials broad authority to suspend media outlets that do not comply with the law’s restrictions. The Ministry of Justice continued to expand its list of “extremist” materials to include more than 1,000 items, up from 700 in 2010. Among the items on the list are the following: a picture of Winnie the Pooh wearing a swastika; a flag with a cross; the

Web site Samizdat, which was similar to Wikipedia and had more than 500,000 subscribers; and literature of peaceful religious groups, such as the Jehovah's Witnesses.

By law authorities have the right to close any organization, including media outlets, that a court determines to be "extremist." The organization in question cannot challenge the court's decision.

Officials or unidentified individuals sometimes used force or took other extralegal measures to prevent the circulation of publications critical of government officials. The GDF reported that there were 50 attempts by officials to seize or prevent distribution of publications, compared with 23 in 2010. On July 14, approximately 90 percent of the July 4 issues of *Kommersant Vlast* magazine were removed from newsstands in St. Petersburg, reportedly following an unofficial order from city government officials upset over unfavorable coverage of then governor Valentina Matviyenko. No copies of the magazine were removed from newsstands elsewhere. The St. Petersburg Human Rights Council issued a statement asking the city prosecutor's office to investigate.

On August 2, the entire print production (40,000 copies) of *Izvestia Kaliningrada* was seized by the Road Safety Inspection Agency and the Regional Center for Combating Extremism. The head of the Regional Center for Combating Extremism, Aleksander Shelyakov, stated that he acted because he had received a tip that the publication contained extremist information. That particular issue of *Izvestia Kaliningrada*, published on the eve of President Medvedev's visit to Kaliningrad, contained an open letter to Medvedev calling for the regional government's removal on the grounds that several of its members were implicated in corruption. Reporters Without Borders considered the confiscation of the print run to be an attempt by regional leaders to silence the media.

The federal government also took measures to censor opposition parties. After the St. Petersburg municipal elections in July, the government either bought up or prevented the distribution of several editions of newspapers that included critical comments on the conduct of the elections.

Government officials often influenced content on television, insisting that certain opposition figures, for example, not be shown. There were regular meetings between government officials responsible for communications strategy and the heads of state-run television to review past television coverage and decide on future television coverage of most political and social issues. The GDF reported there were 52 attempts to censor the media during the year, compared with 29 in 2010.

On October 30, NTV planned to broadcast a story about abductions in Chechnya, including the work of human rights defenders in the Islam Umarpashayev case; however, the piece was taken off the air after it was shown in the Far East and the Urals and replaced by 10 minutes of commercials. A television interview with anticorruption blogger Aleksey Navalniy was not allowed to be shown in the summer after reported intervention by a number of officials, although a later critical interview was permitted in November.

*Libel Laws/National Security:* Officials at all levels used their authority, sometimes publicly, to restrict the effectiveness of journalists who criticized them, including taking legal action for alleged slander or libel.

On November 22, parliament passed a law decriminalizing libel, although at year's end President Medvedev had yet to sign the bill into law.

On June 14, authorities acquitted Oleg Orlov, head of Memorial, of slander charges. Orlov was on trial for accusing Chechen leader Ramzan Kadyrov of complicity in the 2009

killing of human rights activist and journalist Natalya Estemirova. Human rights advocates and international observers criticized the prosecution of Orlov as an infringement of free speech. On June 24, Kadyrov appealed the decision; on August 8, Judge Andrey Lutov began hearings on the appeal in the Khamovniki District Court of Moscow, and the case remained pending at year's end.

On June 21, Judge Igor Kananovich of Moscow's Khamovniki Court acquitted Oleg Kashin of defamation against Nashi founder and head of the Federal Agency for Youth Affairs, Vassily Yakemenko. On June 22, Yakemenko filed an appeal with the Khamovniki District Court in Moscow. Yakemenko's appeal of the acquittal failed on technical grounds.

*Publishing Restrictions:* According to the GDF and other NGOs, authorities used the media's widespread dependence on the government for transmission facilities, access to property, and printing and distribution services to discourage critical reporting. They reported that approximately 90 percent of print media organizations relied on state-controlled entities for paper, printing, or distribution services, and many television stations were forced to rely on the government (in particular, regional state property management committees) for access to the airwaves and office space. The GDF also reported that officials continued to manipulate the price of printing at state-controlled publishing houses to apply pressure on private media rivals.

According to the GDF and other NGOs, authorities continued to engage in selective investigations into intellectual property rights violations (i.e., use of pirated software) to confiscate computers and pressure opposition media across the country.

### ***Internet Freedom***

The Internet and radio were more free and independent than print media and television. Despite attempts by the government to monitor and control the Internet, it remained an open, dynamic, and growing space for free expression. In particular the use of social media and blogs expanded exponentially. Threats to Internet freedom included physical attacks on bloggers, criminal prosecutions of bloggers for "extremism" or libel, blocking of specific sites by local service providers, DDoS attacks on sites of opposition groups or independent media, and attempts by security services and some regional authorities to regulate Internet content.

In its *2010 Enemies of the Internet* report, Reporters Without Borders placed the country "under surveillance" due to fears of expanding control of government media, including the Internet.

On December 28, it was reported that the Federal Service for the Supervision of Communications, Information Technology, and Mass Communications (Roskomnadzor) delayed plans to launch its service to monitor online media outlets for "extremist" content due to the inability of the contractor, Data Center, to pass programming tests. Reports claimed that the service would include the ability to monitor up to five and a half million keywords as well as screening and tracking of audio, video, and text files, with at least a partial emphasis on monitoring user-generated content, and it would primarily be searching for content that violates legal restrictions. Reporters without Borders expressed concern that authorities would abuse the content surveillance and censorship system that uses such vaguely defined concepts as "violating the unity of Russia" or "hidden inserts and other technical means and ways of distributing information that would act on people's subconscious or have a harmful influence on their health." No implementation date was announced.

In March Roskomnadzor ordered the monitoring and removal of extremist discourse in online media, with a three-day compliance window.

The government continued to employ a “system for operational investigative measures,” which required Internet service providers to install, at their own expense, a device that routes all customer traffic to an FSB terminal. The system enabled police to track private e-mail communications, identify Internet users, and monitor their Internet activity.

During a May interview, *Kommersant* reporter and blogger Oleg Kashin, who was brutally attacked in 2010, reported that the investigation of his case had stalled. Kashin was not hopeful his case would be solved, since more than a year had elapsed since the attack, and the investigator was replaced in November.

### ***Academic Freedom and Cultural Events***

The government generally did not restrict academic freedom; however, there were reports of pressure on teachers, academics, scholars, and students.

On October 20, Moscow State University journalism students were prevented from attending a speech by President Medvedev at the university and replaced by allegedly progovernment youth. Numerous students were arrested for protesting the event. President Medvedev agreed to return to the university to meet with students but had not done so by year’s end.

On December 7, Mikhail Suprun, a history professor in Arkhangelsk, was found guilty of violating “personal and family secrets.” Suprun was researching the deportation and fate of 5,000 ethnic Germans who were sent to the gulags in Arkhangelsk Region between 1945 and 1956. During the investigation Suprun’s students were questioned, and Ministry of Internal Affairs archivist Aleksandr Dudarev was arrested for assisting Suprun. Suprun was not sentenced, as the statute of limitations on his alleged crime had expired, while Dudarev was given a one-year suspended sentence and released.

On December 8, the deans of the Law Academy and the Urals Federal University reportedly exerted pressure on students who wanted to participate in public protests following parliamentary elections. The director of the Urals Mining Institute reportedly threatened students who participated with expulsion. The Urals State Economic University required all students to remain in their dormitories during the scheduled protest. Checks were made to ensure compliance.

## **b. Freedom of Peaceful Assembly and Association**

### ***Freedom of Assembly***

The law provides for freedom of assembly, but local authorities continued to restrict this right in practice. The law requires notification for public meetings, demonstrations, or marches by more than one person. Local elected and administrative officials selectively denied some groups permission to assemble or offered alternate venues that were inconveniently located. Demonstrations without official permission were often broken up by police. More than 2,400 activists were arrested during the year following public events, according to the AGORA human rights association.

Many observers noted a selective and consistent pattern of officials encouraging rallies friendly to the government while preventing politically sensitive demonstrations.

On March 31, Igor Kalyapin, head of the Interregional Committee Against Torture, a leading human rights organization, was arrested by police in Nizhny Novgorod during a freedom of assembly (“Strategy 31”) rally. Kalyapin and a colleague attended the March 31 event to monitor police compliance with international standards for free assembly. The police arrested Kalyapin and approximately two dozen protesters. Kalyapin was interrogated by police officials and released pending trial for “participation in an unsanctioned demonstration.”

Left Front opposition movement leader Sergey Udaltsov was sentenced 14 separate times during the year, and spent approximately 120 days in jail in 10- to 15-day increments due to a succession of minor charges including disobeying police during protests and leaving a hospital during treatment without permission. On December 13, Amnesty International called for Udaltsov’s release as a prisoner of conscience. On December 25, a Moscow court extended Udaltsov’s sentence an additional 10 days for allegedly resisting police at an October protest.

### ***Freedom of Association***

The law provides for freedom of association, and the government respected this right with a number of significant exceptions. Public organizations must register their bylaws and the names of their leaders with the Ministry of Justice. Restrictions were applied in a selective manner to NGOs, particularly to those receiving foreign funding or involved in issues of political opposition or in human rights monitoring. The finances of registered organizations were subject to investigation by the tax authorities, and foreign grants received were required to be registered.

Some groups that opposed powerful business interests faced intimidation from government and private security forces. Local authorities routinely pressured activists associated with the Khimki Forest Defense campaign, an environmental movement that seeks to protect the Khimki Forest outside of Moscow from development. The group’s demonstrations were violently dispersed on several occasions by both police and private security personnel working for the Vinci Corporation, which was building a highway through the forest. The group lost several court cases in its attempts to halt the construction. In February police detained another activist in the campaign, Alla Chernysheva, together with her young children, and accused her of planting a fake bomb at a Khimki Forest Defense demonstration. In March local police threatened to take away the children of lead activist Yevgeniya Chirikova.

### **c. Freedom of Religion**

See the Department of State’s *International Religious Freedom Report* at [www.state.gov/j/drl/irf/rpt](http://www.state.gov/j/drl/irf/rpt).

#### **d. Freedom of Movement, Internally Displaced Persons, Protection of Refugees, and Stateless Persons**

The law provides for freedom of movement within the country, foreign travel, emigration, and repatriation. However, the government placed restrictions on freedom of movement within the country and on migration. The government generally cooperated, with some exceptions, with the Office of the UN High Commissioner for Refugees (UNHCR) and other humanitarian organizations in providing protection and assistance to internally displaced persons, refugees, returning refugees, asylum seekers, stateless persons, and other persons of concern.

Although the law gives citizens the right to choose their place of residence, all adult citizens must carry government-issued internal passports while traveling domestically and must register with the local authorities after arriving at a new location. Authorities often refused to provide government services to individuals without internal passports or proper registration, and many regional governments continued to restrict this right through residential registration rules that closely resembled Soviet-era regulations. Darker-skinned persons from the Caucasus or of African or Asian origin were often singled out for document checks. There were credible reports that police arbitrarily imposed fines on unregistered persons in excess of legal requirements or demanded bribes.

The law provides for freedom to travel abroad, and citizens generally did so without restriction. Citizens with access to classified material, however, needed to obtain police and FSB clearances to receive a passport for international travel.

##### ***Internally Displaced Persons (IDPs)***

On September 30, the UNHCR reported that there were 75,980 IDPs in the country, mainly in the North Caucasus. A total of 16,619 Chechen IDPs remained displaced to Ingushetia by Chechnya's second conflict, while an additional 2,564 IDPs lived in Dagestan. Another 20,005 IDPs remained in Russia from the conflict in Georgia in the early 1990s, and 2,000 were displaced as a result of the 2008 conflict with Georgia.

Since mid-January Memorial frequently reported on the expulsions of inhabitants of Chechnya due to the construction of Argun City, a complex including houses, a mosque for 7,000 worshippers, and an entertainment center. The construction forced the eviction of IDPs from temporary accommodation centers that provided housing for persons displaced during the war. Officials provided no new accommodations or financial support.

##### ***Protection of Refugees***

*Access to Asylum:* The laws provide for the granting of asylum or refugee status, and the government has established a system for providing protection to refugees.

*Nonrefoulement:* In practice the government provided some protection against the expulsion or return of persons to countries where their lives or freedom would be threatened on account of their race, religion, nationality, membership in a particular social group, or political opinion. However, the responsible agency, the Federal Migration Service (FMS), did not maintain a presence at airports or other border points, and the ability of asylum seekers to request access to FMS was not well publicized. Asylum seekers thus had to rely on the goodwill of border guards and airline personnel to call immigration officials or face

immediate return to their countries of origin, including in some cases to countries where a well-founded fear of persecution could be demonstrated.

Members of a group of Somali refugees, who were stranded in the transit area of Moscow's Sheremetevo airport for more than a year after being denied entry into Russia, were either resettled in third countries or voluntarily returned to Somalia by year's end. The UNHCR described Ombudsman Lukin's office as instrumental in resolving this case.

By law the decision of an FMS official could be appealed to a higher-ranking authority or to a court. During the appeal process, the applicant received the rights of a person whose application for refugee status was being considered. A person who did not satisfy the criteria for refugee status, but could not be expelled or deported for humanitarian reasons, could be granted temporary asylum after submitting a separate application.

The government rarely granted convention status to those who managed to present their asylum applications to the FMS. The UNHCR and NGOs stated that asylum seekers at times faced detention, deportation, fines by police, and racially motivated assaults.

Human rights groups continued to allege that authorities made improper use of international agreements that permitted them to detain, and possibly repatriate, persons with outstanding arrest warrants from other post-Soviet states. This system, enforced by informal ties between senior law enforcement officials of the countries concerned, permitted detention for up to one month while the prosecutor general investigated the nature of the warrants.

The UNHCR and human rights groups noted an increasing trend of extralegal repatriation, in which people (most commonly from Central Asia) were detained and flown out of the country clandestinely. Rights groups maintained that this could not happen without the cooperation of several different Russian federal organs.

The UNHCR, the International Organization for Migration, and NGOs assisted the government to try to develop a more humane migration management system. The FMS cooperated well with international organizations to provide training for its officers throughout the country to ensure they understood refugee law. For asylum seekers who were allowed into the country to pursue their claims, the refugee law provides the right to temporary accommodations. However, there was only one facility with such accommodations in the country, in Ochyor, Perm Region, approximately 660 miles from Moscow. In April the BBC news service reported the facility, located 30 minutes from the town center, consisted of a collection of mobile homes with warped walls, broken windows, and leaking roofs and had previously been used by East German laborers in the 1980s.

*Access to Basic Services:* While federal law provides for education for all children, regional authorities occasionally denied access to schools to children of asylum seekers who lacked residential registration. However, when parents encountered difficulties enrolling their children in schools, authorities generally cooperated with the UNHCR to resolve the problem. Authorities frequently denied migrants the right to work if they did not have residential registration. Refugees also may not legally work if they are not registered and cannot obtain registration unless they have an employer or landlord willing to register them.

### ***Stateless Persons***

Citizenship is derived both by birth within the Russian Federation's territory, with certain restrictions, and from one's parents. A child becomes a citizen at birth if both parents are citizens, if one parent is a citizen and the other one is stateless, if one parent is a citizen and the other is a foreigner and the child was born on the territory of the country, or if both



parents are foreigners or stateless and the child was born on the territory of the Russian Federation and there is concern the child might otherwise become stateless.

The UNHCR estimated that there were 50,000 stateless persons in the country at the end of the year, with 1,716 in the North Caucasus region, based on data from local authorities and NGOs. FMS statistics indicated that, at the end of 2008, 21,443 stateless persons were registered in the country.

In Krasnodar Kray at least several hundred (with some estimates as high as 5,000) Meskhetian Turks, Batumi Kurds, Hemshils, and Yezidi refugees and environmental migrants and their descendants remained without passports and were denied the right to register as residents, depriving them of all rights of citizenship and preventing them from working legally, leasing land, or selling goods. The law in Krasnodar Kray that defines illegal migrants includes stateless persons.

### **SECTION 3. RESPECT FOR POLITICAL RIGHTS: THE RIGHT OF CITIZENS TO CHANGE THEIR GOVERNMENT**

The law provides citizens with the right to change their government peacefully in regularly scheduled national and regional elections; however, citizens could not fully exercise this right in practice, as the government limited the ability of opposition parties to organize, register candidates for public office, access the media, or conduct political campaigns.

#### **Elections and Political Participation**

*Recent Elections:* The State Duma elections on December 4 were marked by fraud and irregularities in many regions, particularly in the North Caucasus, as documented by the Office for Democratic Institutions and Human Rights (ODIHR) of the Organization for Security and Cooperation in Europe (OSCE).

In the lead-up to the elections, independent observers, media, and opposition parties reported widespread violations, including abuse of administrative resources, such as pressuring students, state budget employees, employees of state-owned companies, and others to vote for ruling party United Russia. On election day, December 4, reports of violations included fraudulent use of absentee ballots, ballot-box stuffing, manipulation of protocols, busing in voters from other regions, “carousel” schemes in which citizens voted multiple times at different locations, distribution of gifts to voters, allowing unregistered voters to vote, and preventing registered voters from voting. The Web sites of independent media outlets, including the LiveJournal blogging platform, popular radio station Moscow Echo, *Kommersant*, the *New Times*, *Forbes Russia*, *Bolshoy Gorod*, and Slon.ru news portal, were unavailable due to DDoS attacks, as was the Web site of independent election monitoring organization GOLOS, whose interactive map of election violations enabled monitors to report election irregularities at specific polling stations throughout the country.

According to ODIHR the December 4 parliamentary elections were “a competition on unequal grounds in favor of the governing party.” ODIHR also found that the lack of independence of the election administration, the partiality of most media, and the undue

interference of state authorities at different levels undermined fair electoral competition. OSCE/ODIHR observers received numerous credible allegations of attempts to influence voters' choices. These included allegations of civil servants being requested to sign letters in support of United Russia, owners of big companies putting pressure on employees to vote for the governing party, and school directors being instructed by local authorities to ensure that their employees voted for United Russia. Despite the lack of a level playing field, voters nevertheless took advantage of their right to express their choice. The vote count itself was characterized by frequent procedural violations and instances of apparent manipulation, including several serious indications of ballot-box stuffing.

Tiny Kox, head of a delegation from the Parliamentary Assembly of the Council of Europe, stated that at approximately 10 percent of the polling stations his team monitored, they observed packets of ballots folded together, indicating ballot stuffing. He also said that monitors from GOLOS, registered political parties, and the press were excluded from dozens of polling stations.

Chechnya reported a 99 percent voter turnout rate, with 99.5 percent of the votes cast in favor of United Russia, or 0.1 percent more than in 2007. Caucasian Knot reported that, on December 2, Chechen officials stated there were 608,797 registered voters but, on December 5, announced that 611,099 ballots had been cast, or 2,302 more than the number of registered voters given three days previously. In Ingushetia, independent observers and Caucasian Knot estimated voter turnout at just 10 percent, with numerous cases of electoral violations. Officials reported a 90 percent voter turnout rate with 78.1 percent votes cast for United Russia, versus the final Central Election Commission official result of 90.96 percent.

After the elections peaceful protests occurred in many cities throughout the country, notably on December 10, when approximately 50,000 protesters rallied in Bolotnaya Square in Moscow, and on December 24, when nearly 80,000 gathered on Prospekt Sakharova in Moscow. Despite the peaceful aspect of the protests, more than 1,000 protesters were arrested across the country during the month, the vast majority outside of Moscow and St. Petersburg. Among those arrested immediately after the elections were prominent opposition figures Alexei Navalny and Boris Nemtsov.

On August 21, Valentina Matviyenko, current chairperson of the Federation Council and former governor of St. Petersburg, was elected in a by-election to municipal council, winning 95 percent and 97 percent of the vote, respectively, in the two municipalities in which she was a candidate. GOLOS identified irregularities in the election that potentially constituted fraud, including the announcement of Matviyenko's candidacy after the deadline had passed for candidates for the office to register. GOLOS filed a lawsuit with the Kirov District Court contesting the election procedure and recommended all election procedures be suspended until the court's verdict. Opposition figures were arrested for distributing campaign leaflets that did not indicate where they had been printed, as required by law. Charges were later dropped. Government officials also reportedly instructed groups whom to vote for and offered free medical exams, concert tickets, or ice cream to voters; however, election officials found no serious violations and approved the results of both elections the following day.

In 2008 the country held presidential elections in which Dmitriy Medvedev, the candidate of the ruling United Russia Party, received 70 percent of the vote. Observers from the Parliamentary Assembly of the Council of Europe stated that the elections were not free or fair. Widespread violations, comparable to the State Duma elections held in 2007, were reported. The OSCE representative on freedom of the media reported numerous media

freedom violations during the parliamentary and presidential elections. Electoral violations and problems included an “unprecedented” number of absentee ballots, collective voting under pressure, multiple voting, and vote-counting irregularities.

*Political Parties:* To obtain legal status, the law requires that a political party obtain the signatures of at least 45,000 members, including at least 450 members in half of the country’s regions and 250 members in each of the remaining regions. In practice the registration of opposition parties was very restricted. Since 2006 the Ministry of Justice has refused to register nine political parties and has allowed only one, Right Cause, to register.

While parties represented in the State Duma may nominate a presidential candidate without having to collect and submit signatures, prospective presidential candidates from parties without Duma representation must collect two million signatures from supporters throughout the country. These must be submitted to the Central Election Commission (CEC) for certification. An independent candidate is ineligible to run if the CEC finds more than 5 percent of the signatures to be invalid.

The law prohibits early voting and negative campaigning and provides a number of criteria for removing candidates from the ballot, including for vaguely defined “extremist” behavior. The executive branch and the prosecutor general have broad powers to regulate, investigate, and disqualify political parties. Other provisions limit campaign spending, set specific campaign periods, and provide for restrictions on campaign materials.

On June 21, the Party of People’s Freedom (PARNAS) was denied registration by the Ministry of Justice, which claimed that its application contained a number of errors. On August 22, Moscow’s Zamoskvoretskiy Court upheld the denial of registration, stating that 79 of the 46,000 signatures were invalid. According to the law, the minimum number to obtain legal status is 45,000 signatures.

*Participation of Women and Minorities:* There were 59 women in the 450-member State Duma and nine women in the 166-member Federation Council, including Chairwoman Valentina Matviyenko. There were three female ministers. Two of the 83 regional leaders were women. Three of the 19 judges on the Constitutional Court were women. No political party was led by a woman.

Information on the ethnic composition of the State Duma and the Federation Council was not available. National minorities took an active part in political life. However, ethnic Russians, who constituted approximately 80 percent of the population, dominated the political and administrative system, particularly at the federal level.

## **SECTION 4. OFFICIAL CORRUPTION AND GOVERNMENT TRANSPARENCY**

The law provides criminal penalties for official corruption; nonetheless, it was a pervasive problem. The government acknowledged that it had difficulty enforcing the law effectively, and officials often engaged in corrupt practices with impunity.

Corruption was widespread throughout the executive, legislative, and judicial branches at all levels of government. Manifestations included bribery of officials, misuse of budgetary resources, theft of government property, kickbacks in the procurement process, extortion, and improper use of official position to secure personal profits. While there were prosecutions for

bribery, a general lack of enforcement remained a problem. Official corruption continued to be rampant in numerous areas, including education, military conscription, medicine, commerce, housing, pensions/social welfare, law enforcement, and the judicial system.

In May the Duma passed legislation criminalizing transnational bribery and substantially increasing fines and prison sentences for offering and receiving bribes. For example, the maximum penalties for receiving a bribe became 15 years' incarceration and a fine equivalent to 100 times the amount of the bribe. The law also created a new crime of mediation in bribery as well as administrative corporate liability for transnational bribery.

The law requires government officials to submit financial statements, restricts their employment at entities where they had prior connections, and requires reporting of actual or possible corrupt activity. In practice information that officials provided did not always reflect their true income or that of close family members.

The *Global Competitiveness Report 2010-11*, compiled by the World Economic Forum, cited corruption as the country's most problematic factor for doing business. The country's score in Transparency International's Corruption Perception Index improved. The country scored poorly on judicial independence, fairness in the decisions of government officials, the transparency of government policymaking, and the influence of organized crime.

A statement issued on July 21 by the Ministry of Internal Affairs estimated the average amount of a commercial bribe in Russia to be more than 61,000 rubles (21,890), almost triple the 23,000 rubles (\$715) figure in 2010. According to an estimate by the Ministry of Economic Development released in June, government officials accepted bribes totaling 164 billion rubles (\$5.1 billion) in 2010. The top three categories of corrupt officials were traffic police officers, representatives of higher educational institutions, and health workers. It was further reported that the estimated amount of bribes that law enforcement officials received had increased almost 13-fold since 2005, from 1.27 billion to 16.2 billion rubles (\$39.4 million to \$503 million).

Prosecutors charged high-level officials with corruption during the year; however, most government anticorruption campaigns were limited in scope and focused on lower-level officials. Allegations of corruption were also used as a political tactic.

According to *Vlast* magazine, more than 2,800 state officials were charged with corruption during the first six months of the year. According to Investigative Committee head Aleksander Bastykin, corruption charges were also brought against 120 investigators and 12 prosecutors during the year. Corruption charges were brought against 48 lawyers, eight members of election commissions, 214 deputies of municipal councils, 310 municipal officials, 11 deputies of regional parliaments, one State Duma deputy, and three judges as well.

On February 14, the Investigative Committee fired, and later charged, Aleksandr Ignatenko and several other prosecutors for allegedly providing "protection" to illegal gambling businesses in the greater Moscow area. On November 10, Ignatenko was officially placed on Interpol's international wanted list after he reportedly fled to Ukraine. The Investigative Committee claimed that the Prosecutor General's Office sabotaged the investigation to protect prosecutors who: 1) refused to approve a cooperation agreement between investigators and one of the defendants, and 2) illegally invalidated the Investigative Committee's initial charges in the case. A court ruled that refusal of the Prosecutor General's Office to approve the cooperation agreement was illegal. The investigation continued, and the case had not been sent to court.

Civil society took an active stance in fighting corruption through anticorruption Web sites such as RosPil and other blogs.

When whistleblowers complained about official corruption, sometimes the same government official who was the subject of the complaint was asked to investigate, which often led to retaliation against the whistleblower, generally in the form of criminal prosecution. A prominent example is that of Sergey Magnitskiy, who was prosecuted by the same Internal Affairs Ministry officers he implicated in the theft of five billion rubles (\$150 million) through a fraudulent tax rebate scheme (see section 1.c., Prison and Detention Center Conditions).

The law authorizes public access to all government information unless it is confidential or classified as a state secret. A great deal of government information is classified as confidential, so in practice access to government information was limited.

## **SECTION 5. GOVERNMENTAL ATTITUDE REGARDING INTERNATIONAL AND NONGOVERNMENTAL INVESTIGATION OF ALLEGED VIOLATIONS OF HUMAN RIGHTS**

Domestic and international human rights groups operated in the country, investigating and publicly commenting on human rights problems, but official harassment continued, especially of NGOs that focused on politically sensitive areas, received foreign funding, or employed international staff. NGOs and international humanitarian assistance in the North Caucasus were severely restricted. Some officials, including Commissioner for Human Rights Vladimir Lukin; regional ombudsman representatives; and the chairman of the Presidential Council for the Development of Civil Society and Human Rights, Mikhail Fedotov, regularly interacted and cooperated with NGOs. The council was widely respected, active, and influential on reporting on government corruption and human rights abuses. For example, it released an expert report on the death of Sergei Magnitskiy and the trial and detention conditions of Mikhail Khodorkovskiy.

The law regulating NGOs requires them to register with the Ministry of Justice. NGOs are required to submit periodic reports to the government that disclose sources of foreign funding and detailed information as to how they used their funds. NGOs indicated that they were increasingly cautious about accepting foreign funding, and in many cases those that continued to do so restricted their activities to less sensitive issues.

Authorities continued to target NGOs receiving foreign funding for special “checks,” confiscating financial and other documents. However, in November the Duma loosened restrictive rules enacted in July, which had expanded the grounds upon which the government could conduct an “unscheduled” audit.

Authorities continued to apply a number of indirect tactics to suppress or close domestic NGOs, including abusive application of various laws and harassment in the form of investigations and raids. Observers believed that the government selectively applied the NGO law to target certain groups, such as human rights organizations, whose activities they regarded as hostile to the authorities. Laws on extremism and libel were also employed to restrict the activities of NGOs and criticism of the government. The law defines extremist

activity to include public libel of a government official or his or her family as well as public statements that could be construed as justifying or excusing terrorism.

Security services in Chechnya targeted NGOs that focused on women's rights in Chechnya and warned them not to meet with foreign interlocutors and specifically not to attend a human rights workshop in Stockholm. In Novocherkassk the president of the NGO Women of the Don, Valentina Cherevatenko, was targeted with a smear campaign on television, in newspaper articles, and through flyers calling her a "foreign collaborator" and a "traitor." Her NGO was vandalized and she was threatened.

Authorities sometimes refused to cooperate with NGOs that were critical of their activities. Human rights NGOs operating in Chechnya, including the Committee Against Torture, reported threats and intimidation by law enforcement.

*Government Human Rights Bodies:* Some government institutions continued to promote the concept of human rights, challenge the activities of some local governments that violated human rights, and intervene in selected abuse complaints. Commissioner for Human Rights Vladimir Lukin commented on a range of human rights problems, such as police violence, prison conditions, the treatment of children, and hazing in the military. Lukin also criticized intolerance and the growing wave of ethnic and religious hatred. Lukin's office used its influence to draw attention to human rights problems in prisons, and many leaders of human rights NGOs continued to note that Lukin was generally effective as an official advocate for many of their concerns, despite the limited authority of his position.

The Human Rights Ombudsman's Office includes several specialized sections responsible for investigating complaints. Of the country's 83 regions, 47 have regional human rights ombudsmen with responsibilities similar to Lukin's. Their effectiveness varied significantly.

Many observers did not consider the 126-member Public Chamber to be an effective check on the government. Some prominent human rights groups declined to participate in the chamber due to concern that the government would use it to increase control over civil society. Following the December parliamentary elections, two prominent members of the Presidential Council on Human Rights and the Development of Civil Society, Irina Yassina and Svetlana Sorokina, resigned to protest reported election violations and the arrest of hundreds of protesters.

## **SECTION 6. DISCRIMINATION, SOCIETAL ABUSES, AND TRAFFICKING IN PERSONS**

The law prohibits discrimination based on race, gender, language, social status, or other circumstances; however, the government did not universally enforce these prohibitions.

### **Women**

*Rape and Domestic Violence:* Rape is illegal, and the law makes no distinction based on the relationship between the rapist and the victim. Rape victims may act as full legal parties in criminal cases brought against alleged assailants and may seek compensation as part of a

court verdict without initiating a separate civil action. While members of the medical profession assisted assault victims and sometimes helped identify an assault or rape case, doctors were often reluctant to provide testimony in court.

According to the Russian Federal State Statistics Service (RosStat), through November, 4,462 rapes were reported to authorities, compared with 4,907 for 2010. However, women were unlikely to report cases of rape by persons they knew. Additionally, according to NGOs, many women did not report rape or other violence due to fear of social stigma and lack of government support.

The penalty for rape is three to six years' imprisonment for a single offender, and four to 10 years if the crime is committed by a group of persons. The perpetrator receives eight to 15 year sentence if a victim was underage and 12 to 20 years if a victim died or was under 14 years of age. According to NGOs, many law enforcement personnel and prosecutors did not consider spousal or acquaintance rape a priority and did not encourage reporting or prosecuting such cases. NGOs reported that local police officers sometimes refused to respond to rape or domestic violence calls until the victim's life was directly threatened.

Domestic violence remained a major problem. The Ministry of Internal Affairs maintained records on more than four million perpetrators of domestic violence. The Duma's Committee on Social Defense reported in March that 21,400 persons were killed in 2010, two-thirds of whom were women who died in domestic disputes, an increase of 50 percent since 2002.

The Ministry of Internal Affairs reported that at least 34,000 women were victims of domestic violence each year. However, the reluctance of victims to report domestic violence made it difficult to obtain reliable statistical information. The Anna Center for the Prevention of Violence said that up to 70 percent of domestic violence cases went unreported. Official telephone directories contained no information on crisis centers or shelters. There were approximately 25 women's shelters across the country, with beds for a total of about 200 women, according to the Anna Center.

There is no legal definition of domestic violence. Federal law prohibits battery, assault, threats, and killing, but most acts of domestic violence did not fall within the jurisdiction of the Prosecutor's Office. According to NGOs, police were often unwilling to register complaints of domestic violence and frequently discouraged victims from submitting them. The Center for Women's Support asserted that many perpetrators of domestic violence themselves belonged to law enforcement agencies. A majority of cases filed were either dismissed on technical grounds or transferred to a reconciliation process conducted by a justice of the peace, whose focus was on preserving the family rather than punishing the perpetrator. Civil remedies for domestic violence included administrative fines and divorce. Physical harm, property, and family rights cases, such as divorce, asset division, and child custody, cannot be heard in the same case or the same court.

Human Rights Watch reported that "honor killings" were a continuing problem in some areas, such as the North Caucasus, although it was difficult to estimate the number of victims. In September Caucasian Knot reported a resident of the Kurchaloi District of Chechnya confessed to police that he murdered his 21-year-old female cousin for "immoral behavior." The head of the Chechen government, Ramzan Kadyrov, has spoken publicly in support of honor killings.

*Sexual Harassment:* The law does not prohibit sexual harassment, which remained a widespread problem. The lack of legal remedies and limited economic opportunities caused many women to tolerate harassment.

*Sex Tourism:* Some observers noted that the country was a destination for sex tourism. Police worked closely with at least one foreign government to ensure the prosecution of sex tourists.

*Reproductive Rights:* The government officially recognized the basic right of couples and individuals to decide freely and responsibly the number, spacing, and timing of their children. While there are no legal restrictions on access to contraceptives, international family planning organizations were unable to operate in the face of opposition from the government and from the Russian Orthodox Church, making access to family planning limited, especially outside of big cities. The government explicitly encouraged women to have as many children as possible to counteract the country's declining population. According to UN estimates, the maternal mortality ratio in the country was 39 deaths per 100,000 live births in 2008. Men and women received equal access to diagnosis and treatment for sexually transmitted infections.

*Discrimination:* Although the constitution states that men and women have equal rights and opportunities to pursue those rights, women encountered discrimination in employment. There was no government office devoted to the protection of women's legal rights.

Job advertisements often specified gender and age requirements for a position. Some even specified desired physical appearance and preference for applicants who were open to intimate relations with their prospective supervisors. Employers often preferred to hire men to save on maternity and childcare costs and avoid the perceived unreliability associated with women with small children. The labor market was characterized by gender discrimination in compensation, professional training, hiring and dismissal, and career promotion. However, such discrimination was often very difficult to prove.

The 2002 census indicated that 62 percent of women had higher education, compared with 50 percent of men. Men and women have an equal right to obtain a bank loan, but in practice women often encountered significant restrictions.

The labor code specifies that female workers should not perform "hard physical jobs and jobs with harmful or dangerous labor conditions or work underground except in nonphysical jobs or sanitary and consumer services." According to the NGO Peterburgskaya Egida, this law resulted in a list of 456 occupations that legally exclude women, including those of diver, gas rescue worker, paratrooper, and firefighter.

The law upholds equal ownership rights for women and men, but various restrictions limited women's ability to acquire and administer assets. The civil code provides equal rights to access to land and access to property other than land for men and women. All property acquired during a marriage is the couple's joint property; unless their marriage contract states otherwise, it is split into two equal shares in the event of divorce. Each spouse retains ownership and management of property acquired before marriage or inherited after marriage.

The minimum legal age for marriage is 18 for both men and women. Local authorities can authorize marriage from the age of 16--and even earlier in some regions--if it is considered justified. A 2004 UN report estimated that 11 percent of girls between the ages of 15 and 19 were married, divorced, or widowed. By law marriage requires the free consent of both spouses but does not need to be authorized by the bride's family.

In some parts of the North Caucasus, women continued to face bride kidnapping, polygamy, and enforced adherence to Islamic dress codes. As part of his "modesty



campaign,” Chechen leader Ramzan Kadyrov required women to wear head scarves in public (including at schools, universities, and government offices) and advocated seizing cell phones from young women, among other measures documented by Human Rights Watch. There were cases in some parts of the North Caucasus where men, claiming that kidnapping brides is an ancient local tradition, reportedly abducted and raped young women, in some cases forcing them into marriage. In other cases the young women were forever “sullied” as they were no longer virgins and could not enter a legitimate marriage.

## Children

*Birth Registration:* By law citizenship is derived from parents at birth or from birth within the country’s territory if the parents are unknown or if the child cannot claim the parents’ citizenship. As a rule all newborn babies are registered at the local civil registry office where the parents live. One of the parents must apply for registration within a month of the birth. Birth certificates were issued on the basis of the medical certificate of the hospital where a baby was born.

*Education:* Although education was free through grade 11 and compulsory until age 15 or 16, regional authorities frequently denied school access to the children of persons not registered as residents of the locality, including Roma, asylum seekers, and migrants.

*Child Abuse:* Child abuse was a widespread problem. Pavel Astakhov, presidential commissioner for children’s rights, noted that the rate of reported child abuse had grown “30-fold” since 2003 but that “most nonviolent offenders get off with a suspended sentence.” The online news source news24.ru reported in 2010 that there were 9,500 sexual crimes against children. An estimated 20,000 minors were missing at the end of the year, including 5,000 small children.

According to a 2011 report published by the NGO Foundation for Assistance to Children in Difficult Life Situations established by the Federal Ministry of Health and Social Development, approximately 2,000 to 2,500 children died annually as a result of domestic violence. According to a 2011 UNICEF report, 2,000 children committed suicide in 2010, of which 90 percent resulted from a family’s social crisis or neglect of children.

*Sexual Exploitation of Children:* Children, particularly the homeless and orphans, were exploited for child pornography. While authorities viewed child pornography as a serious problem, the law prohibiting it lacks important details. The law does not define child pornography, criminalize its possession, or provide for effective investigation and prosecution of cases of child pornography. Courts often dismissed criminal cases because of the lack of clear standards. When a court convicted a suspect, it frequently imposed the minimum sentence, often probation. Authorities investigated and prosecuted relatively few cases involving child pornography, creating an environment in which it proliferated.

In the first three months of the year, authorities opened 128 preliminary investigations into the distribution of child pornography, compared with the 2010 total of 569. In addition, Minister of Internal Affairs Rashid Nurgaliyev reported that, as of April 1, police had shut down 130 child pornography Web sites. On June 21, Nurgaliyev noted that the number of Web sites with child pornography had tripled.

There were two federal resources to respond to child pornography on the Internet: the Russian Safer Internet Center and the Friendly Runet Foundation, both of which had hotlines

to receive information on illegal Internet activity. From January to April, the Friendly Runet Foundation processed 6,239 reports and found 3,420 sites with child pornography; of those, 3,310 sites were removed. As of June 21, information gathered through the hotline had resulted in the opening of 24 criminal cases for making or distributing child pornography.

*Displaced Children:* Citing Ministry of Internal Affairs statistics, a Public Chamber representative stated that each year nearly 120,000 children were orphaned and each day on average 200 children were taken away from neglectful parents. The representative estimated that 600,000 children were located in various types of institutional and foster care. In a 2008 report, the NGO Children's Rights estimated that approximately 40,000 children ran away from home annually to escape abuse and neglect and that 20,000 orphans fled similar conditions in orphanages.

The NGO Children's Rights estimated that 2 percent of the country's children were neglected or lived on the streets. Police attempted to return approximately 70 percent of them to a home or institution. According to *Rossiskaya Gazeta*, a government publication, the number of children living in extreme poverty fell from 3.1 percent in November 2008 to 1.4 percent in November 2009.

Homeless children often engaged in criminal activities, received no education, and were vulnerable to drug and alcohol abuse. Some children on the streets turned to, or were forced into, prostitution, often to survive. According to a 2010 report by the Foundation for Assistance to Children in Difficult Life Situations, juveniles committed 94,700 crimes in 2009, a decrease from 116,100 committed in 2008. Law enforcement officials reportedly abused street children, blamed them for unsolved crimes, and committed illegal acts against them, including extortion, detention, and psychological and sexual violence.

Regional ombudsmen for children operated in 25 regions with the authority to conduct independent investigations relating to the violation of children's rights, inspect any institutions and executive offices dealing with minors, establish councils of public experts, and conduct an independent evaluation of legislation affecting children. In a number of schools in the Moscow and Volgograd oblasts, there were school ombudsmen dealing with children and families and identifying potential conflicts and violations of the rights of children.

*International Child Abductions:* Russia acceded to the 1980 Hague Convention on the Civil Aspects of International Child Abduction effective October 1. For information see the Department of State's report on compliance at [http://travel.state.gov/abduction/resources/congressreport/congressreport\\_4308.html](http://travel.state.gov/abduction/resources/congressreport/congressreport_4308.html) as well as country-specific information at [http://travel.state.gov/abduction/country/country\\_3781.html](http://travel.state.gov/abduction/country/country_3781.html).

## **Anti-Semitism**

The 2002 census estimated the number of Jews at 233,500; however, according to the Federation of Jewish Communities of Russia, the Jewish population could be as high as one million.

Although Jewish leaders reported improvements in official attitudes toward Jews, anti-Semitism remained a problem at the societal level. Violent attacks against Jews were infrequent, and only a few incidents occurred during the year.

There were reports of vandals desecrating Jewish synagogues and cemeteries and defacing Jewish religious and cultural facilities, sometimes combined with threats to the

Jewish community, although the Russian Jewish Congress and the Federation of Jewish Communities report that overt acts of anti-Semitism are minimal. The SOVA Center, an NGO that seeks to combat extremism and nationalism, registered six acts of anti-Semitic vandalism as of December 1. The reduction in vandalism appeared linked to a decrease in the level of activity of nationalist groups Russian Way and Resistance, whose members had previously engaged in such acts.

On July 12, four masked men threw Molotov cocktails at the Darchei Shalom synagogue in northern Moscow. Police believed the attack was in retaliation for the conviction of 12 members of a neo-Nazi group earlier that day.

There were several instances in which the government successfully prosecuted individuals for anti-Semitic statements or publications. On June 22, the central regional court of Khabarovsk convicted Vyacheslav Kravchenko and Yevgeniy Smolyakov of committing arson at a local synagogue and attacking a police officer who had been investigating cases of extremism in 2009. Kravchenko and Smolyakov received 24- and 27-month conditional sentences, respectively, and were released on probation.

Anti-Semitism on television or in other mainstream media was infrequent and was more likely to appear in low-circulation newspapers or in pamphlets. However, according to the Moscow Bureau of Human Rights (MBHR), anti-Semitic material on Russian-language Internet sites increased during the year. During the November 4 “Russian March,” demonstrators shouted racist and anti-Semitic slogans.

In May the Web site antisemitism.org reported on a plan by the Ministry of Foreign Affairs to send “spiritual and ethical literature” to Russian diplomatic representatives in 25 countries, including the anti-Semitic texts *The Protocols of the Elders of Zion* and *Kabbalah: Conspiracy against God*. According to the ministry, the plan was abandoned and the anti-Semitic literature was never purchased.

## **Trafficking in Persons**

See the Department of State’s *Trafficking in Persons Report* at [www.state.gov/j/tip](http://www.state.gov/j/tip)

## **Persons with Disabilities**

Several laws prohibit discrimination against persons with disabilities or mandate their equal treatment; however, the government generally did not enforce these laws. Citizens with disabilities continued to face discrimination and denial of equal access to education, employment, and social institutions. According to information provided by the NGO Perspektiva, persons with mental disabilities were severely discriminated against in both education and employment. In addition the conditions of guardianship imposed upon them by courts deprived them of practically all personal rights.

Conditions in institutions for adults with disabilities were often poor, with unqualified staff and overcrowding. Institutions rarely attempted to develop the abilities of residents, who were frequently confined to the institutions and sometimes restricted in their movement within the institutions themselves.

Federal law on the protection of persons with disabilities requires that buildings be made accessible to persons with disabilities, but authorities did not enforce the law, and in practice many buildings were not accessible.

The lack of elevators in metro systems across Russia severely inhibited a wheelchair-bound person from using the system without assistance. In 2010 Moscow city officials adopted a proposal known as the “Strategy for Raising Quality of Life for the Disabled 2010-2020.” In its 2011 fiscal year budget, the city allocated 2.5 billion rubles (\$77.6 million) toward developing a more accessible city environment for persons with disabilities. Officials reported that, in the second half of 2010, 54 percent of city public buildings were made accessible to disabled persons; 34,600 ramps were introduced on city streets; and 40 percent of buses, 25 percent of trolley-buses, and 14 percent of pedestrian crossing lights were adapted for persons with special needs.

In June the St. Petersburg subway system prohibited wheelchair users. While subway management modified the decision in response to public pressure; the use of the system by persons in wheelchairs remained difficult. By July wheelchair-bound individuals could use a reserve escalator only if accompanied by two assistants, one of whom could be subway staff (although staff was not obliged to assist). Persons using wheelchairs could also use some city buses, which were equipped with low floors for access. However, persons using wheelchairs found it difficult to travel anywhere in the city unaccompanied, since sidewalks often have high curbs and public transportation stops were not constructed in a way that made them easily accessible.

There are laws establishing employment quotas for persons with disabilities at the federal and local levels. However, some local authorities and private employers continued to discourage such persons from working, and there was no penalty for failure to honor quotas. According to the NGO Perspektiva, only 9 percent of persons with disabilities held a permanent job. Many of them worked at home or in special organizations. In Moscow several dozen companies were equipped to employ physically disabled persons.

According to government reports, of approximately 450,000 school-age children with disabilities, an estimated 200,000 did not receive any education. Of the 250,000 who received an education, 140,000 attended regular schools, 40,000 studied at home, and 70,000 attended special schools. Because special schools made up only 3 percent of all schools, most children with disabilities could not study in the communities where they lived and were isolated from other members of the community.

Authorities generally segregated such children from mainstream society through a system that institutionalized them until adulthood. Observers concluded that issues of children’s welfare often were ignored, and there were few means of addressing systemic problems of abuse. Human rights groups alleged that children with disabilities in state institutions were poorly provided for and, in some cases, physically abused by staff members. Graduates of state institutions also often lacked the necessary social, educational, and vocational skills to function in society.

There appeared to be no legal mechanism by which individuals could contest their assignment to a facility for persons with disabilities. The classification of categories of disability to children with mental disabilities often followed them through their lives. The labels “imbecile” and “idiot,” which were assigned by a commission that assesses children with developmental problems at the age of three and signify that a child is uneducable, were almost always irrevocable. Even the label “debil” (slightly retarded) followed an individual

on official documents, creating barriers to employment and housing after graduation from state institutions. This designation was increasingly challenged in the case of children with parents or individual caregivers, but there were few advocates for the rights of institutionalized children.

On April 28, the Moscow City Duma passed a law on the education of persons with disabilities in Moscow, which observers believed created some improvements in education for persons with disabilities.

The election laws contain no special provisions concerning the accessibility of polling places, and the majority of polling places were not accessible to persons with disabilities. However, mobile ballot boxes were generally brought to the homes of the disabled to allow them to vote.

In March the government adopted the State Program on Accessible Environment for 2011-15 with a total budget of 47 billion rubles (\$1.5 billion). The goal of the pilot program was to provide access to services in healthcare, culture, transport, information and communications, education, social protection, sports, and housing facilities for persons with disabilities.

The mandates of government bodies charged with protecting human rights include the protection of persons with disabilities. These bodies carried out a number of inspections in response to complaints from disability organizations and, in some cases, appealed to the responsible agencies to remedy individual situations. Inspections by the Ombudsman's Office of Homes for Children with Mental Disabilities continued to disclose severe violations of children's rights and substandard conditions.

## **National/Racial/Ethnic Minorities**

The law prohibits discrimination based on nationality. However, government officials at times subjected minorities to discrimination. There was a steady rise in societal violence and discrimination against minorities, particularly Roma, persons from the Caucasus and Central Asia, dark-skinned persons, and foreigners. The number of reported hate crimes increased during the year, and skinhead groups and other extreme nationalist organizations fomented racially motivated violence. Racist propaganda remained a problem, although courts continued to convict individuals of using propaganda to incite ethnic hatred.

According to the SOVA Center, during the year racist violence resulted in the death of at least 20 persons, while 103 others were injured and six received death threats. Incidents were reported in 34 regions. Violence was concentrated in the major cities: seven were killed and 28 injured in Moscow city, four were killed and 19 injured in the greater Moscow Oblast, and three were killed and 16 injured in St Petersburg. The main targets of attack continued to be Central Asians (10 killed and 24 injured); leftist and youth activists (14 injured); and natives of the Caucasus region (six killed and four injured). There were 45 acts of neo-Nazi vandalism recorded in 20 regions during the year.

Violence against African minorities continued. On May 1, Interfax reported that two men in a bar yelling nationalist slogans beat an African doctoral student. The victim was taken to a hospital with multiple injuries and traumatic brain injury. According to the Moscow Protestant Chaplaincy's Task Force on Racial Violence and Harassment, police in Moscow

consistently failed to record the abuse of African minorities, charge alleged attackers with any crime, or issue copies of police reports to victims.

On September 8, the Tverskoy District Court in Moscow started hearings against five men who were charged with inciting mass disorder, hooliganism, and using violence against law enforcement officers in connection with the Manezhnaya Square riots between ethnic Russians and people from the North Caucasus in December 2010. The men continued to be held in pretrial detention.

Skinhead violence continued to be a serious problem. Skinheads primarily targeted foreigners, particularly Asians and individuals from the North Caucasus, although they also expressed anti-Muslim and anti-Semitic sentiments. According to the Ministry of Internal Affairs, neofascist movements had approximately 15,000 to 20,000 members, more than 5,000 of whom were estimated to live in Moscow. However, the ministry stated that if the category includes "extremist youth groups" in general, the number would be closer to 200,000 countrywide. In 2009 MBHR estimated there were as many as 70,000 skinhead and radical nationalist organizations, compared with a few thousand in the early 1990s. Skinhead groups were most numerous in Moscow, St. Petersburg, Nizhniy Novgorod, Yaroslavl, and Voronezh. The three most prominent ultranationalist group--the Great Russia Party, the Slavic Union Movement, and the Movement against Illegal Immigration--claimed 80,000, 10,000, and 20,000 members, respectively. Membership claims by these underground organizations were difficult to verify.

The deputy head of the FMS International and Public Relations Directorate, Konstantin Poltoranin, made the following statement to the BBC in April: "What is now at stake is the survival of the white race. We feel this in Russia. We want to make sure the mixing of blood happens in the right way here, and not the way it has happened in Western Europe where the results have not been good." Poltoranin was fired after the comments were made public.

Human rights organizations expressed concern that Romani children in schools experienced discrimination. According to Memorial a number of schools refused to register Romani students on the grounds that they lacked documents, while others segregated Romani students or placed them in classes designed for children with learning disabilities because of their ethnicity.

## **Indigenous People**

The law provides for support of indigenous ethnic communities, permits them to create self-governing bodies, and allows them to seek compensation if economic development threatens their lands. Groups such as the Buryats in Siberia and ethnic groups in the far north (including the Enver, Tatarli, Chukchi, and others) continued to work actively to preserve and defend their cultures as well as their right to benefit from the economic resources of their regions. Most asserted that they received the same treatment as ethnic Russians, although some groups claimed that they were not represented, or were underrepresented, in regional governments.

## **Societal Abuses, Discrimination, and Acts of Violence Based on Sexual Orientation and Gender Identity**

LGBT communities continued to suffer from societal stigma and discrimination. Gay rights activists asserted that the majority of LGBT persons hid their orientation due to fear of losing their jobs or their homes, as well as the threat of violence. Nevertheless, there were active gay communities in Moscow and St. Petersburg. Medical practitioners reportedly continued to limit or deny LGBT persons health services due to intolerance and prejudice. According to recent studies, gay men faced discrimination in workplace hiring. Openly gay men were targets of skinhead aggression, and police often failed to respond out of indifference. Several gay rights organizations were outspoken about discrimination encountered by LGBT persons.

Transgender individuals faced difficulties in changing their names and gender classifications on government documents. Although the law allows for such changes, the government has not established a standard procedure for doing so, and in practice many civil registry offices denied these requests. When their documents fail to reflect their gender accurately, transgender persons often faced discrimination in accessing health care, education, housing, and employment.

In Moscow authorities refused to allow a gay pride parade for the sixth consecutive year, despite an ECHR ruling that the bans violated the rights to freedom of assembly and prohibition of discrimination. The Web site GayRussia.eu reported that on the same day city hall denied parade permits, it granted permission for a rally calling for the criminalization of homosexuality. On October 1, 40 people were arrested in Moscow during a sanctioned gay pride rally after violence ensued between parade members and protesters. On November 23, Moscow Mayor Sergei Sobyenin stated he was against any gay pride parade.

Societal animosity toward LGBT persons remained strong. In St. Petersburg on June 18, the People's Catholic movement and the group Parents Standing held an antigay rally to demand that the State Duma prohibit "propaganda of sexual perversion." The city council allowed the rally but prohibited a gay rights rally the next week. On September 29, it was reported that a new law outlawing all public displays of homosexuality, including pride parades, went into effect in Arkhangelsk Oblast.

### **Other Societal Violence or Discrimination**

The International Foundation for Human Rights reported in April that only 33.4 percent of homeless citizens had a Russian passport and 38.2 percent had no documents at all. The lack of a passport prevented homeless citizens from fully securing their legal rights and social services. For example, almost 26 percent of the homeless who stated they had no documents were refused medical assistance. Among the homeless who had a Russian citizen passport, 13.5 percent were refused medical treatment. Homeless persons faced barriers to obtaining legal documentation.

Persons with HIV/AIDS often encountered discrimination. A federal AIDS law includes antidiscrimination provisions but frequently was not enforced. Human Rights Watch reported that HIV-positive mothers and their children faced discrimination in accessing health care, employment, and education. Persons with HIV/AIDS found themselves alienated from their

families, employers, and medical service providers. According to GayRussia.eu, the government no longer requires HIV tests for visitors who apply for short-term tourist visas or business visas for one year or longer as long as their total stay in the country is not greater than three months per year.

Prisoners with HIV/AIDS were regularly abused and denied medical treatment. On August 12, prison officials opened an investigation into the alleged abuse of inmate's rights at the Gaaza Prison Hospital in St. Petersburg following a BBC report in which a prisoner, Eduard Razin, complained of his treatment. Razin, who was suffering from HIV, hepatitis, and tuberculosis, stated that he had not received proper treatment. After the story was released, Razin was transferred to a prison in another province.

## **SECTION 7. WORKER RIGHTS**

### **a. Freedom of Association and the Right to Collective Bargaining**

The law provides workers the right to form and join unions, but government policy limited its exercise in practice. By law the Federal Registration Service must consider a union officially registered once it has submitted the requisite documents. Labor unions are to be independent of government bodies, employers, political parties, and NGOs, and interference by government authorities in union activities is prohibited.

The law establishes the right to strike and prohibits reprisals against strikers. The law requires the provision of a minimum level of essential services if a strike could affect the safety or health of citizens. The labor code prohibits strikes in the military and emergency response services. In addition it prohibits strikes in essential public service sectors, including utilities and transportation, or strikes that would threaten the country's defense and safety or the life and health of its workers. Solidarity strikes and strikes on issues related to state policies also are prohibited.

The law provides for collective bargaining, but only one collective bargaining agreement is permitted per enterprise, and bargaining must be carried out by a union or group of unions representing at least half of the workforce. The law prohibits antiunion discrimination.

State agencies responsible for overseeing the observance of labor legislation frequently failed to fulfill their responsibilities, and violations of labor law were common. Registering unions, for example, was often a cumbersome process. Labor experts asserted that the documents a union must submit vary among regional offices of the service, and the offices often find fault with the papers provided for minor, bureaucratic reasons.

Labor activists reported that police regularly used widespread intimidation techniques against union supporters, including detention, extensive interrogations, and provocation of physical confrontation. Police and prosecutors often questioned union activists based on written orders from the regional office of the FSB. Union activists also alleged that police pressured them to become informants.

In spite of laws defending the right to strike, the majority of strikes were considered illegal because they violated one or more of a complex set of procedures governing disputes. Courts may confiscate union property to cover employers' losses in the event that a declared strike continues after it is ruled illegal. The courts have upheld most employers' requests to



declare a strike illegal. According to the Federation of Independent Trade Unions of Russia, the legal preparation for a strike takes at least 40 days.

The Federal Statistics Service registered only two legal strikes during the year. Independent commentators, however, noted significantly more protest actions occurred. During the first nine months of the year, the Center for Social and Labor Rights registered a total of 194 labor protest actions, including 67 work stoppages. Data for the first six months of the year revealed that the primary causes of labor disputes were wage arrears (35 percent), followed by company reorganization or closure (34 percent), low pay (29 percent), and layoffs (16 percent), with some disputes having multiple causes.

In practice employers were slow to recognize newly formed unions. In addition they often accepted union requests for collective bargaining reluctantly and failed to provide union representatives with financial reports. Some companies claimed to have financial difficulties to avoid concluding new agreements or disregarded the existing ones in violation of labor legislation norms.

Employers frequently engaged in reprisals for union activity, including threats of night shifts, denial of benefits, blacklisting, and termination. Although unions were occasionally successful in courts, in most cases the management of companies engaged in antiunion activities was not penalized.

In January the Labor Confederation of Russia and All-Russia Confederation of Labor filed a joint complaint against the government with the International Labor Organization's Freedom of Association Committee. The complaint, later joined by leading unions, alleged violations that took place from 2006 to 2009, including violations of trade union rights and civil liberties, violations of workers' right to establish organizations without prior authorization, discrimination based on union membership and union activities, refusal by employers to recognize newly formed unions, denial of union leaders' access to members' workplaces, violations of the right to bargain collectively, government interference in trade union activities, and absence of an established system to defend trade union rights.

## **b. Prohibition of Forced or Compulsory Labor**

The law prohibits forced or compulsory labor, including by children; however, there were reports that such practices occurred. Men, women, and children were subjected to conditions of forced labor, including work in the construction industry, textile shops, and agriculture, according to the National Foundation for the Prevention of Cruelty to Children and UNICEF. Military personnel were investigated in the past for the labor exploitation of military conscripts under their command. Guest workers in the far eastern part of the country were subjected to conditions of debt bondage and forced labor, including in the agricultural and fishing sectors. Men, women, and children, including those from foreign countries such as Belarus, Kyrgyzstan, Tajikistan, Uzbekistan, Ukraine, and Moldova, were subjected to conditions of forced labor, including work in the construction industry, in textile shops, and in agriculture.

Also see the Department of State's *Trafficking in Persons Report* at [www.state.gov/j/tip](http://www.state.gov/j/tip).

### **c. Prohibition of Child Labor and Minimum Age for Employment**

There are laws to protect children from exploitation in the workplace, including laws against compulsory labor; however, authorities did not effectively implement laws and policies that would protect children. The law prohibits the employment of children under the age of 16 in most cases and regulates the working conditions of children under the age of 18, including prohibiting dangerous nighttime and overtime work. The law permits children, under certain conditions and with the approval of a parent or guardian, to work at the age of 14. Such work must not threaten the child's health or welfare.

The Federal Labor and Employment Service (RosTrud) is responsible for inspecting enterprises and organizations to identify violations of labor and occupational health standards for minors. Local police only investigated in response to complaints. RosTrud reported 5,100 child labor violations in 2010. The most common violations included the absence of an obligatory medical check, absence of written labor agreements, involvement of minors in harmful and/or unsafe work environment, and excessive hours.

In urban areas the employment of children occurred primarily in the informal sector--retail services, selling goods on the street, washing cars, and making deliveries. In rural areas children worked in agriculture.

Also see the Department of Labor's *Findings on the Worst Forms of Child Labor* at [www.dol.gov/ilab/programs/ocft/tda.htm](http://www.dol.gov/ilab/programs/ocft/tda.htm).

### **d. Acceptable Conditions of Work**

As of June 1, the legal minimum wage was 4,611 rubles (approximately \$143) per month. The subsistence minimum set by the government was 6,505 rubles (\$202) per month in the second quarter of the year. According to the Federal Statistics Service, in the first half of the year, 14.9 percent of the population had incomes below the subsistence minimum, compared with 13.5 percent in the first half of 2010.

The labor code contains provisions for standard work hours, overtime, and annual leave. The standard workweek cannot exceed 40 hours. Employers are not permitted to request overtime work from pregnant women, workers under age 18, and other categories of employees specified by federal laws. Standard annual paid leave is 28 calendar days. Additional annual paid leave is granted to employees involved in work with harmful and/or dangerous labor conditions and to employees working in the Far North regions. Organizations have discretion to grant additional leave to employees.

The law establishes minimum conditions for workplace safety and worker health. The law gives workers the right to remove themselves from hazardous or life-threatening work situations without jeopardizing their continued employment.

RosTrud has approximately 1,700 labor safety inspectors working across the country. In 2010 RosTrud organized 182,700 labor inspections (including 89,000 inspections related to occupational safety). Inspections revealed a total of 992,400 labor violations (including 665,700 violations of occupational safety). RosTrud reported 9,500 violations of women's labor regulations in 2010. Most common were labor violations involving pregnant women and women with children under the age of three.

RosTrud reported that occupational incidents caused 3,244 deaths in 2010, including those of 244 women and three minors. The most unsafe sectors were construction and manufacturing (680 and 550 deaths, respectively). In many cases factory workers did not have adequate protective equipment and clothing, enterprises stored hazardous materials in open areas, emergency exits were locked, and smoking was permitted near flammable substances. Many companies employing workers in hazardous conditions awarded bonuses based on worker productivity, which could encourage workers to jeopardize their safety for higher salaries.

The law entitles foreigners working legally in the country to the same rights and protections as citizens. However, Human Rights Watch noted in a 2009 report that many employers in the construction sector, in which migrant laborers often worked, did not respect safety standards or provide migrant workers with mandatory insurance or medical treatment, with many workers returning home without getting paid for the work done.

Press reports during the year cited multiple claims by workers of poor housing and nutrition as well as 13-hour workdays on construction sites associated with the 2012 Asia-Pacific Economic Cooperation Forum (APEC) summit in Vladivostok. In particular, in May almost 300 Turkish workers on Russkiy Island held a strike demanding payment of their delayed wages, while in July, 150 Uzbek workers struck to demand wages that had been delayed for three months. Poor working conditions and failure to respect labor code and labor safety rules were common on APEC-2012 construction sites in Vladivostok.



*Chapter 10*

# **RUSSIAN FEDERATION: FOOD AND AGRICULTURAL IMPORT REGULATIONS AND STANDARDS\***

*Chris Riker and Staff*

## **LIST OF ABBREVIATIONS**

CIS	Commonwealth of Independent States, includes Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.
CU	A Customs Union between Russia, Belarus, and Kazakhstan, launched on January 1, 2010. CU Commission – Customs Union Commission, the CU regulatory body until July 1, 2012.
EEC	Eurasian Economic Commission, replaced the CU Commission as the regulatory body of the Customs Union as of July 1, 2012.
GOST	From the Russian “Government Standard”, refers to interstate standards of the CIS; in addition to CIS countries GOSTs are also used in the Republic of Georgia.
GOST R	Russia’s national standards
HN	Hygienic Norms
SanPiN	Sanitary Norms and Rules

## **EXECUTIVE SUMMARY**

This report is an overview of general legal and technical requirements for food and agricultural imports imposed by the Russian Federation.

The USDA Foreign Agricultural Service (FAS) offices in Moscow, St. Petersburg, and Vladivostok prepared this report on Food and Agricultural Import Regulations and Standards (FAIRS) for U.S. exporters of domestic food and agricultural products. While

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\* This is an edited, reformatted and augmented version of the USDA Foreign Agricultural Service, Global Agricultural Information Network, GAIN Report Number RS1305, dated January 2, 2013.

the USDA offices in Russia believe this report to be accurate, policies may have changed since its preparation, or clear and consistent information about these policies was not available. FAS Russia recommends that U.S. exporters verify requirements with their import partners before any goods are shipped.

Note: FINAL IMPORT APPROVAL OF ANY PRODUCT IS SUBJECT TO THE IMPORTING COUNTRY'S RULES AND REGULATIONS AS INTERPRETED BY BORDER OFFICIALS AT THE TIME OF PRODUCT ENTRY.

Despite Russia's WTO accession in August 2012, Russia's agencies' control over imported foodstuffs remains complicated and bureaucratic. While the legal framework has improved, in practice, Russia has not yet taken all of the steps expected towards improving the environment for trade. Moreover, Russia has, in some instances, moved backward, to harmonize with restrictive European Union regulations.

## SECTION I. FOOD LAWS

Many of Russia's food and trade regulations have or are undergoing reform as the Russia-Belarus- Kazakhstan Customs Union (CU) continues policy integration. Russia also continues to adjust policies pursuant to its recent WTO accession.

In practice, Russia continues coordinating policy reform closely with the European Union, and as a result, changes in regulation reflect those of its primary trade partner.

In December 2011, WTO Trade Ministers approved the terms of Russia's accession and issued a formal invitation for Russia to join the World Trade Organization (WTO) as its 155th Member, culminating Russia's 18-year effort to join the multilateral trading system. Russia became a fully-fledged WTO member on August 22, 2012.

Russia and the Customs Union have established the legal framework necessary for Russia to comply fully with the WTO SPS Agreement. In addition, Russia undertook commitments on how it will comply with the SPS Agreement and its other WTO commitments affecting trade in agricultural products. These commitments provide U.S. exporters of agricultural products with an enforceable set of disciplines against non-scientific trade restrictions. Russia also agreed to harmonize Russia's SPS measures with international standards. The Customs Union now has a **mechanism** for recognizing the equivalence of food safety systems of WTO members and rules on inspection of establishments in third- countries, such as the United States, that export product to Russia and the other CU Member States. Also part of Russia's commitments are: increased transparency, including the right to provide comments on SPS measures before they are adopted, and application of transition periods before new measures are applied.

### **Russian Legislation and Principal Regulatory Documents on Foodstuff Imports**

Russia's regulatory framework governing the import of foodstuffs consists of: (1) Customs Union documents, (2) Russian Federal Laws, (3) Russian Government documents, and (4) regulatory documents of the bodies of executive power of the Russian Federation. The major documents are the following:

## ***1. Customs Union documents:***

### *General*

- CU Customs Code, in force since July 1, 2010 (as amended through April 16, 2010) <<http://www.tsouz.ru/Docs/kodeks/Pages/default.aspx>>, includes unofficial translation into English

### *Tariff and TRQs*

- Unified CU Customs Tariff, in effect from January 1, 2012, till August 22, 2012 <<http://www.tsouz.ru/db/ettr/tnved2012/Pages/default.aspx>>
- Unified CU Customs Tariff, in effect as of August 23, 2012 (as amended through December 25, 2012) <<http://www.tsouz.ru/db/ettr/ettwto/Pages/default.aspx>>
- EEC Council Decision No. 54 of “On Approval of the Unified Commodity Nomenclature of the Foreign Economic Activity of the Customs Union and the Common Customs Tariff of the Customs Union” <[http://www.tsouz.ru/EEK/RSEEK/RSEEK/7z/Pages/R\\_54.aspx](http://www.tsouz.ru/EEK/RSEEK/RSEEK/7z/Pages/R_54.aspx)>
- EEC Collegium Decision No. 146 of August 23, 2012, “On Establishment of a Tariff-Rate Quota and the Volume of the Tariff-Rate Quota on Imports of Certain Types of Whey to the Unified Customs Territory of the Customs Union” <[http://www.tsouz.ru/EEK/RSEEK/RKEEK/22z/Pages/R\\_142.aspx](http://www.tsouz.ru/EEK/RSEEK/RKEEK/22z/Pages/R_142.aspx)>
- EEC Collegium Decision No. 215 of November 13, 2012, “On the Tariff Rates of the Unified Customs Tariff of the Customs Union for Certain Types of Crustaceans and Products Prepared Thereof” <[http://www.tsouz.ru/EEK/RSEEK/RKEEK/31z/Pages/R\\_215.aspx](http://www.tsouz.ru/EEK/RSEEK/RKEEK/31z/Pages/R_215.aspx)>
- EEC Collegium Decision No. 229 of November 20, 2012, “On the List of Goods, which are Subject to Tariff- Rate Quotas in 2013, and the Volume of Tariff-Rate Quotas for Imports of these Goods into the Member States of the Customs Union and Single Economic Space” (refers to beef, pork, poultry, and whey) <[http://www.tsouz.ru/EEK/RSEEK/RKEEK/32z/Pages/R\\_229.aspx](http://www.tsouz.ru/EEK/RSEEK/RKEEK/32z/Pages/R_229.aspx)>

### *General SPS Measures*

- CU Commission Decision No. 625 of 7 April 2011 “On Harmonization of CU Legal Acts in the Field of Sanitary, Veterinary and Phytosanitary Measures with International Standards” (as amended through June 22, 2011 <[http://www.tsouz.ru/KTS/KTS26/Pages/R\\_625.aspx](http://www.tsouz.ru/KTS/KTS26/Pages/R_625.aspx), [http://www.tsouz.ru/KTS/KTS29/Pages/R\\_722.aspx](http://www.tsouz.ru/KTS/KTS29/Pages/R_722.aspx)>
- CU Commission Decision No. 721 of 22 June 2011 “On Application of International Standards, Recommendations, and Guidelines” <[http://www.tsouz.ru/KTS/KTS29/Pages/R\\_721.aspx](http://www.tsouz.ru/KTS/KTS29/Pages/R_721.aspx)>
- EEC Collegium Decision No. 212 of November 6, 2012 “On Regulation on the Uniform Procedure of Carrying Out Examination of Legal Acts in the Sphere of Implementation of Sanitary, Veterinary and Phytosanitary Measures” <[http://www.tsouz.ru/EEK/RSEEK/RKEEK/30z/Pages/R\\_212.aspx](http://www.tsouz.ru/EEK/RSEEK/RKEEK/30z/Pages/R_212.aspx)>

- CU Commission Decision No. 835 of 18 October 2011 “On Equivalence of Sanitary, Veterinary or Phytosanitary Measures and Conduct of Risk Assessment” <[http://www.tsouz.ru/KTS/KTS32/Pages/R\\_835.aspx](http://www.tsouz.ru/KTS/KTS32/Pages/R_835.aspx)>

*Sanitary Measures* <<http://www.tsouz.ru/db/techregulation/sanmeri/Pages/default.aspx>>

- CU Commission Decision No. 299 of 28 May 2010 “On the Application of Sanitary Measures in the Customs Union” (as amended through January 15, 2013)

*Veterinary Measures* <<http://www.tsouz.ru/db/techregulation/vetmeri/Pages/default.aspx>>

- CU Commission Decision No. 317 of 18 June 2010 “On the Application of Veterinary-Sanitary Measures in the Customs Union” (as amended through December 12, 2012)
- CU Commission Decision No. 455 of 18 November 2010 adopted “The Unified List of Dangerous and Quarantine Diseases of Animals of the Customs Union”
- CU Commission Decision No. 607 of 7 April 2011 “On Common Forms of Veterinary Certificates on Imported Goods Subject to Veterinary Control into the Customs Union Territory” (as amended through December 25, 2012) <<http://tsouz.ru/db/techregulation/vetmeri/Pages/vetsertifikaty.aspx>>
- CU Commission Decision No. 624 of 7 April 2011 “On the Regulation on the Procedure of Development and Maintenance of the Register of Companies and Persons which Carry out Production, Reprocessing and (or) Storing Products Subject to Veterinary Control (Surveillance) and Imported into the territory of the Custom Union”
- CU Commission Decision No. 834 of 18 October 2011 “On Regulation on Common System of Joint Inspections of Objects and Sampling Goods (Products), Subject to Veterinary Control (Surveillance)”

*Phytosanitary Measures* <<http://www.tsouz.ru/db/techregulation/fitosan/Pages/default.aspx>>

- CU Commission Decision No. 318 of 18 June 2010 “On Assurance of Plant Quarantine in the Customs Union” (as amended through August 24, 2012)

*Technical Regulation* <<http://www.tsouz.ru/db/techregulation/techbars/Pages/default.aspx>>

- CU Commission Decision No. 319 of 18 June 2010 “On Technical Regulation in the Customs Union” (as amended through December 25, 2012)
- CU Commission Decision No. 526 of 28 January 2011 “Common List of Products which shall be Subject to Mandatory Requirements within the Customs Union” (as amended through November 23, 2012)
- CU Commission Decision No. 620 of 7 April 2011 “Common List of Products, Subject to Mandatory Evaluation (Confirmation) of Compliance within the Customs Union with the Issuance of Common Documents” (as amended through December 25, 2012)
- CU Commission Decision No. 621 of 7 April 2011 “On the Regulation on Application of Standard Schemes for Evaluation (Confirmation) of Compliance with Technical Regulations of the Customs Union”



- CU Commission Decision No. 629 of 7 April 2011 “On Draft Procedure for Establishment of Lists of International and Regional (Interstate) Standards, and in their Absence - National (State) Standards, Ensuring Compliance with Technical Regulations of the Customs Union and Necessary for Assessment (Confirmation) of Compliance” (as amended through May 31, 2012)
- CU Commission Decision No. 711 of 15 July 2011 “On the Common Sign of Circulation of Products on the Market of the Member-States of the Customs Union (as amended through July 20, 2012) <<http://www.tsouz.ru/db/techregulation/techbars/Pages/EAC.aspx>>
- CU Technical Regulation TR TS 005/2011 “On Safety of Packaging” (as amended through December 17, 2012) <<http://www.tsouz.ru/db/techreglam/Documents/TR%20TS%20Upakovka.pdf>>  
For English translation please see GAIN report RS1253 Customs Union Packaging
- CU Technical Regulation TR TS 015/2011 “On Safety of Grain” (as amended through November 20, 2012) <<http://www.tsouz.ru/db/techreglam/Documents/TehReg%20TZ%20Zerno.pdf>>  
For English translation please see GAIN report RS1250 Customs Union Grain
- CU Technical Regulation TR TS 024/2011 “Technical Regulation on Oils and Fats” – not yet in force <<http://www.tsouz.ru/db/techreglam/Documents/TR%20TS%20MasloGirov.pdf>>
- CU Technical Regulation TR TS 021/2011 “On Food Safety” <<http://www.tsouz.ru/db/techreglam/Documents/TR%20TS%20PishevayaProd.pdf>>  
For English translation please see GAIN report RS1233 Customs Union
- CU Technical Regulation TR TS 022/2011 “On Food Labeling” – not yet in force <<http://www.tsouz.ru/db/techreglam/Documents/TrTsPishevkaMarkirovka.pdf>>
- CU Technical Regulation TR TS 023/2011 “Technical Regulation on Juice Products from Fruits and Vegetables” (as amended through November 13, 2012) – not yet in force <<http://www.tsouz.ru/db/techreglam/Documents/TR%20TS%20SokovayaProd.pdf>>
- CU Technical Regulation TR TS 027/2011 “On Safety of Certain Types of Specialized Food Products, Including Dietary Therapeutic and Dietary Prophylactic Nutrition” – not yet in force <[http://www.tsouz.ru/eeek/RSEEEK/RSEEEK/SEEK5/Documents/P\\_34.pdf](http://www.tsouz.ru/eeek/RSEEEK/RSEEEK/SEEK5/Documents/P_34.pdf)>
- CU Technical Regulation TR TS 029/2011 “Safety Requirements for Food Additives, Flavorings, and Technological Aids” – not yet in force <[http://www.tsouz.ru/eeek/RSEEEK/RSEEEK/SEEK8/Documents/P\\_58.pdf](http://www.tsouz.ru/eeek/RSEEEK/RSEEEK/SEEK8/Documents/P_58.pdf)>

## **2. *Russian Federal Laws in effect to the extent that they do not contradict the CU Agreements and CU Commission/EEC Decisions:***

### *General*

- Federal Law No. 164-FZ of 8 December 2003 “On the Basis of Regulation of Foreign Trade Activity” (as amended through July 28, 2012) <<http://base.garant.ru/12133486/>>

- Chapters 21 and 22 of the Russian Tax Code (as amended through December 30, 2012), regulating the application of VAT (including import VAT and export VAT refunds) and excises <<http://base.garant.ru/10900200/>>
- Part IV of the Russian Civil Code (as amended through October 4, 2010), regulating intellectual property rights <<http://base.garant.ru/10164072/>>
- The Federal Law on Customs Regulation No. 311 dated November 27, 2010 (as amended through December 30, 2012) <<http://base.garant.ru/12180625/>>
- Federal Law No. 2300-1 of February 7, 1992 “On Protecting Consumer Rights” (as amended through July 28, 2012) <<http://base.garant.ru/10106035/>>

#### *General SPS Measures*

- Federal Law No. 86-FZ of July 5, 1996 “On State Regulation In The Sphere Of Genetic Engineering Activities” (as amended through July 19, 2011) <<http://base.garant.ru/10135402/>>

#### *Sanitary Measures*

- Federal Law No. 52-FZ of 30 March 1999 “On The Sanitary And Epidemiological Well-Being Of The Population” (as amended through June 25, 2012) <<http://base.garant.ru/12115118/>>
- Federal Law No. 29-FZ of January 2, 2000 “On The Quality And Safety Of Food Products” (as amended through July 19, 2011) <<http://base.garant.ru/12117866/>>

#### *Veterinary Measures*

- Federal Law No. 4979-1 of 14 May 1993 “On Veterinary Practices” (as amended through July 18, 2011) <<http://base.garant.ru/10108225/>>

#### *Phytosanitary Measures*

- Federal Law No. 99-FZ of 15 July 2000 “On Quarantine of Plants” (as amended through July 18, 2011) <<http://base.garant.ru/12120209/>>

#### *Technical Regulation*

- Federal Law No. 171-FZ of November 22, 1995 “On State Regulation Of The Production And Handling Of Ethyl Alcohol, Spirits, And Products Containing Alcohol” (as amended through December 30, 2012) <<http://base.garant.ru/10105489/>>
- Federal Law No. 184-FZ of December 27, 2002 “On Technical Regulation” (as amended through December 3, 2012) <<http://base.garant.ru/12129354/>>
- Federal Law No. 88-FZ of December June 12, 2008 “Technical Regulation for Milk and Dairy Products” (as amended through July 22, 2010) <<http://base.garant.ru/12160959/>>
- Federal Law No. 90-FZ of December June 24, 2008 “Technical Regulation for Oils and Fats Products” <<http://base.garant.ru/193482/>>
- Federal Law No. 178-FZ of October 27, 2008 “Technical Regulation for Juice Products from Fruits and Vegetables” <<http://base.garant.ru/12163096/>>

- Federal Law No. 268-FZ of December 22, 2008 “Technical Regulation for Tobacco Products” <<http://base.garant.ru/12164162/>>

### 3. ***Russian Government Regulations:***

#### *Sanitary Measures*

- Government Resolution No. 500 of June 29, 2011, “On Approval of Rules of Sanitary and Quarantine Control at Checkpoints on the Border of the Russian Federation” (as amended through April 23, 2012) <<http://base.garant.ru/12187353/>>

#### *Veterinary Measures*

- Government Resolution No. 557 of July 7, 2011, “On the Defining Checkpoints across the State Border of the Russian Federation Intended for Importation into the Territory of the Russian Federation of Animals, Animal Products, Animal Feed, Feed Additives, Pharmaceuticals and Animal Quarantine Products (Quarantine Material, Goods in Quarantine)” <<http://base.garant.ru/12187826/>>
- Government Resolution No. 501 of June 29, 2011, “On Approval of Rules of the State Veterinary Supervision Control at Checkpoints on the Border of the Russian Federation” (as amended through May 25, 2012) <<http://base.garant.ru/12187354/>>

#### *Technical Regulation*

- Government Resolution No. 982 of December 2009 “On Approval of the Unified List of Products Subject to Mandatory Certification and the Unified List of Products, for which the Confirmation of Conformity is Made in the Form of a Declaration of Conformity” (as amended through June 18, 2012). <<http://base.garant.ru/12171546/>>
- Government Resolution No. 26 of January 18, 2002, “On State Registration of Feeds Derived from Genetically Modified Organisms” (as amended through July 14, 2006) <<http://www.fsvps.ru/fsvps/laws/243.html>>
- Government Resolution No. 132 of March 9, 2010 “On Mandatory Requirements in Respect of Certain Types of Goods and Related Processes of Design (including Research), Production, Construction, Installation, Maintenance, Operation, Storage, Transportation, Sales, and Disposal, Contained in the Technical Regulations of the Republic of Kazakhstan, being the Customs Union Member-State” <<http://base>>

### 4. ***Russian Competent Authority Regulations:***

#### *Sanitary Measures*

- Hygienic Requirements For Foodstuff Safety and Nutrition (SanPiN 2.3.2.1078-01, as amended through July 6, 2011)
- Hygienic Requirements for Food Additives (SanPiN 2.3.2.1293-03, as amended through December 23, 2010)
- Hygiene Norms for Chemicals and Pesticides in the External Entities (HN 1.2.2701-10, as amended through July 7, 2011). The Norms determine MRL for chemicals and pesticides in objects of environment, including agricultural crops.

*Veterinary Measures*

- Order of the Ministry of Agriculture No. 404 of 7 November 2011 “On Adoption of Administrative Regulation of the Federal Service on Veterinary and Phytosanitary Control on Provision of State Service on Issuance of Authorizations for Imports to the Russian Federation and Exports from the Russian Federation, as well as Transit within its Territory of Animals, Products of Animal Origin, Medicines for Veterinary use, Feeds and Feed Additives for Animals,” establishes administrative regulation on issuing import permits for goods subject to veterinary (sanitary control). <<http://www.fsvps.ru/fsvps-docs/ru/laws>>

*Phytosanitary Measures*

- Order of the Ministry of Agriculture No. 456 of 29 December 2010 “On Approval of Rules to Ensure Plant Quarantine for Regulated Products Imported to the Russian Federation, as well as Stored, Moved, Transported, Processed or Used,” updated the Russian phytosanitary requirements and regulations for imported products of quarantine concern in accordance with the CU approach and international requirements (as amended through October 11, 2012). <<http://www.mcx.ru/documents/document/show/15036.77.htm>>

*Technical Regulation*

- Order of the Federal Service for the Protection of Consumer Rights and Human Well-Being No. 781 of July 23, 2012, “On Approval of Administrative Regulation of the Federal Service for the Protection of Consumer Rights and Human Well-Being for Provision of the Public Service for State Registration of the Chemical and Biological Substances and Drugs Manufactured on their Basis, which are Potentially Dangerous to Humans (except for Medicines), Introduced into Production for the First Time, and have not been used Previously; Certain Types of Products that Pose a Potential Danger to Humans (except for Medicines); Certain Types of Products, Including Food Products, Imported into the Customs Territory of the Customs Union for the First Time” <<http://www.rg.ru/2012/10/03/reglament-preparat-dok.html>>
- General Requirements For Providing Consumer Information Regarding Foodstuffs (GOST R 51074-2003, as amended through April 10, 2011)

**Russia’s Federal Regulatory Bodies for Imported Foodstuffs**

The Federal Veterinary and Phytosanitary Surveillance Service (known as Rosselkhoznadzor) of the Ministry of Agriculture of the Russian Federation monitors veterinary and phytosanitary conditions within Russia and enforces Russian legal requirements for veterinary and plant health. The Rosselkhoznadzor has the authority over veterinary and phytosanitary matters at Russia’s borders and within Russia’s interior and is responsible for protecting the Russian Federation from plant and animal diseases.

The Federal Service for the Protection of Consumer Rights and Human Well-Being of the Government of the Russian Federation (known as Rospotrebnadzor) is responsible for food and foodstuff safety. Based on SanPiN 2.3.2.1078-01 and the regulations of the Customs

Union, Rospotrebnadzor oversees the domestic foodstuffs market in Russia. Rospotrebnadzor may prohibit the transport and sale of products that do not meet official requirements.

The Federal Agency for Technical Regulation and Metrology (known as Rosstandart or Rostekhnregulirovaniye) is part of the Ministry of Industry and Trade. Rosstandart manages product assessment, processing, and servicing to determine if products conform to national standards and certification criteria.

The Federal Customs Service of Russia of the Government of the Russian Federation (FTS) regulates foreign economic activity with a system of customs fees and charges, and carries out customs control. The introduction of the Customs Union has not yet affected the internal structure of the Russian customs service, which remains as follows: the Federal Customs Service: provincial departments, customs- houses, and customs posts.

The Ministry of Industry and Trade is in charge of non-tariff regulation for external economic activity including licensing and quota administration.

The Ministry of Economic Development determines import quota quantities.

## Customs Union Regulatory Bodies

Due to plans for further economic integration between Russia, Kazakhstan, and Belarus, the Customs Union Commission, which used to be the CU regulatory body, was replaced by the Eurasian Economic Commission (EEC) on July 1, 2012. While the EEC is based on the structure and achievements of its predecessor, the CU Commission, the EEC has more powers and duties over customs and tariff regulations, customs administration, establishment of trade regimes with third countries, monetary policy regulations, macroeconomic issues, energy and competition policy, regulation of state monopolies, industrial and agricultural financial aid issues, procurement, transportation, migration, and financial markets.

The structure of the EEC is similar to the regulatory bodies of the European Union, with its European Council and European Commission. The EEC has two tiers. The upper tier, its council, includes deputy prime ministers of the three countries, with First Deputy Prime Minister Igor Shuvalov representing Russia. The lower level, the board, which is called “Collegium”, is the EEC’s main working body, with decision-making powers over customs duties as well as sanitary, veterinary, and immigration control. The EEC Collegium will also oversee the allocation of industrial and agricultural subsidies. Viktor Khristenko, Russia’s former Minister of Industry and Trade, is the appointed head of the EEC Collegium.

The members of the EEC Collegium are as follows:

- Viktor Khristenko, Chairman of the Collegium (former Minister of Industry and Trade for Russia);
- Andrei Slepnev, Minister for Trade (former Deputy Minister for Economic Development for Russia);
- Vladimir Goshin, Minister for Customs Cooperation (former First Deputy Chairman of the State Customs Committee of Belarus);
- Valery Koreshkov, Minister for Technical Regulations (former Chairman of the State Committee for Standardization of Belarus);
- Nurlan Aldabergenov, Minister for Competition and Antitrust Regulation (former First Vice Chairman of the Kazakh Agency for Regulation of Natural Monopolies);

- Danial Akhmetov, Minister for Energy and Infrastructure (former Prime Minister of Kazakhstan);
- Sergey Sidorsky, Minister for Industry and the Agro-industrial Complex (former Prime Minister of Belarus);
- Tatyana Valovaya, Minister for Principal Areas of Integration and Macroeconomics (former Director of the Russian Government Department on International Cooperation); and,
- Timur Suleimenov, Minister for Economic and Financial Policy (a former Deputy Minister of Economy and Trade for Kazakhstan).

The EEC Collegium has established a number of Consultative Committees in accordance with the Treaty on the Eurasian Economic Commission of November 18, 2011. Such Committees may include both government officials of the CU member states, and independent experts. One of these Committees, with the ability to impact a significant portion of U.S. agricultural exports, is the Consultative Committee on Technical Regulation, Sanitary, Veterinary, and Phytosanitary Measures. This Committee drafts EEC decisions together with the Collegium, or Board Members.

The members of the aforementioned Consultative Committee are as follows:

### ***Belarus***

- Viktor V. Nazarenko – Chairman of the State Committee for Standardization
- Igor V. Gayevsky – Vice Minister of Health & Chief Medical Officer of the Republic of Belarus
- Vasily M. Kazakevich – Deputy Minister of Agriculture and Food

### ***Kazakhstan***

- Muslim T. Umirayev – Vice Minister of Agriculture
- Riskeldy A. Satbayev – Chairman of the Committee of Technical Regulation and Metrology
- Zhandarbek M. Bekshin – Chairman of the State Sanitary and Epidemiological Surveillance Committee
- Nurkan O. Sadvakasov – Deputy Chairman of the State Epidemiological Surveillance Committee
- Dzhandos A. Akimzhanov – Deputy Chairman of the Agency for Construction and Housing Utilities

### ***Russian Federation***

- Gleb S. Nikitin - Deputy Minister of Industry and Trade
- Sergey A. Dankvert - Head of the Federal Service for Veterinary and Phytosanitary Surveillance
- Evgeny A. Nepoklonov - Deputy Head of the Federal Service for Veterinary and Phytosanitary Surveillance
- Gennady G. Onishchenko - Head of the Federal Service for Supervision of Consumer Rights Protection and Wellbeing & Chief Sanitary Doctor of the Russian Federation
- Vasily I. Sokolov - Deputy Head of the Federal Agency for Fisheries
- Oleg V. Fomichev - State-Secretary and Deputy Minister of Economic Development;

- Ilya V. Shestakov - Deputy Minister of Agriculture
- Savva V. Shipov - Head of the Federal Service for Accreditation
- Grigory I. Elkin - Head of the Federal Agency on Technical Regulation and Metrology

Contact information for the above regulatory bodies as well as other industry-specific regulators and certification agencies and entities can be found at the end of this report.

## SECTION II. LABELING REQUIREMENTS

### General Requirements

The general requirements for labeling of food products are stipulated in the Russian federal law “On Protecting Consumer Rights.” However, the details on labeling are prescribed by special standards, known as GOSTs. The primary legislation is GOST R 51074-2003, which came into effect on July 1, 2005 (last amended on November 29, 2012). This standard incorporates the Codex Alimentarius International Food-Packaging Standards [Codex Stan 1-1985 (Rev.1-1991)]. Among other things, GOST R 51074-2003 regulates pre-packaged food sold either in retail or wholesale markets that supply public catering facilities, schools, children’s facilities, therapeutic facilities, and other facilities directly servicing consumers. This same key piece of legislation also establishes general requirements for product information that must be provided to customers, as well as all special requirements for nutrition labeling.

The labeling of diet products, baby-food, and other special products shall meet special requirements stipulated for these products in relevant GOSTs and in Sanitary Rules and Norms (SanPiN) 2.3.2.1078-01.

The general requirements for information to be presented on the label in the Russian language are:

- Product name;
- Data about the manufacturer (including name, country, and address of producer) and the organization authorized to accept claims from consumers;
- Trademark;
- Net weight, or volume, or quantity;
- Composition (ingredients);
- Nutritional value based on the specificity of the product;
- Storage conditions;
- Use-by date or shelf-life expiration date;
- Date of production and packaging;
- Regulatory or technical documents with which the products can be identified (this requirement is optional for imported products); and
- Confirmation of conformity stamp.

In addition to the above, GOST R 51074-2003 also establishes a number of product-specific requirements.

GOST R 51074-2003 also requires labeling of the following:

- Food additives, biologically active additives, flavorings, components of non-traditional composition (including components from raw materials containing protein that does not exist naturally and was added while manufacturing the product); and
- Food products that are products of biotechnology, obtained from products of biotechnology, or contain components from products of biotechnology.

The manufacturer may list the basic mineral substances and vitamins inherent in the product without indicating their quantity. Manufacturers are required to list a recommended daily allowance in accordance with established procedures.

If more than 2 percent of the recommended daily allowance of proteins, fats, carbohydrates, or calories is included in a 100-gram serving, this information must be included on the label. The label must also indicate if a 100-gram serving contains more than 5 percent of the daily recommended allowance of minerals or vitamins.

According to amendments to GOST R 51074-2003 on December 15, 2009, which came into effect on January 1, 2011, information must be provided on the label if a product contains any ingredients that can cause allergic reaction or if they are contraindicated in certain types of diseases. These ingredients requiring additional labeling include:

- Cereals containing gluten, and derived products;
- Crustaceans and derived products;
- Mollusks and derived products;
- Eggs and derived products;
- Fish and derived products;
- Peanuts and derived products;
- Soybean and derived products;
- Milk and derived products (including lactose);
- Nuts and derived products;
- Celery and derived products;
- Mustard and derived products;
- Sesame and derived products;
- Lupine and derived products;
- Sulfur dioxide and sulfites if more than 10 mg/kg or mg/L in terms of sulfur dioxide; and
- Aspartame and its salts (containing phenylalanine and its salts).

In December 2011, the Customs Union adopted the Technical Regulation TR TS 022/2011 “Food Product Labeling”. The document outlines regulations for food products labeling including the requirements for name, ingredients, nutritional contents and value, quantity, date of production, validity, place of manufacturer and importer, presence of genetically modified organisms, etc. The TR TS 022/2011 will come into effect as of July 1, 2013. However, production and circulation of food products in accordance with the current



CU and national requirements of the CU member-states will be allowed until February 15, 2015. For more information please see the GAIN report RSATO1211 Customs Union Technical Regulations on Food Products Labeling.

Russian Government Decree No. 943 of September 18, 2012, “On the Specifics of Marking Products Released into Circulation for the First Time, Including with a Market Circulation Mark or a Conformity Mark and the Procedure for Informing Purchasers, Including Consumers, about the Potential Harm of Such Products and the Factors Causing such Harm,” specifies the labeling requirements for products that are released into circulation in the Russian market for the first time and that are subject to mandatory certification or conformity declaration. For more information please see GAIN report RS1257 New Regulations on Conformity and Labeling of New Products.

## **Biotech Products**

For products with biotech components, information must be provided when these components contain more than the permitted level of biotech ingredients. SanPiN 2.3.2.1078-01 sets a 0.9 percent threshold for each biotech (genetically modified material - GMM) component in food products for mandatory labeling. (Up to 0.9 percent of each biotech ingredient is considered adventitious and does not require labeling. Feeds are not subject to labeling.) The information on the label must read (in Russian):

- for products containing viable GMM – “Product contains live genetically modified microorganisms;”
- for products containing unviable GMM – “Product is obtained based on genetically modified microorganisms;” and
- for products that are free from technological GMM or for products obtained based on components free from technological GMM – “Product has components that are obtained based on genetically modified microorganisms.”

The Moscow City Government abolished the GMO-free labeling requirement for food products by its Resolution #115-PP of March 28, 2012, “On invalidation of legal acts of the Government of Moscow and the amendments to legal acts of the Government of Moscow.” This Resolution annulled all previous Moscow City Government documents and measures related to the labeling of products as GMO-free. For more details please see GAIN report RS1230 Moscow Government Stops Requiring GMO-Free Labeling of Food Products.

## **Organic Products**

Currently, there is no unified and official system for organic certification in Russia. The only government document is Regulation No. 26 issued in Moscow by the Chief Health Officer of Russia, on April 21, 2008, “Approval of Sanitary and Epidemiologic Rules and Standards No. 2.3.2.2354-08,” which describes sanitary requirements for organic foodstuffs. The majority of the criteria applied to organic products correspond to EU Regulations.

However, this document lacks a very important element, description of the certification procedure at all stages of organic farming.

At present, Russian producers can be voluntarily certified by inspection companies on the basis of a third country's standards. They may elect to be certified under EU, U.S., or Japanese standards, depending on the intended export market.

In 2012, Russia's Ministry of Agriculture, working together with independent ecological and manufacturing organizations, began the process of drawing up official organic certification standards for Russia. This process is part of a wider government policy aimed at improving food safety and quality standards, strengthening domestic food production, promoting healthier eating habits among consumers, and encouraging manufacturers to offer healthier products. The government will continue to pursue this policy over the next several years, which should result in the introduction of a unified organic certification system modeled on EU standards.

For more details please see GAIN reports RS8045 New SanPiN for Organic Products and RSATO1109 Russian Organic Market Taking Root.

### **SECTION III. PACKAGING AND CONTAINER REGULATIONS**

Requirements for foodstuff packaging, currently regulated by numerous standards, vary by type of packaging. Hygienic standards have been created for materials that come into contact with foodstuffs listed in HN 2.3.3.972-00, which also specifies the maximum permissible quantities of chemical substances allowed to escape from materials in contact with foodstuffs. Packing materials and transport containers must have completed sanitary and epidemiological inspections and have a certificate of conformity. GOST R ISO 3394-99 establishes the permitted size, shape, and material of transport containers.

Sanitary and hygienic requirements, regulated by GOST R 51074-2003, must also be used when selecting food packaging. Packing materials may not be manufactured from highly toxic compounds having cumulative characteristics, including carcinogenicity, mutagenicity, or allergenicity. The material must not change the organoleptic or nutritional qualities of the foodstuffs, and may not discharge hazardous substances in excess of permissible levels.

Many products imported into Russia must meet product-type-specific packaging requirements. Packaged grains, for example, must be packaged in air-permeable materials as stated in the Ministry of Agriculture's Order No. 681 of September 3, 2002.

Specifications for packaging are a vital part of each commercial contract. Before signing a contract, the importer should research the specific packaging requirements and advise the exporter accordingly.

Packaging (e.g., cardboard or paper boxes, plastic or polymer packets, bottles or cans) that comes into direct contact with products must be certified.

The permeability of the packaging material to gas, steam, water, fats, and odors is an important consideration. For instance, chilled meat must be packaged in materials with low-vapor permeability in order to prevent the loss of moisture. The material must also meet specific gas-permeability levels to preserve the color. Products must be packed reliably, taking into account their nature, the method of transport, and storage temperatures.

The CU Technical Regulation TR TS 005/2011 “On Safety of Packaging” came into force on July 1, 2012, but production and circulation of food products in accordance with the current CU and national requirements of the CU Member States will be allowed until February 15, 2014. Although it refers to safety of all kind of packaging, the CU Technical Regulation TR TS 005/2011 “On Safety of Packaging” contains requirements for food product packaging as well.

CU technical regulations also establish product-specific packaging requirements for specific food products, including fat-and-oil products, juice products, meat products, alcohol products, milk and dairy products, and specialized dietary food products. Some are already adopted <<http://www.tsouz.ru/db/techreglam/Pages/tecnicalreglament.aspx>>, while others are still drafts <<http://www.tsouz.ru/db/techreglam/Pages/ProektVGS.aspx>>. More draft CU technical regulations are expected to become available for public comment in 2013 and will be made available at the following address: <<http://www.tsouz.ru/db/techreglam/Pages/Publichnoeobs.aspx>>.

## **SECTION IV. FOOD ADDITIVES REGULATIONS**

Controls and regulations on food additives are included in SanPiN 2.3.2.1078-01 (Section 9) and SanPiN-2.3.2.1293-03, “Hygienic Requirements for Food Additives.” These rules establish safety requirements for food additives in order to make products safe for human consumption. The total list of allowed food additives consists of several hundred items and is given in Attachments 1, 3, 4, 5, and 6 to the SanPiN 2.3.2.1293-03. Rospotrebnadzor may prohibit or add food additives based on safety tests.

In July 2011, Rospotrebnadzor adopted Amendment No. 25 to SanPiN 2.3.2.1078-01, which excluded microbiological indicators for minced poultry meat products from the sausages subsection and revised microbiological indicators for a number of prepared foods. The Amendment came into force as of February 10, 2012.

In July 2012, the EEC adopted the Technical Regulation of the Customs Union on “Safety Requirements for Food Additives, Flavorings, and Technological Aids” (TR TS 029/2012), which contains a list of food additives allowed for use in food product manufacturing. TR TS 029/2012 will become the main document regulating production and quality of products in the sector of food ingredients and additives when it comes into effect on July 1, 2013. However, production and circulation of products meeting the current CU and national requirements of the CU Member States will be allowed until February 15, 2015.

## **SECTION V. PESTICIDES AND OTHER CONTAMINANTS**

Rosselkhoznadzor examines, approves, and registers pesticides and veterinary drugs, which can be used in Russia. It regulates product registration procedures and the use of officially registered pesticides. The current registry (as of May 2011) is available at <http://www.fsvps.ru/fsvps/laws/1278.html>. The catalogue contains the brand name, name of registrant, date of registration, and expiration date. Chemical agents not listed in this

catalogue are banned from use in Russia and their residue is not allowed in or on imported foodstuffs.

The Federal Service for the Protection of Consumer Rights and Human Well-Being of the Government of the Russian Federation (Rosspotrebnadzor) is responsible for setting tolerances of pesticides, veterinary drugs, and other contaminants in food. However, Rosselkhoznadzor is the primary enforcer of such tolerances in imported food and agricultural crops at the border.

Russian tolerances are based on CU Commission Decision No. 299. Section 1 in Chapter II of Decision No. 299, "Requirements for Safety and Nutritional Value of Food Products," provides maximum tolerances for food. Additional tolerances can be found in SanPiN 2.3.2.1078-01, "Hygienic Requirements for Safety and Nutritional Value of Food Products." Section 15 in Chapter II of the CU Commission Decision No. 299, "Requirements for Pesticides and Agrochemicals," provides maximum tolerances for soil, air, water, the human body, and agricultural products.

Roselkhoznadzor requires exporters to provide information on the pesticides used during the growing and storing of plant products, the date of the last treatment, and on the residue levels of pesticides in these products. The information may be in the form of a letter from the producer, from the producers' association, etc. There is no standard form, but Roselkhoznadzor developed a sample form of a letter (declaration) in Russian on pesticides (see Attachment I).

## **SECTION VI. OTHER REGULATIONS AND REQUIREMENTS**

### **Licensing**

#### ***Tariff Rate Quotas (TRQs)***

In order to bring a product into the Russian Federation at the in-quota tariff rate for beef, pork, poultry, and whey, it is necessary for the importer to secure a license. Russia's Ministry of Industry and Trade (MIT) issues this license. The MIT reviews license applications within 5 days of submission and then issues the licenses. Licenses are to be obtained annually or each time the volume of the imported product increases.

#### ***Alcohol***

With Russia's entry into the World Trade Organization on August 22, 2012, alcohol import licenses are no longer required.

The Federal Service for Regulation of the Alcohol Market (known as Rosalcoholregulirovaniye or FSR) also issues wholesale/activity licenses for a maximum of five years. Since January 29, 2010, the state tax of 500,000 Rubles (\$16,000) should be paid for issuance of an alcohol wholesale license. In order to obtain a wholesale license, the importer/distributor must meet more than 100 detailed requirements laid out in Russia's national standards and the Technical Conditions for Storage of Alcohol (FSR Order No. 59n of October 26, 2010). All importers of alcohol products must have a wholesale license in order to obtain the necessary excise stamps and to produce or distribute and store alcoholic products.

## Excise Stamps

### *Alcohol*

The importer is responsible for marking imported alcohol products with excise stamps before the products enter the Russian Federation. Before receiving excise stamps, importers must receive a bank guarantee that shows that they have the funds available to pay for: excise stamps, VAT (18%), customs duties, and excise duties. Since the strip stamp application process does not include information regarding the customs value, the Federal Customs Service determines the amount of the bank guarantee based on the type of product and volume to be imported. Then, the importer must provide for registration of the imported alcohol product in the Unified State Automated Information System (UFAIS), as well as print data about the alcohol product on the excise stamps, procure such stamps, and attach them to the consumer packaging. The importer bears responsibility for the authenticity of the data as well as for the correctness of their placement on the excise stamps. However, the supplier is responsible for providing the importer with correct information. The following data are placed on the excise stamp, much of the data being provided by the exporter:

- Name of the alcoholic product;
- Type of alcoholic product;
- Ethyl alcohol content;
- Volume of the alcoholic product in consumer packaging;
- Name of producer of the alcoholic product;
- Producer's location;
- Country of origin of the alcoholic product;
- Confirmation of correspondence of the established requirements of quality and safety;
- Confirmation of lawfulness of use on the alcoholic producer's trademark, guarded in the Russian Federation; and
- Other data in accordance with Article 12 of Federal Law 171 On state regulation of production and handling of ethyl alcohol, alcoholic products and alcohol containing products.

In 2012, Russia passed two Resolutions (RF Government Resolutions No.775 (amending RF Government Resolution No.786 of Dec 21, 2005) and No.776 (amending RF Government Resolution No.886 of Dec 31, 2005) both dated July 27, 2012) that introduced new excise stamps, which became available after January 1, 2013. The strip stamp requirement covers all alcohol products (except beer and beer drinks), including products below 9 percent alcohol by volume (abv).

### *Products under sanitary-epidemiological control*

CU Commission Decision No. 299 of May 28, 2010, and its amendments define the products subject to sanitary-epidemiological control. To clear customs, these products must be accompanied by documents confirming their conformity with Russian standards of safety and quality, i.e. - the state registration and the Declaration of Conformity. To expedite customs clearance procedures, and to reduce the cost of clearance and temporary storage, it is

recommended that the state registration and declaration of conformity of the imported products be conducted approximately one month in advance of the shipment's arrival at customs. To do this, the supplier must provide the following to the importer:

- Product samples of every type and/or name, in sufficient quantities to conduct the sanitary- epidemiological expert examination and certification (samples for testing are not subject to customs fees);
- Contract to supply the product (or data about the contract), the annex to the contract or specifications (or the data about it);
- Documents confirming the origin, safety, and quality of the product (issued by the authorities of the country of origin), manufacturer of the product, the certificate of origin or another document confirming the origin, quality certificate and/or protocols of testing, and analysis;
- and Samples or mockups of the label.

All documents, labels, and markings must be translated into the Russian language, and copies and their translations must be certified in accordance with established procedures.

### *Product Registration*

CU Commission Decision No. 299 establishes the list of products subject to state registration. The list includes the following products, imported to the CU for the first time:

- Soft drinks, alcoholic beverages, including alcoholic products, beer.
- Specialty foods, including baby foods, foods for pregnant and lactating women, dietary products (therapeutic and prophylactic) food products for feeding athletes (hereinafter - Specialty Foods), biologically active food additives or raw materials for their production, and organic products.
- Foods produced using genetically modified (transgenic) organisms, including genetically modified microorganisms.
- Food additives, complex food additives, flavorings, vegetable extracts as flavor substances and raw materials, starter cultures of microorganisms and bacterial starter cultures, technological aids, including enzymes.

Prior to importation, importers must register the products that are subject to sanitary-epidemiological control and are being imported into the CU for the first time. Rospotrebnadzor handles such registration for Russia according to its recently revised Administrative Regulation that came into force as of October 14, 2012. In Russia, the registration replaced sanitary-epidemiological approvals, which could have been used in lieu of registration during the transition period that expired on January 1, 2012. The list of products, the new procedure, and the standard form of state registration can be found at: <http://www.tsouz.ru/db/techregulation/sanmeri/Pages/default.aspx>.

### *Biotech Crops*

Since 2000 the Russian government has required registration of biotechnology crops (events) and has monitored marketing of products derived from products of biotechnology.

Russia currently allows 18 genetically engineered products (crops) to be legally imported into Russia for food use, including 10 corn lines, 4 soybean lines, 1 rice line, 1 sugar beet line, and 2 potato lines. Of these 18 lines, 14 are also registered for feed use, including 10 corn lines and all 4 soybean lines (for details please see Post's GAIN report RS1246 Agricultural Biotechnology Annual 2012). Rosselkhoznadzor's instructions define feed as biotech-free if the product contains 0.5 percent or less of a non-registered biotech product, or if the product contains 0.9 percent or less of any registered biotech products.

### *Alcohol*

Russia's Federal Law 171 of 1995 establishes the legislative groundwork for the production and handling of ethyl alcohol, alcohol products, and products containing alcohol in the Russian Federation, including products with ethyl alcohol content exceeding 0.5 percent by volume of the final product, as well as the production and handling of beer, and the production and handling of natural beverages with alcohol content exceeding 1.5 percent and below 22 percent by volume manufactured from wine materials and produced without fortification with ethyl alcohol. This law delineates special requirements for the production and handling of alcoholic beverages and products containing alcohol. Registration of data about the alcoholic beverages and products containing alcohol in UFAIS, which tracks production and turnover of ethyl spirits, is one of these special requirements. The goal of the UFAIS is to account for and control all distilled beverages in the Russian market and help the GOR collect all alcohol tax revenue. The FSR regulates the UFAIS.

### *Declaration of Conformity*

Pursuant to Russian Government Resolution No. 982, dated December 1, 2009, Russia began replacing the system of mandatory certification of conformity of major consumer goods, including imported food, alcohol, and cosmetics, with a system of declaration of conformity (for more information see GAIN report RS1015 Declaration of Conformity Replaced Certification for Many Products). The move was intended to ease the bureaucratic burden on businesses to allow producers to vouch for their goods based on their own verification.

Customs Union Commission Decision No. 319, of June 18, 2010, partially adopted some of Russia's system for safety assessments, but still allowed for businesses to follow the guidelines of CU Member States, if they prefer. As a result, there is no official unified list covering all goods and products that are subject to mandatory safety assessment (confirmation) for the CU, so both a list approved by the CU Commission Decision 319, and a list approved by the Russian Government Resolution No. 982 (which is more extensive) should be consulted in order to determine whether a product is subject to mandatory safety assessment (confirmation).

In particular, according to the Russian Government Resolution No. 982, declaration of conformity is required for imports of almost all agricultural and food products, including the following products that are exported from the United States to Russia:

- Feeds of plant origin (by products of sugar refining, starch and syrup production, oilseeds crushing, alcohol and brewing production)
- Alcohol products
- Products of meat and poultry processing industries, and egg products

- Feeds of animal origin and mixed feeds
- Fish and fish products, fresh-frozen, salted, cured, etc.
- Sea-food
- Caviar
- Grain and grain products

A similar list approved by the CU Commission Decision No. 319 only requires a declaration of conformity for the following agricultural products:

- Tobacco products
- Animal, bird, and fish feed: compound feed and feed additives (e.g., soy meal, milk powder, etc.)
- Finished food products: fish, coffee, tea, sugar, spices, canned food, sauces and condiments, vegetable oils

According to Russian Government Resolution No. 766, of July 7, 1999, declarations of conformity for imported products shall be drawn up by Russian importers and registered with an accredited certification body in line with the procedures set forth in Resolution No. 766. The following documentation may be used by the importer as a basis for drawing up a declaration of conformity:

- Records of product testing carried out by the producer or importer and/or by a competent laboratory;
- Certificates of conformity or testing records on raw material or component parts;
- Documents required for this type of products (hygienic conclusions, veterinary certificates, certificates of fire safety, etc.);
- Certificates, confirming the system of quality, as well as other documents directly or indirectly assuring the conformity of products with the existing requirements.

Declarations of conformity are usually valid for 3 years and allow importers to mark products with a sign of conformity.

Russian Government Decree No. 942, of September 18, 2012, "On the Procedure for Declaring Conformity of Products Released into Circulation for the First Time," specifies the declaration of conformity, which shall be used to declare conformity of products that are released into circulation on the Russian market for the first time and that are subject to mandatory certification or conformity declaration. For more information please see GAIN report RS1257 New Regulations on Conformity and Labeling of New Products.

#### *Products under veterinary control*

CU Commission Decision No. 317 and its amendments define the products subject to veterinary control: <http://www.tsouz.ru/db/techregulation/vetmeri/Documents/Пр.1%20Единьй%20перечень%20тов.pdf> . This list includes the following categories:



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- Live animals (all animals, including agricultural, domestic, wild, zoo, sea, commercial fur, circus, laboratory animals, etc.), live birds (all birds, including domestic, wild, ornamental, etc.), semen, and embryos
  - All types of meat and meat by-products, including poultry
  - Milk and dairy products
  - Food products of egg-processing
  - Materials of animal origin
  - Feed and feed additives for animals including pet food
  - Fish and sea-products and products of their processing

As of August 22, 2012, the date of Russia's WTO accession, a number of products from the above list, including grains for feed and feeds of plant origin such as oilseed cake and meal, products of milling and oilseeds extraction industries, and some prepared foods such as ice-cream, are no longer subject to veterinary control when exported to Russia.

For the full list of exempt products, see CU Commission Decision No. 810 of September 23, 2011. For additional information, please see GAIN report RS1261 Russia No Longer Requires Veterinary Certificates for Key Imported Feeds of Plant Origin Including Soybean Meal, Grains for Feeds and DDGs.

#### *Veterinary Health Certificate*

Veterinary certificates are generally required for all products subject to veterinary control. Please consult the current FAIRS Export Certificate report for a list of individual certificates.

Export veterinary certificates are replaced at the border with Russian domestic veterinary certificates according to the procedure approved by the Order of the Ministry of Agriculture, No. 422 of November 16, 2006.

#### *Lists of Approved Establishments*

In general, products subject to veterinary control are required to come from establishments identified on approved supplier lists. Rosselkhoznadzor currently maintains such **lists** for the following U.S. commodities:

- Meat and Meat Products
- Feed and Fodder
- Fish and Seafood
- Meat and Meat Products: Beef
- Meat and Meat Products: Pork
- Meat and Meat Products: Sub-products and Fat of Beef
- Meat and Meat Products: Sub-products and Fat of Pork
- Meat and Meat Products: Poultry
- Finished Products: Prepared Meat Products
- Live Animals: Day-Old Chicks
- Live Animals: Hatching Eggs
- Fodder: Feed Ingredients
- Non-Edible Products: Raw Intestines (Casings)

- Food Products: Finished Poultry Products
- Food Products: Finished Beef Products
- Food Products: Finished Pork Products
- Food Products: Finished Mutton Products
- Food Products: Finished Horse Meat Products
- Fodder: Feed for Non-Productive Animals, Bird, Fish
- Meat and Meat Products: Sub-products and Fat of Poultry
- Products Not Requiring a Permit: Feed and Fodder (*This list includes all establishments, which ship feeds in retail packaging, for which import permits are not required. The list was created by Rosselkhoznadzor primarily for the convenience of the CU customs officials at the border.*)

Establishments wishing to be added to the existing lists should contact the appropriate, competent U.S. authority:

- USDA/Food Safety and Inspection Service,
- USDA/Animal and Plant Health Inspection Service, or
- U.S. Department of Commerce/National Marine Fisheries Service.

The Customs Union has indicated that it is “temporarily” exempting the following products from the listing requirement:

- Animals and genetic material;
- Bee products;
- Raw materials of animal origin (skin, hair, raw fur skins, feathers, etc.);
- Animal feed of vegetable origin;
- Food additives of animal origin;
- Composite (containing animal origin components) products; and,
- Gelatin, etc.

Rosselkhoznadzor often issues conditions to source from approved establishments in the import (veterinary) permit. As a result, non-exempt commodities without a list of approved establishments (e.g., dairy) are routinely blocked from entry. Contrary to Russia’s WTO commitment to trim back the listing requirement to permanently exempt products of plant origin, and select processed products of animal origin, including dairy, Rosselkhoznadzor continues to de facto enforce the listing requirement on all such products.

#### *Import Permits*

Permits are required for products subject to veterinary control, except for the following:

- Feed additives for dogs and cats, as well as prepared feeds for cats and dogs, heat-treated at the temperature not lower than +70° C for at least 20 minutes in consumer (manufacturer) packages;
- Hunting trophies that were purchased at retail and underwent the full taxidermy process.

Importers are responsible for applying to Rosselkhoznadzor for the necessary import permits. In 2012, Ministry of Agriculture Order No. 1 (January 9, 2008), which regulated the procedure of the issue of import permits, was replaced by Ministry of Agriculture Order No. 404 (November 7, 2011). The new regulation came into force on January 29, 2012. According to the new regulation, Rosselkhoznadzor is in charge of issuing two kinds of import permits:

- Individual import permits: valid for a calendar year and which specify the foreign supplier, Russian importing company, volume of goods, and border entry point.
- General import permit: valid for a calendar year and which specify the exporting country, border entry points, and exporting establishments. Such permits cover an unlimited number of Russian importers and permit an unlimited volume. General import permits are issued by Rosselkhoznadzor annually, by November 10, for the following year and can cover the following veterinary goods:
  - Ready-to-eat products of livestock origin in industrial packaging;
  - Food additives of animal origin;
  - Biological items for collection, properly treated to guarantee the destruction of agents of animal diseases;
  - Domestic and decorative animals imported as pets (up to 5); and,
  - Veterinary medicines duly registered in the Russian Federation.

On November 9, 2012, Rosselkhoznadzor issued a **list of 2013 general import permits** for 53 countries, including five general import permits for the U.S. covering the following items:

1. Sausage and similar products from meat, meat by-products, or blood; ready-to-eat products prepared on their basis (CU HS Code 1601 00); Other prepared or canned products from meat, meat by-products, or blood (CU HS Code 1602);
2. Ready-to-eat fish and seafood products (CU HS Codes 0305, 0306, 0307, 1604, 1605);
3. Biological items for collection (from CU HS Code 9705);
4. Three to five head of cats and dogs as pets (from CU HS Code 0106); and,
5. Up to five domestic or decorative animals (from CU HS Code 0106, 0301, 0306, and 0307).

#### *Products under Phytosanitary Control*

CU Commission Decision No. 318 of June 18, 2010, approved the “Common List of Regulated Products (Materials, Commodities) Subject to Quarantine Phytosanitary Control.” The list divided products into two groups: regulated products of high phytosanitary risk and regulated products of low phytosanitary risk.

#### *Phytosanitary Certificates*

Imported products of low phytosanitary risk do not require a phytosanitary certificate issued by the exporting country, while high phytosanitary risk products require a phytosanitary certificate from the exporting country.

Phytosanitary certificates are issued for each lot of a product. A lot is a specified quantity (depending on the product) that meets the following requirements:

- the product was manufactured at one facility,
- the entire lot was manufactured during the same month, and
- the entire lot was transported in the same vehicle.

All of the above criteria must be met in order for a product to be described as a single lot. If, for example, products arrive in the same vehicle but were manufactured during different months, separate certificates and packaging descriptions will be assigned.

#### *List of Quarantine Pests*

Ministry of Agriculture Order No. 456 of December 29, 2010, updated the Russian phytosanitary requirements and regulations for imported products of quarantine concern, in accordance with the CU approach and international requirements. Order No. 456 approved two attachments that specified requirements by quarantine pest, by country, and by product groups. The Order confirmed that the Russian List of Quarantine Pests <<http://www.mcx.ru/documents/document/show/15036.77.htm>> remains unchanged, but phytosanitary requirements are made product- and country-specific, in accordance with the customs code of the Customs Union (Annex 1 to Order 456). Annex 2 clarifies requirements for quarantine border control for high phytosanitary risk products (e.g., grain and grain products; planting seeds and planting materials; fresh fruits, vegetables, and nuts; table potato; cut fresh flowers; wood packaging materials) as well as low phytosanitary risk products. GAIN report **RS1102 Russia Updates Quarantine Regulations of Imported Products** provides detailed information on Order No. 456 and the list of quarantine objects that shall be controlled in products imported from the United States.

## SECTION VII. OTHER SPECIFIC STANDARDS

### Specific Standards for Meat and Poultry Products

Meat and poultry export requirements are frequently revised. Please consult the current requirements at [http://www.fsis.usda.gov/Regulations\\_&\\_Policies/Russia](http://www.fsis.usda.gov/Regulations_&_Policies/Russia)

As of January 2013, exporters are cautioned that Russia may reject pork, beef, pork by-product, or beef by-product shipments and temporarily restrict exporting establishments if ractopamine residues are detected in exported product.

### Specific Standards for Marine Products

A label in the Russian language must contain information in accordance with the requirements of GOST R 51074 – 2003:

- Title (name) of the product (commodity name or biological name);
- Fishery location;
- Length and weight of fish (large, medium, small);
- Type of cutting (de-headed, eviscerated, sheet, pieces, etc.);

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- Type of processing (salted, smoked cured by drying, etc.);
  - Level of saltiness (lightly-salted, slightly-salted, medium-salted, strongly-salted);
  - Name and location of the manufacturer [legal address including the country, if it is different from the legal address, then the address (addresses) of the production facility (facilities)] and the organization in the Russian Federation that is authorized by the manufacturer to accept claims from the customers on its territory;
  - Trademark of the manufacturer (if available);
  - Net weight;
  - Nutritional value, vitamin content;
  - Storage conditions;
  - Period of time spent in storage for both live and frozen fish, for non-fish fishery subjects;
  - Shelf life (use by date) for the foodstuffs included into the list of products adopted by the government of the Russian Federation, which are considered to be unfit for being used in accordance with the purpose upon completion of the term;
  - Date of manufacture and date of packing [date, month, year (date, month and hour of completion of the technological process for special perishable products)];
  - Composition of the product, including all food additives, flavorings, biologically active food additives, ingredients of the products having a non-traditional composition;
  - Information about conformity confirmation (when the certificate of Conformity is available);
  - Technique and conditions to manufacture ready to consume dishes (for semi-finished products/convenience food);
  - Vacuumed packed (when vacuum packaging is used); and
  - Location of the fishery area, length and weight of fish, type of cutting, type of processing, level of saltiness, composition of the product, and information on the preparation technique and/or consumption is indicated when required.

On April 21, 2010, the Chief Sanitary Officer of the Russian Federation approved Amendment No. 17 to SanPiN 2.3.2.1078-01, “The Hygienic Requirements for Foodstuff Safety and Nutritional Value”, with regard to fish and fish products. The sanitary rules are meant to improve the quality of frozen fish and products, specify weight of glaze applied on different categories of seafood, and provide the consumer with more detailed information regarding the product. Please refer to GAIN RS1027 Amendments to the Russian Sanitary and Labeling Requirements for Fish for more details.

Currently, the following national standards regulate consumer indices of the products in a particular group:

- GOST R 51493-99, Frozen eviscerated and uneviscerated fish. Specifications;
  - GOST R 51494-99, Frozen fillets of oceanic and marine fish. Specifications;
  - GOST R 51495-99, Frozen squid. Specifications;
  - GOST R 51496-99, Frozen raw, partially and fully cooked shrimps. Specifications;
- and,

- GOST R 51497-99, Fish, crustaceans, and cuttlefish. Size categories.

Other imported goods from fish and seafood must meet quality indices in accordance with interstate standards accepted in the CIS countries:

- GOST 1368-91, Fish, all types of processing, length and weight;
- GOST 24896-81, Live fish, technical specifications;
- GOST 814-96, Chilled fish, technical specifications;
- GOST 30314-95, Frozen scallop fillet, technical specifications.

### **Specific Standards for Wine, Beer and Other Alcoholic Beverages**

There are many acts of legislation covering alcohol, however the principal laws and legislative acts regulating Russia's alcohol imports (in addition to those indicated in Section I of this report) are:

- Resolution of the Government of the Russian Federation No. 866 of December 31, 2005, "On Labeling Alcohol Products with Excise Stamps" (as amended through July 27, 2012);
- Resolution of the Government of the Russian Federation No. 786 of December 21, 2005, "On Excise Stamps for Labeling Alcohol Products" (as amended through July 27, 2012);
- Federal Law No. 203 of November 29, 2012 "Amendments to articles 181 and 193 of Tax Code - excise rates for alcoholic beverages for 2013";
- Resolution of the Government of the Russian Federation No. 872 of December 31, 2005, "Certification Attached to the Shipment Customs Declaration" (as amended through May 2, 2012);
- Resolution of the Government of the Russian Federation No. 55 of January 19, 1998 (as amended through October 4, 2012);
- Resolution of the Government of the Russian Federation of February No. 154 of February 24, 2009, "On the Federal Service for Regulation of the Alcohol Market" (as amended through August 9, 2012);
- Order of the Federal Service for Regulation of the Alcohol Market No. 59n of October 26, 2010, "Technical Conditions in the Sphere of Production and Turnover of Alcoholic and Spirits- Containing Production as regards Storage of Alcoholic and Spirits-Containing Production, Packed in Consumer Package";
- Resolution of the Government of the Russian Federation No. 815 of August 9, 2012, "On Providing Declaration on Volume of Production, Circulation, and/or Usage of Ethyl Spirit, Alcoholic, and Alcohol-Containing Products, on Usage of Production Capacity";
- Resolution of the Government of the Russian Federation of August 25, 2006, No. 522, "Functioning of the Unified State Automated Information System for Accounting Volume of Production and Turnover of Ethyl Spirit, Alcoholic and Alcohol-Containing Products" (as amended through July 13, 2012);

- Federal Law No. 38 of March 13, 2006 “On Advertising” (as amended through July 28, 2012);
- Resolution of the Chief Medical Officer of the Russian Federation No. 46 of June 29, 2009, “On Supervision over alcohol products”.

Key Russian national standards for alcohol are:

- GOST R 51074-2003 – Food products. Information for consumer. General requirements - part 3, wine - 4.17, beer - 4.18.4, vodka and strong alcohol products - 4.19;
- GOST R 52194-2003 - Vodkas & Special Vodkas, Liqueur and Vodka Products. Packaging, labeling, transportation and storage;
- GOST R 52523-2006 – Table wines and table wine stocks. General Specifications;
- GOST R 51174-2009 – Beer. General Specifications.

In addition to the general information required for a majority of all imported alcohol products, the following specific requirements apply:

- For beer - The type of beer (light, semi-dark, dark), the value of alcohol by percent (except for non-alcoholic beer and special beer with aromatic and flavored additives), the minimum percentage of ethyl alcohol by volume, bottling date, the composition of the primary raw materials used to manufacture the beer, and the nutritional value must be on the label.
- For wine - In addition to the name and address of the producer, and the organization in the Russian Federation that is authorized to accept claims from the consumer in Russia (if available), the facility that bottled the wine, bottling date or the date it matures (for sparkling wines that age in bottles); the percentage of ethyl alcohol by volume, the mass concentration of the sugars (except for dry wines) should also be indicated. For sparkling wines, flavored wines, and ciders, classification based on the sugar content; the year of harvest (for controlled appellation wines based on the location, as well as for mature wines prepared from the grapes harvested during one year); the expiration date for wine in which the percentage ethyl alcohol by volume is less than 10%, and nutritional value should be indicated on the label as well.
- For alcoholic beverages - The volume of ethyl alcohol, concentration of sugar (if sugar is in the formulation) by mass, bottling date, the composition (including the list of the primary ingredients influencing the taste and the aroma of the product), the expiration date for beverages in which ethyl alcohol by volume is less than 10 percent.

As of February 1, 2007, a mandatory warning must be displayed on the label about the health risks of excessive alcohol consumption.

Russian regulatory documentation requirements are more prescriptive than those of the Customs Union for particular quality and safety indices of alcohol products. For example, the following information is required:

- Content of methanol, fusel oils, aldehydes, and esters in cognac and brandy;

- Volume of iron in cognac/brandy;
- Volume of total sulfur dioxide, citric acid, reduced extract in wines, in addition to exclusive requirements for the absence of sediment (deposits) in wines (crust on the walls of the bottle or on the bottom of the bottle is only acceptable in special collection wines); and
- Content of preservatives and microorganisms in beer and other low alcohol beverages.

Information about the state registration and declaration of conformity obtained is entered into a document attached to the shipment's customs declaration that is required for alcohol products to enter Russian territory. This document also contains information about excise stamps. When buying and shipping ethyl alcohol (including denatured alcohol), if a non-consumer packaged product contains alcohol, and the ethyl alcohol content makes up more than 60 percent of the final product, one must obtain an additional document. This document contains a reference to the number of the Russian national technical regulation or technical specifications with which the product must comply. The Customs Union has drafted a Technical Regulation on the "Safety of Alcoholic Beverages" (TR), which has already gone through the public comment period and now is pending Member State approval. The TR sets unified mandatory requirements for alcoholic products and its processes of manufacturing, storage, transportation, disposal and recycling, as well as mandatory requirements to terminology, packaging, labeling, ensuring product safety and preventing action misleading consumers, and systematizing the provisions of the regulations of the CU Member States.

## **SECTION VIII. COPYRIGHT AND/OR TRADEMARK LAWS**

Russian intellectual property (IP) legislation consists for the most part of the Civil Code of the Russian Federation, specifically Part Four ("Part IV of the Civil Code") put into force in 2008 by Federal Law No. 230-FZ, dated December 18, 2006. Part IV of the Civil Code along with Federal Law No. 231-FZ, dated December 18, 2006, "On Enacting Part Four of the Civil Code of the Russian Federation" (the "Enactment Law"), have replaced or amended accordingly all preceding individual IP laws. Part IV of the Civil Code represents a codification of pre-existing IP laws, which have been compiled as respective chapters in Part IV of the Civil Code, partially unaltered, with just certain instances where significant amendments have been made. Parts I-III of the Russian Civil Code also set out certain general provisions pertaining to legal protection of IP rights. Part IV covers a broad range of IP-related goods and activities, which are subject to the same principles of protection and sanctions in the case of infringement in compliance with international treaties and practices, in particular the WTO Trade-Related Intellectual Property Agreement (TRIPS). Any foreign legal entity or individual may seek protection for its/his/her intellectual property rights in Russia, provided that the requirements of the law are satisfied. Russia is a signatory to major international treaties on intellectual property rights, including the Universal Copyright Convention, the Paris Convention for the Protection of Industrial Property, the Madrid Agreement on the International Registration of Trademarks, the Protocol to the Madrid Agreement, the Singapore Treaty on the Law of Trademarks, and the WIPO Copyright



Treaty. Trademarks are governed by Chapter 76 of Part IV of the Civil Code. The provisions regulate registration and protection of trademarks (including well-known marks), service marks, firm names, and appellation of origin/ geographical indications. Infringement of rights to a trademark, service mark or appellation of origin of goods may entail civil, administrative or criminal liability.

## **Trademarks and Service Marks**

Under Part IV of the Russian Civil Code, trademarks (service marks) are designations individualizing goods or services of legal persons and individual entrepreneurs. Legal protection of trademarks and service marks is granted by virtue of their registration with Russia's Federal Service for Intellectual Property (Rospatent) or by virtue of international registration under the international agreements to which the Russian Federation is a party. A mark may be represented by a word or words, pictures, three-dimensional signs, and other designations or combinations thereof. A trademark may be registered in any color or color combination. Trademark and service mark protection is granted for ten years from the filing date of the application, and may be renewed during the last year of its validity for subsequent ten year period. Trademark and service mark registration is cancelled if its term expires without having been renewed. Trademark and service mark legal protection may be terminated upon a request from an interested party in respect of all or part of the respective goods and services due to non-use of the trademark or service mark during any continuous three year period counted from the registration date. Assignments and licenses of trademarks and service marks must be registered with Rospatent. In the absence of such registration, they are deemed null and void.

## **Appellation of Origin of Goods**

An appellation of origin of goods is a name constituting or containing a current or historical denomination of a country, settlement, locality or other geographic unit (hereinafter referred to as a "geographic unit") or a derivative of such denomination that has become known as a result of its use with respect to goods the specific features of which are mainly or exclusively determined by natural conditions or human factors which are characteristic of such geographic unit. A designation which, through representing or containing the name of a geographic unit, has entered in the Russian Federation into the public domain as a designation of goods of a certain type (has become generic) not connected with the place of production thereof shall not be recognized as the appellation of the origin of those goods. Legal protection is given to an appellation of origin of goods based on its registration with Rospatent. An appellation of origin of goods may be registered in the name of one or more persons. The person or persons that have duly registered an appellation of origin of goods obtain the right to use such appellation, provided that the goods manufactured by such person(s) satisfy the criteria mentioned above. The right to use an appellation of origin of goods may be granted to any legal entity or individual, which produces goods with the same specific features within the same territory. The term of protection is granted for ten years

from the date of filing the application, and may be renewed for subsequent ten year period. The owner may not grant licenses for use of the appellation of origin of goods.

## **SECTION IX. IMPORT PROCEDURES**

It is recommended that the importer, with the help of up-to-date information sources, checks all import documents closely and does not violate Russian law and Russian agencies' product-specific regulations, including rules that change due to CU and WTO accession.

While the formation of the CU is expected to ultimately allow performing customs clearance of imported goods on the external border of the Customs Union, currently, during a transitional period as defined by Article 368 of the CU Customs Code, the CU customs declaration is based on the "residency principle", i.e. the applicant shall submit a customs declaration only to specific customs bodies of the country where the applicant is registered or permanently lives in the CU. The residency principle will apply until entry into force of a relevant international agreement between the CU member states allowing the presentation of the goods declaration to any customs office in the CU.

Meanwhile, the goods that are supplied into Russia through Kazakhstan and Belarus are placed under the transit customs regime at the external border of the Customs Union and are finally released for free circulation by the Russian customs authorities. It is recommended that customs clearance be carried out by an agency located in the country where the customs clearance must be performed, or at least by a representative of this party *in situ*.

Import permits are issued in the name of physical or legal entities that are officially registered in the territory of the Russian Federation with the Russian tax authorities. Typically, a product's exporter handles export customs-clearance and the product's importer handles import customs-clearance.

### **CU Classification of Commodities and Customs Tariff**

All imported commodities are classified in accordance with the Codes of the Customs Commodities' Nomenclature of the Foreign Economic Activity of the Customs Union. In July 2012, the EEC approved a revised CU tariff schedule, which was adjusted to reflect Russia's WTO tariff commitments and which resulted in immediate tariff reductions for some key U.S. exports, such as pork. (For more information on CU tariff reductions following Russia's WTO accession please see GAIN report RS1215 Market Opportunities for Key U.S. Products in Russia.) The descriptions of the new edition of the Nomenclature and the CU Customs Tariff, applied as of August 23, 2012, can be found online at: <http://www.tsouz.ru/db/etttr/ettwto/Pages/default.aspx>. The CU codes are similar, but not identical to the U.S. Customs Service Harmonized Code numbers. The new CU Commodity Codes are based on the HS Nomenclature 2012 Edition.

## Customs Payments

Customs duties, fees, and the value-added tax (VAT) are usually paid in advance to avoid delays in customs clearance. Customs duties, payments, and taxes depend on the type of product and are calculated based on the customs value of the product. The customs value of goods imported into the CU, which is used as a basis for calculation of the import custom duties and taxes, includes the cost of goods, insurance costs and transportation costs on transportation of the goods to the customs border. Depending on the actual circumstances, including contractual arrangements, an importer may in addition have to include royalties (payable for the right to use trademarks and other IP rights in order to resell the goods) or other income into the customs value of those goods, provided that the importer must directly or indirectly (e.g., via third parties) pay those royalties, other license fees and/or other income as a direct consequence of importation of the goods being valued at customs. Traders should use the CU Customs Tariff and the Russian Tax Code to calculate customs duties and fees. Customs duties, fees, and payments are calculated based on rates from the customs value of the goods and are assigned while developing the consignment's customs declaration. Tariff rates are subject to change, so importers and exporters should monitor amendments to the tariff schedule. Customs clearance fees are established by the Russian Government Decree No. 863 of December 28, 2004 (as amended through December 12, 2012). As of the date of Russia's WTO accession, Decree No. 863 was amended to cut maximum customs clearance fee from 100,000 rubles (approx. \$ 3,300) to 30,000 rubles (approx. \$ 1,000).

Approximately three days before the shipment is due to arrive, the importer must transfer money into a designated bank deposit to pay for customs fees and taxes based on the shipment's value.

## Customs Clearance

Customs clearance usually occurs at the point of destination and typically takes between 2 and 4 days. In Russia, imported goods may not be legally released for free circulation until the customs authority authorizes the delivery (entry) of the goods into mainland Russian territory, confirmed by a special ("vypusk razreshyon" - release granted) stamp of the customs authorities placed on the customs declaration. Imported goods are normally cleared at customs either before their shipment to Russian customs territory or at the time the goods reach the designated customs house/post (and are placed in a special temporary customs warehouse, if needed). Customs clearance is normally completed by the importer filing the appropriate documents. The main document required for customs clearance is the customs declaration, which should be filed by the importer (or a customs agent acting on its behalf). The importer is also required to submit the following documents:

- A customs declaration;
- Documents confirming the authority of an entity or individual(s) to represent the importer/exporter before the customs authorities (e.g., customs broker agreement or power of attorney);
- Documents confirming the legal capacity of the entities, data on which is indicated in the customs cargo declaration, to operate on Russian territory (e.g., statutory

documents, the accreditation certificate of the branch or representative office of a legal entity, the passport (ID) of an individual, the state registration certificate of a legal entity or individual entrepreneur, etc.);

- Relevant tax registration documents of such entities;
- Supporting documentation with respect to the declared customs value of the goods (e.g., foreign trade contract, payment documentation, exporter's official price lists, etc.);
- A foreign-trade contract and/or other commercial documents relevant to the products being declared, as required for the selected customs regime (e.g., commercial invoice from the supplier/exporter, shipping documentation, e.g. for sea transportation – the Bill of Lading, for vehicle transportation - CMR);
- A “transaction passport” for the foreign-trade contract, which is a currency control document issued by the importer's Russian bank (the Russian importer would have to provide the supply contract with its foreign supplier to its local bank for the purposes of opening and registering the “transaction passport”);
- Documents proving the right to apply tariff preferences or tax benefits, if any;
- A country of origin certificate;
- A certificate of conformity, declaration of conformity, sanitary registration certificate;
- Supporting payment documents proving that the relevant customs payments have been made (e.g., cash payment orders, other payment documentation);
- Documents proving the provision of security for making customs payments; other guarantees, if required (if customs payments have been made in full for the customs clearance of imported products, this provision would not be applicable);
- Transportation documents for international carriage of goods;
- A phytosanitary certificate and/or veterinary health certificate, if applicable; and,
- Other certificates and licenses, if required.

These documents must be issued in the name of the importer and must be in the Russian language. The above is a general list of the documents required for the customs clearance of goods under any customs regime declared for importation into Russia; the list of the required documents may be expanded for a given customs regime. At the request of the customs authorities, the importer should also present additional documents relevant to the importation at issue. By law, the customs clearance of goods in Russia should be performed within one day after the importer has submitted, and the Russian customs authorities have accepted, all the required documentation. However, because the moment when this term starts running is controlled by the customs authorities, in practice the customs clearance process may take longer than the statutory term. According to the Customs Code of the CU, the customs clearance of goods is shortened to just one day after receipt of the customs declaration (under the Russian Customs Code the goods should have been cleared within 3 days). At the same time, the legislation provides for the right of a customs inspector to extend that term by up to ten days at his/her discretion.

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## Pre-Arrival Submission

CU Commission Decision No. 899 of December 9, 2011, <[http://www.tsouz.ru/KTS/KTS33/Pages/R\\_899.aspx](http://www.tsouz.ru/KTS/KTS33/Pages/R_899.aspx)> mandates a pre-arrival submission of information about goods imported into the CU customs territory by automobile transport two hours prior to the good's arrival. This requirement came into force on June 17, 2012. The scope of a pre-arrival submission is as follows:

- The sender, recipient of the goods in accordance with the transportation (shipment) documents; their names and addresses;
- The seller and the buyers of the goods in accordance with the commercial documents of the carrier;
- Country of origin, country of destination;
- The declarant;
- The carrier, its name and address;
- The vehicle of international transport, which carried the goods, or its state registration;
- The name, quantity, value of goods in accordance with the commercial, transportation (shipment) documents;
- Code of the goods in accordance with the Harmonized Commodity Description and Coding System or the Nomenclature of Foreign Economic Activity of the Customs Union for at least the first six digits;
- Gross weight or volume of goods, as well as the quantity of goods in additional units (if such information is available) for each code of the Nomenclature for Foreign Economic Affairs of the Customs Union or the Harmonized Commodity Description and Coding System;
- The number of packages; their labeling and types of packaging;
- The destination of the goods in accordance with the transportation (shipment) documents;
- Documents confirming compliance with the restrictions associated with the movement of goods across the customs border of the Customs Union, if such movement is permitted;
- Planned transshipment of goods or cargo operations in a way;
- Time and place of arrival of goods into the customs territory of the Customs Union.
- Availability of goods whose import into the customs territory of prohibited or restricted;
- Place and date of drawing up international commodity transport bill of lading.

## Typical Errors When Supplying Foodstuffs to Russia

Listed below are Russian authorities' most common reasons for prohibiting or suspending suppliers' imports of controlled products to Russia:

- Documentary discrepancies (e.g. incorrect veterinary certificate; incorrect information in the veterinary certificate, including incorrect name of products or facilities, incorrect vehicle or facility or seal number, incorrect dates of production, incorrect number of packages or weight, missing facility information, missing stamp or signature of the approving veterinarian, unendorsed amendments in the veterinary certificate);
- Absence of an import permit;
- Imports from uncertified (unapproved) facilities;
- Missing original veterinary certificate (products are accompanied only by a copy of the veterinary certificate);
- Absence (non-conformity) of labeling; and,
- Non-conformity with sanitary-hygienic requirements.

Sometimes imports are detained because importers (legal entities, individual entrepreneurs) do not request official information from the producer about the safety of the product, including the use of pesticides, the contracts signed to supply the food products do not spell out the requirements for labels in the Russian language; and/or how potentially dangerous products can be returned to the supplier. Other problems include price discrepancies and/or failure to pay fees. Exporters should be prepared for requests for the following documents from importers:

- For food materials of plant origin – information about pesticides used when growing the plants, fumigation of the premises, storage methods for pest control, etc.;
- For food materials of animal origin – information about the use of veterinary preparations indicating the name and the withdrawal period;
- Documents confirming the quality and safety of products for human consumption; and,
- Consignment layout showing how the transportation vehicle was loaded (e.g., on pallets).

## **APPENDIX I. GOVERNMENT REGULATORY AGENCY CONTACTS**

1. Federal Service for Veterinary and Phytosanitary Surveillance (Rosselkhoznadzor)  
107139 Moscow, Orlikov per., 1/11  
Tel: 011 7 (499) 975-4347  
Fax: 011 7 (495) 607-5111  
<http://www.fsvps.ru>  
Rosselkhoznadzor reports to the Ministry of Agriculture: <http://www.mcx.ru/>
2. Federal Service for Protection of Consumer Rights and Human Well-Being (Rospotrebnadzor) Moscow, Vadkovskiy per. 18, bld. 5 and 7  
Tel: 011 7 (499) 973-2690  
e-mail: [depart@gsen.ru](mailto:depart@gsen.ru)  
<http://www.rospotrebnadzor.ru/>  
Rospotrebnadzor Testing and Registration Center

Moscow, Leningradsky prospect 62

Tel: 011 7 (499) 151-3223, (985) 110-6886, (916) 258-0993

<http://www.crc.ru/>

Rospotrebnadzor reports to the Government of the Russian Federation:

<http://www.government.ru/en/>

3. Federal Agency for Technical Regulation and Metrology (Rosstandart) Moscow, Leninskiy Prospekt, 9  
Tel: 011 7 (499) 236-0300  
Fax: 011 7 (499) 236-6231, 237-6032  
<http://www.gost.ru/wps/portal/>  
Rosstandart reports to the Ministry of Industry and Trade: <http://www.minpromtorg.gov.ru/>
4. Federal Service for Regulation of the Alcohol Market (Rosalkoholregulirovniye) 125993, Moscow, Miusskaya pl. 3, bld. 4  
Tel: 011 7 (495) 662-5052  
Fax: 011 7 (499) 251-8305 e-mail: [info@fsrar.ru](mailto:info@fsrar.ru)  
<http://fsrar.ru/>  
Rosalkoholregulirovniye reports directly to the Government of the Russian Federation: <http://www.government.ru/en/>
5. The Federal Customs Service of Russia (FTS) 121087, Moscow, Novozavodskaya ul. 11/5  
Tel: 011 7 (499) 449-7771, 449-7675  
Fax: 011 7 (495) 913-9390, (499) 449-7300  
<http://eng.customs.ru/>  
FTS reports directly to the Government of the Russian Federation: <http://www.government.ru/en/>
6. Eurasian Economic Commission  
Moscow, Smolensky blvd., 3/5; Yakovoapostolsky per. 12, bld. 1  
Tel./Fax: 011 7 (495) 604-4038  
e-mail: [info@tsouz.ru](mailto:info@tsouz.ru)  
<http://www.tsouz.ru>

## **APPENDIX II. OTHER IMPORT SPECIALIST CONTACTS**

### **Certification Bodies**

- VNIIS –certification/declaration of conformity  
All-Russian Scientific-Research Institute for Certification (VNIIS)  
Electricheskiy per. 3  
Moscow

Tel. 011 7 (499) 253-0488, 253-0196, 253-0124, 253-0288 <http://www.vniis.org>

- VGNKI - Russian State Agricultural Research Institute of Control, Standardization, and Certification of Veterinary Substances  
Moscow, Zvenigorodskoye Shosse 5  
Tel./fax: 011 7 (495) 982-5084  
<http://www.vgnki.ru>
- ROSTEST– all procedures for quality control and safety control  
“Rostest - Moskva”, Russian Center for Test and Certification, GOSSTANDART  
Nakhimovsky prospect, 31  
117418 Moscow  
Tel. 011 7 (495) 544-0000  
<http://www.rostest.ru/>
- REA-TEST  
Stremyanniy per., 36/2, office 141  
117997, Moscow  
Tel. 011 7 (495) 958-2939  
e-mail: [rea-test@rambler.ru](mailto:rea-test@rambler.ru)  
[http://www.rea.ru/Main.aspx?page=Organ\\_sertifikacii\\_REHA\\_TEST](http://www.rea.ru/Main.aspx?page=Organ_sertifikacii_REHA_TEST)
- PRODEKOTEST  
Kozhevniceskaya ul., 1a  
Moscow  
tel. 011 7 (495) 235-7390
- ROS-TEST, St. Petersburg  
3, Babushkina Str., office 525  
St. Petersburg  
Tel.: 011 7 (812) 923-8223  
Fax: 001 7 (812) 335-0511  
[www.ros-test.ru](http://www.ros-test.ru)



**Attachment I: Sample Declaration of Safety of Food Products of Plant Origin**

(the letter shall be in Russian, the courtesy translation is FAS Moscow's):

Декларация Безопасности пищевой продукции растительного происхождения, поставляемой в  
Российскую Федерацию согласно норм, касающихся остаточного содержания пестицидов.

Нитратов и нитритов, установленных российским законодательством

Declaration of Safety of Food Products of Plant Origin (of Phytogenesis) Delivered to the Russian  
Federation According to Norms, Concerning Pesticides Residues, Established by the Russian  
Legislation

Наименование и адрес экспортера/

Name and address of the exporter \_\_\_\_\_

Наименование и адрес получателя/

Name and address of the receiver \_\_\_\_\_

Продукция, поставляемая транспортом/

The products supplied by transport \_\_\_\_\_

По Фитосанитарному №/by phytosanitary certificate

No. \_\_\_\_\_

Обработывалась защитными средствами из нижеперечисленного списка/  
have been treated with the plant protection products listed below:

Product name	Country	Quantity	Netto weight, kg	Brutto weight, kg	Pesticides (plant protection products)	Active ingredient	Date of application	Content of active ingredient in products mg/kg DOSAGE
Examples:								
Grapes					Stroby	Kresoxim methil	Oct. 10	<0.5 ppm 0.7 -?/ha
Grapes					Success 48	Spinosad	October 25	<0.5 ppm 100 cc/ha

Подпись/Signature \_\_\_\_\_

Печать/Stamp \_\_\_\_\_

Дата/Date \_\_\_\_\_



*Chapter 11*

## **RUSSIAN FEDERATION: EXPORTER GUIDE\***

*Olga Kolchevnikova and Alla Putiy*

### **SECTION I. MARKET OVERVIEW**

#### **Opportunities for Future Growth**

Russia is one of the fastest growing economies in Europe with approximately 143 million consumers who have developed a strong appetite for quality, Western food products in recent years. Rising incomes and a growing middle class have particularly fueled demand for packaged food, as well as more casual dining options in the foodservice industry. These trends ultimately present great opportunities for U.S. food and beverage exporters looking to enter the large and increasingly advantageous Russian marketplace.

After the notable slowdown in 2009, in 2011 the Russian economy finally reached its pre-crisis level. Gross domestic product (GDP) in 2011 totaled \$1,860 billion. This is 4.3 percent growth from 2010 and 0.3 percent growth compared to pre-crisis 2008. The main economic driver for GDP growth in 2011 was increased domestic demand. For example, consumer expenditure per capita totaled \$6,447 in 2011 and is forecast to grow by 5 percent in 2012. According to the Ministry of Economic Development (MED), the GDP is forecast to grow by 3.7 percent in 2012, by 4 percent in 2013, and by 4.6 percent in 2014.

While macroeconomic and consumer expenditure indicators are positive, the indicators for average income are less glowing, and thus presents a challenge to businesses trying to sell to middle-income consumers. In 2011, retail sales amounted to \$654 billion or up 7 percent year-on-year, according to the Russian Federal Statistics Service (Rosstat). Food service sales grew by 6.2 percent and totaled \$31 bn. The share of food products in total retail sales in 2011 was 47.8 percent versus 48.6 percent in 2010. Meanwhile real disposable income growth was a mere 0.8 percent despite an increase in real wages of 3.5 percent. Disposable income per capita totaled \$7,273 in 2011 and is forecast to rise by 4.4 percent in 2012, according to Euromonitor International. The minimum monthly wage in 2011 stood at

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\* This is an edited, reformatted and augmented version of the USDA Foreign Agricultural Service, Global Agricultural Information Network, GAIN Report Number RSATO1204, dated July 6, 2012.

US\$148 (RUB 4,330). The poverty rate in Russia increased by 0.2 percent and amounted to 12.8 percent of the total population. Although the middle-class has grown substantially, the number is still matched by those living in poverty (please see Appendix Statistics, Table A). The income differentiation gap between the top 10 percent and bottom 10 percent of earners at the end of 2011 was estimated to be approximately 16 times. Unemployment was 6.6 percent in 2011, slightly higher than during the pre-crisis period when unemployment was 5.7 percent (2007). In addition, Russia's savings ratio has been falling in recent years. In 2011, savings amounted to 10.4 percent of disposable income but that is expected to fall to 9.9 percent in 2012.

The Russian government continues to focus on fundamental changes in the country's economic structure over the long term. The economy remains heavily dependent on oil and natural gas exports, which account for two-thirds of export revenues. Their goal is to reduce the economy's dependence on the energy sector.

Russia is also taking a huge step toward joining the global economic trading community. The Russian Federation is due to accede to the World Trade Organization (WTO) in 2012. As part of its WTO accession agreement, Russia has committed to reducing and binding import tariffs to all agricultural goods, thereby providing more predictability on its duties once Russia joins WTO. The average tariff for agricultural products will be reduced from current 13.2 percent to 10.8 percent. For more information on market opportunities please see the following report: [http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Market%20Opportunities%20for%20Key%20U.S.%20Products%20in%20Russia\\_Moscow](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Market%20Opportunities%20for%20Key%20U.S.%20Products%20in%20Russia_Moscow)

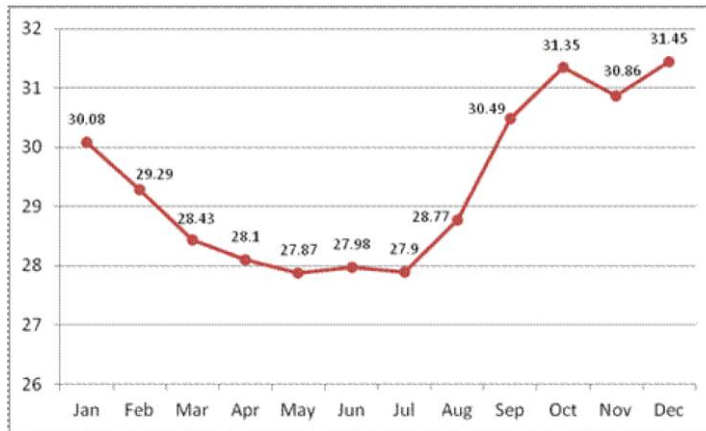
**Table 1. Russia – Economic Activity, 2007-2011**

	2007	2008	2009	2010	2011
Nominal GDP, billion rubles	33,246	41,277	38,807	45,173	54,586
Nominal GDP, billion dollars	1,354	1,410	1,293	1,474	1,860
Real GDP growth, % change y-o-y	8.5	5.2	-7.9	4.0	4.3
GDP per capita, US\$	8,813	11,304	8,682	10,315	16,700
Population, millions	142.1	142	141.9	141.9	142.96
Unemployment, %	5.7	7	8.2	7.5	6.6
Inflation, %	11.9	13.3	8.8	8.8	6.1
Exchange rate (per \$1)	25.58	24.85	31.76	30.36	29.35

Source: Federal State Statistics Service.

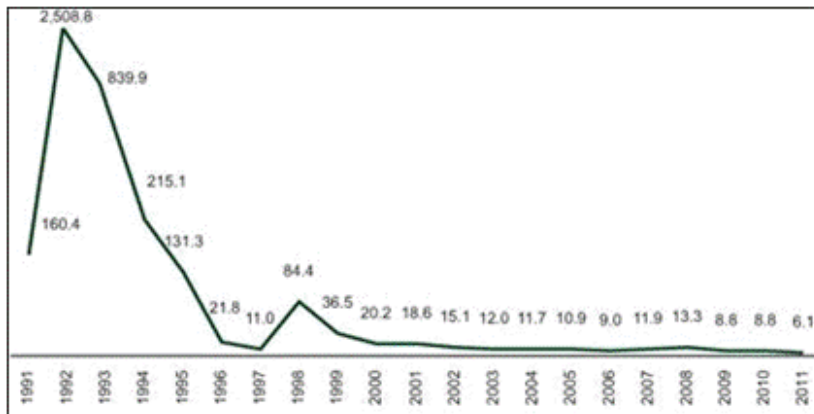
European Russia, geographically west of the Urals, is home to over 75 percent of the total population (143 million people). 74 percent of Russians in 2011 lived in urban areas and over 8 percent of the total population lived in either Moscow (11.6 million people) or St. Petersburg (4.9 million people). There are twelve cities in Russia (e.g. Novosibirsk, Yekaterinburg, Nizhny Novgorod, etc.) with a population of more than one million people. These Russian metropolitan areas also represent the largest retail and Hotel/Restaurant/Institutional (HRI) markets in the country.

The Ruble is still weak against the Dollar and Euro compared to pre-crisis exchange rates and imported food prices have risen respectively. The Central Bank of Russia allows the Ruble to float within a certain band to adjust to market conditions. Figure 1 and 2 below show the exchange rate of U.S. Dollar to Russian Ruble in 2011.



Source: The Central Bank of the Russian Federation.

Figure 1. Russia's Central Bank's exchange rate of \$1 USD to Ruble from January 2011 to December 2011.



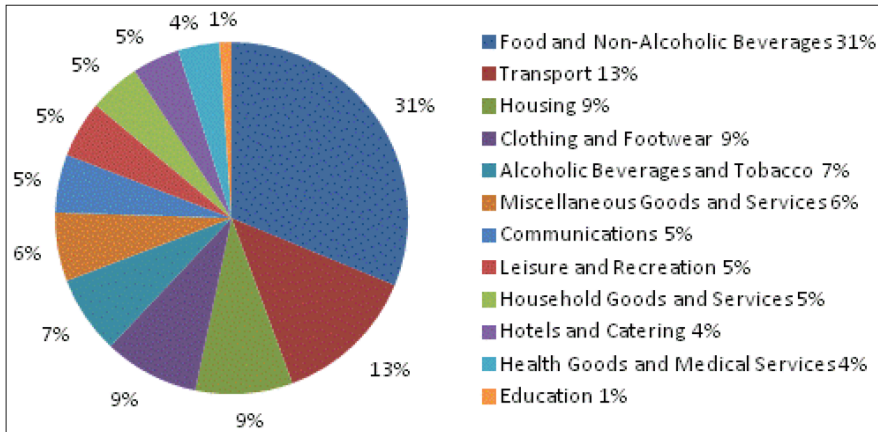
Source: Rosstat.

Figure 2. Consumer price inflation, %, 1991-2011.

Consumer price inflation was the lowest since 1991 and reached 6.1 percent in 2011 (down from 8.8 percent in 2010). However, during the first two months of 2012 inflation reached 0.9 percent. Russian government estimates are that the rate will reach 5-6 percent by the end of the year.

Russia's consumer markets are vast and still fairly undeveloped compared to Western markets, creating numerous opportunities for investors, despite the low disposable incomes and the concentration of wealth in major cities. In the past 15 years, investors in Russia's consumer markets focused almost exclusively on Moscow and St. Petersburg, as the two cities offered a very high concentration of well-off consumers, while the rest of the country was relatively poor. However, as consumer markets in Moscow and St. Petersburg have become increasingly competitive and the population in other important cities, such as Yekaterinburg and Nizhniy Novgorod, has also experienced a notable increase in disposable incomes, more investors are looking into opportunities for investment outside the two main cities.

Consumer spending on food has steadily increased from 2006 through 2011 by 114 percent with an annual growth rate of 17 percent. Approximately 31 percent of consumer expenditure in 2011 was allocated to the purchase of food and non-alcoholic beverages (compared to approximately 12.7% in the United States in 2010), totaling about \$280 billion. Figure 2 shows Russian consumers' expenditures by sector in 2011.



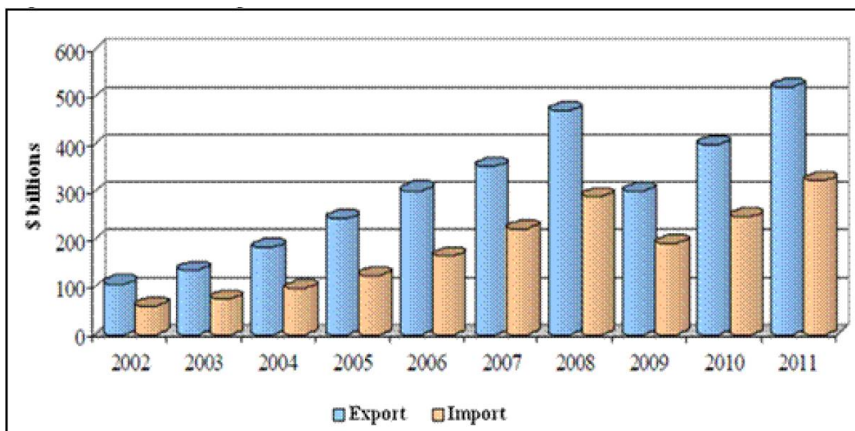
Source: Euromonitor International.

Figure 3. Russia. Consumer Expenditure by Sector in 2011, %.

**Table 2. Import of Agricultural, Fish and Forestry Products to Russia, 2007-2011**

	2007	2008	2009	2010	2011
Agricultural Imports, billion dollars	26.6	34.3	28.3	33.7	40.3
Growth Year on Year, %	28.5	28.9	-17.5	19.1	19.6
5-Year Average Annual Growth Rate, %					15.7

Source: Global Trade Atlas.



Source: Russian Ministry of Economic Development, Rosstat

Figure 4. Russian Foreign Trade Data, 2002-2011.

In 2011, Russian exports and imports reached record volumes which were growing at about the same pace. Export sales increased by 31.5 percent (versus 32.0 percent in 2010) and imports - by 30.0 percent (versus 29.7 percent in 2010).

**Table 3. The U.S. – Russia Bilateral Trade, 2011**

<b>Russian Total Trade</b>	\$822 billion
Exports	\$516 billion
Imports	\$306 billion
Trade Balance	\$210 billion
<b>The U.S.-Russia Trade</b>	\$27 billion
Exports from Russia to U.S.	\$12 billion
Imports to Russia from U.S.	\$15 billion
Trade Balance	\$3 billion
<b>The U.S.-Russia Ag. Trade*</b>	\$1.8 billion
Exports from Russia to U.S.	\$0.2 billion
Imports to Russia from U.S.	\$1.6 billion
Trade Balance	\$1.4 billion

Source: Rosstat, Global Trade Atlas.

\* Note: Agricultural, Fish and Forestry Products.

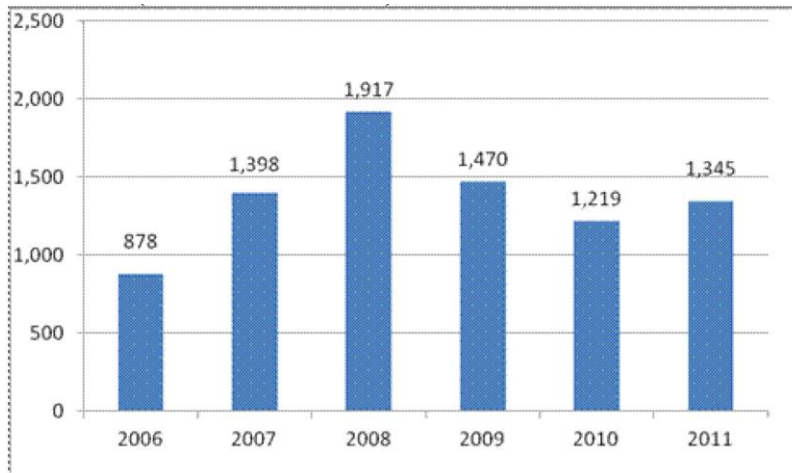
Imports of agricultural products to Russia increased by 19.6 percent compared to 2010 and totaled \$36.3 billion, according to Rosstat. In total, Russia's imports have grown 148 percent since 2005, and demand for imports exceeded pre-crisis level in 2011. This indicates an opportunity for future growth, suggesting U.S. exporters can benefit from further increasing Russian import demand. The U.S. and Russia maintain strong trade relations and cooperate through trade and investment, energy, development and governance, and educational and cultural partnerships. The U.S. is Russia's 5<sup>th</sup> largest import source, and its 10<sup>th</sup> largest export market. U.S. - Russia bilateral trade totaled \$35 billion in 2011, a 25 percent increase from the 2010 total of \$21.6 billion. Russia is among the top export destinations for U.S. agricultural products. Based on U.S. official export data, the U.S. share of agricultural, fish and forestry products in 2011 increased by 8 percent and exceeded \$1.3 billion. Note: these figures are understated due to transshipments via Europe.

According to Russian customs statistics U.S. agricultural imports in 2011 accounted for \$1.6 billion – a figure that is up by 23 percent compared to 2010. The U.S. remains the fifth largest supplier to Russia (by value of agricultural, fish and forestry products) with 3.5 percent of Russia's agricultural imports behind Brazil, EU, China, and others (please see Appendix Statistics, Table C). The U.S.'s top agricultural exports to Russia in 2011 include red meat, poultry, food preparations, nuts (almonds and pistachios), prunes, fresh fruit, fish and seafood, and other products.

Total U.S. - Russia agricultural trade, approximately \$1.4 billion, represents about 5 percent of total trade between the two countries.

U.S. suppliers of a wide variety of products and services are active in the Russian market. The Russian chapter of the American Chamber of Commerce includes more than 850 members successfully operating in Russia. Among them are such American companies as Kraft, Mars, DuPont, Wrigley, Cargill, PepsiCo and many others. According to PMR

research, a number of leading international brands have entered or returned to the Russian market in 2011, including Berghaus, Diesel, DKNY Jeans, Jaeger, Victoria's Secret, La Senza, Jimmy Choo and many others.



Source: Global Trade Atlas. Note: These figures are based on U.S. Customs export data, and will differ from Global Trade Atlas data on Russian imports from the U.S., which are based on Russian Customs import data.

Figure 5. Value of U.S. Exports of Agricultural, Fish & Forestry Products to the Russian Federation (in millions of dollars), 2006-2011.

Moscow has been ranked as the third most attractive city for international retailers after London and Paris, according to a survey of 150 leading international retailers in 55 countries in Europe conducted by Jones Lang LaSalle. Ten retailers are planning to launch in Moscow in 2012 including Debenhams, Noodle House, Seattle's Best Coffee, MuzzBuzz, Brisket Express, Krispy Kreme, Peek & Cloppenburg and Abercrombie & Fitch.

Successful U.S. businesses operating in Russia should not rest on their laurels. Russian companies are raising their game in order to compete for customers. For many staple products, domestic production meets demand. Certain imported food and agricultural products have difficulty competing with domestic products due to the high cost of foreign exchange, high import duties and/or difficult regulatory framework and generally efficient production of unsophisticated food products. Successful imports tend to be those that add to the variety of foods available on the market and those that are either not grown in the country or for which domestic production is insufficient to meet domestic demand.

Exporters should review some of the advantages and challenges of the Russian market (please see Table 4 below) when considering their marketing strategy.

Russia's proposed accession to World Trade Organization (WTO) is expected to create changes that will provide more obtainable access for foreign companies to the market as well as much healthier competitive environment domestically. Through commitment to WTO rules and norms, the investment in and expansion into the Russian market will become more predictable thus reducing the "risk cost" of the entry ticket onto the market. Russia's accession is expected to take place in 2012.



**Table 4. Russia: Advantages and Challenges for U.S. Exporters**

<b>Advantages</b>	<b>Challenges</b>
Population of 143 million people who are potential consumers. The U.S. is the fifth largest importer in Russia (by value) of food and agricultural products.	The relatively low purchasing power of many Russian consumers, particularly in the regions and the consequently lower demand for durable goods, premium grocery, and non-grocery goods.
Russia's retail sector is growing, which creates a number of opportunities for prospective U.S. exporters. The ongoing development of the mass grocery retail industry will allow producers to route products to the market more efficiently.	Economic vulnerability, dependence on oil and mineral extraction for most wealth. Substitution of imports for domestic products as part of the Russian Government's policy of self-sufficiency. Distance is one of the major barriers complicating logistics for the retail chains.
<b>Advantages</b>	<b>Challenges</b>
In general retailers are open to new products in order to attract customers.	Strong competition with suppliers of similar products from Russia and European Union.
Significant number of consumers can afford purchasing high-quality food products.	Per capita spending in the regions outside Moscow and St. Petersburg remains quite low.
Urban lifestyle changes increase demand for semi-finished and ready-to-cook products.	Rapid development of local manufacturers of ready-to-cook products and Government Strategy to modernize food processing sector creates tough competition for similar imported goods.
American-made food and drinks are still new for the majority of the population, and popular among the younger generation.	Growing number of domestically produced products; lack of knowledge of American products.
Existence of large importers experienced in importing food products to Russia.	Language remains an obvious barrier for many entrepreneurs from both small and large companies. Despite improvements in English language competency of many Russians it's still to be expected that many firms will not communicate effectively in English.
Paying in dollars is advantageous for exporting to Russia compared to Europe due to the lower cost of the dollar relative to the euro.	Russian government bureaucracy and corruption. Contradictory and overlapping regulations. Official government opposition to growth in food imports.
Russian trade and investment policy is converging with international standards.	Current presence of non-tariff barriers such as unscientific sanitary and phytosanitary restrictions.
Investors are building more efficient storage facilities, improve infrastructure and logistics.	Despite huge potential, regional markets require substantial up-front investment in infrastructure and facilities, and transportation infrastructure between cities and regions remains extremely poor.
The Russian government has committed to spending billions on infrastructure over the next 10 years, particularly on railroads and highways, which should translate to better logistics for expanding retailers.	Lack of reform in the Russian agricultural sector has led to high raw-material costs and shortages for processors.
Russia's accession to the WTO is expected by the end of 2012. Russia will be obligated to bind its agricultural tariffs, adding more predictability to the trading relationship and opening export opportunities for the U.S. agricultural industry. WTO membership will also require Russia to abide by science-based sanitary and phytosanitary standards that will help facilitate U.S. farmers' access to the market.	Competition with food products imported from EU and other countries may rise.

To get more information on the market access changes for each key food products that will occur with WTO accession for the U.S. suppliers please see the report: <http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Market%20Opportunities%20for%20Key%20U.S.%20Products%20in%20Russia>

## SECTION II. EXPORTER BUSINESS TIPS

### General Consumer Tastes and Preferences

As Russian consumers' incomes rise and the country's middle-class gradually expands, demand for better quality food is increasing. There are two distinct trends in Russia in terms of spending on food: a trend towards health-conscious eating and a trend towards convenience foods.

Healthy meals are becoming increasingly popular, particularly among younger consumers who are more conscious of their fitness and appearance and more aware of the risks of heart disease and similar diet-related illnesses. Thus, spending on foods such as yogurt, muesli and low-fat alternatives has grown faster than the overall food category. Overall spending on fish, seafood, poultry products and fresh produce is also increasing. Per capita consumption of fresh fruit and vegetables has risen considerably, largely due to greater availability of such products, as well as public campaigns promoting the benefits of a healthier lifestyle. Russian consumers also generally dislike artificial flavors and additives, and prefer to purchase products with natural colors, flavors and other natural ingredients. Non-GMO products are also becoming more important for the Russian consumer, although understanding of agricultural biotechnology is extremely low.

The demand for eco-brands and organic products is growing, whilst there is a lack of regulation in Russia concerning eco-brands, and any company can name its products "bio" or "eco". This is the reason why Russian consumers do not trust the quality of so-called eco-brands, and they are not ready to pay extra for them. For more information on Russian organic market please see Russian Organic Market report: [http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Russian%20Organic%20Market%20Taking%20Root\\_Moscow](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Russian%20Organic%20Market%20Taking%20Root_Moscow)

Russian consumers are increasingly time-poor and, as a result, they are demanding more convenience products, frozen processed food and ready-to-eat meals. Time dedicated to traditional food preparation and dining at home with family is commonly shifting to consumption of prepared meals or those at restaurants. Busier lifestyles and health-and-wellness trends are expected to boost the development of healthy fast food e.g. fresh fruit and vegetable salads, therefore the consumption of naturally healthy snacks will grow.

In most Russian households, women have the responsibility for grocery shopping. Generally, long-lasting foodstuffs such as rice, pasta, coffee and tea are bought in large quantities a couple of times a month, while fresh products are bought on a daily basis, usually on the way home from work.

When shopping for food, most Russian consumers are looking in three directions. First, they are giving preference to well known brands, rather than experimenting with the new ones. According to "GfK Russia" research, about 40 percent of Russian customers firstly pay attention to their favorite brands' offers. And about 70 percent believe that branded products are of better quality than others. Therefore they prefer quality brands which offer value-for-money. Secondly, Russian customers are very exposed to various discounts, promotions and sell-offs and as a result don't like to pay full price when they know they can find a bargain. And thirdly, consumers are looking for colorful, attention-grabbing and more unusual goods. They are open-minded to brands which are novel, provided that the story around them is modern and attractive. This is good opportunity for a wide range of U.S. packaged products.

## Packaged Food Sales

Russia's packaged food market is amongst the fastest growing in the world reaching \$100 billion by some estimates. In 2011 the market was boosted by steady growth in almost all categories of packaged food. Sales in this sector increased by 16 percent in 2011 supported by rising incomes as well as the availability of imported products on the market.

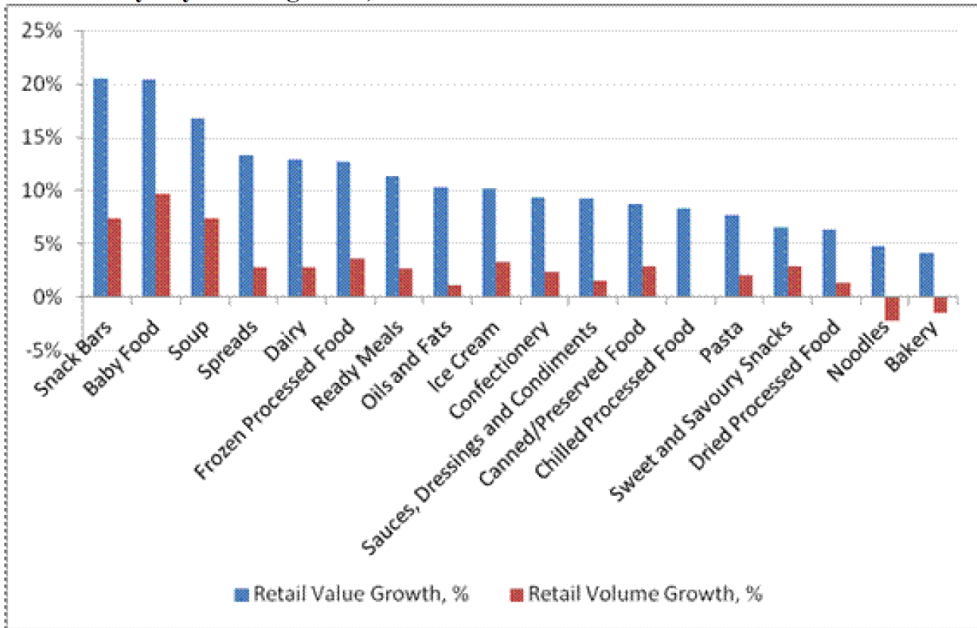
Moscow is a priority market for many packaged food players. Global brands and imported products have a higher share of value sales in Moscow than they do nationally. This is largely due to the city's higher income level and Muscovites' Western-looking attitudes being affected by European lifestyle trends and brands. In addition, the higher share of imported products in Moscow is due to generally higher prices in the city. This reduces the price gap between domestic and imported goods. Many products are often launched in Moscow long before they are launched nationwide. As a result, Moscow accounted about 14 percent share of overall packaged food sales in 2011 and saw stronger growth than Russia as a whole (according to Euromonitor).

In 2011, Russian packaged food manufacturers quickly reacted to the healthy eating trend and launched a number of products targeting that niche. Light (or low-fat) products appeared in many categories of packaged food, including low-fat yogurt, sauces, light savory snacks (such as croutons by Kirieshki Light) and frozen yogurt. In sweet and savory snacks, the consumption of naturally healthy nuts and fruit snacks grew 8 and 24 percent respectively in current value terms in 2011. Fruit bars showed the strongest growth rate of 24 percent in the snack bar category.

The popularity of fortified products in Russia is also growing. Various types of noodles, dairy products, soup, and baby food products fortified with vitamins (omega 3, vitamins A, B1, B2) were launched in the market in 2011. Producers emphasize the new health and wellness features of their products (reduced-fat or vitamins added) on the packaging of their products (for more information on food package labeling please see FAIRS report: [http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative\\_Moscow20Federation\\_1-17-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative_Moscow20Federation_1-17-2012.pdf)).

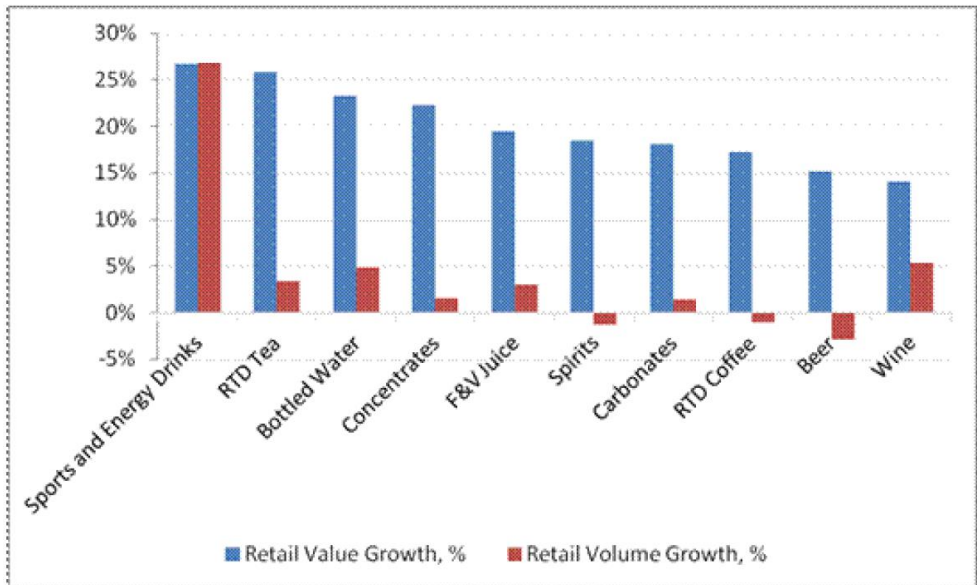
With growing demand, Russia is increasingly dependent on imports of retail and packaged food products, and this presents opportunities for U.S. suppliers. In 2011, the most dynamic growth of U.S. products in the high-value sector was food preparations, pastry and cakes, vinegar and soy sauces, pasta, tomato ketchup and other tomato sauces, mustard, and nonalcoholic beverages such as waters (including mineral).

Significant market opportunities exist for U.S. exporters of non-alcoholic beverages and many of these are already experiencing strong growth in Russia. According to Euromonitor, in 2011 the sales of sport and energy drinks reached record volumes with 27 percent growth year-on-year. Ready-to-drink tea increased by 26 percent followed by bottled water (23 percent), concentrates (22 percent), and fruit and vegetable juice (nearly 20 percent). Significant growth in sports and energy drinks sales was due to novelty of the products on the market as well as the active promotion in media. In 2010 there was a spike in bottles water sales due to the record-setting temperatures. The habit that was formed that summer has persisted for many Russians.



Source: Euromonitor International

Figure 6. Packaged Food Sales through Retail Stores in Russia (2010/2011 % growth, \$US millions in y-o-y exchange rate).



Source: Euromonitor International

\* Note: RTD - ready-to-drink

Figure 7. Drink & Beverages Sales through Retail Stores in Russia (2010/2011 % growth, \$US millions in y-o-y exchange rate).

Table 5 below shows retail value sales of packaged food in 2007-2011.

**Table 5. Packaged Food Sales through Retail Stores in Russia, 2007-2011, \$US millions**

	2007	2008	2009	2010	2011	2010/2011 % Growth
Packaged Food	62,127	74,625	65,313	75,545	87,445	15.8
Baby Food	1,028	1,415	1,349	1,675	2,128	27.0
Bakery	10,097	11,578	9,791	10,762	11,830	9.9
Canned/Preserved Food	3,631	4,384	3,793	4,379	5,021	14.7
Chilled Processed Food	4,659	5,417	4,873	5,552	6,343	14.2
Confectionery	8,783	10,305	8,861	10,195	11,765	15.4
Dairy	12,545	15,724	14,629	17,796	21,192	19.1
Dried Processed Food	2,463	3,127	2,833	3,161	3,544	12.1
Frozen Processed Food	5,514	6,574	5,722	6,680	7,940	18.9
Ice Cream	1,775	1,998	1,767	2,132	2,478	16.2
Noodles	468	555	503	557	616	10.5
Oils and Fats	4,668	5,867	4,757	5,331	6,202	16.3
Pasta	955	1,313	1,211	1,422	1,615	13.6
Ready Meals	3,243	3,740	3,250	3,726	4,373	17.4
Sauces, Dressings and Condiments	3,422	4,082	3,508	4,002	4,612	15.3
Snack Bars	8	10	9	11	14	26.9
Soup	382	462	414	506	624	23.2
Spreads	351	419	370	442	528	19.5
Sweet and Savory Snacks	3,146	3,683	3,018	3,396	3,820	12.5

Source: Euromonitor International.

## Starting Business with Russia

The World Bank's Ease of Doing Business 2012 report ranked Russia 111<sup>th</sup> out of 183 countries, a measurable improvement compared to the 2011 ranking of 120<sup>th</sup>. However, the conditions for starting a business have deteriorated significantly since 2009 when Russia ranked 88<sup>th</sup> out of 183 countries. This is due to the lack of reform in terms of the time and number of procedures required for setting up a business in the country. While many countries have simplified and streamlined the process, it takes 9.0 procedures and 30.0 days in Russia to open a business. This compares unfavorably to an OECD (Organization for Economic Cooperation and Development) average of 5.7 procedures and 13.0 days. However, the cost of starting a business in Russia is low: only 2.7 percent of per capita income, compared to an average of 8.3 percent of per capita income in the Eastern Europe and Central Asia region.

Exporters can request a brief market assessment for their products and/or a list of Russian importers from ATO Moscow, St. Petersburg and Vladivostok. Additionally, ATO Moscow offers the following recommendations to help exporters select the best approach for their firm:

- A prospective entrant is advised to estimate market prospects for their product with respect to consumer preferences and incomes, local competition and sales channels (marketing research from a specialized consulting firm may be required). A thorough review of Russian regulations is also advised including a review of any changes to the tariff post WTO-accession.

- **Attend Promotional Events:** One of the main challenges to exporters entering the Russian market is product promotion. A cost-effective way exporters can promote their products is to participate in one of the largest general food and beverage trade shows in Russia, World Food Moscow, held annually in September. If exporters are targeting specific regions within Russia, the Moscow ATO recommends participating in regional exhibitions. Participation fees for regional exhibitions are lower, and are aimed at local consumers and retail food chains. The Russian retail market is competitive; exporters should allocate time to visit Russia and earmark funds in their sales plans for promotional support.
- **Work with a Russian Importer:** Selecting the right trade partner is one of the most important decisions for exporters developing their business in Russia. Working with a local partner in Russia significantly expands business opportunities, and minimizes the need for exporters to establish direct contact with multiple retail chains. A local Russian partner familiar with market conditions and the regulatory environment can help exporters navigate the Russian retail market, resolve issues, and increase the likelihood of success.

In order to make the first delivery, usually a large local import company is chosen. The company should have a good reputation and experience in customs clearance, and must have storage facilities and a developed distribution network. Make sure the company has experience working with Western suppliers and has experience in arranging regular supplies of food products. Western companies that strive to supply directly, circumventing Russian middle men, often sustain losses due to lack of local market knowledge. A large domestic import company is usually better adjusted to local conditions, with established trade ties and contacts in state structures.

Exporters representing U.S. companies may contact the Moscow ATO for assistance in locating importer list. Performing due diligence is critically important, such as verifying banking and supplier references of potential importers, and local and U.S.-based organizations in Russia can provide helpful information to exporters. However, credit reporting is a relatively new practice in Russia, and credit-reporting agencies may not have complete information on potential Russian business partners. Retail chains may be another valuable source for exporters collecting information on importers.

- **Provide Sales Support:** Exporters must help market the products they sell in Russia. Russian importers and wholesalers expect exporters to participate in the sales process, either by providing event marketing support, advertising assistance, training, packaging/handling advice, or point of sales materials.
- **Establish a Representative Office:** Once a company has established firm contacts and has a solid prospect for sales, one of the best ways to conduct business in Russia is to open a representative office. Depending on the product and target market, an office might be situated in Moscow, a city that hosts a large concentration of retailers and representative offices; St. Petersburg, the port city through which the largest volume of sea-borne freight passes; or Vladivostok, the principal transpacific gateway to the Russian Far East.

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## Trade Shows in Russia

Participation in one of several established trade shows in Russia allows exporters to take a first-hand look at the local market, to meet potential importers, and to gauge the competitiveness of their products compared to similar products promoted at the show.

### World Food Moscow

Moscow, Expocentre  
September 17-20, 2012  
[www.world-food](http://www.world-food)

World Food Moscow is a USDA-supported show, and is essentially the “main event” for U.S. exporters interested in market opportunities in Russia. ATO Moscow and the Office of Trade Programs (in Washington) organize American pavilions in the grocery, fruit, and seafood sections offering “turn-key” service. USDA industry organizations (aka Cooperators) typically organize a pavilion in the meat hall. In 2011, this 4-day show drew 1,420 exhibitors from 64 countries and attracted more than 26,000 importers, wholesalers, retailers, and processors from all parts of Russia and from many neighboring countries.

### PIR Hospitality Industry

Moscow, Crocus Expo Center  
September 25-28, 2012  
<http://www.pir.ru/>

The PIR Hospitality Industry exhibition is the leading show for the hotel, restaurant, and industrial catering sector (HRI) and is affiliated with the Restaurateurs and Hoteliers Federation of Russia. In 2011, more than 600 exhibitors from 24 countries participated in the PIR show. The PIR show attracted approximately 40,000 visitors from the Russian hospitality industry including: 51 percent - restaurants, cafes; 24 percent - trade companies, distributors, producers; 11 percent - hotels; 6 percent - catering; 4 percent - mass media, regional government, educational centers; 1 percent - others.

### Ingredients Russia

Moscow, All-Russian Exhibition Centre (VVC)  
March 12-15, 2013  
<http://www.ingred.ru/>

Ingredients Russia is a specialized trade show for suppliers and buyers of ingredients worldwide. In 2011, more than 300 companies and organizations from 25 countries exhibited at the show. More than 10,000 specialists visited the show last year searching for new

contacts and different kinds of ingredients for food processing (e.g. confectionery, meat, fish, dairy, etc.).

## **Golden Autumn**

Moscow, All-Russian Exhibition Center (VVC)  
October, 9-12, 2012  
[www.goldenautumn.ru](http://www.goldenautumn.ru)

The Golden Autumn trade show is organized by the Russian Ministry of Agriculture, and is the largest Russian trade show for production agriculture. In 2011, more than 2,500 companies and organizations from 58 Russian regions and 32 foreign countries exhibited at the show. Golden Autumn occupied over 90,000 meters of space, including open grounds, displaying over 700 items of agricultural equipment, both Russian and foreign. More than 100,000 visitors attended the event, most of who are involved in farming and livestock production, food processing, agri-business, research, or business financing. At this annual trade show, the USDA pavilion displays animal and plant genetics, high-grade feeds, animal nutrients, and feed additives.

## **Prodexpo**

Moscow, Expocentre  
February 11-15, 2013  
<http://prod-expo.ru/en/>

Prodexpo is Moscow's largest international trade show highlighting foodstuffs manufactured in Russia and Eastern Europe. In 2011, Prodexpo hosted more than 2,000 exhibitors from 55 countries and attracted 52,868 visitors.

## **Logistics and Transportation**

Imported products arrive in Russia via land, sea, or air freight into ports or customs warehouses for clearance before proceeding to the next destination. The transportation system for shipping U.S. high value food products into Russia via St. Petersburg and Moscow is well established. Most consumer-oriented food and beverage products including those from the U.S. enter through St. Petersburg or Moscow for customs clearance. Most American products are delivered to the Russian Federation in containers by sea and around 90 percent enter via the Port in St. Petersburg. MAERSK LINE, APL, OOCL, Hapag Lloyd, Evergreen, CMA-CGM shipping lines deliver cargos from the United States to Rotterdam, Hamburg, or Bremerhaven in Northern Europe.

The transatlantic shipment can take from 17 to 30 days depending of the departure port and number of ports the vessel calling on the way to Europe. In Northern European ports, the containers are reloaded onto feeder vessels and travel an additional five days to St.



Petersburg. It then takes an additional four days shipping time for final delivery by rail or truck to Moscow.

Outside of Russia, imports are also delivered to Baltic ports and then shipped by truck or rail to St. Petersburg or Moscow. Baltic and Finnish ports had offered greater efficiency, fewer problems with loss or damage, and lower port fees.

However, changes in Russian import requirements have largely redirected these shipments to Russian ports: St. Petersburg, Ust-Luga, Vysotsk, Kronshtadt, Novorossiysk and Vladivostok.

The cleared products are then shipped further into the interior via truck or rail to Moscow, Yekaterinburg, Novosibirsk, Rostov-on-Don, Kazan, Samara, Ufa, and other major population centers in Russia, the main markets for the high end products.

Products destined for the Russian Far East (RFE) enter through the ports of Vladivostok, Vostochnyy, Vanino, Nakhodka and Magadan. Although Vostochnyy is the region's largest port by volume, the majority of U.S. food exports to the RFE enter through Vladivostok.

Currently several forwarders make shipments from the U.S. west coast to Vladivostok: Hyundai Merchant Marine, MAERSK LINE, APL, and Hapac Loyd. Average transit time from the U.S. west coast to Vladivostok takes 18 days: ocean vessels bring containerized goods to the Korean Port of Pusan (it takes 9 to 13 days), then, feeders transfer them to the Port of Vladivostok (it takes 4 to 7 days). MAERSK LINE has the longer transit time, because it goes though Japan first, and then delivers goods to Korea (Pusan). In 2008, FESCO launched a direct line from Everett, Washington to RFE ports (Vladivostok, Korsakov, Petropavlovsk, and Magadan).

Direct voyages are scheduled approximately once per month and the average transit time is 14 days. From Vladivostok food products are shipped to the other cities in the RFE and Siberia by truck or rail.

## Distribution Channels

Imported food products for Russian retail chains and food service establishments come through importers, distributors, and wholesalers. Large suppliers are typically also importers.

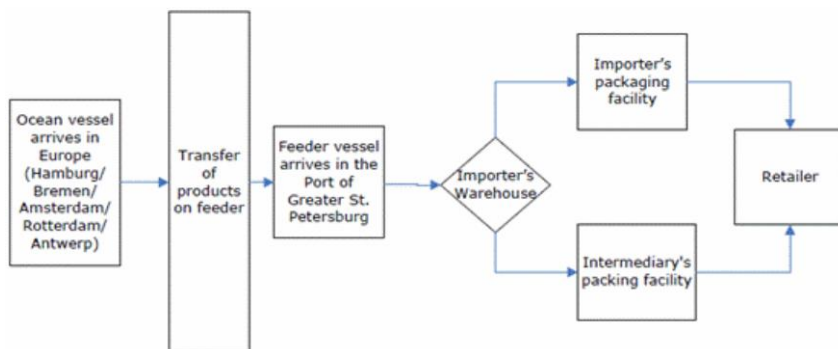


Figure 8. Russia: Distribution channel for food retail chains, import of transatlantic products via the Port of Greater St. Petersburg.

Most hotels and restaurants choose to purchase the majority of products through food service importers/distributors in the hotel, restaurant, and industrial (HRI) sector, both large and small.

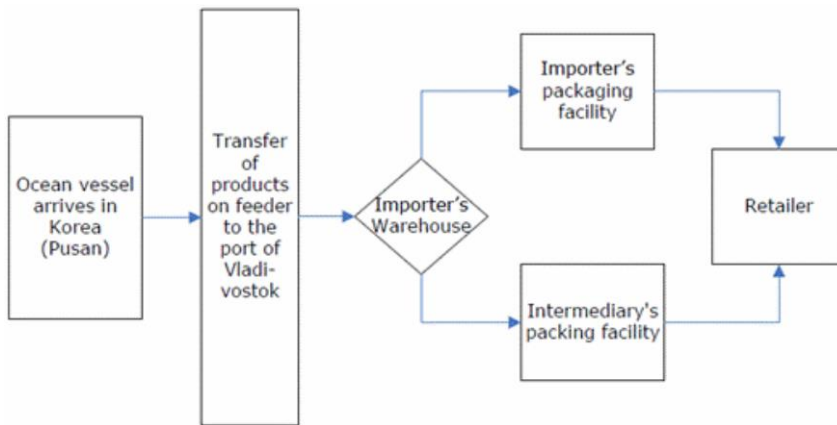


Figure 9. Russia: Distribution channel for food retail chains, delivery from U.S. to the Russian.

## Credit and Payment Terms

The Russian banking system continues to make strides towards complying with international standards, and many banks that are authorized to open foreign currency accounts also have general licenses enabling them to undertake a full range of foreign currency transactions. Many of these banks have correspondent banks in the United States. Further, several American and foreign banks such as Citibank, Raffeissenbank, Societe Generale, and Credit Suisse are licensed to operate in Russia. Securing credit can be costly, however, and there can be obstacles to securing credit in Russia if the company is 100 percent foreign-owned. Russian bank fees are often high, and it can take much longer to open letters of credit or transfer funds than is common in the United States.

In 2011, consumption was supported by recovering consumer credit. Pre-crisis, the volume of consumer loans was growing at over 50 percent a year, however in 2009-2010 the credit business came to a standstill and Russians spent their time repaying their old loans. However, by 2011 credit to consumers resumed and increased 35.9 percent on year, according to the Central Bank. Retail credit was growing at 15 percent in the second half of 2011 and is expected to grow at 20 percent in 2012, according to Danske.

Prospective borrowers should expect Russian banks to request a package of documents, including a balance sheet showing profits for the last three quarters and proof of assets to mitigate the bank's risk. Interest rates on credit became lower in 2011 after a significant rise in 2009-2010 (up to 13.9 percent) making credit more available for Russian businesses.

Regarding payment terms, many U.S. exporters require 100 percent up-front payment especially for new trading partners. Russian importers may not be accustomed to making a 100 percent pre-payment prior to shipment and moreover may struggle to finance it. As the business relationship develops, Russian importers may eventually expect exporters to ship on credit, with payment due upon arrival in the Russian port. The importer may alternatively

make a pre-payment and pay the balance when the product arrives to the importer's storage facility.

**Table 6. Average Interest Rates on credits to non-financial institutions in 2011, %**

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Interest Rates on Ruble- denominated Credit to Nonfinancial Institutions up to One Year	8.6	8.7	8.7	8.3	8.0	8.6	7.9	7.9	8.0	8.6	8.8	9.3

Source: Central Bank of Russian Federation.

In established business relationships, bank transfers are sometimes made on the basis of payment-on- delivery, or payment after an agreed number of days. A letter of credit (LC) may be used when required by the foreign supplier, but Russian importers consider LCs expensive and difficult to arrange. Document Collections work relatively well at ports, and importers are accustomed to these procedures. Nevertheless, until exporters and importers build relationships and reach a level of trust, exporters may find letters of credit worthwhile.

The GSM credit guarantee program offered through the United States Department of Agriculture (USDA) provides credit guarantees to encourage financing of commercial exports of U.S. agricultural products. The GSM Credit Guarantee allocation for Russia for FY 2012 (October 2011 – September 2012) is \$100 million. The GSM-102 program is in great demand due to the difficult financial environment and lack of financing available commercially in Russia. GSM-102 reduces risk to the U.S. exporter's bank and facilitates shipments of U.S. commodities to markets that may not be able to import these same products without the guarantee offered by the Commodities Credit Corporation. The list of approved participating foreign banks in the GSM-102 program is available at FAS web-site: <http://www.fas.usda.gov/excredits/foreignbanks.html#RUSSIA>. The list is regularly updated upon the review of incoming financial information and applications from banks that desire to participate in the GSM-102. For further information on these programs, please visit the FAS website: <http://www.fas.usda.gov/excredits/ecgp.asp>.

## Food Standards and Regulations

Russia has complex food import regulations. Exporters should carefully question importers regarding certification and documentation requirements, as well as procedures for clearance of shipments into the Russian Federation. Upon WTO accession many of the rules and regulations governing food and beverage imports will change so please continue to check the FAS website for updates.

In February 2010, compulsory certification for food products and cosmetics was cancelled. The Government of the Russian Federation (GOR) now requires only a declaration of conformity with the product safety regulations, instead of an obligatory certificate. At the same time, the authorities are planning to impose heavy fines on the manufacturers of unsafe products. Sanitary norms and technical regulations were not cancelled and continue to

regulate the production process. For more detailed information on certification, customs procedures, documentation, tariffs, and labeling requirements please see the following GAIN reports:

- 1) Food and Agricultural Import Regulations and Standards report: RS1168 Food and Agricultural Import Regulations and Standards - Narrative
- 2) RS1015 Declaration of Conformity Replaces Certification for Many Products [http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Declaration%20of%20Conformity%20Replaces%20Certification%20for%20Many%20Products\\_Moscow\\_Russian%20Federation\\_3-22-2010.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Declaration%20of%20Conformity%20Replaces%20Certification%20for%20Many%20Products_Moscow_Russian%20Federation_3-22-2010.pdf)

On January 1, 2010, Russia, Belarus and Kazakhstan launched a Customs Union, which has since included the introduction of new rules and regulations for food products exported to the Union. The unification of sanitary norms and technical regulations is still ongoing, and reforms affecting food standards and regulations may last for quite some time. At the same time, the Union provides greater access to the markets of the participating states and simplifies the distribution of packaged food within the Union but for the following exception: U.S. animal products exported to Kazakhstan and accompanied by health certificates will not be allowed for consumption in Russia or Belarus. Please check the Customs Union Ag Times in the FAS GAIN system for regular updates on the Customs Union developments.

## Pricing

Retail prices in Russia can vary significantly; however pricing has become more competitive as large retail chains increase their aggregate market share. On the regulatory side, exporters should consider the effect of the Russian tax regime when making pricing and margin decisions. Again, please continue to monitor GOR tariffs and other duties as WTO accession moves forward. Some of the taxes assessed include:

- import duties are applied to most goods and typically range from 5 to 20 percent of products' customs values. However, some agricultural products are subject to specific tariffs that are calculated by volume, weight or quantity. Excise taxes, depending on the commodity exported, apply to goods such as alcohol and tobacco products. For checking excise taxes rates please contact ATO Moscow.
- Russia typically levies an 18 percent Value Added Tax (VAT) on imported goods; however, some food products (e.g. sugar, salt, milk, bread, pasta, vegetables, baby food, end etc.) are subject to a reduced rate of 10 percent
- customs clearance charges add about 1.25 percent. The wholesale mark-up is typically 12 to 15 percent, while retail mark-up runs 35 percent or more, depending on the product and the retailer; and,
- a 39 percent profit tax is assessed on gross margin.

## SECTION III. MARKET SECTOR STRUCTURE AND TRENDS

### Retail Food Sector

Among the consumer-oriented sectors in Russia, retail is strong and significant. Monthly retail sales in Russia average about \$55 billion and the industry recorded revenues of \$654 billion in 2011, which is 7 percent growth from 2010 in comparable prices, according to Rosstat. This growth was more or less comparable to that of 2010, when retail sales turnover increased by 6.3 percent year-on-year, and was valued at \$564 bn. Food retailers contributed 47.8 percent (versus 48.6 percent in 2010) to total retail market turnover with \$311 billion in sales.

In 2011, 88 percent of Russian trade turnover could be attributed to modern retail formats such as hypermarkets, supermarkets, and discounters. Open-air markets and older Soviet-style stores, including wet markets, are declining in popularity and losing market share to modern retail formats. Street market sales decreased by 2.2 percent in 2011, amounting to about 12 percent of retail sales in Russia in 2011, according to Rosstat. Traditional retail has the weakest position in Moscow and St. Petersburg.

Russian food retail continues to be led by large domestic retailers with annual turnover exceeding \$2 billion. Russian retail giants such as the X5 Retail Group, Magnit, Seventh Continent and Dixie chains are still among the top Russian retail players. That said, in addition to domestic companies, the French Auchan Group, German Metro AG and others have earned significant market share during the last decade. Nationwide, retail chains occupy about 18 percent of total Russian trade sales, but with higher concentrations in major urban centers. Nevertheless, the Russian retail market is still highly fragmented with the 11 largest retailers (by revenue) controlling only 18 percent of the market, versus 80 percent for the 10 largest retailers in the U.S.

In 2011, the X5 Retail Group, which operates the Pyaterochka, Perekrestok and Karusel grocery stores, remained the leading retailer in terms of revenues in Russia. The Tander Group (Magnit), a grocery retailer, occupied second place among the largest retailers, and is followed by the Auchan Group.

Russian retailers opened 100 new hypermarkets in 2011, the maximum amount of openings ever in the country for this format, according to Vedomosti. Currently, retail operators are branching out to regions and cities with a population of under 500,000 people – which was also named as the trend of 2011. Experts expect further growth in the number of Russian hypermarkets, predicting a minimum 800 of openings in this format during the next five years. In addition, it is expected that some 300,000 m<sup>2</sup> of new retail facilities will be opened in Moscow in 2012.

In 2011, over 25 shopping centers were completed in Russia. Moscow and St. Petersburg still account for the highest number of malls in Russia. At the end of 2011, approximately 45 percent of all shopping centers in the country were in these two cities. However, the 11 Russian cities with populations over 1 million accounted for more than 110 of the 370 malls operating on the Russian market at the end of 2011. Over 100 shopping centers are to start operations in Russia in 2012, according to the research of the InfoLine research agency.

Retailers demand consistent quality and adherence to contract specifications and penalize suppliers for failure to meet requirements. As a result, foreign suppliers continue to be

competitive in the Russian market as they are more accustomed to meeting such strict specifications than Russian agricultural producers.

Please see the “Retail Foods Annual 2011” report for more information on the retail sector in Russia: [http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Retail%20Foods\\_Moscow%20ATO\\_Russian%20Federation\\_9-2-2011.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Retail%20Foods_Moscow%20ATO_Russian%20Federation_9-2-2011.pdf)

## **Legislation Regulating Retail Trade**

The Russian Federal Law on Trade came into force on February 1, 2010. The Law is aimed at creating transparent conditions of cooperation between domestic suppliers and retailers and boosting competition in the retail sector. The Law contains strict antimonopoly regulations, such as capping store openings once a retailer reaches a 25 percent market share threshold within a city or municipal region, a 10 percent limit on bonuses paid to retailers by suppliers, and payment terms regulating how fast a retailer has to pay for goods with a certain shelf life, among others. The Law stipulates that the terms and conditions of food product supply contracts shall be brought into accord with requirements of the Law within one hundred eighty days from the effective date.

Please see the “Russian Trade Law” report for further information on the legislation regulating retail trade in Russia: [http://gain.fas.usda.gov/Recent%20GAIN%20Publications/The%20Russian%20Federal%20Law%20on%20Trade%20\\_Moscow](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/The%20Russian%20Federal%20Law%20on%20Trade%20_Moscow)

In 2011, the Federal Antimonopoly Service (FAS) monitored adherence to the 2010 regulations monthly. In total, FAS checked 464 retail chains in 2011, and found 5,695 infractions of the statute, according to Euromonitor. The retail chains which broke the law paid fines or in some cases were closed. The cost to retailers of the 2010 regulations and their enforcement has increased considerably and has affected consumer prices.

Retailers continue to suggest amendments to the legislation regarding retailing. Business representatives suggested increasing the market share cap from 25 to 35 percent in Russian towns where the population is less than 100,000 citizens. Retailers also suggested changes in tax regulations. For example, they suggested writing the expenses related to theft in supermarkets (no more than 2 percent of total revenues) from the balance sheets of the retail chains. The amendments to this legislation were partly approved by some authorities, whilst official changes in the legislation were not made.

## **Hotel, Restaurant, and Institutional (HRI) Sector**

HRI sales grew by a respectable 11.2 percent in 2011, on par with pre-crisis sales growth of 10 to 12 percent (2005 to 2008). One bright spot is in the fast food segment, which saw positive current value growth in 2011. Growth was driven by the generally rising popularity of fast food due to busier lifestyles and the emergence of more outlets in new locations. In addition, for U.S. exports the HRI sector remains a strong growth sector for products like marbled meat, spirits, and seafood. The development of mid-range restaurants such as U.S. chain *Chili's* is expanding to fill the gap that currently exists in this category.

The number of cafes, restaurants, and other food outlets in Russia currently stands at about 60,000. Although Moscow and St. Petersburg are still by far the largest restaurant cities

in Russia, leading foodservice operators have begun regional expansion into other wealthy cities.

There are currently more than 340 restaurant chains operating in Russia, each of which manages between 2 to 400 outlets. McDonald's, Rosinter Restaurant Holding, Arkadiy Novikov Restaurants, Ginza Project, Markon, Shokoladnitsa and Coffee House are the largest restaurant chains in different foodservice segments in Russia.

Russia's largest casual dining chain operator Rosinter, estimates the country's dining market value at 550 million rubles (\$17.64 million), with Moscow's and St. Petersburg's share at 40 percent of the total.

The popularity of fast food in Russia has grown dramatically. Fast food has shown positive growth in 2009-2011 and the volume of the quick restaurant category in Russia reached \$ 5.6 billion. The fast-food sector is the fastest-growing restaurant category in Russia with an annual growth rate of 20 to 30 percent. McDonald's, which entered Russia in 1990 and created two generations of fast food eaters has remained the absolute leader with a 43 percent value share of fast-food chain sales. On April 2012 McDonald's gave one of Russia's largest multi-concept restaurant operators Rosinter Restaurant Holding subsidiary right to develop chain in Moscow and St. Petersburg transport hubs. Subway, the world's largest sandwich chain, is one of the most rapidly developing fast food chains in Russia opened 155 new restaurants in Russia in 2011, twice as many as in 2010. At the end of 2011 the company operated 322 Russian restaurants in all regions except the Far Eastern Federal District. In turn, about 210 new outlets are to appear in the country in 2012. In St. Petersburg, the popularity of the Subway brand is underscored by the fact that, from May to July 2010, one local Subway restaurant had the highest sales turnover out of 31,000 Subway restaurants worldwide. Subway has an ambitious plan of expansion and had caught up to McDonald's in terms of number of outlets in 2011.

Franchising models dominate in fast food. As of now more than 90 percent of fast food chains in Russia work under various franchise agreements. Fast-food is an increasingly attractive market for overseas investors and many famous American fast-service operators have appeared in Russia since 2009. Most of the international companies which decide to enter consumer foodservice in Russia open their first outlets in Moscow. Burger King, one of the largest fast food corporations in the world, has established a presence in Russia by opening its first restaurant in Moscow on January 2010. Currently, Burger King's franchisees operate 54 restaurants in Moscow and in St. Petersburg and intend to open several hundred Burger King restaurants in Russia over the next few years. Dunkin' Donuts, the U.S. doughnut eatery chain that left Russia after a three-year stint in 1999, returned to Moscow in 2010 with big plans for rapid expansion. The Russian company Donuts Project received exclusive franchising rights for development of the chain in Russia and the Ukraine. Dunkin' Donuts opened its first outlet in May 2010 and currently has seventeen restaurants in Moscow. Wendy's/Arby's Group, one of the world's leading fast food operators entered the Russian market in 2011 and will open 180 restaurants there over the next 10 years. Last year the company signed a franchising agreement with Russia's Food Service Capital group and currently operates 7 outlets in Moscow. Regional expansion through sub franchising will start in 2013.

The coffeehouse business in Russia boomed in the early 2000s. Today, there is an increasingly high concentration of the leading chains, including Shokoladnitsa, Coffee House, McCafé, Starbucks, and Costa Coffee, in Moscow and St. Petersburg, so in the short term

many coffeehouse chains plan to expand to the Russian provinces. The world leader, Starbucks Coffee Company, opened its first outlet in Moscow in September 2007 and currently is number three by coffee sales after Shokoladnitsa and Coffee House. As of December 2011, Starbucks operates 51 coffee shops in the capital.

Baskin Robbins, the world's largest chain of ice cream specialty shops, entered Russia in 1990. Baskin Robbins Production International opened 69 new ice cream salons in Russia in 2011 expanding its chain 40%. As of January 2012 Baskin-Robbins' network in Russia consists of 239 outlets in 82 cities, most of them franchises.

**Table 7. Food Service Industry Sales in Russia**

	2007	2008	2009	2010	2011
RUR, billion	306.1	343.1	334.2	362.3	403.2
Growth Year on Year, %		12.1	-3	8.4	11.2
US Dollars, billion	12	13.81	10.53	11.9	13.74
Average exchange rate	25.49	24.84	31.72	30.48	29.35

Source: Euromonitor International.

Many restaurants import the vast majority of their ingredients, creating opportunities for U.S. exporters of meat, seafood, wine, and specialty foods.

Please see the "HRI Food Service Sector" 2011 report for further information on the HRI sector in Russia: [http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20Service%20-%20Hotel%20Restaurant%20Institutional\\_Moscow%20ATO\\_Russian%20Federation\\_3-3-2011.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20Service%20-%20Hotel%20Restaurant%20Institutional_Moscow%20ATO_Russian%20Federation_3-3-2011.pdf)

## Food Processing Sector

Russia's food processing industry is one of the most dynamic sectors in the Russian economy. In 2011, Russia's food processing sector clocked growth of 13.3 percent with value of food production equal to 3,555 billion Rubles (USD 121 billion<sup>1</sup>) and it is expected to continue growing in 2012-13, supported by rising disposable incomes, increasing real wages and declining unemployment. Among the growth leaders are: meat products (including pork, poultry, sausages and semi-finished meat), dairy products, confectionary, dry baby food and dietary products with cereal.

Currently, the food processing industry is made up of foreign and domestic manufacturers with the latter dominating number wise. The biggest Russian food manufacturers are: Baltika Brewery Company, Unimilk, "United Confectionaries", "Cherkizovo", "Efko" Groups of Companies. Among the most well-known foreign food manufacturers in Russia are Kraft Foods and PepsiCo which invested heavily in WimmBill Dann in 2010-2011. These foreign investors are strengthening their positions with investments and marketing activities that overshadow domestic companies. That said, many Russian manufacturers are investing in modernization and expansion in order to strengthen their position in the market. The leaders in this market are focused on consolidation and expansion into regions outside of Moscow and St. Petersburg. Demand for higher-quality ingredients is



increasing as more local food processors strive to meet international quality standards. That demand will lead to increased imports given that around 40 percent of the products used by the Russian food industry are imported. More than a half of the meat and milk products in big Russian cities are provided by import suppliers. 70 percent of the raw materials in meat processing plants are imported. And specialized ingredients for bakery, confectionery and juice manufacturers are also widely imported. The majority of food ingredients are imported from: Denmark, Belgium, France, Germany, Austria, Great Britain, China and the United States. Perhaps in response to this current situation, on April 17, 2012 the Russian Government announced its Strategy for Food Processing Industry Development. In it, they target public and private sector investments into the sector at more than 777 billion rubles (USD 24.9 b) for the period of 2013-2020. The strategy is aimed at modernizing production facilities and increasing their capacity through innovation and technologies providing more advanced processing. As a result, the sector would be able to manufacture more competitive products, decrease power consumption and be more environmentally friendly. The strategy is supposed to increase production of flour, grains, bakery products, sugar, dairy products, butter, cheese and cheese products, fruit and vegetable preserves, oil, confectionary products, fish and fish preserves. One of the strategy's targets is to develop infrastructure and logistics for food products distribution system. This is clearly an ambitious strategy and Post will monitor its development.

The FAS Russia "Food Processing Annual 2011" report can be found at [http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20Processing%20Ingredients\\_Moscow](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20Processing%20Ingredients_Moscow)

## Internet Sales

Companies are entering the online channel in search of high potential sales and annual growth rates. Even during the recession of 2009, when consumer demand decreased considerably, e-commerce in Russia recorded considerable sales growth. The main reasons for growth are: stronger presence and competition, discount prices, the development of broadband connections in Russia's regions, and the desire of Russian consumers to make savings.

According to Data Insight research, internet sales in Russia grew by 30 percent to reach \$11 billion in 2011. More than 50 percent of people who buy goods online live in Moscow or St. Petersburg. The average bill is \$296. Experts estimate the number of online shoppers in Russia will increase by 25 percent in 2012, while sales turnover will grow by 22 percent to reach \$13 billion. Russian consumers mainly shop online for non-grocery products. In 2011, online grocery market in Russia was worth \$545 million and accounted 5 percent of total internet sales. People are not used to shopping for groceries online, and they have difficulty using the technology for this purpose. It is still perceived to be less stress and less time consuming to visit the local supermarket than to shop for groceries online. However, significant annual growth in Internet sales in recent years shows that online grocery retailing has great potential.

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<sup>1</sup> According to Central Bank data, the average dollar rate against ruble for 2011 was R 29.35: USD 1

In March 2012, Utkonos, one of the largest online grocery retailers in Russia, started selling grocery goods using the online retail platform Wikimart, which is supposed to grow Utkonos' turnover by 3-5 percent, according to the Company's management. In 2011, Utkonos' online sales reached approximately \$300 million. Currently, the Company handles about 10,000 orders per day.

One of the obstacles to the faster development of internet retailers is the underdeveloped system of e- payments. Currently most e-shop operators accept cash on delivery. It is still true that Russian consumers do not trust e-payments. Only 10 percent of e-shops offer the option to pay by debit/credit cards. Industry experts explain that e-shop operators prefer to call to consumers before the final confirmation of purchase. The PayPal system of security for e-payments has recently opened a subsidiary in Russia, but it mainly serves foreign e-shop operators. In Moscow, traffic may also be a factor limiting internet and delivery sales.

Russian regions will gradually increase their purchasing activity due to independent small operators as well as the penetration of major store-based federal chains which have recently entered the niche. For example, last year Auchan Group announced plans to become a visible Internet retailer in Russia. X5 Retail completed the logistical and IT platform necessary for Internet retailing. Such operators have the benefit of distribution centers covering several regions of Russia, which will help develop Internet retailing in the regions more actively in future.

## **Tourism Sales**

The tourist sector in Russia is relatively underdeveloped with the possible exception of domestic tourism. Therefore, Russia has unique opportunities both for the development of internal tourism and for reception of foreign travelers. A variety of landscapes (mountains, sea, rivers, woods, tundra) allows developing different kinds of tourism, e.g. beach vacation, ski vacation, etc. Vladimir Putin announced in 2011 that the Russian Government will launch a new federal program "Development of domestic tourism in Russia". Over the next three years 7 billion rubles (\$US 233 million) will be allocated from the federal budget, including 2 billion rubles (\$US 67 million) in 2011 in order to realize enhance tourism in Russia (source: Rossiyskaya Gazeta).

Already the hotel market, which has been underserved in Russia, is growing. Growth in the tourist sector will spur further development of Russia's hotels and restaurants which, in turn, will lead to a better quality services and offer new opportunities for the exporters of food products to Russia.

Certainly the tourism sector will experience a growth spurt due to several major international events in the next two years. Most notably, the 2014 Winter Olympic Games and the 2012 APEC Summit will be held in Russia and are the strongest short-term incentives for the development of Russian tourism in the coming years. The approaching winter Olympics to be held in the Black Sea resort of Sochi in 2014 could provide opportunities for foreign firms and investors. Hotels, restaurants and catering are all ramping up in order to serve the influx of visitors. A total of 47 transport infrastructure construction and modernization projects are underway and there are also plentiful opportunities in terms of telecoms, energy and environmental protection. The \$14 billion investment package in Sochi and the determination of the government to make the Olympics a domestic and international

success make Sochi an attractive proposition. Following on the heels of the Olympic Games, Sochi will host the Paralympic Winter Games. The city of Vladivostok on the eastern coast of Russia is currently building new hotels and restaurants to serve the APEC visitors who will be on hand for the Summit in August 2012. In 2013, the World University Summer Games (a.k.a. “Universiade”) will be held in the city of Kazan (population 1.2 million). And a bit further afield, Russia will host the 2018 Football World Cup.

## **Holiday Gifts Sales**

While the Russian economy including the food sector appears to be growing toward pre-crisis levels, consumer confidence still has a bit of catching up to do particularly with respect to year-end holiday spending. According to a Deloitte 2011 survey, the average amount of money Russians allocated for their festive budget included spending on food, gifts and entertainment of about \$583, about 11 percent more than in 2010 but still below the pre-crisis spending average of \$700 (2008).

Consumers in Russia usually start to think of their gift shopping near to the middle of December and buy gifts, for the most part, during the last week before the holiday season. Russians tend to buy presents primarily in hypermarkets, with second place given to specialized shops, and the third place given priority being open-air-markets. Russian consumers continue to ignore the Internet as one of the major trading channels for buying gifts, especially during the pre-holiday period. According to Deloitte survey, the main reason is that Russians desire to see a product by themselves, to hold it in their hands and not just to look at a picture of it on a website.

## **SECTION IV. BEST PRODUCT PROSPECTS**

The U.S. is the fifth largest supplier to Russia by value of agricultural, fish and forestry products. Based on official data, the U.S. share of Russia’s agricultural imports exceeded \$1.6 billion in 2011. This is 19 percent growth compared to 2010. The U.S. share of Russia’s total agricultural imports in 2011 was 3.99, on par with 2010. Top performing retail-oriented U.S. exports to Russia in 2011 included poultry and red meats, fresh and processed fruit and vegetables, nuts, pet food, fish and seafood, and snack foods.

In 2011, U.S. poultry exports accounted for roughly \$307 million (about 240,000 metric tons), followed by pork, beef, tree nuts, fish and seafood. Following WTO Accession, Russia will remain an attractive market for poultry imports for the next several years, particularly for affordable frozen chicken leg quarters that do not compete against domestically-produced chilled whole birds. [Note: Poultry prospects changed dramatically in 2011 as Russia eliminated country specific Tariff Rate Quota (TRQ) allocations and slashed the total quantity from 780,000 MT to 350,000 MT. As a result, Russia has fallen from the United States’ top export market to 4<sup>th</sup> place.]

Russia is the largest importer of beef and veal products (including offal) in the world, and the 2nd largest importer of pork products. Russia has demonstrated significant growth as a

market in 2011 for U.S. beef as a result of Russia's actions to increase the U.S. TRQ allocation from 21,700 MT to 41,700 MT.

Russia's World Trade Organization (WTO) accession process is helping to bring the country's legal and regulatory regime in line with internationally accepted practices.

These changes will likely include changes to many of the current barriers for poultry, beef, and pork, including veterinary-sanitary barriers that restrict the flow of trade. Also, while Russia published plans in July to cut 2012 TRQ access for both pork and poultry; these figures may be changed pending results of the WTO Ministerial, December 15-17, 2012.

Also, while Russia's goals to be self-sufficient in categories such as meat and dairy products will limit U.S. exports of those products they could create new opportunities for U.S. exporters to supply high protein feeds and animal genetics.

U.S. fish and seafood exports to Russia grew by 17 percent in 2011 and totaled more than \$60 million. There is expected to be higher demand for fish and an increase in per capita consumption in the Russian consumer market in the upcoming years.

Major products that are expected to see increased demand include low-price segments such as herring, hake, and perch. For more information please see Gain report: [http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Fishery%20Sector%20Production%20and%20Trade%20Update\\_MoscowFederation\\_7-27-2011.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Fishery%20Sector%20Production%20and%20Trade%20Update_MoscowFederation_7-27-2011.pdf)

Russia's pet food market is still developing and is very concentrated around big cities such as Moscow, St. Petersburg and Yekaterinburg. Experts forecast continued growth and demand in the local pet food market as household incomes increase and table scrap feeding declines. According to the Pet Food Institute (PFI), expansive advertising conducted by multinational companies has led to significant changes in the perception of pet food as a product category.

However, lack of information in the regions on the benefits of commercially prepared pet food remains the biggest constraint for the development of the pet food market. For more information please see Gain report RS1117 Pet Food Market Brief: [http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Pet%20Food%20Market%20Brief\\_Moscow\\_Russian%20Federation\\_4-21-2011.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Pet%20Food%20Market%20Brief_Moscow_Russian%20Federation_4-21-2011.pdf)

In 2011, the United States exported 20,999 metric tons of tree nuts to Russia. The main driver of this growth was the increase in California almond exports.

California pistachios are also present in the market but volumes fluctuate based on price competitiveness, particularly with Iranian pistachios. Upon accession to the WTO, Russia will bind its tariffs on almonds, walnuts and pistachios to 5 percent, which may provide for additional increases in U.S. exports.

For more information on Russian nuts market please see Gain report RSATO1108: [http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Russia%20Going%20Nuts%20Over%20Almonds\\_St.%20Petersburg\\_Russian%20Federation\\_4-20-2011.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Russia%20Going%20Nuts%20Over%20Almonds_St.%20Petersburg_Russian%20Federation_4-20-2011.pdf)

Russia is the world's third largest importer of fruit in value terms, and ranks as the number one market for pears. In 2011, Russia imported 25,535 metric tons (MT) of U.S. fruit worth \$32 million, an 85 percent increase in volume and 344 percent increase in value compared to 2005. In 2011, Russia was the third largest export market for Northwest Pears.

For more information on Russian fruit market please see Gain report: [http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Fresh%20Deciduous%20Fruit%20Annual\\_Moscow](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Fresh%20Deciduous%20Fruit%20Annual_Moscow)

The most dynamic growth in the high-valued sector compared to 2010 was shown by such categories of U.S. products as jams and fruit jellies, tomato ketchup and other tomato sauces, frozen potatoes, prunes, alcoholic and nonalcoholic beverages (excl. fruit and veg. juices), fresh grapes, and ice cream.

Given the potential of the Russian agricultural market, U.S. high value products can penetrate some niche markets, especially for those products which are not produced in Russia or are produced in limited quantities. In many cases, Russian agriculture is not capable yet of producing products of consistently high quality (e.g. high quality beef steaks).

There are markets for baby food or for specialty products including low-fat, low-salt and sugar-free products, cake and bread mixes, corn meal, and chocolate chips. U.S. exporters could also supply new market segments that are just beginning to develop.

This includes organics, microwaveable and semi prepared food as well as TV-dinners. Potential importers must be aware that promotion of innovative or new to market products is expensive.

To get more information on market opportunities for the U.S. products please see the report: [http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Market%20Opportunities%20for%20Key%20U.S.%20Products%20in%20Russia\\_Moscow\\_3-20-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Market%20Opportunities%20for%20Key%20U.S.%20Products%20in%20Russia_Moscow_3-20-2012.pdf)

Table 8 (below) provides additional information on food and agricultural product prospects<sup>1</sup>.

**Table 8. Russia: Suggested Best Prospects for U.S. Exporters, by Sector, 2011**

Product	2010 US Import Volume (\$ US mln.)	Average Growth of Import over the Last 5 Years, %	Import Taxes	Key Constraints to Market Development	Attractiveness of the Market for the USA
<b>Poultry</b>	307	-3.7	See GAIN Poultry and Products reports. Tariff-rate quotas apply to some items. Tariffs change unpredictably.	Competition with Brazilian and EU producers; Quick growth of domestic production; Perception of U.S. product as cheap and of low quality. Veterinary controls and demands do not follow international standards. Official goal of "food security" calls for reduction of meat imports.	U.S. product has well-established position; Low prices attract buyers. Local producers will not be able to satisfy demand in near future.
<b>Pork</b>	186.7	10.3	See GAIN Livestock and Products reports. Tariff-rate quotas apply to some items. Tariffs change unpredictably.	Competition from Brazilian pork, complicated import procedures. Veterinary controls and demands do not follow international standards. Official goal of "food security" calls for reduction of meat imports.	Shortage of pork in the country; declining production; high prices; Demand for stable deliveries of both cheap and high quality product. New health certificates are in place for U.S. origin pork.

Table 8. (Continued)

Product	2010 US Import Volume (\$ US mln.)	Average Growth of Import over the Last 5 Years, %	Import Taxes	Key Constraints to Market Development	Attractiveness of the Market for the USA
<b>Food preparations</b>	119.1	19.9	20% but not less than 0.25 Euro/kg plus 18% VAT for position 1704; generally 5% + 18% VAT for items in 180620, but varies in other positions	High competition from EU products; Cheap canned food niche occupied by Russian trademarks.	Fewer Russians are making food products (e.g. canning) at home; High-quality product niche is not completely filled.
<b>Beef</b>	176.8	10.8	See GAIN Reports Livestock and Products reports. Tariff-rate quotas apply to some items. Tariffs change unpredictably.	Consumer unaware of U.S. high quality beef; Growing domestic production; Complicated import procedures. Veterinary controls and demands do not follow international standards. Official goal of "food security" calls for reduction of meat imports.	Insignificant specialized beef production; Constantly growing beef prices; Niche markets for meat delicacies (steak, etc.) and meat offal; Fast HRI development; New health certificates are in place for U.S. origin beef.
<b>Tree nuts</b>	113.3	21	Nuts – 18% VAT Pistachios and pecans 18% VAT + 5% import duty	Iran biggest competitor for peanuts and pistachios; Tajikistan for walnuts.	U.S. almonds and pistachios enjoying very strong growth. Good potential for U.S. pecans.
<b>Fish and Seafood</b>	60.4	16	10% + 10-18% VAT	Regular deliveries of high quality product from Norway; Shortage of suitable equipment at retail trade outlets; Deficit of proper storage facilities with below -20C temperature; Unaware of quality and value of U.S. shellfish.	Growing demand for higher quality seafood from consumers; Very modest assortment in markets; Significant demand from supermarkets and HRI sector. Importers are looking for product diversification. Price competitiveness with European shellfish.
<b>Fresh Fruit</b>	32.1	21.3	Apples: (Jan 1-Jul 31) 0.1 Euros per kg (Aug 1-Dec 31) 0.2 Euros per kg + 18% VAT Pears: 10% + 18% VAT	Strong competition from Poland, China, Chile, New Zealand, Moldova for apples; Argentina and China for pears.	U.S. has good sales already and good potential for growth U.S. apples, pears, grapes, citrus, especially during February- April period.

<b>Product</b>	<b>2010 US Import Volume (\$ US mln.)</b>	<b>Average Growth of Import over the Last 5 Years, %</b>	<b>Import Taxes</b>	<b>Key Constraints to Market Development</b>	<b>Attractiveness of the Market for the USA</b>
<b>Pet food</b>	8.7	8.1	20%, but not less than 0.16 Euros/kg + 18% VAT	Strong tradition of feeding pets with table scraps; Strong local production with foreign investments -Mars has two plants that produce pet food.	Traditionally large number of home pets; Increased population incomes followed by growing demand for ready to use pet food.
<b>Snack Foods</b>	4.9	19.8	5% - 15%, but not less than 0.15 – 0.075 Euro/kg (duty depends on product, size of package, sugar content, etc.) + 10% - 18% VAT	Strong competition from local producers, including some foreign brands such as Lay's (PepsiCo) and Estrella (Kraft) – Pringles from Europe.	Good potential for high quality U.S. snacks: popcorn, nuts, and dried fruits mixes.

Source: Global Trade Atlas, U.S. Trade Database, Russian Tariff Database.

## SECTION V. KEY CONTACTS AND FURTHER INFORMATION

### Contact Information for FAS Offices in Russia and in the United States

U.S. Agricultural Trade Office Headquarters,  
Moscow  
Email: [atomoscow@fas.usda.gov](mailto:atomoscow@fas.usda.gov)

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U.S. Agricultural Trade Office  
American Embassy  
Bolshoy Devyatinskiy pereulok, 8  
121099 Moscow, Russia  
Fax: 7 (495) 728-5069  
Tel: 7 (495) 728-5560  
<http://eng.usda.ru>

*For mail coming from the U.S.*

*(delivery may take 2 to 4 weeks):*

Director, Agricultural Trade Office  
5430 Moscow Place, Box 355  
Washington, DC 20521-5430

*Covering Northwest Russia (St. Petersburg):*

Svetlana Ilyina, ATO Marketing Specialist  
American Consulate General  
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*For General Information on FAS/USDA Market Promotion Programs and Activities:*

Office of Trade Programs  
U.S. Department of Agriculture  
Foreign Agricultural Service  
1400 Independence Ave., S.W. Washington, DC 20250  
[http://www.fas.usda.gov/OTP\\_contacts.asp](http://www.fas.usda.gov/OTP_contacts.asp)

**FAS Website:** [www.fas.usda.gov](http://www.fas.usda.gov)

*For Trade Policy/Market Access Issues, General Information on the Russian Agricultural Sector, etc:*

Holly Higgins , Agricultural Minister-Counselor  
Levin Flake, Senior Agricultural Attaché



Christopher Riker, Agricultural Attaché  
Office of Agricultural Affairs  
American Embassy  
5430 Moscow Place  
Dulles, VA 20189  
Fax: 7 (495) 728-5133 or 728 5102  
Tel: 7 (495) 728-5222  
E-mail: agmoscow@fas.usda.gov

## **Other Useful Contacts**

The Agricultural Trade office works with a large number of U.S. industry organizations, several of which are resident in Russia. These cooperators share the view that Russia is a promising market for food products.

## **Alaska Seafood Marketing Institute**

Andrew Brown  
Pound House  
Pound Lane Godalming  
Surrey GU7 1BX, UK  
Tel: +44-1483-41-6136  
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E-mail: abrown@alaskaseafood.org

## **Almond Board of California**

RK Marketing Office,  
29/1 Generala Tyuleneva Str., 117465, Moscow, Russia  
Tel: 7 (495) 729-3080  
Fax: 7 (495) 989-2670  
E-mail: office@Almonds.ru  
<http://www.Almonds.ru>

## **California Prune Board**

Mark Dorman  
Suite 18, Harborough Innovation Centre  
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### **California Table Grape Commission**

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### **USA Poultry and Egg Export Council (USAPEEC)**

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<http://www.usapeec.ru>

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## **U.S. Meat Export Federation (USMEF)**

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## **U.S. Wheat Associates**

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## **Washington Apple Commission**

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## **Wine Institute of California**

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<http://www.discovercaliforniawines.com/>

The American Chamber of Commerce is another good source for information on doing business in Russia.

The Chamber has offices in Moscow and St. Petersburg.

## **American Chamber of Commerce in Russia (AmCham)**

Ul. Dolgorukovskaya, Building 7, 14th floor

127006 Moscow, Russia

Fax: 7 (495) 961-2142

Tel: 7 (495) 961-2141

Email: [amchamru@amcham.ru](mailto:amchamru@amcham.ru)

<http://amcham.ru/>

## **American Chamber of Commerce in St. Petersburg**

Ulitsa Yakubovicha 24, left wing, 3<sup>rd</sup> Floor

190000 St. Petersburg, Russia

Fax: 7 (812) 448-1645

Tel: 7 (812) 448-1646

Email: [all@spb.amcham.ru](mailto:all@spb.amcham.ru)

<http://amcham.ru/spb/>

The U.S Commercial Service has offices in Moscow, St. Petersburg, and Vladivostok. For questions regarding agricultural machinery, food processing and packaging equipment or materials, refrigeration equipment, and other industrial products, please contact:

## **U.S. Commercial Service**

Bolshoy Devyatinskiy pereulok, 8

121099 Moscow, Russia

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Tel: 7 (495) 728-5580

E-mail: [Moscow.Office.Box@trade.gov](mailto:Moscow.Office.Box@trade.gov)

<http://export.gov/russia/>

The U.S. Commercial Service office at the U.S. Embassy in Moscow assists American exporters by identifying potential partners through the Gold Key Matching Service. The program features:

- appointments (typically four per day) with prescreened Russian firms;
- background and contact information on each potential partner, such as: the size of the company; number of years in business; product or service lines; and capability to provide after-sales service;
- customized market briefing with U.S. Commercial Service staff; and,
- available market research on the relevant industry sector.

The World Bank and the U.S. Agency for International Development also maintain missions in Russia.

## APPENDIX - STATISTICS

**Table A. Key trade & demographic information, 2011**

Agricultural Imports From All Countries (\$Mln) / U.S. Market Share (%) <sup>1/</sup>	36,301/4.2
Consumer Food Imports From All Countries (\$Mln) / U.S. Market Share (%) <sup>2/</sup>	25,325/4.5
Edible Fishery Imports From All Countries (\$Mln) / U.S. Market Share (%) <sup>2/</sup>	2,564/2.4
Total Population (Millions) / Annual Growth Rate (%)	142.9/+0.7
Urban Population (Millions) / Annual Growth Rate (%)	74/+1
Number of Major Metropolitan Areas <sup>3/</sup>	12
Size of the Middle Class (Millions) / Growth Rate (%) <sup>4/</sup>	48/2.8
Per Capita Gross Domestic Product (U.S. Dollars)	16,700
Unemployment Rate (%)	6.6
Per Capita Food Expenditures (U.S. Dollars)	6,447
Percent of Female Population Employed <sup>5/</sup>	93
Exchange Rate (US\$1 = RUR), 2011 <sup>6/</sup>	29.35

Source: Unless otherwise noted, Russian Federal Statistics Service 2011 data (Rosstat) Source: 2011,

Global Trade Atlas (total agricultural imports)

Source: 2011, Global Trade Atlas

Population in excess of 1,000,000

Sources: Various - based on estimate of individuals earning US\$500-\$1,150 per month

Source: 2010 Rosstat data. As percentage of economically-active female population (employed or actively seeking employment). Female workers account for 49.1 percent of the total economically-active population

<sup>6/</sup> See Figure 1. Russia's Central Bank exchange rate of \$1 USD to Ruble in 2011

**Table B. Consumer food & edible fishery product imports, CY09-11**

	Imports from the World (Million Dollars)			Imports from the U.S. (Million Dollars)			U.S Market Share (Percent)		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
<b>Consumer-Oriented AG, Total</b>	<b>18,503</b>	<b>21,719</b>	<b>25,325</b>	<b>1,391</b>	<b>1,011</b>	<b>1,143</b>	<b>7.5</b>	<b>4.7</b>	<b>4.5</b>
Snack Foods (Excl. Nuts)	707	910	1,165	2	3.3	4.9	0.3	0.4	0.4
Breakfast Cereals & Pancake Mix	19	21	25	0.2	0.9	1.4	0.1	0.5	0.6
Red Meats, Fresh/Chilled/Frozen	4,633	4,615	5,090	382.4	333.5	412.7	8.3	7.2	8.1
Red Meats, Prepared/Preserved	156	157	271	11.2	3.4	4.9	7.2	2.2	1.8
Poultry Meat	1,064	863	572	733	331	307	68.9	38.4	53.7
Dairy Products (Excl. Cheese)	303	659	618	2.8	20.6	0.06	0.7	3.1	0.01
Eggs & Products (Excl. Cheese)	79	116	153	10.5	9.8	21.6	13.2	8.5	14.1
Fresh Fruit	3,711	4,572	5,462	20.8	29.3	32.1	0.6	0.64	0.59
Fresh Vegetables	1,493	2,025	2,858	1.3	1.26	1.9	0.1	0.06	0.07
Processed Fruit & Vegetables	1,282	1,457	1,621	12.6	24.9	27.4	0.99	1.7	1.69
Fruit & Vegetables Juices	287	364	441	6.3	6.25	4.6	2.2	1.7	1.1
Tree Nuts	292	335	391	82.2	82.6	113	28.2	24.7	29
Wine & Beer	870	1,075	1,265	6.2	7.4	9.7	0.7	0.7	0.8
Pet Foods (Dog & Cat Food)	163	139	196	4.5	4.6	8.7	2.8	3.3	4.4
Other Consumer Oriented Products	1,920	2,352	2,786	113.2	146.7	190.1	5.9	6.2	6.8
<b>Fish &amp; Seafood Products Total</b>	<b>1,754</b>	<b>2,150</b>	<b>2,564</b>	<b>27.4</b>	<b>51.6</b>	<b>60.4</b>	<b>1.6</b>	<b>2.41</b>	<b>2.36</b>
Salmon	311	524	604	0.6	1.45	0.28	0.2	0.28	0.05
Molluscs	40	60	88	1.7	4.4	4.1	4.2	7.4	4.7
Crustaceans	199	253	325	0.01	0.4	0.5	0.05	0.16	0.14
Other Fishery Products	1,052	1,082	1,304	10.4	32.3	37.8	1	3	2.9
<b>Agricultural Products Total</b>	<b>25,711</b>	<b>30,599</b>	<b>36,301</b>	<b>1,712</b>	<b>1,278</b>	<b>1,510</b>	<b>6.7</b>	<b>4.2</b>	<b>4.2</b>
<b>AG, Fish And Forestry Total</b>	<b>28,252</b>	<b>33,727</b>	<b>40,271</b>	<b>1,753</b>	<b>1,347</b>	<b>1,608</b>	<b>6.2</b>	<b>4</b>	<b>4</b>

Source: Global Trade Atlas

**Table C. Top 15 suppliers of consumer foods & edible fishery products consumer-oriented Ag total**

No	Country	Million United States Dollars		
		2009	2010	2011
1	Germany	1,172	1,633	1,882
2	Brazil	2,244	2,150	1,698
3	Ukraine	1,061	1,415	1,613
4	Turkey	1,014	1,336	1,408
5	Netherlands	888	1,185	1,403
6	Ecuador	791	878	1,189
7	<b>United States</b>	<b>1,391</b>	<b>1,010</b>	<b>1,143</b>
8	Spain	550	785	1,135
9	China	741	857	1,089
10	Italy	538	796	1,088
11	Poland	738	923	932
12	France	595	781	893
13	Argentina	862	509	526
14	Denmark	348	426	516
15	Belgium	267	441	502
	<b>World</b>	<b>18,503</b>	<b>21,719</b>	<b>25,325</b>

Source: Global Trade Atlas.

**Table D. Top 15 suppliers of fish & seafood products**

No	Country	Million United States Dollars		
		2009	2010	2011
1	Norway	729	860	929
2	China	207	235	309
3	Iceland	43	96	163
4	Canada	58	92	115
5	Chile	57	79	112
6	Vietnam	103	74	95
7	Denmark	79	70	69
8	<b>United States</b>	<b>27</b>	<b>52</b>	<b>60</b>
9	Thailand	33	49	49
10	United Kingdom	84	81	48
11	Latvia	23	32	45
12	Spain	30	35	42
13	India	16	26	34
14	Ukraine	28	32	31
15	Argentina	12	19	29
	<b>World</b>	<b>1,754</b>	<b>2,150</b>	<b>2,564</b>

Source: Global Trade Atlas.

## Other Relevant Reports

Attaché reports on the Russian food and agricultural market are available on the FAS Website; the search engine can be found at

<http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp>

The latest FAIRS Report can be found at

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative\\_Moscow\\_Russian%20Federation\\_1-17-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative_Moscow_Russian%20Federation_1-17-2012.pdf)

RSATO1110 Retail Report / Annual

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Retail%20Foods\\_Moscow%20ATO\\_Russian%20Federation\\_9-2-2011.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Retail%20Foods_Moscow%20ATO_Russian%20Federation_9-2-2011.pdf)

RSATO1002 Trade Law Report

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/The%20Russian%20Federal%20Law%20on%20Trade%20\\_Moscow%20ATO\\_Russian%20Federation\\_8-30-2010.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/The%20Russian%20Federal%20Law%20on%20Trade%20_Moscow%20ATO_Russian%20Federation_8-30-2010.pdf)

RSATO1107 Russian Food Processing Sector

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20Processing%20Ingredients\\_Moscow%20ATO\\_Russian%20Federation\\_12-21-2010.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20Processing%20Ingredients_Moscow%20ATO_Russian%20Federation_12-21-2010.pdf)

RSATO1102 Russian HRI Sector

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20Service%20-%20Hotel%20Restaurant%20Institutional\\_Moscow%20ATO\\_Russian%20Federation\\_3-3-2011.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20Service%20-%20Hotel%20Restaurant%20Institutional_Moscow%20ATO_Russian%20Federation_3-3-2011.pdf)

**RSATO1002 Fresh Deciduous Fruit / Annual**

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Fresh%20Deciduous%20Fruit%20Annual\\_Moscow%20ATO\\_Russian%20Federation\\_11-1-2010.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Fresh%20Deciduous%20Fruit%20Annual_Moscow%20ATO_Russian%20Federation_11-1-2010.pdf)

**RSATO1109 Russian Organic Market**

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Russian%20Organic%20Market%20Taking%20Root\\_Moscow%20ATO\\_Russian%20Federation\\_4-27-2011.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Russian%20Organic%20Market%20Taking%20Root_Moscow%20ATO_Russian%20Federation_4-27-2011.pdf)

**RSATO1010 Russian Alcohol Market Regulation 2008-2010 Update** [http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Russian%20Alcohol%20Market%20Regulation%2008-2010%20Update\\_Moscow%20ATO\\_Russian%20Federation\\_11-22-2010.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Russian%20Alcohol%20Market%20Regulation%2008-2010%20Update_Moscow%20ATO_Russian%20Federation_11-22-2010.pdf)**RS 1039 Ban on Grain Exports from Russia Comes to Force on August 15**

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Ban%20on%20Grain%20Exports%20from%20Russia%20Comes%20to%20Force%20on%20August%2015%20\\_Moscow\\_Russian%20Federation\\_8-6-2010.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Ban%20on%20Grain%20Exports%20from%20Russia%20Comes%20to%20Force%20on%20August%2015%20_Moscow_Russian%20Federation_8-6-2010.pdf)

**RS 1134 Fish and Seafood Production and Trade Update**

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Fishery%20Sector%20Production%20and%20Trade%20Update\\_Moscow\\_Russian%20Federation\\_7-27-2011.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Fishery%20Sector%20Production%20and%20Trade%20Update_Moscow_Russian%20Federation_7-27-2011.pdf)

**RS 1139 Poultry and Products Annual**

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Poultry%20and%20Products%20Annual\\_Moscow\\_Russian%20Federation\\_8-16-2011.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Poultry%20and%20Products%20Annual_Moscow_Russian%20Federation_8-16-2011.pdf)

**RS 1144 Livestock and Products Annual**

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Livestock%20and%20Products%20Annual\\_Moscow\\_Russian%20Federation\\_9-15-2011.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Livestock%20and%20Products%20Annual_Moscow_Russian%20Federation_9-15-2011.pdf)

**RS 1146 Dairy and Products Annual**

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Dairy%20and%20Products%20Annual\\_Moscow\\_Russian%20Federation\\_10-20-2011.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Dairy%20and%20Products%20Annual_Moscow_Russian%20Federation_10-20-2011.pdf)

**RS 1015 Declaration of Conformity Replaces Certification for Many Products**

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Declaration%20of%20Conformity%20Replaces%20Certification%20for%20Many%20Products\\_Moscow\\_Russian%20Federation\\_3-22-2010.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Declaration%20of%20Conformity%20Replaces%20Certification%20for%20Many%20Products_Moscow_Russian%20Federation_3-22-2010.pdf)

**RS1117 Pet Food Market Brief**

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Pet%20Food%20Market%20Brief\\_Moscow\\_Russian%20Federation\\_4-21-2011.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Pet%20Food%20Market%20Brief_Moscow_Russian%20Federation_4-21-2011.pdf)

**End Note**

<sup>1</sup> Food products listed in Table 7 are based on market intelligence, including discussions with retailers and data analysis efforts, and should not be considered an official endorsement by the United States Department of Agriculture or any affiliated agencies.



*Chapter 12*

## **NEXT STEPS IN NUCLEAR ARMS CONTROL WITH RUSSIA: ISSUES FOR CONGRESS<sup>\*</sup>**

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### **SUMMARY**

In his 2013 State of the Union Address, President Obama stated that the United States would “engage Russia to seek further reductions in our nuclear arsenals.” These reductions could include limits on strategic, nonstrategic and nondeployed nuclear weapons. Yet, arms control negotiations between the United States and Russia have stalled, leading many observers to suggest that the United States reduce its nuclear forces unilaterally, or in parallel with Russia, without negotiating a new treaty. Many in Congress have expressed concerns about this possibility, both because they question the need to reduce nuclear forces below New START levels and because they do not want the President to agree to further reductions without seeking the approval of Congress.

Over the years, the United States reduced its nuclear weapons with formal, bilateral treaties, reciprocal, but informal, understandings, and unilateral adjustments to its force posture. The role of Congress in the arms control process also depends on the mechanism used to reduce forces. If the United States and Russia sign a formal treaty, then the Senate must signal its advice and consent with a vote of two-thirds of its Members. The House and Senate would each need to pass legislation approving an Executive Agreement. But the President can reduce U.S. nuclear weapons in parallel with Russia, without seeking congressional approval, if the reductions are taken unilaterally, or as the result of a nonbinding political agreement.

Each of the mechanisms for reducing nuclear forces can possess different characteristics for the arms control process. These include balance and equality, predictability, flexibility, transparency and confidence in compliance, and timeliness. Provisions in formal treaties can mandate balance and equality between the two sides’ forces. They can also provide both sides with the ability to predict the size and structure of the other’s current and future forces. Unilateral measures allow each side to maintain flexibility in deciding the size and structure of its nuclear forces. In addition, the monitoring and verification provisions included in bilateral treaties can provide each side

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<sup>\*</sup>This is an edited, reformatted and augmented version of Congressional Research Service, Publication No. R43037, dated April 10, 2013.

with detailed information about the numbers and capabilities of the other's nuclear forces, while also helping each side confirm that the other has complied with the limits and restrictions in the treaty. With unilateral reductions, the two sides could still agree to share information, or they could withhold information so that they would not have to share sensitive data about their forces.

It usually takes far longer to reduce nuclear forces through a bilateral arms control treaty than it takes to adopt unilateral adjustments to nuclear forces. The need to find balanced and equitable trades, limits acceptable to both sides, detailed definitions of systems limited by the treaty, and agreed procedures for monitoring and verification can slow the process of negotiations. In addition, it can take months or years for a treaty to enter into force, both because the legislatures must review and vote on the treaty and because other domestic or international events intervene. In contrast, the nations may be able to adopt and implement unilateral adjustments more quickly.

If the Obama Administration reduces U.S. nuclear forces in parallel with Russia, but without a formal treaty, the two nations could avoid months or years in negotiations. Because New START would remain in force, predictability and transparency would remain important. Balance and equality would, however, receive a lower priority, while flexibility and timeliness would grow more important. Congress may question whether such an agreement is subject to congressional review. It may also seek to limit funding for further reductions through the annual authorization and appropriations process if it does not support the Administration's approach to further reductions.

## INTRODUCTION

On January 31, 2013, during the Senate Armed Services Committee's hearing on the nomination of former Senator Chuck Hagel to be Secretary of Defense, Senator Jeff Sessions questioned Senator Hagel about the Obama Administration's plans for the next steps in nuclear arms control.<sup>1</sup> Specifically, he asked Senator Hagel whether he was committed to honoring the provision in the FY2013 National Defense Authorization Act (P.L. 112-239, Section 1282) that requires the Administration to provide briefings to Congress, twice each year, on the status of arms control negotiations with Russia. Senator Hagel responded that he was committed to pursuing the required consultations. Senator Sessions then asked Senator Hagel for a commitment that the Administration would pursue agreements that would lead to further reductions in U.S. nuclear weapons through "the treaty-making power of the President." Specifically, he was seeking assurances that the Obama Administration would not try to bypass the Senate, and its role in providing advice and consent to the ratification of treaties, by reducing U.S. nuclear weapons through unilateral or informal bilateral means. Senator Hagel did not respond to this request. He noted that the President "believes in and is committed to treaties," but he did not accept Senator Sessions' view that future reductions in U.S. nuclear weapons should occur only through the treaty-making process.

Senator Sessions' questions, and the concerns voiced by other Members of Congress, respond to both the Obama Administration's stated interest in pursuing further reductions in nuclear weapons and recent indications that the Administration may pursue these reductions, as President George H.W. Bush did in 1991, without a formal treaty.<sup>2</sup> President Obama views New START, which was signed by the United States and Russia in April 2010 and entered into force in February 2011,<sup>3</sup> as "just one step on a longer journey."<sup>4</sup> In his State of the Union Address on February 12, 2013, he pledged that "America will continue to lead the effort to

prevent the spread of the world's most dangerous weapons." As a part of this effort, the United States would "engage Russia to seek further reductions in our nuclear arsenals."<sup>5</sup>

The United States and Russia have not yet started formal negotiations on further reductions in nuclear weapons. Disagreements about a number of issues, including the U.S. interest in limiting nonstrategic nuclear weapons and Russia's interest in limiting U.S. ballistic missile defense programs, have contributed to this delay. At the same time, congressional concerns about both the Administration's plans to reduce further U.S. nuclear warheads and the magnitude of the Administration's funding requests for the modernization of the U.S. nuclear enterprise have raised questions about whether the Senate would consent to ratification of a new treaty. As a result, many analysts and officials have suggested that the United States and Russia pursue "parallel reductions" based on a mutual understanding, rather than a formal treaty.<sup>6</sup> Press reports from early February 2013 indicate that the Administration is considering this approach and might seek an informal understanding, within the framework of the New START Treaty, that reduces current negotiated limits on U.S. and Russian forces.<sup>7</sup>

Over the years, the United States has used three mechanisms to reduce its nuclear weapons— formal, bilateral treaties; reciprocal, but informal, understandings; and unilateral adjustments to its force posture. Each of these mechanisms for reducing forces serves different purposes, and each can possess different characteristics for the arms control process. The role of Congress in the arms control process also depends on the mechanism used to reduce forces.

The United States signed several formal arms control treaties that limited the numbers of deployed nuclear weapons with the Soviet Union during the Cold War and with Russia in the past two decades.<sup>8</sup> Following Article II of the Constitution, the Senate reviewed these treaties, and, in most cases, voted to provide its advice and consent to ratification. The United States has also reduced its forces unilaterally, with reciprocity from Russia in 1991, when President George H.W. Bush withdrew and eliminated most U.S. shorter range nonstrategic nuclear weapons from bases in Europe and Asia. President Bush did not notify Congress or seek congressional approval before pursuing these reductions.<sup>9</sup> President George W. Bush also withdrew from deployment a number of U.S. nonstrategic nuclear weapons, although he did so without seeking or expecting reciprocity from Russia. He also pursued these reductions without seeking approval from Congress. Several Presidents have reduced unilaterally the number of warheads in the U.S. stored stockpile, as the United States has retired older weapons and responded to changing assessments of the necessary size and structure of the U.S. nuclear force. These changes are a part of the normal force planning process, managed by the Department of Defense and approved by the President, and have also occurred without prior explicit approval from Congress.

This report reviews these characteristics and demonstrates their effect on decisions about the use of the different mechanisms. The report begins with a review of the role of nuclear arms control in the U.S.-Soviet relationship, looking at both formal, bilateral treaties and unilateral steps the United States took to alter its nuclear posture. It then turns to the role of arms control in the U.S.- Russian relationship, again reviewing the role of both formal treaties and unilateral measures. The report also describes the role of Congress in the arms control process. It then provides an analytic framework that reviews the characteristics of the different mechanisms, focusing on issues such as balance and equality, predictability, flexibility, transparency and confidence in compliance, and timeliness. Finally the report

describes issues that Congress may address as the Obama Administration employs these mechanisms to pursue further reductions in U.S. nuclear weapons.

This report does not address the question of whether the United States should pursue further reductions in deployed nuclear weapons, or, if it does, how deep those reductions should be. While many in Congress disagree with the Administration's plans for further reductions, that goal is its stated policy. As a result, the report evaluates different mechanisms that the Administration might use to implement that policy without questioning the underlying policy. In addition, the report will evaluate these mechanisms only in the context of reductions in U.S. and Russian nuclear weapons. It will not evaluate whether other nations—such as China, the United Kingdom, and France—should participate in these reductions or which mechanism would be appropriate if other nations did participate. The United States and Russia deploy far greater numbers of nuclear weapons than these other nations,<sup>10</sup> so they may be able to reduce their weapons further before bringing other nations into the process.

## THE CHANGING ROLE OF NUCLEAR ARMS CONTROL

### Limits and Reductions during the Cold War

#### *Formal Treaties and Agreements*

During the Cold War, before the demise of the Soviet Union at the end of 1991, arms control played a key role in the relationship between the United States and Soviet Union. Arms control negotiations were often one of the few channels for formal communication between the two nations. The talks provided the United States and Soviet Union with a forum to air their security concerns and raise questions about their plans and programs. Over time, the discussions during negotiations and the data and access mandated by the monitoring provisions included in the treaties allowed for a measure of transparency about the numbers and capabilities of current forces. As the volume of shared information grew over the years, each side could replace suspicions about the intentions of the other with confidence in its understanding of the capabilities of the other's nuclear forces. The limits also helped each side predict and plan for the future size and shape of the other's forces. To most observers, this process reduced the risk of nuclear war and strengthened U.S. security. It helped both sides avoid worst-case assumptions about the future that could fuel an arms race or undermine stability.

Others, however, questioned the value of these talks. Some argued that the agreements merely codified existing force structure plans and restricted the U.S. ability to respond to emerging threats. For example, during the 1980s, when the United States renewed its interest and expanded its research into extensive land-based and space-based defenses against ballistic missiles, the 1972 Anti-ballistic Missile (ABM) Treaty continued to limit it to 100 interceptors deployed at one specific location. Some also questioned whether the Soviet Union would comply with its obligations, as the monitoring process revealed evidence of activities that were inconsistent with expectations under the treaties.<sup>11</sup> In spite of predictions to the contrary, however, there was little evidence that the Soviet Union sought to evade the limits in the treaties in any systematic way.<sup>12</sup> Instead, many of the concerns derived from

ambiguities in the terms of the treaties and most were resolved in discussions held in compliance review commissions established by the treaties.

The United States and Soviet Union also used arms control negotiations, and the resulting treaties, as a way to limit or reduce the specific weapons systems that they viewed as threatening and destabilizing.<sup>13</sup> For example, during the late 1970s and early 1980s, the Soviet Union deployed intermediate range missiles that could reach critical targets in NATO. The United States responded by deploying intermediate-range missiles in Europe; these could have reached leadership and command and control targets in the Soviet Union in less than 10 minutes. Some analysts feared that these weapons would provide the United States and NATO with the ability to “decapitate” Soviet leadership, thereby giving NATO an incentive to use these weapons early in a conflict and the Soviets an incentive to launch its forces quickly before it lost the ability to control its nuclear operations.<sup>14</sup> With both sides fearing a first strike from the other, each had an incentive to reduce the threat. As a result, they negotiated the 1987 Intermediate-range Nuclear Forces (INF) Treaty, which eliminated all intermediate-range nuclear missiles.<sup>15</sup>

In a similar vein, throughout the Cold War, U.S. analysts expressed concerns about the Soviet force of large “heavy” intercontinental ballistic missiles (ICBMs) that could often carry multiple warheads (known as multiple independently-targeted reentry-vehicles—MIRVs.) Analysts feared that the Soviet Union might consider using these weapons in a “disarming” first strike against U.S. ICBMs based in fixed, vulnerable, land-based silos. Moreover, because these Soviet missiles were also deployed in fixed, vulnerable, land-based silos, the Soviet Union might feel pressure to launch them early in a crisis, before it lost them to a U.S. strike. The United States sought to mitigate concerns about the vulnerability of its own forces by deploying many of its warheads at sea, on invulnerable submarine-launched ballistic missiles (SLBMs). But it also sought to limit and reduce the numbers of large ICBMs in the Soviet force through arms control agreements. Initially, in the 1970s Strategic Arms Limitation Talks (SALT), it sought to cap the numbers of permitted missiles. In the 1991 Strategic Arms Reduction Treaty (START), the Soviet Union agreed to reduce these weapons by 50%. And in the 1993 START II Treaty, Russia agreed to eliminate all these missiles.<sup>16</sup>

### *Unilateral Adjustments*

The bilateral treaties between the United States and Soviet Union did not contain any limits or restrictions on shorter-range nuclear weapons, which are often referred to as tactical or nonstrategic nuclear weapons. Both nations were free to adjust the numbers, types, and deployment areas for these weapons according to their own assessments of the forces needed to assure their national security. These treaties also did not limit the numbers of extra warheads that either side could retain in storage, in a “nondeployed” stockpile. Each nation was also free to determine, for itself, how many spare warheads it needed and how and when to add these warheads to its deployed forces.

### *Nonstrategic Nuclear Weapons*<sup>17</sup>

Throughout the Cold War, the United States deployed nonstrategic nuclear weapons at U.S. bases in Asia and on the territories of several NATO allies in Europe. The United States often altered the size and structure of these forces in response to changing capabilities and changing threat assessments. It began to reduce these forces in the late 1970s, with the number of deployed warheads declining from more than 7,000 in the mid-1970s to below

6,000 in the mid-1980s.<sup>18</sup> These reductions occurred, for the most part, because U.S. and NATO officials believed they could maintain deterrence with fewer, but more modern, weapons. For example, when the NATO allies agreed in 1970 that the United States should deploy new intermediate-range nuclear weapons in Europe, they decided to remove 1,000 older nuclear weapons from Europe. And in 1983, in the Montebello Decision, when the NATO defense ministers approved additional weapons modernization plans, they also called for a further reduction of 1,400 nonstrategic nuclear weapons.<sup>19</sup> The Pentagon implemented these reductions as a part of its regular force planning process; it did not seek or need the approval of Congress.

The number of U.S. nonstrategic nuclear weapons dropped sharply in the waning days of the Cold War, falling to fewer than 1,000 warheads by the mid-1990s, as a result of an initiative, now known as the Presidential Nuclear Initiative (PNI), announced in 1991 by President George H.W. Bush. Under this initiative, the United States withdrew from deployment more than 2,000 land-based and sea-based nonstrategic nuclear weapons. President Bush indicated that the United States would take these steps unilaterally, and would implement these measures regardless of the Soviet reaction. The Pentagon indicated that the steps represented “sound military policy” regardless of the Soviet reaction.<sup>20</sup> In addition, President Bush identified and adopted these steps without consulting with or notifying Congress.<sup>21</sup> According to some reports, the “legislative strategy” never came up during meetings in the Pentagon.<sup>22</sup> Congress, for the most part, did not object to the reductions or insist that the United States wait for Soviet reciprocity before acting. To the contrary, several Members suggested that the United States could cut other nuclear programs and reduce its forces further.<sup>23</sup>

### *Nondeployed Weapons*

The United States maintains a stockpile of warheads in storage that are not deployed with operational delivery systems. Many of these warheads are awaiting dismantlement, but some remain active and could return to the force to replace warheads removed for maintenance or to add to the deployed force if warranted by changes in the international security environment. The size of this stockpile has declined sharply over the decades as the United States has reduced its numbers of deployed warheads, retired many types of Cold War-era systems, and reduced its requirements for spare warheads. According to a fact sheet released by the Obama Administration in May 2010, the stockpile reached its maximum level of 31,255 warheads in 1967.<sup>24</sup> It declined to a total of 23,205 warheads in 1988, the year before the Warsaw Pact dissolved. During the George H.W. Bush Administration, reductions accelerated, with the total declining nearly 40%, from 22,217 warheads in 1989 to 13,708 warheads in 1992.

The United States and Soviet Union never counted these warheads under the limits in arms control treaties. As a result, the United States has implemented all of the reductions in its stockpile unilaterally. These reductions occurred as the United States retired and dismantled warheads removed from older delivery systems, as it replaced older types of warheads with new types, and as it altered its assessment of the number of warheads needed to maintain and augment the deployed force. They followed not only the implementation of the PNIs, but also reflected further changes that the United States made in its nuclear strategy and targeting doctrine in response to the changing international security environment. While Congress often debated plans for the missiles and bombers that would deliver U.S. nuclear

weapons and reviewed administration plans to design or tests new types of warheads, it rarely questioned or discussed the size of the stockpile of spare warheads.

## Limits and Reductions after the Cold War

### *Formal Treaties and Agreements*

During the 1990s, as the relationship between the United States and Russia improved, their cooperation expanded to include a wide range of economic, political, and military issues. As a result, arms control negotiations no longer played a central role in fostering cooperation between the two nations. Nevertheless, the United States and Russia negotiated a second Strategic Arms Reduction Treaty (START II) in 1992 (they signed it in early January 1993) both to implement further reductions in their forces and to “enhance strategic stability and predictability.”<sup>25</sup> The Treaty, if it had entered into force, would have reduced the number of deployed strategic warheads to 3,500, banned multiple warhead ICBMs, which the United States considered destabilizing in a crisis, and limited the number of warheads on SLBMs, which Russia believed the United States could use in a pre-emptive first strike.<sup>26</sup>

The United States and Russia did not sign any arms control treaties during the Clinton Administration, although they did work together to implement START I, sharing data and cooperating on a range of on-site inspections. They also sought to reach agreement on further reductions, in a START III Treaty, which might have reduced their strategic forces to 2,500 deployed warheads, but the two governments failed to conclude the negotiations before the end of the Clinton Administration.

During the 1990s, many analysts inside and outside government grew convinced that the United States no longer needed arms control to limit the Russian threat. They expected Russian forces to decline sharply, under economic pressure, as Russia retired older systems without producing large numbers of new weapons. Therefore, they believed that United States would not need to limit its own forces in an effort to convince Russia to reduce its arsenal. Furthermore, other nations, such as those seeking their own nuclear weapons and those armed with chemical and biological weapons, seemed to pose new threats to U.S. national security. Many analysts opposed further reductions in U.S. nuclear weapons because they believed nuclear weapons might help deter these new and emerging threats.

During the election campaign in 2000 and his early months in office in 2001, President George W. Bush pledged to set aside the arms control negotiating process and to reduce U.S. strategic nuclear forces unilaterally, to the “lowest possible number consistent with our national security.” He did not think that a formal, bilateral treaty was necessary to implement these reductions; instead he indicated that “we can and will change the size, the composition, the character of our nuclear forces in a way that reflects the reality that the Cold War is over.”<sup>27</sup> The Bush Administration indicated that the size and structure of Russia’s nuclear arsenal would no longer affect U.S. nuclear plans and programs, and as a result, the United States no longer needed the predictability offered by the limits in arms control agreements.

The Bush Administration also saw no reason to pursue arms control negotiations to manage the U.S. relationship with Russia. To the contrary, Administration officials argued that formal arms control negotiations represented an adversarial process between the United States and Russia and they were no longer appropriate because, according to the President and others in his Administration, “Russia is no longer our enemy.”<sup>28</sup> Accordingly, the Bush

Administration believed that the two nations should work together to lessen or eliminate threats to their security, rather than pursue agreements based on the premise that each is a threat to the other.

Some in the Bush Administration also objected to the negotiation of new bilateral arms control agreements because the process could be too slow and too rigid. Specifically, according to one official, “formal arms control agreements that require so much time to negotiate and are negotiated at a level of detail that has become astounding... will not allow us to make the kinds of adjustments to our own forces in the timeframes we need to make them.”<sup>29</sup> In contrast, according to Administration officials, unilateral reductions and adjustments in the U.S. force structure would allow the United States to reduce its forces quickly when they were no longer needed and restore forces quickly if conditions changed again.

President Bush announced his plans for unilateral reductions in U.S. strategic nuclear weapons in November 2001, at a press conference with Russia’s President Vladimir Putin. He said that the United States would reduce its forces without signing a formal agreement with Russia because “a new relationship based upon trust and cooperation is one that doesn’t need endless hours of arms control discussions... We don’t need arms control negotiations to reduce our weaponry in a significant way.”<sup>30</sup> Although President Putin stated that he appreciated the President’s decision to reduce U.S. strategic offensive weapons and noted that Russia “will try to respond in kind,” he emphasized that Russia preferred to use the formal arms control process to reduce U.S. and Russian forces.<sup>31</sup> Russia continued to value arms control negotiations because they provided a forum to discuss sensitive security issues with the United States. According to many analysts, with its loss of territory after the collapse of the Soviet Union and its economic troubles during the 1990s, Russia saw nuclear weapon as the sole remaining measure of its superpower status.<sup>32</sup> Hence, arms control negotiations not only provided Russia with information about U.S. plans, programs, and policy, they also offered Russia a degree of status in international politics.

The Bush Administration eventually altered its approach and agreed to negotiate with Russia, although it preferred a less formal agreement, rather than a treaty, that would simply codify the reductions the Administration had already announced. However, reports indicate that the U.S. Senate objected to this approach. Specifically, Senators Joseph Biden and Jesse Helms pressed the Administration to submit the eventual agreement to the Senate as a treaty. They noted that “significant obligations by the United States regarding deployed U.S. strategic nuclear warheads” would “constitute a treaty subject to the advice and consent of the Senate.”<sup>33</sup>

As a result, the George W. Bush Administration eventually agreed to codify its proposed limits in the 2002 Strategic Offensive Reductions Treaty, which became known as the Moscow Treaty. But this Treaty did not contain any detailed definitions or descriptions of the weapons to be limited, as had the START Treaty, and it did not contain any monitoring or verification provisions. During the hearings in the Senate on the Moscow Treaty, Administration officials stated that the two sides could continue to use the monitoring provisions in START to collect information about compliance with the Moscow Treaty.<sup>34</sup> However, START was due to expire in 2009, three years before the Moscow Treaty would expire. As a result, the United States and Russia began discussions in 2006 on further arms control steps that would, at a minimum, extend the monitoring and verification provisions in START through the end of the Moscow Treaty.



In these discussions, Russia sought a formal treaty that would replace START with limits, definitions, and monitoring provisions that reached a level of detail similar to that in START. The Bush Administration, however, did not want to sign a formal treaty that would mandate further reductions in nuclear weapons. Secretary of State Condoleezza Rice argued that the current U.S.- Russian relationship did not require “the kind of highly articulated, expensive limitations and verification procedures that attended the strategic arms relationship with the Soviet Union.”<sup>35</sup> However, as the discussions continued, the United States accepted the view that the two sides should at least extend some of the monitoring and verification provisions in START, as transparency and cooperation remained important to stability and predictability.<sup>36</sup> Through most of this time, the United States resisted Russia’s insistence on a formal treaty, suggesting, instead, that the two sides adopt a less formal arrangement that might include voluntary notifications and site visits.<sup>37</sup> The United States eventually agreed to attach the monitoring provisions to a legally-binding document, although this document would have simply repeated the limits in the Moscow Treaty. The monitoring provisions would have allowed the two sides to request visits to some facilities; they would not have required the more intrusive inspections permitted under START,<sup>38</sup> Russia rejected the U.S. proposal, and the two sides failed to reach an agreement before the end of the Bush Administration.

Early in his first term, President Obama pledged to reduce the numbers of nuclear weapons in the U.S. arsenal by negotiating a new strategic arms reduction treaty. He stated that he and President Medvedev of Russia had agreed that they would “seek a new agreement ... that is legally binding and sufficiently bold.”<sup>39</sup> The Administration considered these negotiations to be a part of its effort to “reset” U.S.-Russian relations. As they had during the Cold War, the negotiations might provide an area of dialogue and cooperation that could help “rebuild confidence” in the broader relationship.<sup>40</sup>

In contrast with the position taken by the Bush Administration, the Obama Administration stated that “Russia’s nuclear force will remain a significant factor in determining how much and how fast we are prepared to reduce U.S. forces.” In the 2010 Nuclear Posture Review (NPR) report, the Administration indicated that “the need for strict numerical parity between the two countries is no longer as compelling as it was during the Cold War. But large disparities in nuclear capabilities could raise concerns on both sides and among U.S. allies and partners, and may not be conducive to maintaining a stable, long-term strategic relationship.”<sup>41</sup> According to the Administration, a negotiated agreement would allow the United States and Russia “to preserve stability at significantly reduced force levels.”<sup>42</sup> Specifically, “the verification and transparency measures included in the Treaty will help ensure stability and predictability in the U.S.-Russia strategic relationship.”<sup>43</sup>

The United States and Russia began negotiations on a New Strategic Arms Reduction Treaty (New START) in May 2009. The goal was not only to “reset” the U.S. and Russian relationship and negotiate further reductions in the numbers of deployed strategic warheads, but also to extend the monitoring and verification provisions in the original START Treaty. The countries hoped to complete the new Treaty quickly so that it could enter into force before, or close after December 2009, when START was set to expire. However, the United States and Russia did not sign New START until April 10, 2010. After months of hearings and debate in the U.S. Senate and Russian parliament, the New START Treaty entered into force on February 5, 2011.

The Obama Administration views New START as the first step on a path to deeper reductions in the numbers of deployed strategic nuclear weapons. President Obama emphasized this point in March 2012, when he said:

My administration's nuclear posture recognizes that the massive nuclear arsenal we inherited from the cold war is poorly suited to today's threats, including nuclear terrorism. So last summer, I directed my national security team to conduct a comprehensive study of our nuclear forces. That study is still underway. But even as we have more work to do, we can already say with confidence that we have more nuclear weapons than we need. Even after new START, the United States will still have more than 1,500 deployed nuclear weapons and some 5,000 warheads. I firmly believe that we can ensure the security of the United States and our allies, maintain a strong deterrent against any threat, and still pursue further reductions in our nuclear arsenal.<sup>44</sup>

The President continued his remarks by noting that the United States would seek these reductions in cooperation with Russia. He said, "Going forward, we'll continue to seek discussions with Russia on a step we have never taken before, reducing not only our strategic nuclear warheads, but also tactical weapons and warheads in reserve.... And I'm confident that, working together, we can continue to make progress and reduce our nuclear stockpiles." This goal of negotiating further reductions with Russia remains a part of U.S. arms control policy. In February 2013, Rose Gottemoeller, the Acting Under Secretary for Arms Control and International Security said, "The Administration continues to believe that the next step in nuclear arms reductions should be pursued on a bilateral basis."<sup>45</sup>

The Obama Administration has also supported negotiated agreements, as opposed to unilateral measures, to address possible changes in NATO's nuclear posture. The United States currently stores around 200 nuclear bombs at NATO bases in Europe. It did not alter this posture in the 2010 Nuclear Posture Review, indicating, instead, that any changes would occur "thorough review within—and decision by—the Alliance."<sup>46</sup> Secretary of State Hillary Clinton addressed this issue, however, in April 2010 when she said that the removal of U.S. nuclear weapons in Europe should be linked to a reduction in the number of Russian nonstrategic nuclear weapons.<sup>47</sup> NATO, in its 2010 Strategic Concept, essentially endorsed this view. It indicated that it would "seek to create the conditions for further reductions" in these weapons in the future. But it indicated that "any further steps must take into account the disparity with the greater Russian stockpiles of short-range nuclear weapons."<sup>48</sup> The United States and Russia have not yet started negotiations on further reductions in either strategic or nonstrategic weapons, and it is not clear that they will be able to reach a formal agreement in the near future.

### ***Unilateral Adjustments***

#### *Nonstrategic Nuclear Weapons*

As was noted above, the United States implemented significant reductions in its nonstrategic nuclear weapons as a result of the PNIs announced in September 1991, leaving it with approximately 1,100 nonstrategic nuclear weapons through the 1990s. Of this number, around 500 were air-delivered bombs deployed at bases in Europe. The remainder, including some additional air-delivered bombs and around 320 nuclear-armed sea-launched cruise

missiles, were held in storage areas in the United States.<sup>49</sup> The Clinton Administration altered the readiness of some of the remaining weapons, but it did not recommend or implement any further reductions in the number of U.S. nuclear weapons deployed in Europe.<sup>50</sup>

According to unclassified reports, the George W. Bush Administration did implement further reductions in the number of nuclear weapons deployed in Europe and the number of facilities that house those weapons, leaving the United States with fewer than 200 air-delivered B61 bombs at 5 locations. Some reports indicate that the weapons were withdrawn from Greece and Ramstein Air Base in Germany between 2001 and 2005. In addition, reports indicate that the United States withdrew its nuclear weapons from the RAF Lakenheath air base in the United Kingdom in 2006.<sup>51</sup> These reductions occurred without any public announcements and without any effort to negotiate reciprocal reductions with Russia. The Bush Administration also did not seek approval from Congress before implementing these changes.

As was noted above, the Obama Administration believes that the United States and NATO should seek an agreement with Russia before changing the size and structure of the U.S. force of nonstrategic nuclear weapons deployed in Europe. However, the Obama Administration did announce one unilateral adjustment to the U.S. nuclear force as a result of the 2010 Nuclear Posture Review. The Administration indicated that the Navy would retire its stockpile of nuclear-armed sea-launched cruise missiles. The George H. W. Bush Administration had removed these missiles from U.S. surface ships and attack submarines as a part of the 1991 PNIs. The Clinton Administration and George W. Bush Administration had retained these missiles, and the capability to restore them to submarines, as a part of the U.S. effort to assure its allies in Asia of the U.S. commitment to their defense. However, the missiles have aged, and the Navy had no plans to replace them. The Obama Administration decided to retire them and to rely on other U.S. nuclear capabilities to assure U.S. allies in Asia.

### *Nondeployed Weapons*

As was noted above, the U.S. stockpile of nondeployed nuclear weapons stood at almost 14,000 warheads in 1992. The stockpile continued to decline early in the Clinton Administration, as the United States completed the adjustments that were associated with the 1991 PNIs and the Bush-era changes in U.S. nuclear strategy. By 1994, the number of warheads in the stockpile had declined to about 11,000, a reduction of around 50% from the stockpile that had existed at the beginning of the George H.W. Bush Administration. The Clinton Administration did not authorize any significant further reductions however, and the stockpile remained at about 10,600 nondeployed warheads in 2000.

The George W. Bush Administration resumed reductions in the U.S. nuclear stockpile, indicating that it planned to reduce the U.S. nuclear stockpile by between 50% and 60%, although it never released the actual numbers of warheads in the stockpile or the number affected by the reductions. When the Obama Administration released an unclassified summary of the size of the U.S. stockpile in May 2010, it showed that the United States had 5,113 nondeployed warheads in 2009, a decline of nearly 60% from the stockpile of 2000.<sup>52</sup> These reductions reflect changes, identified and adopted after the 2001 Nuclear Posture Review, in assessments of the number of warheads needed to meet U.S. national security. The Bush Administration implemented these reductions without seeking or expecting reciprocity from Russia. Congress had the opportunity to review the Administration's plans for the

nuclear stockpile during the annual authorization and appropriations process. It did not object to the planned reductions, although it did seek to restrain programs that the Bush Administration sought to fund to design and develop new types of nuclear warheads.<sup>53</sup>

During its first term, the Obama Administration continued to reduce the size of the U.S. nuclear stockpile, although at a much slower pace than that achieved during the Bush Administration. Recent reports indicate that the stockpile has declined by around 500 warheads since 2009, reaching a level of around 4,650 warheads. Reports indicate this reduction occurred as a result of the retirement of the nuclear-armed sea-launched cruise missiles.<sup>54</sup>

## ROLE OF CONGRESS IN THE ARMS CONTROL PROCESS

If the Obama Administration pursues additional reductions in U.S. nuclear weapons, Congress will have an opportunity to influence implementation.<sup>55</sup> The path for this influence depends, in part, on the mechanism the Administration uses to reduce U.S. nuclear forces. If they sign a formal, legally-binding agreement that mandates reductions in nuclear forces, the President would likely submit it to the Senate as a new treaty or as an amendment to New START. As an alternative, the United States and Russia could incorporate legally-binding limits in an Executive Agreement. If the United States and Russia cannot, or choose not to, agree on formal, legally-binding reductions, the President could simply state his intent to reduce U.S. nuclear weapons, either verbally or in writing, in parallel with a similar commitment from Russia. He could also arguably state his intent to reduce the size and structure of the U.S. arsenal unilaterally, without reciprocity from Russia, as long as Congress appropriated the necessary funds to implement the reductions.

### Legally-Binding Treaty or Executive Agreement

If the United States and Russia sign a new arms control treaty, the President would have to submit it to the Senate for its advice and consent to ratification. Specifically, the U.S. Constitution states that the President “shall have the power, by and with the Advice and Consent of the Senate, to make Treaties, provided two-thirds of the Senators present concur.”<sup>56</sup> Senate committees would hold hearings, craft a resolution of ratification, and vote on that resolution. The resolution would require a two-thirds majority to pass.<sup>57</sup>

If the United States and Russia were to alter New START with changes that imposed a legally-binding obligation on the United States, it seems likely that the President would need to submit these proposed amendments to the Senate for its advice and consent. The Senate emphasized this point in Declaration 9 of the Resolution of Ratification to New START, when it stated “that any agreement or understanding which in any material way modifies, amends, or reinterprets United States or Russian obligations under the New START Treaty, including the time frame for implementation of the New START Treaty, should be submitted to the Senate for its advice and consent to ratification.”<sup>58</sup>

Although the United States has historically entered into most major arms control agreements by way of treaty, such agreements could take another form and still be legally

binding and constitutionally valid.<sup>59</sup> A congressional-executive agreement would not require the advice and consent of the Senate in order to enter force for the United States. Instead, the agreement would be authorized by means of a statute approved by both houses of Congress.<sup>60</sup> The United States used this mechanism to codify limits on offensive forces in 1972, as a part of the Strategic Arms Limitation Talks (SALT).

The requirement that the President seek congressional approval if he reduces U.S. nuclear forces through an agreement with another nation appears in the Arms Control and Disarmament Act of 1961. This legislation, as amended in 1994, states that “No action shall be taken pursuant to this chapter or any other Act that would obligate the United States to reduce or limit the Armed Forces or armaments of the United States in a militarily significant manner, except pursuant to the treaty-making power of the President set forth in Article II, Section 2, Clause 2 of the Constitution or unless authorized by the enactment of further affirmative legislation by the Congress of the United States.”<sup>61</sup>

While the 1961 Act remains controlling law, the Senate indicated in a declaration to the New START Resolution of Ratification that it would seek to ensure that any arms reduction agreement take the form of a treaty presented to the Senate for its advice and consent.<sup>62</sup> Specifically, the Senate narrowed this requirement a bit in Declaration 11B of the New START Resolution of Ratification when it stated that “the Senate declares that further arms reduction agreements obligating the United States to reduce or limit the Armed Forces or armaments of the United States in any militarily significant manner be made only pursuant to the treaty-making power of the President as set forth in Article II, section 2, clause 2 of the Constitution of the United States.” In other words, the Senate expects any future arms control agreement to come to the Senate as a treaty, not to the whole of Congress as a congressional-executive agreement.

### **Non-legal, Political Agreement**

The 1961 Arms Control and Reduction Act generally bars the Executive from taking action that would “obligate” the United States to reduce armaments in a military significant manner unless such action takes the form of a treaty or is affirmatively authorized by Congress. It might be argued that the word “obligate” refers to the imposition of the legal duty upon the United States to reduce its armaments, and would not bar the Executive from reducing U.S. nuclear forces either unilaterally or in parallel with Russia on the basis of a nonlegal political agreement between the two countries. On occasion, the United States has made nonlegal political commitments or “gentlemen’s agreements” with other countries. Such agreements are understood to have no legal effect, though they may carry significant political or moral weight.<sup>63</sup>

Under the executive branch interpretation of ACDA, a document that contained a political, but not legally-binding, commitment would not require the advice and consent of the Senate or an affirmative vote of both the House and Senate. The document could make its intent clear with a distinct statement indicating that it was only politically binding, or that it did not require the two nations to assume new legal obligations. Even if it did not include a specific statement, the agreement could make it clear with other language that each side was simply declaring its own intentions and recording those intentions in a joint statement. For

example, they could state that they *intended* to reduce their forces even though they were not *obligated* to do so.

Numerous Administrations have claimed that the President has the authority to reach such agreements without congressional authorization, though such commitments have on occasion sparked significant controversy and occasional legislative opposition.<sup>64</sup> In any event because a political commitment does not have the force of law, the President's ability to implement the commitment would be limited by preexisting legal constraints, whether constitutional or statutory in nature, or by funding restrictions adopted by Congress.<sup>65</sup>

The United States and Russia have concluded politically binding statements within the framework of previous arms control agreements. For example, when they signed the 1991 START Treaty, they agreed to exchange declarations on nuclear-armed sea-launched cruise missiles (SLCMs). The Soviet Union wanted to count these missiles under the Treaty limits because it believed the United States could use them to attack strategic targets on Soviet territory. The United States rejected this effort because the limits might capture both nuclear-armed and conventionally-armed SLCMs, as it was extremely difficult to verify the type of warhead on the missile. As a result, SLCMs did not count under the Treaty limits, but the United States and Soviet Union issued unilateral, but identical, statements about them. They each declared that they would exchange annual declarations specifying the maximum number of deployed nuclear SLCMs planned each of the following five years. They also indicated that the number of deployed nuclear SLCMs declared during the term of the Treaty would not exceed 880 in any one year.<sup>66</sup> To ensure that this number did not represent a legally-binding limit on the number of deployed SLCMs, both the U.S. and Russian statements stated that "This declaration and subsequent annual declarations will be politically binding." As was noted earlier, the United States withdrew all of its nuclear-armed SLCMs from deployment under the 1991 PNIs. Nevertheless, the nations exchanged these annual declarations while START remained in force.

## **Authorization and Appropriations**

If the Obama Administration sought to reduce U.S. nuclear weapons unilaterally, or in parallel with Russia without a legally-binding agreement, Congress could still exercise oversight of the process. It could request reports, for example, about the scope of the agreement, the national security implications of the agreement, and the potential cost of the agreement. It could also seek to influence the arms control process with funding decisions made during the annual authorization and appropriations process.

Congress used funding decisions to influence arms control during the 1970s and 1980s. For example, in 1968 and 1969, Congress tried, unsuccessfully, to reduce funding for the emerging U.S. Sentinel and Safeguard anti-ballistic missile (ABM) systems.<sup>67</sup> These efforts failed, but the votes narrowed each year. In 1969, the Senate approved the first phase of development, but only after Vice President Spiro Agnew cast a tie-breaking vote. In 1970, amendments that would restrict funding to the deployment of only two Safeguard sites again failed. But, in 1972, the United States and Soviet Union signed the ABM Treaty, which restricted each side to two sites for its ABM systems. Hence, after Congress, through its votes on funding for the system, demonstrated its growing support for restraint in the deployment of the ABM system, the Nixon Administration agreed to exercise such restraint.

Congress also sought to influence the arms control process with funding restrictions in the latter half of the 1990s. During the 1994 Nuclear Posture Review, the Defense Department had decided that it would retire all 50 Peacekeeper ICBMs and four of its eighteen Ohio-class ballistic missile submarines to meet the START II limits. These decisions were incorporated in DOD's budget plans, even though START II had not entered into force. To prevent the early retirement of these systems, Congress stated, in the 1997 Defense Authorization Act, that "funds available to the Department of Defense may not be obligated or expended during fiscal year 1997 for retiring or dismantling, or for preparing to retire or dismantle" any of the bombers, missiles, or submarines limited by the START II Treaty.<sup>68</sup> The funding limitation could be waived if START II entered into force, but, even in that case, funding could not be used "to implement any agreement or understanding to undertake substantial early deactivation" of these systems until "30 days after the date on which the President submits to Congress a report concerning such actions." In other words, the legislation recognized that the President could reach a politically-binding agreement with Russia to accelerate the implementation of the Treaty, but, if he did, he would have to report to Congress about the agreement before he could implement it.<sup>69</sup>

Initially, Congress passed this funding limitation to provide the Russian parliament with an incentive to approve the START II Treaty—it clearly stated that U.S. forces would not decline further until START II entered into force. The Clinton Administration sought to ease the restriction in subsequent years as the budgetary cost to retain aging systems increased. However, because many in Congress opposed the Clinton Administration's nuclear weapons policies, Congress included similar provisions in the Defense Authorization Bills for FY1999, FY2000, and FY2001. It did, however, repeal this language for the Bush Administration in the FY2002 Defense Bill, after the 2001 Nuclear Posture Review called for the elimination of the Peacekeeper missiles and the conversion of the four Ohio-class submarines.

Some in Congress sought to incorporate similar funding limitations on the reduction of U.S. nuclear forces in the Defense Authorization Act for 2012 (H.R. 1540). Section 1055 of the House version of the bill stated that the Secretary of Defense and the Secretary of Energy could not fund programs to retire any systems covered by New START, unless they could issue a positive report on the status plans to maintain and modernize the U.S. nuclear enterprise. The prohibition applied not only to the delivery systems, but also to the warheads or gravity bombs that could be delivered by these systems. New START does not require the elimination of any warheads or gravity bombs, although the United States eliminates some number of these each year as it manages the drawdown of the U.S. stockpile.

The legislation in the late 1990s sought to limit the President's ability to reduce nuclear weapons below legally-binding treaty obligations; those in the 2012 legislation sought to prevent the President from complying with the New START Treaty's limits. This legislation could have produced a legal quandary if it required that the President violate the terms of the Treaty. The Conference Committee modified the language and the final version of the act (P.L. 112-81, Section 1045) states that the United States should provide the necessary resources to maintain a "safe, secure, reliable, and credible nuclear deterrent." If the resources fall short of those anticipated at the time of New START's ratification, then the President should submit a report detailing the shortfall's effects and a plan to address them. The legislation did not withhold funding for the implementation of New START pending the completion of that report or a restoration of lost funding.

## CHARACTERISTICS AFFECTING ARMS CONTROL DECISIONS

The preceding discussion highlights several characteristics—balance and equality, predictability, flexibility, transparency and confidence in compliance, and timeliness—that can affect a decision to use a formal, bilateral treaty, informal parallel reductions, or unilateral adjustments to alter the size or structure of the U.S. nuclear arsenal. Some of these characteristics may weigh more heavily than others at different times, reflecting conditions in the international security environment and domestic political environment. This section describes each of these characteristics in more detail. It includes examples from numerous arms control endeavors that highlight the presence or absence of concern for the characteristics and the way in which this concern promoted a unilateral, bilateral, or, perhaps, mixed approach to reduce U.S. nuclear forces.

### Balance and Equality

When negotiating formal treaties during the Cold War, the United States and Soviet Union sought provisions that appeared balanced and equal, in spite of differences in their weapon systems and force structures. In seeking this balance, each nation acknowledged that the size and structure of its forces could affect the other nation's assessment of its security. In addition, the process allowed the parties to interact as equals—with an equal sense of security and an equal sense of sacrifice—in a way that appeared to enhance understanding and stability. Nevertheless, the need to determine balanced trades between different types of weapons systems often added months or years to the negotiating process.

Analysts have debated, over the years, about whether balance and equality contribute to stability and reduce the risk of nuclear war.<sup>70</sup> Many support the idea that a measure of equality and a sense of balance can reduce arms race incentives, where the nations might seek to acquire more weapons or new types of weapons to offset apparent disadvantages or expand potential advantages. Such an arms race could lead to instabilities if a nation believed it had suddenly become vulnerable to a first strike or if it believed it may have a short window of advantage when it might achieve a successful first strike. Others, however, support the idea that, in seeking a measure of balance and equality, arms control agreements can lock nations into force structures that might become destabilizing over time, particularly if new technologies or new threats emerge outside the framework of the arms control treaty.<sup>71</sup> Under these circumstances, the existence of a formal, bilateral treaty might actually increase instability and increase the risk of war.

These alternative views have been evident in U.S. arms control policy over the years. In the early 1970s, the United States signed an Interim Agreement on Offensive Arms that capped the number of missiles in both sides' forces, but because the forces were of different sizes, the limits on each were not equal. Congress objected to this outcome and mandated that all future treaties with the Soviet Union include equal limits on both sides. Subsequent treaties with the Soviet Union and Russia have included equal limits, at least in the aggregate, and sometimes have included equal sublimits on different categories of weapons. Some treaties have specified a single agreed limit for both sides, while others have referred to an agreed range for the aggregate limit—for example, the parties could deploy between 3,000



and 3,500 warheads under START II and between 1,700 and 2,200 warheads under the Moscow Treaty—to accommodate different force structure plans. But, even though each side would have likely chosen force level within the range, the range applied equally to both.

During the 1990s, the United States and Russia continued to negotiate formal arms control treaties that sought equal limits on their deployed strategic offensive nuclear forces. Although the risk of nuclear war had receded with the end of the Cold War, this process continued to provide each nation with knowledge about the other side's nuclear capabilities. Moreover, the value placed on balanced and equal limits served as a symbol of "political balance" in the relationship between the two nations. For example, the implementation of the 1991 START Treaty and negotiation of the 1993 START II Treaty provided Russia with a sense of "equal status" and helped manage the U.S.-Russian relationship in the decade after the collapse of the Soviet Union.

As was noted above, President George H.W. Bush in 1991 and President George W. Bush in 2001 both supported unilateral reductions in U.S. nuclear forces, without seeking reciprocal reductions from the Soviet Union or Russia. In both cases, U.S. officials had decided that the United States could maintain, or even strengthen, its security without maintaining a degree of balance or equality in nuclear forces. For example, in 1991, after the collapse of the Warsaw Pact, the United States decided that it no longer needed to deploy ground-based nuclear weapons in Europe to deter or respond to an attack. The threat the weapons were to deter—Soviet and Warsaw Pact attacks in Europe—had diminished sharply. Further, the military utility of these weapons had declined as the Soviet Union pulled its forces eastward, beyond the range of these weapons, and as the United States altered its warfighting concepts at sea. The perceived absence of a need for balance and equality allowed the United States to make sweeping changes in its nuclear posture in a relatively short amount of time. This result may not have been possible if the United States had waited for the Soviet Union to agree to similar reductions.

In 2001, the George W. Bush announced that the United States would reduce its deployed strategic nuclear forces, without regard for the size or structure of Russia's nuclear force, because the Cold War was over and the U.S. relationship with Russia had improved. President Bush suggested that each nation simply declare its own preferred force size, then reduce to that level. This proposal reflected the view that it was no longer important to maintain equality across forces to ensure stability or reduce the risk of war. In addition, if the United States was not bound by the limits of a formal treaty, it could adjust its forces again, even if it needed to increase the numbers, to address emerging threats from other nations.

In 2009, the Obama Administration argued that a measure of balance and equality was important for stability, both for the nuclear balance and for the broader U.S.-Russian relationship. As was noted above, the NPR indicated, that although exact parity was not necessary, "large disparities in nuclear capabilities" could undermine "a stable, long-term strategic relationship" between the United States and Russia.<sup>72</sup> Thus the Administration supported negotiations on reductions in strategic nuclear weapons and nonstrategic nuclear weapons so that the two sides could avoid significant differences in the size of their forces.

However, it may not always be possible for the United States and Russia to negotiate a treaty that provides for balanced or equal reductions. The Obama Administration has indicated that it would like the next U.S.-Russian nuclear arms control treaty to cover deployed strategic nuclear weapons, nonstrategic nuclear weapons, and nondeployed nuclear weapons, possibly limiting them within an aggregate limit on all categories of warheads.<sup>73</sup>

This formula seems to indicate that balance can be achieved across the three categories of weapons, even if the two sides are not limited to equal numbers within each category. Russia, in contrast, has expressed little interest in further reductions in deployed strategic nuclear weapons and no interest in limits or reductions in nonstrategic nuclear weapons, at least until the United States withdraws all of its nonstrategic nuclear weapons from Europe.<sup>74</sup> Instead, Russia would like to negotiate an agreement that would limit U.S. ballistic missile defense programs, and the government argues that any further limits on strategic offensive forces must count long-range conventional, as well as nuclear weapons. Given these articulated priorities, the search for balance and equality may slow or stall the negotiations and complicate the search for a bilateral treaty.

## **Predictability**

Formal arms control negotiations and the resulting treaties can improve each nation's ability to understand the other's forces and capabilities and allow both nations to predict how those forces might change in the future. During negotiations, the nations may share details about existing forces and insights into plans for the future so that each can understand how threats may emerge and evolve. The limits in an agreement can also provide each nation with confidence about the future size and capabilities of the other nation's forces. This knowledge, when combined with the limits in the treaty, can dampen pressures to acquire not only greater numbers of total weapons but also specific types of weapons that the nations may believe they need to overcome future, potential threats. A treaty's monitoring provisions and detailed restrictions can also provide the parties with confidence that they will not be surprised by actions taken by the other nation and that they will have sufficient warning if the other nation seeks to evade treaty-imposed limits.

The level of detail, and, therefore, the amount of predictability, included in arms control treaties grew during the 1970s and 1980s, culminating in the 1991 START Treaty. The full text of the documents associated with START fills 290 pages. This includes annexes, protocols, and associated agreements that add details to the requirements contained in the basic treaty. For example, the Definitions Annex includes 124 detailed definitions of the weapons systems, facilities, procedures, and other terms in the Treaty while the Conversion and Elimination Protocol outlines the precise procedures that the countries must follow so that weapons will no longer count under the Treaty. In contrast, the United States and Russia never codified the reductions outlined in the 1991 PNIs in a formal treaty, or in any other bilateral document. Each side simply announced the reductions in presidential speeches. As a result, they did not provide each other details about the numbers of weapons present prior to the reductions, the types of weapons included in the measures, or the actions taken to deactivate and dismantle those weapons. They have also shared little information about the number of weapons eliminated and the number of weapons remaining outside the scope of the measures. This absence of detail not only leads to occasional disputes about whether Russia has complied with its PNI obligations, but also makes it very difficult for either side to predict the future size or structure of the other's nonstrategic nuclear forces.

Predictability between the United States and Russia may be far less important today than it was during the Cold War. Both force levels and the risk of war are far lower than they were at that time so the United States and Russia may not feel threatened by changes in the size or

structure of the other's nuclear force. Some experts argue that, "there is no conceivable situation in the contemporary world in which it would be in either country's national security interest to initiate a nuclear attack against the other side."<sup>75</sup> As a result, if each structures its forces in a way that ensures a second-strike retaliatory capability, then neither may fear the size or structure of the other side's forces. In addition, the United States and Russia cooperate across many policy areas and maintain many channels for communication; they share information about their nuclear force structure plans and raise concerns about possible future developments even in the absence of a treaty that mandated predictable force levels.

## **Flexibility**

Flexibility is, in many ways, the opposite of equality and predictability. When an arms control treaty includes equal limits on each side's forces, so that both can confidently predict the current size and future plans for the other's force, both sides have limited flexibility to increase their forces or alter their composition to respond to technological changes or emerging national security needs. On the other hand, unilateral U.S. nuclear reductions allow the United States to set the size and structure of its nuclear force. The United States would eliminate only those weapons that it believed were no longer needed for its security and leave open the possibility of deploying greater numbers of existing weapons or new types of weapons if conditions were to change.

The United States took advantage of this flexibility when it reduced its nonstrategic forces unilaterally in 1991. When President George H.W. Bush announced the PNIs, he indicated that the United States would retain some types of weapons, including the sea-based Tomahawk cruise missiles, in storage. The Defense Department supported this approach because the weapons could be returned to deployment if the need arose.<sup>76</sup> Similar considerations contributed to the George W. Bush Administration's preference in 2001 for unilateral reductions in U.S. strategic nuclear forces. Press reports indicate that, although the United States eventually agreed to codify the proposed force levels in the Moscow Treaty, Pentagon officials had strongly resisted negotiations. They wanted the United States to be able to reduce or increase its nuclear forces in response to changes in the international security environment.<sup>77</sup>

Unilateral reductions also provide the United States with flexibility in the timing of its reductions. In 1991, the United States implemented the reductions quickly, removing bombers from alert in a matter of days and nonstrategic weapons from deployment in a matter of months. Reductions could also occur more slowly to allow for renewed consideration of security needs or to coincide with the normal retirement schedule for a weapons system. Or, as has been the case with reductions in nondeployed nuclear weapons, they can occur when the United States identifies excess weapons and has the capacity to dismantle them. Treaties, on the other hand, often set an arbitrary time line for weapons eliminations, which can add to the costs and increase the complexity of the process.

On the other hand, if nations reduce their forces unilaterally, even if they do so in parallel, they could eventually undermine stability. If either party, fearing that the other was about to add to its forces, sought to reverse its reductions quickly, the other might feel insecure or threatened. Further, if both lack clear information about the other's forces, the

balance between the two could be unstable, resulting in a “rearmament race” or escalation of a crisis.

The 2002 Moscow Treaty and the 2010 New START Treaty both sought to combine the characteristics of predictability and flexibility. For example, although the Moscow Treaty contained an equal limit on the total number of U.S. and Russian deployed warheads, it contained no sublimits on specific systems or timetable for force reductions. Each side could structure its forces the way it wanted and reduce them at its own pace. Further, without any definitions describing the forces limited by the treaty or establishing rules for counting them, and without any requirements for data exchanges during implementation, each side simply chose its own method of counting and could declare, at the end of the treaty’s implementation period, its total number of remaining forces. Then, because the treaty’s implementation period concluded on December 31, 2012 and the treaty also expired at that time, either side could increase its forces immediately after it concluded the reductions.

The New START Treaty retains some of these flexible provisions. It contains an aggregate limit on the total number of deployed warheads and delivery vehicles, but it does not impose sublimits on particular systems. During the debate over the treaty, Obama Administration officials highlighted this format because it would provide the United States with the ability to structure its remaining forces to meet its own security needs.<sup>78</sup> And, although the treaty does contain definitions of limited systems, it does not contain specific counting rules that attribute a number of warheads to each type of delivery system. As was the case with the Moscow Treaty, each side simply declares its aggregate number of warheads. At the same time, New START retains many of the monitoring provisions from the 1991 START Treaty, so the two sides exchange substantial amounts of data about the numbers, locations, and characteristics of their deployed delivery vehicles, and they update this data regularly. They also conduct up to 18 inspections each year to confirm this data. Hence, although each side has the flexibility to structure its forces itself, the data and inspections provide a degree of transparency and predictability about those forces.

It may also be possible to balance flexibility and predictability in unilateral reductions. Even absent a formal treaty mandating reductions in their nuclear forces, the United States and Russia could exchange reciprocal statements about their intentions. They could also exchange data—periodically—and possibly permit visits or inspections, so that they could confirm, and continue to predict, the status of the other side’s forces. This is similar to the type of regime the George W. Bush Administration proposed in 2008 to replace START. Russia rejected the proposal, and indicated that, under Russian law, it could not permit data exchanges and inspections unless they were part of a legally binding agreement.<sup>79</sup> Nevertheless, if both sides support further reductions, but each prefers to maintain a greater degree of flexibility, an informal transparency regime, or even a formal treaty that focuses on transparency and confidence-building measures, may be sufficient to provide a measure of predictability.

## **Transparency and Confidence in Compliance**

The arms control process has played a key role in providing the participating nations with access to and an understanding of the military forces and activities of the other party. They needed this information to verify compliance with the limits and restrictions in the treaty.

During the 1970s, the United States and Soviet Union relied almost exclusively on their own national technical means (NTM) to monitor forces and activities limited by arms control agreements. These included the satellites and remote sensing technologies that each nation employed to monitor the other, regardless of arms control obligations. Beginning in 1987, with the Intermediate-range Nuclear Forces (INF) Treaty, the parties also added extensive data exchanges, notifications, and on-site inspections to their mechanisms for monitoring forces and verifying compliance with arms control treaties. Many viewed these measures as a way to build trust, foster cooperation, and confirm information already collected by NTM.

Sharing data, allowing inspections, and cooperating in providing access to information are now familiar characteristics of the arms control process.<sup>80</sup> These activities have helped build a legacy of confidence in compliance with the treaties. The United States and Russia began adding cooperative monitoring mechanisms to arms control treaties in the late 1980s. During the negotiations, many analysts expected these measures would help the United States “catch” Soviet cheating. But, because each nation provided a wealth of data to the other and each could confirm that data with on-site access to weapons and facilities, both found that the process increased confidence in compliance. The inspections provided a ground truth that had not been present in earlier treaties and fostered cooperation between the two sides’ military establishments.

There are a number of different ways that nations could approach the issue of transparency when pursuing arms control endeavors. Although it is common to associate transparency measures with the monitoring and verification regime in a formal arms control treaty, it is possible to conclude treaties that lack monitoring and verification provisions—this was the case with the 2002 Moscow Treaty and the 1972 Biological Weapons Convention—although, in some cases they could rely on transparency measures in place for another purpose. It is also possible to conclude treaties that are designed only to provide transparency and cooperation—as was the case with the 1992 Open Skies Treaty—without imposing any limits on forces and activities. And, just as nations could set their own level of force reductions, they could set their own level of transparency, for example, by publishing data periodically on the size of their forces or progress in reductions. Hence, there is no reason to assume, that, in the absence of a formal treaty, each party would lack all insights into the forces of the other.

Nevertheless, the absence of agreement on transparency measures, whether to monitor negotiated reductions or to account for unilateral adjustments, could undermine predictability. Not only might one or both nations choose to withhold information, but both sides could also lack the ability to confirm the veracity of the information. As a result, the information might do little to improve transparency. Even in an environment where the parties were willing to adjust their forces unilaterally, without requesting or requiring reciprocity, a lack of accurate information about the other sides’ forces could raise concerns.

At the same time, transparency may not always be a positive goal. For example, a nation may choose to adjust its forces unilaterally, rather than through negotiated limits, precisely because it does not want to provide access to information about its weapons. The government might believe that ambiguity regarding its nuclear arsenal may contribute to its deterrent value. A nation may also implement unilateral reductions in order to avoid providing critical national security information which might be necessary to verify compliance with treaty-mandated reductions. In such a case, the risks created by the intrusive monitoring needed to verify compliance with negotiated reductions may be greater than the benefits created by the

predictability of balanced limits on the weapons. These considerations explain, in part, why the United States and Russia have never included limits on stored, nondeployed warheads in formal treaties, and why the United States has reduced this stockpile unilaterally over the years.

When President George H.W. Bush and President Gorbachev announced the PNIs in 1991, they did not include any cooperative monitoring measures in their proposals. The two nations could, to a certain degree, monitor the forces of the other nation with their own satellites and sensors—their national technical means (NTM) of verification. But they did not provide data on the numbers and locations of weapons covered by the PNIs, they did not notify each other when they planned to move those weapons, and they did not invite or permit inspections at storage or deployment areas. The United States and Russia have occasionally exchanged information on the progress of implementing the PNIs, and have provided some data on the status of their weapons. But this cooperation lacked the rigor of information required by arms control treaties. As a result, U.S. officials have occasionally raised questions about Russia's commitment to implementing the PNIs. Because they lack mechanisms to confirm or deny the accuracy of Russia's declarations, they do not have the same degree of confidence in Russia's compliance that they have with formal treaties.

At the same time, in an environment where the nations are willing to pursue unilateral reductions in their forces, incomplete knowledge about the other side's forces may not be a problem. For example, President George H.W. Bush stated in 1991 that he would withdraw U.S. land-based and sea-based nonstrategic nuclear forces from deployment regardless of whether the Soviet Union did the same. Therefore, although the United States probably would have liked precise information about the status of Soviet weapons, evidence that the Soviet Union (and Russia) had not followed through on its own withdrawals probably would not have affected the U.S. willingness to complete its reductions.

Similarly, President George W. Bush did not seek new transparency measures in the 2002 Moscow Treaty. When he presented the Moscow Treaty to the Senate, he indicated that the United States and Russia would continue discussions on transparency measures, and possibly add them to the treaty at a later date. But these discussions never occurred. It appears that, in 2001, the United States was willing to accept far less cooperation and shared information on nuclear weapons than it had sought in earlier years. This approach was consistent with the Administration's view that the United States and Russia were no longer enemies and that the United States no longer needed to size and structure its forces to counter a threat from Russia.

The Obama Administration offered a different view on the value of transparency in arms control. It indicated that one of the key reasons that it sought to negotiate a new Treaty with Russia in 2009 was to maintain the monitoring and verification capabilities of the 1991 START Treaty. During the hearings on New START, Administration officials often highlighted the value of transparency and the New START monitoring regime in their statements in support of the treaty's ratification.<sup>81</sup> The Administration has also stressed its support for transparency and cooperation on nuclear weapons in its approach to possible limits on U.S. and Russian nonstrategic nuclear weapons. As was noted above, NATO, in its 2010 Strategic Concept, indicated that it would "seek to create the conditions for further reductions" in these weapons in the future. But it also indicated that, in any further reductions, NATO's "aim should be to seek Russian agreement to increase transparency on its nuclear weapons."<sup>82</sup> Moreover, in its 2012 Deterrence and Defense Posture Review, NATO indicated that, independent of reductions in nonstrategic nuclear weapons, the allies "look forward to

continuing to develop and exchange transparency and confidence-building ideas with the Russian Federation” to increase “mutual understanding of NATO’s and Russia’s nonstrategic nuclear force postures in Europe.”<sup>83</sup>

## **Timeliness**

In most cases, it is likely to take far longer to reduce nuclear forces through a bilateral arms control treaty than it would to adopt unilateral adjustments to nuclear forces. First, it can take far longer to negotiate a treaty than to identify possible unilateral adjustments to nuclear forces. Second, it has, on many occasions, taken months or years for a treaty to enter into force after the conclusion of the negotiations, both because the legislatures must review and vote on the Treaty and because other domestic or international events intervene. Third, in some cases, the time lines for reductions included in treaties presume a slow and deliberate process, while the nations might be able to implement unilateral adjustments more quickly.

## ***Negotiations***

The United States and Soviet Union took over nine years to negotiate the original START Treaty. The talks opened in 1982. They stalled in the mid-1980s when the Soviet Union walked out after the United States deployed intermediate-range missiles in Europe. The negotiations resumed in earnest in 1985. They took another brief hiatus in early 1989, while the first Bush Administration reviewed U.S. arms control policy, and concluded in July 1991. In contrast, the George H.W. Bush Administration developed the list of measures for the 1991 PNIs in under a month.

These two examples represent the extremes. The United States and Russia took far less time to negotiate the second 1993 START II Treaty and the 2010 New START Treaty—they completed each in around one year. But both borrowed extensively from the original START Treaty. In addition, they completed the 2002 Moscow Treaty in four months, but this treaty contained simple aggregate limits and lacked any detailed definitions or monitoring provisions. Moreover, the George W. Bush Administration identified the limits codified in the treaty during a year-long Nuclear Posture Review in 2001.

Parties may slow formal negotiations in response to bilateral political difficulties, disputes over the details of the treaty, or other unforeseen events. Moreover, the negotiations may be unable to keep up with either the weapons-planning process or changes in the international environment.<sup>84</sup> For example, when the START negotiations began, the United States and Soviet Union were adversaries in a tense relationship. Two months after the nations signed the Treaty in 1991, President George H.W. Bush cancelled several weapons systems—such as the program to develop a mobile basing mode for the MX Peacekeeper missile and the program to develop a small single-warhead mobile ICBM—that would have been covered by the agreement. And six months after signing the Treaty, in December 1991, the Soviet Union ceased to exist. The parties then had to negotiate a Protocol to the Treaty, naming Ukraine, Belarus, Kazakhstan and Russia as successors to the Soviet Union under the treaty, before they could seek ratification of the treaty.

In contrast, unilateral measures, like those announced in the 1991 PNIs, might allow the United States (and Russia) to respond to sudden, unexpected changes in the international security environment because a unilateral, Presidential decision to alter U.S. nuclear forces is

likely to be reached more quickly. With the PNIs, President George H.W. Bush sought analyses and alternatives from the Department of Defense and other agencies, but, without plans for formal negotiations, the U.S. government did not have to develop a negotiating strategy and fall-back positions. Similarly, in 2001, President George W. Bush expected to incorporate his planned reductions in U.S. nuclear weapons into his annual budget and DOD's policy guidance in a very short amount of time, without negotiating agreed definitions or balanced trades with Russia.

### ***Entry into Force***

Delays between the signing of a treaty and its entry into force are not inevitable. The United States and Soviet Union signed the 1972 Anti-Ballistic Missile (ABM) Treaty in on May 26, 1972; the Senate gave its advice and consent to ratification on August 3, 1972 and the treaty entered into force on October 2, 1972. However, several factors can lengthen the amount of time before arms control treaties enter into force. These include the time needed for the legislative body (both the United States Senate and the Russian Duma and Federation Council) to review and evaluate the terms of the treaty, international events that are either related or unrelated to the subject matter of the Treaty, and debates between the Administration and the Senate (or the Russian executive and Russian legislature) about issues related to, but not necessarily included in the framework of the Treaty.

The first of these factors, the length of time needed for debate in the legislature, is evident in all recent treaty histories. This would be expected for a lengthy or complex treaty, like the 1979 SALT II (Strategic Arms Limitation) Treaty and 1991 START Treaty. The Senate Foreign Relations Committee held more than two dozen hearings, over 5 months on SALT II. The Armed Services and Intelligence Committees also held hearings, leading to a total of 30 hearings, over 5 months. These three committees held 16 hearings, again over 5 months, on START in 1992. For the New START Treaty, in 2010, the Senate Foreign Relations Committee held nine hearings in 4 months, but the full Senate did not begin to debate the Treaty for an additional 6 months.

International events can also slow or stop the arms control process. For example, the Soviet invasion of Afghanistan disrupted U.S.-Soviet relations and contributed to the failure of the 1979 SALT II Treaty. More recently, the break-up of the Soviet Union delayed the ratification of both the 1991 START Treaty and the 1993 START II Treaty. As was noted above, the parties negotiated a Protocol to START so that Ukraine, Belarus, and Kazakhstan could join Russia as successors to the Soviet Union for the Treaty. The parties signed this Protocol in May 1992. However, the Treaty could not enter into force until Ukraine, Belarus, and Kazakhstan agreed to return the nuclear warheads on their territories to Russia and joined the Nuclear Nonproliferation Treaty as non-nuclear nations. They completed this process, and START entered into force, on December 4, 2004, nearly 3.5 years after signature. Moreover, although the United States and Russia signed START II in January 2003, the U.S. Senate waited until START entered into force before beginning hearings on START II in early 1995. The Senate then delayed its vote on the treaty until January 1996. The Russian Duma also delayed its vote on the START II, in part due to concerns about U.S. missile defense plans and NATO enlargement.

The legislative debate on formal arms control treaties could also be delayed by debates between the executive and legislative branches on issues related to, but not covered within, the terms of the treaty. This was a key factor in the 1995 delay in the Senate's consideration



of START II. The Senate Foreign Relations Committee held hearings on the Treaty in early 1995, but the Committee delayed its vote on the Treaty until early 1996 because of a dispute between the Clinton Administration and the Senate over the future of the Arms Control and Disarmament Agency. The Senate eventually consented to START II's ratification in January 1996. This was also evident during the Senate's consideration of the New START Treaty in 2010. The Treaty did not restrict weapons modernization; both sides could repair or replace existing weapons systems and the facilities that support those weapons. Yet the U.S. Senate spent a considerable amount of time seeking information from and negotiating with the Obama Administration about the amount of money it planned to allocate to nuclear modernization over the next decade.<sup>85</sup>

Unilateral adjustments in nuclear forces would not be exempt from legislative review. The House and Senate Armed Services Committees receive testimony on U.S. nuclear weapons plans and programs during the annual authorization and appropriations process. They could also call for separate oversight hearings if they wanted to review plans for unilateral adjustments in the U.S. nuclear arsenal. However, this would only slow the process of implementing reductions if Congress refused to appropriate necessary funds.

### ***Implementation***

Formal arms control treaties contain lengthy implementation periods that may not be present in unilateral measures. For example, the 1991 START Treaty allowed seven years for the parties to reduce their forces. Although they eliminated many weapons more quickly than mandated by the Treaty, neither the United States nor Russia completed their eliminations until the deadline of December 5, 2001. The 1993 START II Treaty, which, as noted, never entered into force, initially mandated that the United States and Russia complete their reductions by the beginning of 2003, 10 years after they signed the Treaty. But, in September 1997, after delays in the ratification process, the two nations agreed to extend the elimination period to the end of 2007. The 2002 Moscow Treaty allowed the parties 10 years to reduce their forces to agreed levels. The 2010 New START Treaty contains a seven-year reduction period.

In some cases, a long implementation process may be necessary because it can take a significant amount of time for the nations to comply with the detailed elimination procedures. Such a process also allows each nation to be certain that the other is meeting its obligations before it eliminates its own weapons. On the other hand, the lengthy time frame may add to the cost of nuclear weapons because the nations operate and maintain the forces for years even when they know they will eventually eliminate them. This factor has led some in the United States to argue that the United States should reduce its nuclear weapons to New START levels in fewer than the seven years permitted by the treaty. On the other hand, an accelerated drawdown schedule could also add costs if the Navy or Air Force have to build new facilities or assign added personnel to accommodate the new schedule.

Unilateral reductions can occur at whatever pace suits the needs of the nation adjusting its forces. They can occur slowly, as the George W. Bush Administration planned when it announced in 2001 that would reduce U.S. forces to between 1,700 and 2,200 warheads by 2012. They can occur quickly, as they did following the announcement of the PNIs in 1991. Or the pace can vary, as it has with reductions in the stored stockpile of nondeployed nuclear warheads, in response to decisions about the necessary size of the stockpile and the capacity of the system to process retired warheads.

## NEXT STEPS IN ARMS CONTROL

### **Unilateral, Bilateral, or a Bit of Both**

During its first term in office, the Obama Administration highlighted two objectives for its arms control policy. It wanted to reduce the number of nuclear weapons in the U.S. arsenal and it sought to do so in cooperation with Russia. It achieved these objectives with the signing and entry-into-force of the New START Treaty. President Obama and others in his Administration have indicated that the United States continues to support these two priorities. However, although the Administration has indicated that the United States would like to work with Russia to reduce nuclear weapons further, the Administration may not insist that the two nations codify these reductions in a formal, legally-binding treaty. The characteristics reviewed in this report can help explain why some support a possible shift away from formal treaties.

#### ***Balance and Equality***

As was noted above, the 2010 NPR indicated that the United States preferred to maintain a measure of balance and equality between U.S. and Russian nuclear forces, but that absolute parity was not necessary. This supports a cooperative, reciprocal approach to arms reductions, but does not necessarily require that the parties negotiate a formal treaty that mandates strictly equal limits. At the same time, although the United States and Russia accepted equal limits on the number of strategic delivery systems and warheads in New START, the treaty permitted them to maintain significantly different strategic force structures<sup>86</sup> and far different numbers of nonstrategic and nondeployed nuclear warheads. In addition, each has different priorities for the types of forces and types of limits that they would like to include in a “next” arms control treaty. As a result, it would be difficult, and possibly time-consuming, for the United States and Russia to agree on the contents of a treaty that imposed balanced and equal limits on each side.

#### ***Predictability and Flexibility***

During the Cold War, most U.S.-Soviet arms control treaties emphasized predictability over flexibility by incorporating limits on total forces, sublimits on specific types of weapons, restrictions on the locations and movement of limited systems, and precise definitions of items limited by the treaty. The 2002 Moscow Treaty emphasized flexibility over predictability because it contained no sublimits, no agreed definitions or rules to count the number of deployed strategic warheads, and no time frame for the reductions. The New START Treaty restored some of the predictability that had existed in the 1991 START Treaty, with agreed definitions on most systems limited by the treaty and with the exchange of detailed data on the status and numbers of deployed delivery systems. But it allowed far more flexibility than the original START Treaty as it allowed each side to determine its own mix of forces within the aggregate total.

If the United States and Russia agree to reduce their forces further while New START remains in force, they could rely on the definitions and monitoring provisions in New START to retain a degree of predictability and transparency. Those provisions will remain in force through at least 2021 or 2026, if they extend New START for five additional years. But they

would increase their flexibility if they did not sign a new agreement that specified legally-binding limits. They would have the flexibility to size and structure their forces according to their own national security requirements and to restore forces if those requirements changed.

### ***Transparency and Confidence in Compliance***

The Obama Administration has indicated that it places a high value on the monitoring and verification provisions in New START and on the information they provide about the capabilities and numbers of nuclear weapons in Russia. They stated that the data exchanges, notifications, unique identifiers, and on-site inspections, provide each side with the ability to monitor strategic nuclear forces from “cradle to grave.”<sup>87</sup> This would help both sides maintain confidence in the other side’s compliance and agreement to pursue further reductions. On the other hand, the data exchanges and inspections in New START only apply to deployed strategic offensive forces and, in some cases, nondeployed strategic delivery vehicles. They do not provide any information about nonstrategic nuclear weapons or the stored stockpile of nondeployed weapons. Yet the Obama Administration has stated that the next round of arms control should include limits on these latter two categories of weapons.

If the United States and Russia agree to reduce their strategic nuclear weapons further, within the framework of New START and without negotiating a new treaty, they could rely on the monitoring and verification provisions in New START to provide transparency into the reductions. However, they would either have to leave nonstrategic and nondeployed weapons outside the framework of a new agreement or, if they counted them in the limits, they would have to accept less transparency about the numbers and locations of those weapons. Although either approach may achieve some U.S. goals for arms control—either deeper reductions in strategic nuclear weapons or reductions in all categories of weapons—neither would be as comprehensive and transparent as a formal treaty. In addition, this approach would not be consistent with NATO’s stated goal of negotiating transparency measures that would provide insights into Russia’s nonstrategic nuclear weapons.

### ***Timeliness***

Although the United States and Russia have taken preliminary steps to prepare for another round of arms control negotiations, there is widespread agreement that the formal arms control process has stalled. Russian officials have made it clear that they do not plan to move forward on further reductions in strategic offensive forces until the United States agrees to limit the eventual scope of its missile defense plans.<sup>88</sup> Further, they have argued that Russia would not negotiate limits on, or possibly even transparency measures for, nonstrategic nuclear weapons until the United States withdraws its nuclear weapons from bases in Europe.

Yet, the President and others in his Administration have stated that they believe the United States can achieve its deterrence and national security goals with a reduced number of nuclear weapons. Although the United States does not need to adjust its forces quickly, as it did in 1991, to respond to events such as the collapse of the Warsaw Pact and the abortive coup in Moscow, a near-term decision to reduce U.S. forces below New START levels could translate into budget savings if it allowed the United States to delay or scale back the planned modernization programs for these weapons.<sup>89</sup> At the same time, some in the Administration, and many in the arms control community, argue that continued, near-term steps to reduce the U.S. nuclear arsenal could help the United States win support from other nations in seeking to stem nuclear proliferation and strengthen the Nuclear Nonproliferation Treaty.<sup>90</sup>

The United States and Russia might agree to reduce their strategic nuclear weapons in parallel, without negotiating a new Treaty, so that they could avoid delays in implementation that might result from a lengthy debate in the Senate or the Russian parliament. While it is not inevitable that Senate or parliamentary consideration of a Treaty would delay or prevent the implementation of reductions, recent history suggests that this is a possible, or even likely, outcome. In contrast, as happened in 1991 under the PNIs, the two sides could possibly begin to implement unilateral, parallel reductions in a very short amount of time.

## **Issues for Congress**

### *Nature of the Commitment*

If the United States and Russia agree to reduce their nuclear weapons below the levels in the New START Treaty without signing a new treaty, Congress may question whether the agreement represents a legal obligation or a political commitment, and whether the agreement is covered by the terms of the Arms Control and Disarmament Act. The answer to this question may depend on both the substance and the form of the agreement. If each nation simply announces, in a unilateral statement, that it plans to reduce its forces below the limits in New START, then this almost certainly would not represent a legally-binding obligation subject to congressional review and approval. Arguably, the unilateral statements would simply alter the manner in which the parties intend to implement the treaty. On the other hand, if the two nations sign an agreement that alters the limits in New START, this would be an amendment subject to the advice and consent of the Senate.

Between these two extremes, the United States and Russia could issue a joint statement or sign a shared memorandum of understanding incorporating the newly agreed levels for nuclear reductions. The question of whether the President should be required to seek Congressional approval for this type of agreement would likely rest on the substance of the agreement. If the two nations agreed that they would act as if they had changed the limits in New START, and did not specify that they viewed this change to be politically-binding only, then Congress may consider this agreement to represent a new legally-binding obligation for the United States. If it is treated as an amendment to the Treaty, then the Senate would have to offer its advice and consent, by a two-thirds vote, before it could enter into force. If it were treated as a congressional-executive agreement, both the House and Senate would have to vote to pass legislation that approved its limits. However, if the joint statement indicated that each side planned, on its own, to reduce its forces below New START levels, without changing the terms of the Treaty or adopting an obligation to complete the new, deeper reductions, then Congress may not have a role to play in approving the agreement. Congress could, however, limit funding for activities that would reduce the size of the force below a specified standard.

### *Priorities among the Characteristics*

If the United States and Russia agree to reduce their nuclear weapons below the levels in the New START Treaty, in parallel and without a formal Treaty, Congress may question whether the Obama Administration shares its priorities regarding the characteristics described above. For example, in choosing this path to further reductions while the two sides remained bound by the New START Treaty, the Administration would indicate that predictability and

transparency remained important. Balance and equality would receive a lower priority while flexibility and timeliness would grow more important. Specifically, with this path forward, the two nations would decide for themselves how deeply and how quickly to reduce their forces without requiring strict equality and without consuming months or years in negotiations. In addition, they could begin to implement the reductions without seeking, and waiting for, the approval of their respective legislative bodies.

Some in Congress may support this ordering of priorities if, for example, they believe that deeper reductions in nuclear weapons might reduce the costs of these systems without undermining U.S. security. If the United States and Russia find it very difficult and time-consuming to find a balanced, equitable agreement that addressed all the issues that concern both sides, an informal understanding allowing each to move forward on its own could avoid this process. This could help the United States and Russia save money by eliminating the need to operate as many forces in the near term and to procure new replacement systems in the long term.

Others, however, may oppose this ordering of priorities, particularly if they see more risks than benefits to lower U.S. force levels. For example, some Members of Congress have stated that the United States should not rush to reduce its nuclear forces at a time when nuclear-armed countries like China, India, and Pakistan are not bound by arms control agreements. Moreover, some could argue that the United States should not pursue further reductions now, even if it has the flexibility to reverse the reductions in the future, when North Korea is increasing its nuclear arsenal and Iran is suspected of having a nuclear weapons program.<sup>91</sup> Finally, many in Congress may question whether it is necessary for the Administration to place such a high priority on timeliness when such a choice could leave Congress out of the arms control process.

### ***Policy on Further Reductions***

Debates in Congress over how to pursue further reductions in nuclear weapons may, in fact, be proxies for debates over whether the United States should pursue reductions at all. Specifically, some in Congress may support or oppose the mechanism chosen by Administration if it pursues further reductions because they support or oppose the goal of further reductions. Members who believe that the United States should reduce its nuclear weapons further might support that goal whether the United States codifies the limits in a formal treaty, pursues the reductions without a treaty but in parallel with Russia, or adjusts its forces unilaterally. Alternatively, Members who do not support further reductions in U.S. nuclear weapons may oppose such a policy regardless of whether the limits are codified in a treaty, outlined in mutual, nonbinding agreement, or implemented unilaterally. As a result, Congress may seek to pursue a debate that specifically addresses questions about the degree to which further reductions in nuclear weapons might serve to enhance or undermine U.S. national security.

## **End Notes**

<sup>1</sup> U.S. Congress, Senate Armed Services, *Nomination of Former Senator Chuck Hagel to be Secretary of Defense*, Hearing, 113<sup>th</sup> Cong., 1<sup>st</sup> sess., January 31, 2013.

- <sup>2</sup> See, for example, the comments of Senators Bob Corker and Jim Inhofe in ““Nuclear Zero” Offers Nothing worth Having,” *Wall Street Journal*, February 26, 2013, p. A15.
- <sup>3</sup> For information about this treaty see CRS Report R41219, *The New START Treaty: Central Limits and Key Provisions*, by Amy F. Woolf
- <sup>4</sup> The White House. Office of the Press Secretary. Remarks on Signing the Strategic Arms Reduction Treaty With President Dmitry A. Medvedev of Russia and an Exchange With Reporters in Prague, Czech Republic, April 8, 2010 <http://www.gpo.gov/fdsys/pkg/DCPD-201000241/pdf/DCPD-201000241.pdf>
- <sup>5</sup> The White House. Office of the Press Secretary. Remarks by the President in the State of the Union Address, February 12, 2013. <http://www.whitehouse.gov/the-press-office/2013/02/12/remarks-president-state-union-address>
- <sup>6</sup> International Security Advisory Board, *Options for Implementing Additional Nuclear Force Reductions*, United States Department of State, Report, Washington, DC, November 27, 2012, p. 5, <http://www.state.gov/documents/organization/201403.pdf>.
- <sup>7</sup> R. Jeffrey Smith, “Obama Embraces Big Nuke Cuts,” *Foreign Policy*, February 8, 2013. [http://www.foreignpolicy.com/articles/2013/02/08/obama\\_embraces\\_big\\_nuke\\_cuts](http://www.foreignpolicy.com/articles/2013/02/08/obama_embraces_big_nuke_cuts)
- <sup>8</sup> For a brief summary of the each of these agreements, see CRS Report RL33865, *Arms Control and Nonproliferation: A Catalog of Treaties and Agreements*, by Amy F. Woolf, Mary Beth Nikitin, and Paul K. Kerr
- <sup>9</sup> President Bush was prepared to move forward with the reductions, which came to be known as the Presidential Nuclear Initiatives (PNIs), even if the Soviet Union did not alter its force posture. For a summary of the process leading up to the PNIs, and the content of the initiatives, see Susan J. Koch, *The Presidential Nuclear Initiatives of 1991-1992*, Center for the Study of Weapons of Mass Destruction, National Defense University, Case Study Series, Washington, DC, September 2012, [http://www.ndu.edu/press/lib/pdf/CSWMD-CaseStudy/CSWMD\\_CaseStudy-5.pdf](http://www.ndu.edu/press/lib/pdf/CSWMD-CaseStudy/CSWMD_CaseStudy-5.pdf).
- <sup>10</sup> Under New START, the United States and Russia will deploy 1,550 strategic warheads. According to unclassified estimates, France deploys around 300 warheads, China around 240 warheads, and the United Kingdom around 160 warheads.
- <sup>11</sup> The U.S. State Department issued numerous reports about Soviet (and Russian) activities that appeared inconsistent with arms control obligations. For recent reports, see <http://www.state.gov/t/avc/rls/rpt/c54051.htm>
- <sup>12</sup> Many observers cite the Soviet construction of a large early warning radar at Krasnoyarsk as evidence of Soviet intent to violate not only the ABM Treaty, but also arm control agreements in general. The building for this radar was constructed in central Siberia, facing northeast across the country, rather than on the periphery facing out, as mandated by the ABM Treaty. The Soviet Union claimed it was a space-track radar, and, therefore, not limited by the ABM Treaty, but, in the late 1980s, it did agree to dismantle the facility before it became operational. Most experts agree that it was probably an early warning radar, and was located in Krasnoyarsk for the sake of convenience and proximity to the trans-Siberian railway. Nevertheless, its location was inconsistent with the terms of the ABM Treaty.
- <sup>13</sup> For a discussion of the relationship between arms control negotiations and efforts to limit weapons that were viewed as destabilizing, see Michael S. Gerson, “The Origins of Strategic Stability: the United States and the threat of Surprise Attack,” in Elbridge A. Colby and Michael S. Gerson, *Strategic Stability: Contending Interpretations* (Carlisle, PA: Strategic Studies Institute and U.S. Army War College Press, 2013), p. 35.
- <sup>14</sup> For a discussion of the Soviet fear of decapitation, see David Hoffman, *Dead Hand: The Untold Story of the Cold War Arms Race and its Dangerous Legacy* (New York: Doubleday, 2009), pp. 145-152.
- <sup>15</sup> For information about the INF Treaty, see CRS Report RL33865, *Arms Control and Nonproliferation: A Catalog of Treaties and Agreements*, by Amy F. Woolf, Mary Beth Nikitin, and Paul K. Kerr, pp. 7-8.
- <sup>16</sup> Because START II never entered into force, Russia still deploys large, MIRVed ICBMs. Reports also indicate that it plans to develop and deploy, later this decade, a new heavy MIRVed ICBM to replace the aging missiles deployed in the 1980s. For details, see “Russia to Develop New Heavy ICBM by 2020,” *Ria Novosti*, December 20, 2010. <http://en.rian.ru/russia/20101220/161856876.html>
- <sup>17</sup> For a detailed review of U.S. nonstrategic nuclear weapons, see CRS Report RL32572, *Nonstrategic Nuclear Weapons*, by Amy F. Woolf.
- <sup>18</sup> *Toward a Nuclear Peace: The Future of Nuclear Weapons in U.S. Foreign and Defense Policy*, Report of the CSIS Nuclear Strategy Study Group, Washington, DC, 1993, p. 27.
- <sup>19</sup> The text of the Montebello Decision can be found in Jeffrey A. Larson and Kurt J. Klingenberg, *Controlling Nonstrategic Nuclear Weapons: Obstacles and Opportunities* (Colorado Springs, CO: Institute for National Security Studies, 2001), pp. 265-266.

- <sup>20</sup> Helen Dewar and Barton Gelman, “Bush Administration Signals Flexibility on Additional Cuts in Nuclear Weapons,” *Washington Post*, October 1, 1991, p. A16. The Bush Administration challenged the Soviet Union to take similar steps, and on October 5, 1991, Soviet President Mikhail Gorbachev replied, stating that he would also withdraw and eliminate nonstrategic nuclear weapons. Susan J. Koch, *The Presidential Nuclear Initiatives of 1991-1992*, Center for the Study of Weapons of Mass Destruction, National Defense University, Case Study Series, Washington, DC, September 2012, p. 8. [http://www.ndu.edu/press/lib/pdf/CSWMD-CaseStudy/CSWMD\\_CaseStudy-5.pdf](http://www.ndu.edu/press/lib/pdf/CSWMD-CaseStudy/CSWMD_CaseStudy-5.pdf)
- <sup>21</sup> See, for example, the comments of Senator Albert Gore, “Nuclear Weapons,” Remarks, *Congressional Record*, October 7, 1991, p. S14468.
- <sup>22</sup> Helen Dewar and Barton Gelman, “Bush Administration Signals Flexibility on Additional Cuts in Nuclear Weapons,” *Washington Post*, October 1, 1991, p. A16.
- <sup>23</sup> Dan Balz, “Democrats, on Defensive, Press Home-Front Theme,” *Washington Post*, September 29, 1991, p. A38.
- <sup>24</sup> Department of Energy, “Increasing Transparency in the U.S. Nuclear Stockpile,” Fact Sheet. May 3, 2010, p. 1. [http://www.defense.gov/npr/docs/10-05-03\\_Fact\\_Sheet\\_US\\_Nuclear\\_Transparency\\_FINAL\\_w\\_Date.pdf](http://www.defense.gov/npr/docs/10-05-03_Fact_Sheet_US_Nuclear_Transparency_FINAL_w_Date.pdf). When the fact sheet was released in May 2010, the size of the stockpile stood at 5,113 warheads. According to recent unclassified estimates it has declined further, to approximately 4,688 warheads in early 2013. see Hans M. Kristensen, (Still) Secret U.S. Nuclear Weapons Stockpile Reduced. FAS Strategic Security Blog, February 26, 2013. <http://www.fas.org/blog/ssp/2013/02/stockpilereduction.php>.
- <sup>25</sup> Preamble to the Treaty Between the United States of America and the Russian Federation on Further Reduction and Limitation of Strategic Offensive Arms (START II). <http://www.state.gov/t/avc/trty/102887.htm#treatytext>
- <sup>26</sup> As is noted in more detail below, a number of issues related to both the treaty and the U.S.-Russian relationship stalled START II ratification. The two nations eventually replaced it with the 2002 Moscow Treaty.
- <sup>27</sup> News Event. George W. Bush, President of the United States, Delivers Remarks on Missile Defense. Transcript. The Federal Document Clearing House. May 1, 2001.
- <sup>28</sup> Donald H. Rumsfeld, “Towards 21<sup>st</sup> Century Deterrence,” *Wall Street Journal*, June 27, 2001.
- <sup>29</sup> “Bush Administration Reviewing Value of Arms Control Agreements.,” *Inside Defense*, August 28, 2008.
- <sup>30</sup> White House, Office of the Press Secretary. Press Conference. President Bush and President Putin Discuss New Relationship. November 13, 2001.
- <sup>31</sup> *Ibid.*
- <sup>32</sup> While some observers question whether Russia’s nuclear weapons can secure its international status in light of its demographic and economic weakness, most agree that Russian officials believe and behave as they can. See Matthew Rojansky, “Russia and Strategic Stability,” in *Strategic Stability: Contending Interpretations*, ed. Elbridge A. Colby and Michael S. Gerson (Carlisle, PA: Strategic Studies Institute and U.S. Army War College Press, 2013), pp. 297-299. See, also, Stephen J. Blank, “*Russia and Nuclear Weapons*,” in *Russian Nuclear Weapons: Past Present and Future*,” (Carlisle, PA: Strategic Studies Institute and U.S. Army War College Press, 2011) pp. 293-364.
- <sup>33</sup> Thom Shanker, “Senators Insist on Role in Nuclear Arms Deals,” *New York Times*, March 17, 2002, p. 16.
- <sup>34</sup> U.S. Congress, Senate Foreign Relations, *Treaty on Strategic Offensive Reduction: The Moscow Treaty*, Hearing, 107<sup>th</sup> Cong., 2<sup>nd</sup> sess., July 9, 2002, S. Hrg. 107-622 (Washington: GPO, 2002), p. 6.
- <sup>35</sup> Wade Boese. “U.S., Russia at Odds on Key Arms Issues.” *Arm Control Today*. April 2008.
- <sup>36</sup> U.S. State Department. Office of the Spokesman. Joint Statement by U.S. Secretary of State Condoleezza Rice and Minister for Foreign Affairs of the Russian Federation Sergey Lavrov. July 3, 2007.
- <sup>37</sup> Nicholas Kralev. “Russia, U.S. to Discuss START.” *Washington Times*. March 6, 2007. p. 1.
- <sup>38</sup> Nicholas Kralev, “U.S. to Stop Counting New Missiles in Russia,” *Washington Times*, December 1, 2009, p. 1.
- <sup>39</sup> The White House. Office of the Press Secretary. Remarks By President Barack H. Obama, Hradcany Square Prague, Czech Republic, April 5, 2009. [http://www.whitehouse.gov/the\\_press\\_office/Remarks-By-President-BarackObama-In-Prague-As-Delivered](http://www.whitehouse.gov/the_press_office/Remarks-By-President-BarackObama-In-Prague-As-Delivered)
- <sup>40</sup> See, for, example, the comments of Ambassador Rose Gottemoeller, in U.S. Department of State, *START Treaty Follow-On Talks*, Press Availability, Rome, Italy, April 24, 2009, <http://www.state.gov/t/avc/rls/123065.htm>.
- <sup>41</sup> U.S. Department of Defense, *Nuclear Posture Review*, Washington, DC, April 9, 2010, p. 30, <http://www.defense.gov/npr/docs/2010%20Nuclear%20Posture%20Review%20Report.pdf>.
- <sup>42</sup> *Ibid.* p. 19.
- <sup>43</sup> *Ibid.* p. 12.
- <sup>44</sup> President Obama, Remarks at Hankuk University of Foreign Studies in Seoul, South Korean, March 26, 2012. <http://www.gpo.gov/fdsys/pkg/DCPD-201200215/pdf/DCPD-201200215.pdf>

- <sup>45</sup> U.S. Department of State, Office of the Undersecretary of State., *Priorities for Arms Control Negotiations Post-New START*, Remarks at the Exchange Monitor's Fifth Annual Nuclear Deterrence Summit, Arlington, VA. February 21, 2013. <http://www.state.gov/t/us/205051.htm>
- <sup>46</sup> *Ibid.* p. 32.
- <sup>47</sup> "U.S. ties Removal of European Nukes to Russian Arms Cuts," Global Security Newswire, April 23, 2010.
- <sup>48</sup> North Atlantic Treaty Organization (NATO), *Active Engagement, Modern Defense*, Strategic Concept for the Defence and Security of the Members of the North Atlantic Treaty Organization, Lisbon, Portugal, November 20, 2012, p. 24, [http://www.nato.int/strategic-concept/pdf/Strat\\_Concept\\_web\\_en.pdf](http://www.nato.int/strategic-concept/pdf/Strat_Concept_web_en.pdf).
- <sup>49</sup> Hans M. Kristensen and Robert S. Norris, "NRDC Nuclear Notebook: U.S. Nuclear Forces, 2007," *Bulletin of the Atomic Scientists*, January/February 2007.
- <sup>50</sup> Under the 1991 PNIs, the Navy removed all nonstrategic nuclear weapons from surface ships and attack submarines, but it retained the capability, with appropriate training and resources, to redeploy these weapons if conditions changed. The Clinton Administration eliminated this capability for surface ships, but retained the Navy's ability to restore nuclear-armed cruise missiles to attack submarines.
- <sup>51</sup> Hans M. Kristensen, U.S. Nuclear Weapons Withdrawn from the United Kingdom. Federation of American Scientists, Strategic Security Blog. June 26, 2008, <http://www.fas.org/blog/ssp/2008/06/us-nuclear-weapons-withdrawn-from-the-united-kingdom.php>.
- <sup>52</sup> U.S. Department of Defense. Fact Sheet. Increasing Transparency in the U.S. Nuclear Weapons Stockpile. May 3, 2010. [http://www.defense.gov/npr/docs/10-05-03\\_fact\\_sheet\\_us\\_nuclear\\_transparency\\_final\\_w\\_date.pdf](http://www.defense.gov/npr/docs/10-05-03_fact_sheet_us_nuclear_transparency_final_w_date.pdf).
- <sup>53</sup> See, for example, CRS Report RL33748, *Nuclear Warheads: The Reliable Replacement Warhead Program and the Life Extension Program*, by Jonathan Medalia, and CRS Report RL32130, *Nuclear Weapon Initiatives: Low-Yield R&D, Advanced Concepts, Earth Penetrators, Test Readiness*, by Jonathan Medalia.
- <sup>54</sup> Hans M. Kristensen and Robert S. Norris, "U.S. Nuclear Forces, 2013," *Bulletin of the Atomic Scientists*, March/April 2013, p. 77. <http://bos.sagepub.com/content/69/2/77.full.pdf+html>.
- <sup>55</sup> Congress can also play a role during the negotiation of arms control agreements. For a detailed review of the Congressional role in arms control, see U.S. Congress, House Committee on Foreign Affairs, Subcommittee on Arms Control, International Security and Science, *Fundamentals of Nuclear Arms Control: Part IX, The Congressional Role in Nuclear Arms*, committee print, prepared by The Congressional Research Service, 99<sup>th</sup> Cong., 2<sup>nd</sup> sess., June 1986 (Washington: GPO, 1986). <http://rsinquiry.loc.gov/crsx/products-nd/86.1350.doc.pdf>.
- <sup>56</sup> U.S. Const. art. II, §2. For further background, see United States Senate, Committee on Foreign Relations. *Treaties and Other International Agreements: The Role of the United States Senate*. Committee Print, prepared by the U.S. Library of Congress, Congressional Research Service. p. 2.
- <sup>57</sup> For a description of the process in which the Senate considers treaties, see CRS Report 98-384, *Senate Consideration of Treaties*, by Valerie Heitshusen. A table detailing the treaty ratification process can be found at CRS Report RL32528, *International Law and Agreements: Their Effect Upon U.S. Law*, by Michael John Garcia, p. 15.
- <sup>58</sup> U.S. Congress, Senate Committee on Foreign Relations, *Treaty with Russia on Further Reduction and Limitation of Strategic Offensive Arms (The New START Treaty)*, Executive Report, 111<sup>th</sup> Cong., 2<sup>nd</sup> sess., October 1, 2010, Exec.Rept. 111-6 (Washington: GPO, 2010), p. 9.
- <sup>59</sup> For a more detailed explanation of the differences between treaties and executive agreements, see CRS Report RL32528, *International Law and Agreements: Their Effect Upon U.S. Law*, by Michael John Garcia. Analysis of the potential constitutional impediments to the entering and enforcement of such agreements by the Executive are beyond the scope of this report.
- <sup>60</sup> U.S. Congress, Senate Committee on Foreign Relations, *Treaties and Other International Agreements: The Role of the United States Senate*, committee print, prepared by The Congressional Research Service, 103<sup>rd</sup> Cong., 1<sup>st</sup> sess., November 1993, S. Prt. 103-53 (Washington: GPO, 1993), p. 54. Not every executive agreement must be approved via legislation. Executive agreements implementing a requirement of a ratified treaty, or that are entered pursuant to the President's independent constitutional authority, are also occasionally made by the United States. Even assuming that either form of executive agreement would be a constitutionally valid means for entering an arms reduction agreement, the Arms Control and Disarmament Act of 1961, as amended, would appear to limit the legal effect of such an agreement. 22 USC Section 2573 (generally requiring arms reduction agreements to take the form of treaties or be authorized by statutory enactment).
- <sup>61</sup> 22 USC Section 2573.
- <sup>62</sup> Declarations made by the Senate when approving a treaty are generally not viewed as establishing enforceable U.S. law themselves, but instead constitute "statements expressing the Senate's position or opinion on matters relating to issues raised by the treaty rather than to specific provisions." S. Congress, Senate Committee on



- Foreign Relations, Treaties and Other International Agreements: The Role of the United States Senate, committee print, prepared by The Congressional Research Service, 103<sup>rd</sup> Cong., 1<sup>st</sup> sess., November 1993, S. Prt. 103-53 (Washington: GPO, 1993), p. 11.
- <sup>63</sup> The State Department has published guidance regarding the format that a non-legally binding agreement should take. U.S. Department of State, Office of the Legal Adviser, Guidance on Non-Binding Documents. <http://www.state.gov/s/l/treaty/guidance/>.
- <sup>64</sup> U.S. Library of Congress, Congressional Research Service, “Gentlemen’s Agreements” with Foreign Entities: Congressional Oversight. Legal Side Bar. August 8, 2012. <http://www.crs.gov/analysis/legalsidebar/pages/details.aspx? ProId=14>.
- <sup>65</sup> U.S. Library of Congress, Congressional Research Service, “Gentlemen’s Agreements” with Foreign Entities: Congressional Oversight. Legal Side Bar. August 8, 2012. <http://www.crs.gov/analysis/legalsidebar/pages/details.aspx? ProId=14>.
- <sup>66</sup> U.S. Department of State, Bureau of Arms Control, Verification, and Compliance, The Treaty Between the United States of America and the Union of Soviet Socialist Republics on the Reduction and Limitation of Strategic Offensive Arms (START), Associated Documents, July 31, 1991, <http://www.state.gov/documents/organization/27390.pdf>.
- <sup>67</sup> U.S. Congress, House Committee on Foreign Affairs, Subcommittee on Arms Control, International Security and Science, *Fundamentals of Nuclear Arms Control. Part IX, The Congressional Role in Nuclear Arms*, committee print, prepared by The Congressional Research Service, 99<sup>th</sup> Cong., 2<sup>nd</sup> sess., June 1986 (Washington: GPO, 1986), pp. 12-13.
- <sup>68</sup> P.L. 104-201, Section 1302.
- <sup>69</sup> The language in the 1997 Defense Authorization Act applied the funding limitation to the deactivation of all U.S. strategic delivery systems, even those that would have been retired under the original START Treaty. As a result, in the 1998 legislation, Congress altered the language to indicate that the limitation applied only to those systems that would have remained under START I but were to be retired under START II. See U.S. Congress. National Defense Authorization Act for Fiscal Year 1998. Conference Report to accompany H.R. 1119. (H.Rept. 105-340, Section 1302.) October 23, 1997. p. 332.
- <sup>70</sup> “Stability” is a term with several possible definitions and applications. In this report, it usually refers to the sense that neither the United States nor Soviet Union/Russia would have an incentive to launch a first strike with nuclear weapons, both because its forces could survive and retaliate after absorbing an attack and because it lacked the ability to deny its opponent the ability to survive and retaliate after an attack. This concept of “first strike stability” has been enshrined as a goal of arms control in joint U.S.-Soviet and U.S.-Russian statements, and in the text of several arms control agreements. For example, in a Joint Statement signed during the original START negotiations in 1990, Presidents Bush and Gorbachev agreed that the reductions in START “will be designed to make a first strike less plausible. The result will be greater stability and a lower risk of war.” See “Summit in Washington; Text of the Statement On Long-Range Arms,” *New York Times*, June 2, 1990. <http://www.nytimes.com/1990/06/02/world/summit-in-washington-text-of-the-statement-on-long-range-arms.html?pagewanted=all&src=pm>
- <sup>71</sup> For a discussion of this type of “arms control trap,” see Christopher A. Ford, “Anything but Simple: Arms Control and Strategic Stability,” in *Strategic Stability: Contending Interpretations*, ed. Elbridge A. Colby and Michael S. Gerson (Carlisle, PA: Strategic Studies Institute and U.S. Army War College Press, 2013), pp. 217-220.
- <sup>72</sup> U.S. Department of Defense, *Nuclear Posture Review*, Washington, DC, April 9, 2010, p. 30, <http://www.defense.gov/npr/docs/2010%20Nuclear%20Posture%20Review%20Report.pdf>.
- <sup>73</sup> See, for example, Rose Gottemoeller, *The Obama Administration’s Second Term Priorities for Arms Control and Nonproliferation*, U.S. Department of State, Remarks, Geneva, Switzerland, March 20, 2013, <http://www.state.gov/t/us/206454.htm>.
- <sup>74</sup> Vladimir Kozin, “Time for TART,” *The Moscow Times*, February 2010.
- <sup>75</sup> Gen. (Ret.) James Cartwright et. al., *Modernizing U.S. Nuclear Strategy*, Global Zero, Global Zero U.S. Nuclear Policy Commission Report, Washington, DC, May 2012, p. 2, [http://www.globalzero.org/files/gz\\_us\\_nuclear\\_policy\\_commission\\_report.pdf](http://www.globalzero.org/files/gz_us_nuclear_policy_commission_report.pdf).
- <sup>76</sup> Susan J. Koch, *Ther Presidential Nuclear Initiatives of 1991-1992*, Center for the Study of Weapons of Mass Destruction, National Defense University, Case Study Series, Washington, DC, September 2012, p. 8. [http://www.ndu.edu/press/lib/pdf/CSWMD-CaseStudy/CSWMD\\_CaseStudy-5.pdf](http://www.ndu.edu/press/lib/pdf/CSWMD-CaseStudy/CSWMD_CaseStudy-5.pdf).
- <sup>77</sup> Jonathan Landay. “Rumsfeld Reportedly Resists Firm Limits on Nuclear Arms,” *San Jose Mercury News*. April 27, 2002.

- <sup>78</sup> See, for example, the testimony of Hon. Rose Gottemoeller in U.S. Congress, Senate Foreign Relations, *The New START Treaty*, Hearing, 111<sup>th</sup> Cong., 2<sup>nd</sup> sess., June 15, 2010, S. Hrg. 111-738 (Washington: GPO, 2010), pp. 217-218.
- <sup>79</sup> Wade Boese. "U.S., Russia exploring post-START Options." *Arms Control Today*. May 2007.
- <sup>80</sup> See, for example, U.S. Department of State, Bureau of Verification, Compliance, and Implementation, *Verification*, Fact Sheet, Washington, DC, April 8, 2010, <http://www.state.gov/t/avc/rls/139906.htm>.
- <sup>81</sup> See, for example, the Statement of Admiral Michael Mullin, the Chairman of the Joint Chiefs of Staff, in U.S. Congress, Senate Foreign Relations, *The New START Treaty*, Hearing, 111<sup>th</sup> Cong., 2<sup>nd</sup> sess., June 15, 2010, S. Hrg. 111-738 (Washington: GPO, 2010), p. 48.
- <sup>82</sup> North Atlantic Treaty Organization (NATO), *Active Engagement, Modern Defense*, Strategic Concept for the Defence and Security of the Members of the North Atlantic Treaty Organization, Lisbon, Portugal, November 20, 2012, p. 24, [http://www.nato.int/strategic-concept/pdf/Strat\\_Concept\\_web\\_en.pdf](http://www.nato.int/strategic-concept/pdf/Strat_Concept_web_en.pdf).
- <sup>83</sup> North Atlantic Treaty Organization, *Deterrence and Defense Posture Review*, May 20, 2012, [http://www.nato.int/cps/en/natolive/official\\_texts\\_87597.htm?mode=pressrelease](http://www.nato.int/cps/en/natolive/official_texts_87597.htm?mode=pressrelease).
- <sup>84</sup> For a discussion about the way the rapid changes in the international security environment interacted with the negotiations and implementation of the Conventional Armed Forces in Europe Treaty, see For a discussion of this type of "arms control trap," see Jeffrey D. McCausland, "Conventional Weapons, Arms Control, and Strategic Stability in Europe," in *Strategic Stability: Contending Interpretations*, ed. Elbridge A. Colby and Michael S. Gerson (Carlisle, PA: Strategic Studies Institute and U.S. Army War College Press, 2013), pp. 273-274.
- <sup>85</sup> Elaine M. Grossman, "Offering Nuclear Plus-ups, White House Awaits Kyl's Word on "New START"," November 15, 2010.
- <sup>86</sup> The United States has more SLBMs warheads than ICBM warheads, and with a smaller number of warheads on each missile, a greater total number of delivery systems. Russia, in contrast, maintains more warheads per missile, and more land-based than submarine based missiles. See New START report for illustrative force structures.
- <sup>87</sup> U.S. Congress, Senate Committee on Foreign Relations, *The New START Treaty (Treaty Doc. 111-5)*, Hearing, 111<sup>th</sup> Cong., 2<sup>nd</sup> sess., June 15, 2010, S.Hrg. 111-738 (Washington: GPO, 2010), p. 228.
- <sup>88</sup> The Pentagon recently announced plans to cancel the fourth phase of the missile defense system that it plans to deploy in Europe. This phase, which would have been deployed after 2022, had caused Russia the greatest concern. Some observers have questioned whether this change in U.S. plans might soften Russia's opposition to further reductions in offensive weapons. Early reports from Russian officials indicate that this has not occurred. See David M. Herszenhorn and Michael R. Gordon, "U.S. Cancels Part of Missile Defense that Russia Opposed," *New York Times*, March 16, 2013; Desmond Butler, "Missile Plan Changes May Provide Opening for Talks," *Associated Press*, March 16, 2013; "Russian Diplomat: Moscow Unmoved by U.S. Missile Defense Change." *Associated Press*, March 18, 2013.
- <sup>89</sup> For a description of the modernization programs planned for U.S. strategic nuclear weapons see Amy Woolf, "Modernizing the Triad on a Tight Budget," *Arms Control Today*, January/February 2012. [http://www.armscontrol.org/act/2012\\_01-02/Modernizing\\_the\\_Triad\\_on\\_a\\_Tight\\_Budget](http://www.armscontrol.org/act/2012_01-02/Modernizing_the_Triad_on_a_Tight_Budget). For an assessment of how changes in the modernization plan might reduce costs, see Arms Control Association, *Nuclear Weapons Budget*, Fact Sheet, Washington, DC, March 18, 2013, [http://www.armscontrol.org/files/FactSheet\\_Nukes\\_03\\_2013.pdf](http://www.armscontrol.org/files/FactSheet_Nukes_03_2013.pdf).
- <sup>90</sup> Steven Pifer and Michael O'Hanlon, *The Opportunity: Next Steps in Reducing Nuclear Arms* (Washington, DC: Brookings Institution Press, 2012), p. 9.
- <sup>91</sup> Bob Corker and Jim Inhofe, "'Nuclear Zero' Offers Nothing Worth Having," *Wall Street Journal*, February 26, 2013, p. A15.

*Chapter 13*

**RUSSIA AND THE CURRENT  
STATE OF ARMS CONTROL\***

*Stephen J. Blank*

**FOREWORD**

Arms control remains the central issue in U.S.-Russian relations. This is so for many reasons, not least of which are the respective capabilities of these two states and their consequent responsibility for preventing both nuclear proliferation and the outbreak of war between them. Thus the state of the bilateral relationship is usually directly proportional to the likelihood of their finding common ground on arms control. To the extent that they can find such ground, chances for an agreement on what have been the more intractable issues of regional security in Eurasia and the Third World grow, and the converse is equally true.

Because of the centrality of this issue for Russian and U.S. defense and foreign policies, we are pleased to offer this volume, the second in a series of monographs that originated in the third annual conference on Russia held by the Strategic Studies Institute (SSI) at Carlisle Barracks on September 26-27, 2011. The sections focus on Russian developments in the light of the so-called New Start Treaty that was signed by Russia and the United States in Prague, Czech Republic, in 2010 and ratified by both states later that year. This panel, like the others at the present and previous conferences, allowed experts from the United States, Europe, and Russia to gather together for a candid and spirited discussion of the issues. In this panel, we assembled three well-known U.S. specialists, Former Ambassador Steven Pifer (Ambassador to Ukraine) of the Brookings Institution; Dr. Jacob Kipp, formerly of the Army's Command and Staff College at Fort Leavenworth, KS; and Peter Huessy of the Air Force Association, to discuss these perspectives. As could be expected, their views often diverge, but are also far-ranging and frank, as befits scholarly discussion and expert debate.

SSI is pleased to present this monograph dealing with such a critical issue, and we hope that readers will engage us further in the kinds of issues and debates that surfaced at the conference and that the sections presented here capture and extend. The overriding

importance of nuclear issues for both national and international security mandates our continuing close scrutiny of other nuclear states' outlooks on the entire range of issues associated with nuclear weapons.

Douglas C. Lovelace, Jr.  
Director  
Strategic Studies Institute

## **SECTION 1. RUSSIA'S FUTURE ARMS CONTROL AGENDA AND POSTURE**

*Jacob W. Kipp*

### **The Arms Control Context: 2 Decades of U.S.-Russian Relations after the Cold War**

Until the end of the Cold War, arms control and disarmament were dominated by the United States and the Soviet Union, with the two superpowers possessing nuclear arsenals of such scale and sophistication as to make their bilateral arrangements the center of gravity of the international system. With the collapse of the Soviet Union, Russia inherited the Soviet part of that arsenal and continued to follow a line of arms control and disarmament as a means to pursue a geostrategic partnership with the United States. In January 1993, Presidents George H. W. Bush and Boris Yeltsin signed the second Strategic Arms Reductions Treaty (START II), which called for a reduction of strategic nuclear arsenals on each side to 3,500 warheads.

Ultimately, Russia's internal crisis and American sentiments of exceptionalism precluded such a partnership. The ratification of START II was delayed, the U.S. Senate did not ratify the Treaty, even with conditions, until 1996, and the Russian Duma did not ratify the agreement until 2000, making that ratification contingent upon the United States upholding the Anti-Ballistic Missile (ABM) Treaty. Washington saw itself as the sole surviving superpower and set itself up as the center of a unipolar world. In this world, Russia would be treated as just another power with which Washington would deal on a regional basis framed largely by North Atlantic Treaty Organization (NATO) expansion and transformation into an instrument of collective security with the capacity to engage in out-of-area crises. Russia's initial cooperation in such ventures, which included NATO Implementation Forces (IFOR) in Bosnia, came to be seen by Moscow as a mistake when it found itself dealing with instability in its own territory and in the near abroad. At home, the Russian economy declined until 1996, when it began a slow recovery, which was wiped out in the August 1998 collapse of the ruble. Russia appeared to be a marginal international player economically and militarily after the humiliation of its armed forces in Chechnya. Any concern that Washington had about maintaining the appearance of partnership disappeared when it and its NATO allies moved to-

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\* This is an edited, reformatted and augmented version of Strategic Studies Institute Monograph, dated September 2012.

wards overt intervention against Serbia in response to a growing insurgency inside Kosovo and Belgrade's moves to crack down in the province.

Bilateral relations reached a particularly low level when NATO conducted this intervention. When the U.S.-led NATO air campaign did not conclude with Serbian submission after 5 days of bombing, U.S.- Russian relations declined precipitously. When the conflict did end in June 1999, Moscow played a role in brokering the armistice, and its troops, deployed as part of the Stabilization Force (SFOR) in Bosnia, made a symbolic march to Pristina to assert Moscow's status as a player on the ground. That same month, the Russian military conducted its first strategic exercise since the end of the Cold War, Zapad (West) 99, involving simulated nuclear first strikes to counter a NATO intervention against Belarus, which Russian conventional forces could not counter. Late that summer in the face of terrorist actions in Chechnya and elsewhere, Russia intervened to restore Russian sovereignty. At the same time, Vladimir Putin rose rapidly within the Kremlin hierarchy from Chief of the Federal Security Service (FSB), to chair of the Security Council, to Prime Minister, and finally to appointment as President. The Second Chechen War became Putin's war, and it was prosecuted ruthlessly. Putin was elected President of Russia in March 2000. Russian-U.S. relations, which deteriorated during the NATO campaign against Yugoslavia, did not recover during the last years of the Bill Clinton administration. During that period, Putin put Russia on a new path aimed at strengthening state power and bringing about an economic recovery after the decade of crisis associated with the end of the Union of Soviet Socialist Republics (USSR), the attempt to build a market economy, and creation of a democratic polity. Putin proclaimed his goal to be stability and sustained economic development. Democracy would be managed. There was minor progress on some arms control issues late in the Clinton administration. On December 16, 2000, U.S. Secretary of State Madeleine K. Albright and Russian Foreign Minister Igor Ivanov signed the Memorandum of Understanding on Notifications of Missile Launches in the last days of the administration, but progress was not made under the Bush administration, and indeed not until Presidents Barack Obama and Dmitry Medvedev discussed its implementation in June 2010 as part of Obama's Reset policy towards Russia.

A new round of U.S.-Russian relations had to await the outcome of the 2000 U.S. elections, which brought to power George W. Bush. The Bush administration proclaimed the end of the Cold War. Russia did not figure as the chief focus of U.S. foreign policy in the first few months of the Bush administration as it looked to the People's Republic of China (PRC) as an emerging peer competitor. This focus never developed into a sustained policy because of September 11, 2001 (9/11), when U.S. foreign and security policy shifted to the War on Terrorism. Putin's Russia embraced the idea of a common struggle against terrorism and demonstrated a willingness to support strategic arms control if it would provide greater stability and enhance Russia's position as a great power. In December 2001, the Bush administration informed Russia of its intent to withdraw from the ABM Treaty, which the Bush administration described as a relic of the Cold War. Russia's response to the announced U.S. withdrawal was to declare it a "mistake" and to reaffirm the capacity of its strategic nuclear arsenal to remain a viable deterrent force. The State Department under Colin Powell successfully negotiated the Strategic Offensive Reductions Treaty (SORT), which was signed by Presidents Bush and Putin in May 2002. The treaty, which limited strategic offensive nuclear weapons on both sides to 1,700 to 2,200 operationally deployed warheads, was quickly ratified by the U.S. Senate and the Russian Duma in 2003. In the spirit of the post-

Cold War era, the treaty did not provide for verification, only bilateral consultations on its implementation. Defenders of withdrawal from the ABM Treaty presented it as a necessary action so that the United States could be free to pursue what the administration described as a limited missile defense capability intended to reduce the risk of attacks from rogue states, who, it was pointed out, were in no way capable of challenging the deterrent capacity of Russia's still extensive strategic nuclear arsenal. In May 2003, Bush and Putin released a joint declaration aimed at "strengthening confidence and increasing transparency in the area of missile defense." The SORT contained a time limitation of December 31, 2012, when it would expire unless "extended by agreement of the Parties or superseded earlier by a subsequent agreement."

The Treaty survived, but U.S.-Russian relations were particularly rocky during the rest of the Bush administration. Russia had originally supported U.S. intervention in Afghanistan, but when it appeared that intervention would lead to the long-term deployment of U.S. forces, Russia and its partners in the Shanghai Cooperation Organization (SCO), formed in 1996 as the Shanghai Five and becoming the SCO in 2001 with the admission of Uzbekistan, began to express their concerns over such a long-term presence. Russia expressed its hostility toward the U.S. intervention in Iraq, which Moscow saw as an exercise in American unilateral power. Russia expressed its objections to the further expansion of NATO to the east and saw various "color revolutions" in Ukraine, Georgia, and Uzbekistan as subversive attempts to destabilize states within the Russian sphere of influence. NATO discussions of the admission of Ukraine and Georgia to the Alliance brought strenuous objections from Russia. Russia began to pursue arrangements with regimes that had poor relations with Washington, including Venezuela, Syria, and Libya. The U.S. plans for the deployment of radars and interceptor missiles in the Czech Republic and Poland brought another round of debates in Russia over the stability of its deterrent forces and calls for the deployment of short-range, dual-capable Iskander Missile systems to Kaliningrad Oblast'. In August 2008, U.S.-Russian relations reached a particular low when fighting erupted between putative Russian peacekeepers and Georgian Army units in South Ossetia. The direct intervention of the Russian armed forces brought a quick and decisive end to the fighting, with Russian forces occupying Georgian territory outside of Abkhazia and South Ossetia. Russia in its turn recognized the independence of these two regions from Georgia and stationed military forces on their territory. Prospects for the development of U.S.-Russian relations would depend on the outcome of the U.S. Presidential elections in 2008, although they hardly seemed a major topic in an election dominated by concerns over two ongoing wars and a major financial crisis that was just breaking. The larger question of the U.S. role in the international system did engage both candidates, but the end of a unipolar Pax American, the subtext, was hardly recognized.

### **The Reset and U.S.-Russian Relations: Start III and Global Zero**

In keeping with tradition, we found ourselves once again assembled at this august institution, the U.S. Army War College, examining the status of U.S.-Russian relations in anticipation of presidential elections in both states. Four years earlier I suggested there were good prospects for a strategic arms control agreement.<sup>1</sup> Indeed, such an agreement was negotiated by the Obama and Medvedev administrations in 2009 and signed in 2010. This event took place in spite of a major U.S.-Russian confrontation as a result of the August 2008

Russo-Georgian War over South Ossetia and Abkhazia. The Obama administration adopted a policy of “Reset” in U.S.-Russian relations, and much ink was spilled over whether the Reset was real or just for show. Judged by the agreement on strategic offensive arms, the Reset was real. But a bilateral strategic offensive arms control agreement proved far easier to achieve than other parts of the arms control agenda. In part, this was because the Treaty between the United States of America and the Russian Federation on Measures for the Further Reduction and Limitation of Strategic Offensive Arms (START III) addressed well-covered ground from past arms control efforts and reflected a desire by both sides to reduce their strategic nuclear arsenals. This singular achievement, however, was taken to mean different things in Washington and Moscow. This divergence of interpretations is one manifestation of very different views of the international security system and of each power’s understanding of its national interests.

From the very beginning of the negotiations, there were very different expectations as to where these negotiations would lead. There were signals from the Obama administration that it was willing to look more pragmatically at U.S.-Russian relations. Missile defense in Europe, which had become a major sore point in relations between Moscow and Washington, was open to reconsideration. In a confidential letter to Medvedev, President Obama had signaled that the United States was willing to give up the interceptor system, which the Bush administration had pushed to deploy in Eastern Europe, in exchange for Russian assistance in limiting arms shipments to Iran, the state whose nuclear ambitions had served to justify the original deployment concept. Washington spoke of deploying other assets and said that it would be willing to consider Russian cooperation in a European missile defense system.<sup>2</sup> Washington signaled a new era of pragmatism in bilateral U.S.-Russian relations, and Moscow greeted the Reset in relations as promising but not proven. For Moscow, the most important product of Reset would be the confirmation of Russia’s status as a great power in Eurasia. For the Obama administration, initial pragmatism was a necessary first step to a much more ambitious set of multilateral objectives, of which strategic nuclear weapons reduction was only a part.

On the eve of the meeting of Presidents Obama and Medvedev in London, England, on April 1, 2009, there was significant pressure to tie the bilateral strategic nuclear negotiations to a larger, more ambitious nuclear arms control agenda associated with the Global Zero movement, which had emerged as an international lobby composed of political, military, business, faith, and civic leaders in late 2008. That group mounted an international campaign for the elimination of all nuclear weapons as the best means to end nuclear proliferation, reduce the threat of nuclear terrorism, and eliminate the prospect of nuclear war.<sup>3</sup> Russian commentators noted that the Global Zero movement intended to challenge both presidents to embrace the abolition of nuclear weapons as the most effective means to reduce nuclear proliferation and the threat of nuclear terrorism.<sup>4</sup> Obama and Medvedev did agree to begin negotiations of a new strategic arms control treaty that would cut each nation’s long-range nuclear arsenal further than previous agreements. Both Presidents promised a new era in their bilateral relations based upon a more pragmatic relationship.<sup>5</sup>

President Obama used his speech to the Czech people in Prague on April 5, 2009, to declare a U.S. commitment to total nuclear disarmament in the 21st century:

So today, I state clearly and with conviction America’s commitment to seek the peace and security of a world without nuclear weapons. (Applause.) I’m not naive. This goal will not be

reached quickly—perhaps not in my lifetime. It will take patience and persistence. But now we, too, must ignore the voices who tell us that the world cannot change. We have to insist, “Yes, we can.”<sup>6</sup>

By boldly embracing Global Zero, the President set out a longer strategy of great complexity requiring cooperation with a broad range of powers, including Russia. The International Global Zero movement was launched only a few months before the Prague speech by over 300 political, military, business, faith, and civic leaders in December 2008 to mobilize mass opinion to support a phased and verified elimination of all nuclear weapons worldwide. It held out the prospect of Global Zero as a way “to eliminate the nuclear threat—including proliferation and nuclear terrorism—to stop the spread of nuclear weapons, secure all nuclear materials, and eliminate all nuclear weapons: global zero.”<sup>7</sup> Given the problems afflicting the remaining Russian nuclear arsenal, Moscow was expected to share Washington’s long-range goal. The Russian response to Global Zero, however, reflected a very different military-technical and political appreciation of Global Zero. The devil was in the details, and the first detail was the ratification of START III by the U.S. Senate. Short of the ratification, Moscow simply did not want to talk about other arms control issues.

By June 2009, the divergence of Russian views on Global Zero had emerged with some clarity. Sergei Karaganov, the head of the Council on Defense and Foreign Policy, organized a conference on the issue and invited leading specialists to speak at the conference, which was held at the Higher School of Economics, on “nuclear disarmament and U.S.-Russian relations.” Global Zero provided the context for the discussion of one of the most complex aspects of the international system, embracing the security regime, the nature of the international system, the diversity of interests among nuclear powers, and the economic ramifications of general nuclear disarmament. Some analysts, like Aleksei Arbatov, treated the global initiative as the logical extension of bilateral nuclear arms control and a means to ensure the uninterrupted nature of the process of continuing bilateral cooperation in the sphere of nuclear weapon reduction and limitation.

Karaganov, one the most prominent Russian commentators on international security, warned against giving up the deterrent role of nuclear weapons, saying “the world with nuclear weapons is better than the one without them or with them kept at the minimum.”<sup>8</sup> He described nuclear weapons as a restraint during the Cold War and noted that the nuclear club’s growth was precisely congruent with the post-Cold War period. Noble sentiments and the Non-Proliferation Treaty had not prevented this. Indeed, the two major nuclear powers reduced their arsenals to minimal levels that would increase incentives for third states to acquire a credible deterrent force. Moreover, the absence of nuclear weapons or their reduction to minimal levels could create an incentive for more risky behavior by states, especially the United States, when such adventures carried no risk of strategic retaliation. Karaganov concluded that it would be more useful to pursue a comprehensive bilateral agenda, not tied to Global Zero, to improve U.S.-Russian relations.<sup>9</sup>

Nikolai Spassky, Assistant Director of Rosatom, outlined the many difficulties that would be involved in general nuclear disarmament but warned that Russia had no alternative but to pursue such reductions because progress in military technology would make current arsenals obsolete. This was, so he argued, owing to the fact that “the United States needed but 15 years or so to advance military technologies to the level where availability of nuclear arsenals to its opponents or lack thereof would stop being a factor of deterrence.”<sup>10</sup> Other commentators



took up this issue, pointing to the abolition of nuclear weapons as robbing Russia of its position as a great power and thus rendering it essentially helpless—first and foremost due to its technological backwardness and slow development.”<sup>11</sup>

When the Global Zero movement had its second international summit in Paris, France, in February 2010, both President Obama and President Medvedev expressed support for the general goal of eliminating nuclear weapons. Obama’s text spoke of Global Zero as one of his administration’s highest priorities. Noting the progress made on the negotiation of a new Strategic Arms Reduction treaty (START) agreement, he laid out a major agenda for the upcoming Nuclear Security Summit in April:

We will rally nations behind the goal of securing the world’s vulnerable nuclear materials in 4 years. We will strengthen the Nuclear Nonproliferation Treaty and work with allies and partners to ensure that the rights and responsibilities of every nation are enforced. We will seek to ratify the Comprehensive Test Ban Treaty and negotiate a Fissile Material Cutoff Treaty. And our Nuclear Posture Review will reduce the role and number of nuclear weapons in our national security strategy.<sup>12</sup>

The focus was on the upcoming Washington Summit and the multinational character of progress towards Global Zero. At the same time, the President said that such progress would not be easy and that the ultimate goal might not be achieved “in our life time.”

President Medvedev emphasized the diplomatic context of the meeting, the new content of bilateral U.S. and Russian relations, which included the end of the Cold War, and “an atmosphere of trust and partnership in the relations between leading world powers.” Medvedev stressed Russia’s commitment to the Treaty on the Nonproliferation of Nuclear Weapons but stressed a contractual path to nuclear disarmament and identified the Russian objective in such negotiations as “a comprehensive long-term strategy of balanced and stage-by-stage reduction of nuclear arsenals under conditions of equal security for all.”<sup>13</sup> Nothing would be accepted that endangered the security of Russia. Equal security was not confined to just abolishing nuclear arsenals. Russia required a new security regime which would embrace all of Eurasia.

Progress in the negotiation of START III was significant. Within a year of the meeting of Presidents Obama and Medvedev in London, the negotiators on both sides had a draft treaty ready for the heads of state, and in April 2010 the heads of state met in Prague to sign the treaty, which fostered the impression that the Treaty was a harbinger of what Obama had promised in Prague the year before. The terms of the treaty provided for reduction of each power’s number of strategic nuclear missile launchers by half. The treaty limits each side’s number of deployed strategic nuclear warheads to 1,550 deployed on bomber aircraft, land-based missiles, and submarine-launched missiles. The cuts were significant when compared with the levels of the original START Treaty of 1991 and the 2002 Moscow Treaty. The treaty also provided for verification by national technical means and by 18 on-site inspections per year.<sup>14</sup> The details appeared in sharp relief during the ratification process in Washington and Moscow.

## Start's Progress and the Issue of Russian Military Doctrine

As the U.S.-Russian negotiations on START III moved forward, Moscow was also deeply involved in the articulation of a new military doctrine and a nuclear policy document. By the end of 2009, it was clear from the Russian news media that President Medvedev was deeply involved in both processes. The press was full of leaks from leading officials in the Security Council that the military doctrine would contain a statement on first or preemptive use of nuclear weapons. In the immediate aftermath of the signature of Russia's new military doctrine by President Medvedev, most attention focused on the fact that a first nuclear strike was not mentioned in the document and on the charge that NATO was the chief source of "dangers" to the security of the Russian Federation. Comments by NATO's leadership that the doctrine was not a realistic portrayal of NATO were reported by the press, but there was no strong criticism of that aspect of the doctrine. Instead, Russian authors drew attention to the problem of the gap between Russia's conventional military capabilities vis-à-vis NATO and its consequent reliance on nuclear weapons in a conventional conflict. On the day that President Medvedev signed the new military doctrine, Oleg Nikiforov, however, addressed the issue of NATO-Russian relations and explored Western assessments of Russia's military power in a review of a recent article titled "Russian's Military Capabilities: Great Power Ambitions and Reality," by Margarete Klein for the German publication, *Stiftung Wissenschaft und Politik*. In that article, Klein came to the conclusion that Russia's great power pretensions were not based on real military capabilities, and that economic and demographic problems made it unlikely that Russia would achieve such military modernization. Nikiforov noted the prominent place of *Stiftung Wissenschaft und Politik* among German think tanks and its close relationship to Chancellor Angela Merkel's government.

For Nikiforov, the article asked the question whether Russia was a "paper tiger or a real threat" and answered the question with a qualified "both." Russia's military modernization will not create a direct threat to NATO members, but increased capabilities will permit it to intervene more effectively on its periphery, where it will be a real threat to successor states and to the possibility of NATO intervention on the periphery. In this regard, the Russian-Georgian conflict of 2008 appeared to signal the willingness of the Russian government to act even at the risk of creating an international crisis. He also called attention to Klein's negative prognosis on the likelihood of success for the "New Look" of the Russian armed forces, based upon the inability of the arms industry to produce modern weapons in a timely fashion, which leaves the prospect of conflict high and the ability to manage it at the conventional level low. In this regard, Klein recommended a revival of conventional arms control talks in order to reduce the risks of escalation in such conflicts. Nikiforov concluded that under the present circumstances, the West still considers Russia to be a "paper tiger."<sup>15</sup>

An article appearing after the publication of the military doctrine explored the same theme in relation to the doctrine's content. Writing for *Moskovskii Komsomolets*, Olga Bozheva noted that the doctrine appeared on the eve of the Munich Conference on Global and European Security and created quite a stir. There, Russia had raised concerns about the U.S. plan to deploy elements of an ABM system in Rumania, while the West expressed concern about the role of nuclear weapons in Russia's military doctrine. Citing reduced capabilities of early warning in case of nuclear attack and declining offensive nuclear capabilities, Bozheva depicted the doctrine's nuclear pronouncements as a de facto admission of Russia's military weakness. The doctrine, in her view, offers nothing but fine words about the New Look of the

armed forces promised by Minister of Defense Serdiukov, and Western leaders are likely to read the Russian defense posture as nothing more than a bluff seeking to conceal real weakness.<sup>16</sup> The bluff will not work for long. At the same time, the new doctrine proclaimed NATO expansion to be the primary danger to Russian security, and the President approved the decision to purchase one of the helicopter amphibious assault ships of the *Mistral* class from France. This contradiction revealed the deeper problem of Russian defense, the absence of a “machine-building complex” to support domestic military requirements. Bozheva labeled the new military doctrine an “anti-military doctrine”<sup>17</sup>

A day before publication of the new military doctrine, Aleksandr Khramchikhin, Deputy Director of the Institute for Political and Military Analysis, drew attention to a potential conflict on the border of Russia which had nothing to do with NATO, but was likely, if unleashed, to lead to a much wider war. Khramchikhin pointed to increased tensions between the Republic of Korea and the Democratic People’s Republic of Korea. While noting that such tensions have been a common feature of relations between the two states since the 1953 armistice ending the first Korean War, he sees the present tensions as reflecting the breakdown of the Six Power Talks on the elimination of North Korea’s nuclear arsenal and signs of increasing tensions between Beijing and Washington. Khramchikhin declared that neither Seoul nor Pyongyang, and neither Beijing nor Washington, wanted to start a fight, but the large arsenals and the higher tensions could lead to uncontrolled escalation bringing in other powers.

Khramchikhin, who has written extensively over the last few years on China’s emergence as a regional superpower and modern military power, notes a basic asymmetry between the armed forces of the North and South Korea, with the South enjoying technological superiority, but the North prepared to conduct a dogged defense using terrain, engineering obstacles, and tunneling to prevent an early and easy victory. U.S. intervention on the side of South Korea would not fundamentally change that military balance, and would not bring the war to a rapid conclusion. U.S. forces currently are overcommitted in other combat theaters and lack the strategic reserve to occupy the North. In any territory of the North occupied by South Korean and U.S. forces, a partisan movement would emerge to continue the fight. Khramchikhin characterized such a conflict as a catastrophe for everyone, including Russia, except China. Moreover, North Korea could make use of its nuclear arms delivered by short-range missiles and aircraft or as nuclear mines. Such an escalation would demand that China act.

Khramchikhin sees Beijing as moving units into North Korea to occupy those areas still under North Korean control and backing those elements of the North Korean elite willing to greet Chinese People’s Liberation Army (PLA) occupation as a national salvation, with Beijing demanding restoration of the border on the 38th parallel. Khramchikhin foresees this conflict leading to the end of the North Korean regime, huge losses for the Republic of Korea, and serious costs in blood, treasure, and prestige for the United States. “Only China has any prospect of coming out of this war as a victor, but even for it, it would be a very risky and costly game.” Khramchikhin makes no mention of the consequences for Russia of such a conflict, even though it borders both North Korea and the PRC.<sup>18</sup>

Just a week after Khramchikhin’s article appeared, a group of “NATO Elders” charged with developing NATO’s new strategic concept visited Moscow. The group, headed by former U.S. Secretary of State Madeleine Albright, stated that they were there to listen. In addition to meeting with Foreign Minister Sergei Lavrov, Albright also spoke at the Moscow

State Institute of International Relations and Institute of International Relations and World Economy. The elders did not address the proposal by President Medvedev for a new treaty on European security, but they did show considerable interest in Russia's new military doctrine and took repeated opportunities to remind Russian audiences of the challenge that China posed for international stability. The elders pointed out that the new Russian military doctrine did not even mention China, while naming NATO's expansion into post-Soviet space as the primary danger for Russian security interests. Andrei Terekhov, citing Russian specialists, explained these remarks as being a result of the increased tensions between Washington and Beijing after the U.S. announcement of the sale of F-16s to Taiwan, and characterized the new relationship as a "cold war."<sup>19</sup>

The official silence about China's rise and its implications for Russian national interests has been deafening. Sino-Russian cooperation to counterbalance a U.S.-dominated unipolar order made some strategic sense when direct tensions between the United States and China did not seem to carry a risk of conflict. However, Russian observers now see the new tensions as amounting to a "duel" between China and the United States for leadership. So far, there was no great risk that the two powers would come to blows, but it was clear that the two sides were heading towards chilly relations, with Beijing responding to the announced F-16 sale by cutting military-to-military contacts and threatening sanctions against the American firms involved in the arms sales to Taiwan. Vladimir Kuzar' saw the present tensions as marking the end of the mutually advantageous economic partnership between Washington and China, characterized by Niall Ferguson as "Chimerica," as Beijing asserts its regional power and seeks its own solutions to such global issues as Iran and North Korea. He concluded his article by warning that the Sino-American duel "can create new and dangerous tension in world politics." But he does not address the implications of those dangers for Russia's own security.<sup>20</sup>

### **Moscow's Perspective on Start III: Tactical Gamble and Strategic Consequences**

After intense negotiations and the interventions of both President Obama and President Medvedev, Moscow and Washington announced in early 2010 that a new treaty limiting strategic offensive weapons would be signed in April in Prague, replacing the START agreement signed in 1991 and which had lapsed in December 2009. President Medvedev expressed his satisfaction with the pace and outcome of the negotiations: "The draft treaty reflects the balance of interests on both sides and . . . though the negotiation process was not always easy, the negotiators' constructive mindset made it possible to achieve a tremendous result in a short time and produce a document ready for signature."<sup>21</sup> In the Presidential statement describing the treaty, the same press release outlined the chief features of the treaty, mentioning the limits in deployed warheads and on deployed and nondeployed launch vehicles—1,550 deployed nuclear warheads; 800 deployed and nondeployed intercontinental ballistic missile (ICBM) launchers, sea-launched ballistic missiles (SLBMs) launchers, and heavy bombers; and a separate limit of 700 deployed ICBMs, deployed SLBMs, and deployed heavy bombers equipped for nuclear armaments.

It then added a statement not found in U.S. official commentary on the Treaty: "The provisions on the interrelation between strategic offensive and strategic defensive arms, as

well as on the growing significance of such interrelation in the process of strategic arms reduction, will be set in a legally-binding format.” No such statement was contained in the White House’s press release on the Treaty, which stated: “The Treaty does not contain any constraints on testing, development, or deployment of current or planned U.S. missile defense programs or current or planned United States long-range conventional strike capabilities.”<sup>22</sup> Moscow press accounts speculated on this difference, subjecting it to close examination.

For the last 8 years, the Russian government has made clear its objections to the decision of the Bush administration to withdraw unilaterally from the ABM Treaty of 1972, emphasizing the relationship between strategic offensive and defensive systems. In an interview published 2 days before the official announcement of the agreement, Sergei Rogov pointed to the disagreement between Washington and Moscow over this relationship between strategic offensive and defensive systems and speculated on whether Washington would accept the inclusion of any such statement in the treaty:

All previous START documents acknowledged this link but that was a link to the erstwhile ABM Treaty. I do not think it possible to put any parameters of ABM systems into a treaty dealing with strategic offensive arms. All the same, Obama did acknowledge this link in London last April, so that it might be acknowledged in the preamble after all.<sup>23</sup>

Rogov was suggesting that Moscow would be happy with a statement about the relationship without any explicit treaty article defining the technical features of their relations. He did point to Obama’s decision to forgo the Bush administration’s plans for a limited ABM system in Europe and its replacement with a theater missile defense system designed to deal with intermediate range ballistic missiles (IRBMs) and not strategic ballistic missiles. Rogov did not see such a system as a threat to strategic stability and noted the possibility of U.S.-Russian cooperation in this area. As to the overall role of the new treaty in the diplomatic Reset between Moscow and Washington, Rogov did not see many signs of deep progress. Russia has agreed to a new START because it has to reduce its own strategic nuclear arsenal, and Washington has agreed because the strategic focus of U.S. relations has shifted away from Moscow and toward the Pacific and China. Rogov expected the United States to continue the development of non-nuclear strategic strike systems and the reshaping of its nuclear arsenal toward more flexible forces.

In the wake of the announcement of the agreement, the Russian press focused on the fact that the treaty reduced the strategic offensive nuclear arsenals of the only two powers possessing such capabilities, seeing it as a reaffirmation of Russia’s international position as a major power. They praised the verification provisions, which, while being less intrusive and costly than those in the original START agreement, guaranteed transparency, effectiveness, and increased confidence in the process. Finally, the treaty was expected to serve as an example to other nuclear powers and support both the letter and spirit of the Nuclear Non-Proliferation Treaty and serve as a step toward a world without nuclear weapons. The author noted that in the declaration by Foreign Minister Sergei Lavrov, he expected speedy legislative approval of the treaty: “Following the signing, the treaty will be submitted for ratification without delay. As is expected, this will also be done by the American side.” The author, however, did not expect the ratification process to be smooth, pointing to the current conflict between the two political parties in the U.S. Senate. He anticipated that Republican opposition would be concerned about the handling of the issue of the mutual relationship

between strategic offensive and defensive systems mentioned in Russian official commentaries and the U.S. position that no binding reference to ABM be included in the Treaty. The author expected a political fight on the U.S. side over the content of the Preamble, which will declare such a relationship but provide no binding technical constraints beyond the terms for termination of the treaty by either party.<sup>24</sup> Certainly, the claim by Chief of the Russian General Staff General Nikolai Makarov, that the treaty language reduced mutual concerns and met Russia's national security interests, seemed to suggest a different interpretation as to its political salience and technical ambiguity. "The treaty clearly defines the mechanism for the control of the entire life cycle of nuclear means, and sets the connection between strategic offensive and defensive armaments."<sup>25</sup>

While the Russian press noted the pledges from Senators John Kerry and Richard Lugar, the ranking members of the Senate Committee on Foreign Relations, to begin the ratification process on the treaty immediately following its signing in Prague, the deeper issue remained as to whether Lugar could bring with him sufficient support from other moderate Republicans to ensure a two-thirds vote for ratification. Given the commitment of the Republican Party since Ronald Reagan to strategic defense, they expected the Senate hearings on the treaty to focus on any hidden agendas that would limit U.S. freedom of action in this area. While former diplomats and arms control experts from both Republican and Democratic administrations have endorsed the treaty as a necessary step towards the development of the Reset in U.S.-Russian relations and toward a global regime to remove nuclear weapons, others have questioned the wisdom of both goals. There exists a significant chance that the current bitter partisan conflict in Washington will reduce any prospect of a speedy, bipartisan ratification process. Nikolai Snezhkov called attention to the remarks of Representative Ileana Ros-Lehtinen, the ranking Republican member on the House Committee on Foreign Relations. She cast the issue of ratification in the context of the emerging competition between the United States and China, asking: "Why limit our military potential by a treaty which completely ignores the capability of China, which, if it decided to do it, could rapidly develop its own large nuclear arsenal?" She went on to promise a detailed review of the treaty's provisions and warned that Republicans would "not permit the slightest harm to America's interests in missile defense." Snezhkov concluded that the fate of the treaty was subject to U.S. partisan politics and the emerging nuclear calculus between Beijing and Washington.<sup>26</sup>

Fedor Lukianov, the editor of *Russia in Global Politics*, provides a deeper explanation of what he calls "the last treaty" from the Cold War era. He notes that since the signing of START I, Moscow has sought to continue the arms control focus of U.S.-Russian relations as a way of assuring its own international position in the face of economic realities to reduce its strategic arsenal. The Bush administration, which declared the Cold War over and then withdrew from the ABM Treaty in 2002, saw no reason to continue such a regime because it limited U.S. freedom of action as the sole superpower. The Obama administration on the other hand, in a reassessment of the U.S. global position, has made the Reset of relations with Moscow part of its national security strategy. This Reset is not between geostrategic equals but between a global power and a regional power, where conflicts threatened to undermine the very flexibility that the Bush administration had so treasured. Both sides engaged in serious negotiations and reached compromise solutions.

Lukianov sees the current treaty as part of a larger strategy associated with moving toward a nuclear-free world, pointing towards the advantages the United States would derive from concluding the treaty as it moved into the April Nuclear Summit and the May

conference to review the Nuclear Non-Proliferation Treaty. If Russia sees its position as a leading power confirmed by the treaty, the United States sees it as a tool to shift the focus of nuclear arms reductions to a global forum.

Here, however, Lukianov doubts there will be much progress because the driving force shaping the nuclear arsenals of other parties is not the U.S.-Russian strategic balance, but regional conflicts where nuclear weapons permit weaker powers to maintain credible deterrence against opponents with stronger conventional forces, as is the case of Pakistan vis-à-vis India. Long-range ballistic missiles (LRBMs) are not needed for such deterrence, and tactical nuclear disarmament raises the risk of an intense conventional arms race, including one for Russia when it seeks to secure its own territorial integrity in the case of Chinese aggression. In this sense, Lukianov sees the current treaty as the end of one era of arms control and the beginning of a new and more complex process with global ramifications. So far, he does not foresee the emergence of any sort of global security regime that would justify trust in its ability to manage regional conflicts. Short of the emergence of such a mechanism, the treaty will be seen as a tactical political success in Moscow and Washington but not a breakthrough in global security.<sup>27</sup>

Melor Sturua, the U.S. correspondent for *Izvestiia*, focused on the tactical success of the negotiation process and praised Obama and Medvedev for finding the ways and means to reach workable compromises. In the face of each roadblock, the Presidents used personal meetings and phone conversations to find a way around it. Although both had heavy domestic agendas and other foreign policy concerns, they contributed their time and good will to concluding the negotiation process. Among the compromises to which Sturua draws attention are those associated with Obama's admission of the mutual relationship between offensive and defense strategic weapons systems and the problem of a verification regime. Sturua correctly noted that Obama conceded the mutual relationship but did not agree to technical language that would resolve the issue.

On the verification regime, Sturua noted the claim by Russian negotiators that the concessions made by Soviet negotiators in this area in 1991 were both excessive and costly. The result was a compromise in which Americans agreed to accept changes in such areas as the exchange of telemetric data from missile flights. High-level involvement in the negotiation process brought about progress towards an agreement because both Presidents put a priority on success and were willing to engage their opposite number to resolve difficulties. As to the significance of the agreement, Sturua emphasized the very nature of the process as symbolizing the end of one era and the beginning of another. "The new agreement is not perfect but the fruit of compromise. However, its historical and symbolic significance is huge. It puts an end to the epoch of the Cold War of the 20th century and opens a new page in the area of disarmament in the 21st century."<sup>28</sup>

The problem with this tactical focus on the negotiation *process* itself is that it ignores the limited significance of the cuts both sides will make. Polina Khimshashvili and Natal'ia Kostenko, noting comments by experts on strategic nuclear arms, called the actual reductions of offensive strategic arsenals minimal, involving no limitations on current plans for military modernization.<sup>29</sup> Moreover, even before the treaty was signed in Prague, concerns about the ratification process in Washington were being voiced.

The signing in Prague put an end to U.S.-Russian strategic arms negotiations. It is still unclear whether it will deepen the bilateral Reset in relations or open what the Obama administration seeks to be the first step towards a global nuclear arms reduction regime.

Moscow understands that it will not be at the center of this activity but will become another regional player in a complex process. If that process fails, Russia will have much to lose because of the geostrategic dynamic of nuclear proliferation in Eurasia. Both Medvedev and Obama have made a tactical deal to serve each country's national interests and both have much to fear if the treaty is not ratified and does not bring about the desired response by other powers to agree to limits on their arsenals.

In April 2010, Russian Foreign Minister Sergii Lavrov put the recently signed START document in a global security context, which he saw as increasingly dominated by "interdependence and indivisibility." He called attention to the preamble to the treaty which spoke positively of "the historic goal of freeing humanity from the nuclear threat" and repeated President Medvedev's statement to the Global Zero Forum in Paris: "Today our common task consists in undertaking everything to make deadly weapons of mass destruction to become a thing of the past."<sup>30</sup> At the same time, Lavrov depicted a globalized security environment wherein the Cold War instruments for maintaining strategic stability stagnated or corroded. The Treaty held out the promise of a new security environment. START 2010, as Lavrov referred to the agreement, achieved three objectives: "To draw up an agreement that would, firstly, ensure Russia's national security, secondly, make our relations with the U.S. more stable and predictable, and thirdly, strengthen global strategic security."<sup>31</sup> Lavrov focused upon the reaffirmation of international law as applying to all conflicts among nations so as to exclude the use of force or the threat of the use of force. Lavrov pointed to the need for a new security regime, not the abolition of nuclear weapons, as the critical first step towards greater strategic stability. He also called attention to President Medvedev's proposal for a "comprehensive European security treaty" which would provide a security regime for the Euro-Atlantic world extending from Vancouver to Vladivostok.<sup>32</sup>

START 2010 was an important first step in this process. It could not be conceived as the final product. It had to be developed within the broad context of military security issues, including the systemic relations among "strategic nuclear systems, missile defense, and conventionally armed strategic weapons systems," an indirect reference to U.S. programs to develop global immediate-strike conventional systems.<sup>33</sup> The inclusion of such conventional ICBM and SLBM systems before they have become operational was a de facto recognition of their potential impact upon the strategic nuclear equation. The inability of sensors to discriminate between conventional and nuclear armed warheads would be a highly destabilizing development.

Taking into account the shift in the Obama administration's approach to European missile defense, with the abandonment of the Bush's administration's deployment program and substitution of Patriot and Aegis systems, Lavrov embraced the possibility of a multilateral approach involving Russia, the United States, and "other states and international organizations." Lavrov defined the Russian objectives to be the creation of an evolving security system:

Our goal is to create a multilateral security regime, the so-called antimissile pool. In practical terms it would become a collective system to respond to missile threats by countering missile proliferation, preventing the existing missile challenges from growing into real missile threats, and neutralizing them with priority being given to politico-diplomatic and economic measures of impact.<sup>34</sup>



This effort would have several parallel tracks: “joint assessment of existing and potential challenges,” a system of collective monitoring measures permitting “prompt and effective response,” and the formulation of “rules of the game” in the sphere of missile defense.<sup>35</sup> He did not speak of a timetable for these measures but clearly saw progress in this area as a high priority for Russian diplomacy, since success would ensure the stability of START 2010 from the Russian perspective.

Finally, Lavrov addressed the issue of tactical/ nonstrategic nuclear weapons, accepting the topic as a logical one following the ratification of the START 2010. But Lavrov did not limit such discussions to bilateral conversations or to Europe. Instead, he proposed the establishment and expansion of nuclear-free zones as one of the most promising ways to move toward Global Zero. He emphasized the cuts made in the Russian tactical/nonstrategic nuclear arsenal since 1991 and pointed out that these cuts had been made on a unilateral basis. “Presently, Russia’s nonstrategic nuclear capability is not more than 25% of the Soviet capability in 1991.”<sup>36</sup> Follow-on progress would depend upon a shift from a balance based on deterrence and fear to one based upon “the power of our trust in one another.” This would require “a harmonious combination of cooperation, based on trust, and legal checks and balances, based on the global security matrix.” This matrix would not be built on a unipolar or bipolar order but a multipolar system, in which Russia would play a key role in Eurasia.

Russian commentators and experts provided intellectual support for Medvedev’s position and laid out their case against Global Zero. In July 2010 Karaganov issued an extended critique of Global Zero. However noble the sentiments that stimulated the effort, he labeled its objective as utopian and dangerous. Beginning with a review of trends reshaping the international environment, Karaganov depicted a system that is in flux and inherently unstable. The sources of potential conflict are increasing as the center of the world economy is shifting to the East. At best, nuclear proliferation will be managed and not stopped, and the sources of international conflict are increasing, not diminishing. In this context, Global Zero has no chance of success and can, in fact, increase the risks of conflicts:

I believe this movement makes no sense. Nobody is going to give up nuclear weapons. Nor is it feasible— technically or politically. One might close the issue by offering a proof of this stance. But I must say that the anti-nuclear movement is harmful. Firstly, it may result in the reduction of nuclear armaments to a dangerous minimum, as it opens the Pandora’s Box of negotiations over the reduction of non-strategic nuclear armaments. Secondly, it distracts from the search for new ways of setting peace and stability in the new world.<sup>37</sup>

Karaganov did not go on to explain what he meant by “opening the Pandora’s Box of non-strategic nuclear armaments reductions,” but he did point to a conspicuous decline in enthusiasm for Global Zero among the American foreign policy elite, who were now focused on nuclear modernization and remained committed to a system of ballistic missile defense against so-called rogue states. Karaganov described the current environment as one of both “increasing political instability and, worse, a tumult of minds.” The increased risks were very close to the instability in the international system prior to World War I and could even be considered “a theoretically pre-war situation,” which, however, is still held in check by the existing U.S. and Russian nuclear arsenals.<sup>38</sup>

The existence of the U.S.-Russian nuclear arsenals, when supplemented by the Chinese, French, and British nuclear forces, simply makes general war too risky for any power.

Karaganov sees China as a particular beneficiary of this situation since its own nuclear arsenal made impossible a military challenge to China's emerging political-economic power:

One can hardly conceive China's skyrocketing economic upturn if there had been no Russian-U.S. nuclear parity in the world, which makes any full-blown war inadmissible due to the possibility of its escalation. I will remind that big-time players have been suppressing China's development militarily for about 150 years. At present, this kind of policy appears unthinkable.<sup>39</sup>

Nuclear weapons to Karaganov become that force which Goethe uses to describe Mephistopheles in *Faustus* and which Bulgakov cited at the beginning of *Master and Margarita*: "I am part of that power which eternally wills evil and eternally works good." The immorality of nuclear weapons is unquestioned, but their power imposes restraint upon the actions of princes by holding out the prospect of Armageddon. "They are an effective means of preventing large-scale wars and mass destruction of people—something that humanity has engaged in throughout its history with surprising perseverance, destroying peoples, countries, and cultures."<sup>40</sup>

Humanity has not yet created any other means to prevent such general wars, and so Karaganov sees nuclear weapons as the only existing check on such destruction. "The world has survived only thanks to the nuclear sword of Damocles hanging over it." Karaganov's interpretation of the international system during the Cold War identifies nuclear deterrence as the chief factor that limited conflict and prevented a general war. The nuclear arsenals of the two super-powers had what he calls a "civilizing effect" because it strengthened the hands of pragmatists set on avoiding nuclear war and cautious of allowing local wars to turn into major conflicts with their risks of escalation. He doubts that the new nuclear powers will be willing to give up their arsenals without a fundamental shift in what he calls the "moral environment," which he does see as forthcoming. Moreover, in looking at the decades since the end of the Cold War, Karaganov sees a dangerous transition in NATO from a defensive alliance into an instrument for out-of-area intervention. In the context of Russian weakness, NATO intervened against Yugoslavia in 1999 over Kosovo. But with Russia's recovery, such a course of action is now unlikely. "Now that Russia has restored its capability, such a move would be unthinkable."<sup>41</sup> Instead, NATO is now involved in more distant out-of-area operations, which carry their own risks of escalation.

Against what Karaganov labels as "antinuclear mythology," he posits a hard-headed realism which rejects the ideas that nuclear arms reductions by the major powers will convince lesser powers to give up their nuclear arms, or convince other states threatened by outside powers or internal instability to give up nuclear weapons. Such arrangements might be in the interests of the two powers but cannot be justified by some supposed state of moral transcendence. States must act in their own interests in the absence of an international regime preventing the intervention of other powers. Libya's giving up the goal of nuclear weapons after the U.S.-led coalition's campaign against Iraq did not protect that state from external intervention into what was a civil war. The presence of nuclear weapons imposes restraint. It did so upon the Soviet Union when it possessed conventional superiority in Europe during the Cold War. In the post-Cold War period, it has been the compensation for Russia's weakness in conventional forces in the west and east.

Were it not for the powerful nuclear (especially tactical) armaments, many in Russia would be alarmed over the growing potential of the Chinese general-purpose armed forces, and the specifics of certain military exercises whose scenarios include offensives stretching to hundreds and even more than one thousand kilometers.<sup>42</sup>

What Karaganov describes here is the geostrategic concept underlining Russia's current position in Eurasia. On the one hand, Russian strategic nuclear weapons deter the United States and NATO from adventures at Russia's expense and provide China with an element of security that permits it to play the role of economic engine of Asia without the risk of American military intervention against it. At the same time, Russia's tactical nuclear weapons deter China from intervention in the Russian Far East and Siberia. This view certainly can be seen as providing Russia with some immediate security and even some leverage on its periphery. But it does not deal with a future where nuclear weapons might lose their deterrent capability in the face of more advanced conventional weapons, which was the prospect that Nikolai Spassky mentioned in June 2009.

Karaganov ended his essay with a distinctly Russian perspective on Global Zero, which he labeled a myth and a harmful one at that, which could unleash the dogs of war. Russia experienced two utopian visions in the 20th century. The first came with the Bolshevik Revolution and the promise of building worldwide socialism; the second occurred in 1991 with the impulse to dismantle the Soviet Union and replace it overnight with a democratic, capitalist Russia. Both dreams had tragic consequences. Contemporary Russians will not be swayed by the idealism of Global Zero. Russia can and will pursue arms control agreements that serve its national interests by making "the situation in this field more transparent, and also by building confidence between the great powers and their ability to work together." Karaganov rejects Global Zero and proposes another avenue: "To launch an international discussion about the role of military force, including nuclear weapons, in the contemporary world." Such a discussion might just conclude that nuclear weapons did have a civilizing purpose.<sup>43</sup>

Such sentiments did not preclude support for START III, which was waiting for ratification by both states' legislative bodies, but it did mean that there was a fundamental disconnect over where arms control and bilateral relations would go after ratification. On April 23, 2010, Karaganov endorsed ratification of START as a bilateral agreement, while restating his opposition to any multilateral move towards a nuclear-free world. "Work on the document and its signing normalized bilateral relations and made continuation of bilateral interaction and rapprochement all the more probable."<sup>44</sup> The treaty would lead to the dismantling of "surplus weapons," with the strategic offensive nuclear arsenals of both powers being reduced by one third. "Ratification of the document by the U.S. Senate and the Russian Federal Assembly will make the situation somewhat more stable."<sup>45</sup> Russia got what it could get from the negotiation. It did not make any progress towards a European Security Treaty, which President Medvedev had proposed in 2008. Washington did agree to use its influence to support the concept. Nor was there any meaningful progress made on the issue of European missile defense. Nor was there any movement in limiting U.S. efforts to develop conventional strategic strike systems. Progress in those areas was simply precluded by the existing political balance in the U.S. Senate.<sup>46</sup>

Karaganov even spoke positively of the follow-on nuclear summit in Washington as a valuable step towards limiting nuclear proliferation, which was, because of Russia's

geostrategic location, a matter of utmost importance. But Karaganov painted a picture of proliferation which was already under way, and spoke of a need to control the process. In a dynamic international situation, Karaganov sees an absence of new concepts for a strategic order. The Obama administration's fixation on Global Zero was a manifestation of a failure of political logic. No nuclear power was likely to give up its arsenal. Russia could support efforts to reinforce nonproliferation and take part in the struggle against nuclear terrorism. But Global Zero was not part of the solution to current geostrategic instability. Indeed, pursuing it was likely to increase that instability. Karaganov went on to explain:

The Nuclear Zero concept is an anachronism. No owner of nuclear weapons will ever part with them. It is a sheer impossibility, technically and politically. In the meantime, this anti-nuclear movement is actually harmful. First, it might result in reduction of nuclear arsenals to a dangerously low level and in negotiations over reduction of nonstrategic nuclear weapons. Second, it distracts the international community from the search for new ways to ensure peace and stability.<sup>47</sup>

Karaganov returned to his assumption about the amorality of nuclear weapons and repeated the point that their very destructive power made them instruments which deterred and prevented wars. The fear of mass destruction had inhibited actors during the Cold War. Since its end, NATO and the United States have shown a continuing willingness to intervene militarily in out-of-area conflicts, which increases international instability. Russia's geostrategic location, potentially near such conflicts, carries serious risks:

Geopolitically, Russia is in trouble. Its modernization is impaired by corruption and wishes on the part of the population and the elites to be given some time to recover from niceties of the Soviet era. The situation being what it is, elimination of nuclear arsenals is tantamount to suicide. After all, nuclear arsenals are the main guarantee of Russia's security and the main source of its political and even economic positions in the world.<sup>48</sup>

And it was this profound asymmetry that undercut U.S.-Russian cooperation in seeking Global Zero. The United States wants to return to a time before the first Soviet atomic bomb test on August 29, 1949. America in a world of Global Zero hopes it would achieve invulnerability, even after the interconnectedness of the global order had demonstrated its inherent vulnerability on 9/11. Russia, in all its manifestations and with all its territorial extent, has never adopted a myth of national invulnerability. The last 2 decades have left Karaganov responding to a very different imperative: the need for international discourse regarding an emerging international order which will be very different from what we have experienced, and regarding the role which all forms of military power will play in that order to enhance stability.

Rejecting Global Zero while promoting the ratification of START III, left Russian analysts with the immediate problem of enhancing strategic stability in the increasingly complex international environment in which Russia found itself. The discussions that followed in 2010 and 2011 focused on maintaining nuclear deterrence as the prospects of NATO-Russian cooperation on a joint missile defense system declined. More and more, Russia came to focus on the role of its entire nuclear arsenal in the absence of a program of modernization of conventional forces. Andrei Koko-shin, former First Deputy Minister of Defense, former head of the Defense Council, former head of the Security Council, and

member of the state Duma, took the opportunity to emphasize the *real* origins of Russia's deterrence capabilities, not the testing of the first atomic bomb in 1949, but the detonation of RDS-57, the Soviet Union's first thermonuclear weapon, in November 1955. Marking the 55th anniversary of the testing of that device with a yield of 1.6 megatons, Koko-shin stated: "Systems and means of nuclear deterrence for the foreseeable future will remain the keystone of our security."<sup>49</sup> Kokoshin went on to mention the pride he felt regarding his efforts within the Russian Ministry of Defense and national security apparatus to ensure the modernization of Russia's nuclear forces in the 1990s. Furthermore, he observed that there appeared to be no alternative to nuclear deterrence even in the distant future. Russia would have to maintain its nuclear triad.<sup>50</sup>

Speaking to a meeting of the Social Science section of the Russian Academy of Sciences in Moscow in June 2011, Kokoshin drew upon materials from his 2009 study of *Strategic Stability, Past and Present* to call for the integration of experts from various backgrounds in the study of problems of national security, especially the problem of a reliable and convincing nuclear deterrent. Outlining foreign experience in this area, Kokoshin called for cooperation among scholars and experts in the various scientific, technical, political, and strategic aspects of the problem. Such an approach would be necessary to ensure a reliable nuclear deterrent and global and regional strategic stability. The objective of this effort would be to develop an asymmetric and indestructible response even in case the United States went ahead with a global missile defense system and sought to achieve a breakthrough in the development of offensive armaments.<sup>51</sup>

### **Contemporary Threats and Nuclear Weapons: The Russian Perspective— Continental, Global, and Regional**

Russia is a continental power with enormous natural resources but declining technological capabilities and a serious demographic crisis that is most serious in its Far Eastern domains between Chita and Vladivostok. Its threat environment is largely defined by its own periphery and the instability associated with the collapse of the USSR and the emergence there of states that are weak or hostile to the Russian Federation. It has sought to compensate for its relative weakness by geopolitical engagement across Eurasia through arrangements like the Commonwealth of Independent States (CIS), the NATO-Russia Charter, the Shanghai Cooperation Organization (SCO), the Collective Security Treaty Organization (CSTO), and the BRICS (Brazil, Russia, India, China, and South Africa) colloquium, the latter having held a summit in April 2011 in Senya in Hainan, China.<sup>52</sup> Russia has pursued strategic arms reductions with the United States and cooperates in nonproliferation efforts. As Nikolai Zlobin has recently pointed out, however, the current international system is deeply unstable.

Russia's elite sees very low risk of an intentional use of a core strategic arsenal against Russia—deterrence at the bilateral U.S.-Russian level still works with regard to 5th generation warfare (nuclear), offensive systems still have a sufficiently high level of survivability to ensure deterrence against a marginal ABM system, while Russia pushes its own ABM development in the S-500 which is supposed to enter the prototype stage in 2012.<sup>53</sup> Russia is in the process of rearming its triad with more advanced systems—achieving

great progress in surface-to-surface (S-to-S) ICBMS (Topol [SS-25], Topol-M [SS-27], and RS-24 Yars missiles), but encountering serious delays in development of the SLBM solid-fuel system RSM-56 (Bu-lava) for *Borea*-class ballistic missile submarine (SSBN). Additionally, it has announced plans for a stealth-like manned bomber (PAK DA) for deployment by 2025. The Russian Navy is pursuing the acquisition of a new, liquid-fueled SLBM, which is supposed to be capable of carrying 10-15 warheads. "Liner," which was first test-fired in May 2011, was originally reported to be a modernized "Sineva," but shortly thereafter press reports confirmed it was a new heavy, liquid-fueled SLBM that was twice as powerful as the solid-fueled Bulava.<sup>54</sup>

Aleksandr' Khranchikhin discussed the development of this new missile as part of an ongoing competition between solid-fuel and liquid-fuel missile design bureaus and warned of the destabilizing consequences of pursuing this line of development under START III, since it would feed the paranoia between Russia and the West.<sup>55</sup> These systems are expected to be able to penetrate even more advanced ABM systems.<sup>56</sup> Aleksei Arbatov has written critically about the risks of pursuing heavy, liquid-fueled ICBMs with multiple warheads and based in silos under START III because of its impact on the development of U.S. missile defense and strategic nuclear forces, but he did not examine the implications of a submarine-launched heavy missile fitted to the existing *Delta*-class SSBNs.<sup>57</sup>

Arbatov's point, however, remains valid. Nuclear Reset depends upon the enhancement of strategic stability and the avoidance of moves that look like efforts to achieve a strategic first-strike potential with nuclear or precision-conventional weapons. Strategic precision-strike systems are, however, still under development. They include U.S. prompt global strike capabilities based on conventional warheads for an ICBM/SLBM or an advanced hypersonic cruise missile. Senator Kerry's report on the START III Treaty discussed Russian concerns about strategic conventional precision strikes as manifest in the Treaty's preamble, "Mindful of the impact of conventionally armed ICBMs and SLBMs on strategic stability, . . ." and included a statement on Russian concerns about strategic stability in case of the deployment of large numbers of such systems and assurances from U.S. officials that such a program was only under development, would not be aimed at Russia, and would not affect strategic stability for the duration of the treaty to 2020.<sup>58</sup>

There do exist, however, usable conventional capabilities that can be applied in local conflicts to achieve operational-strategic results via revolution in military affairs (RMA)-based, precision-strike forces via no-contact warfare or warfare of the 6th generation. Kosovo served as a case study with variations in Afghanistan, Iraq (initial campaigns), and most recently Libya, where effects-based operations and network-centric warfare are applied to achieve rapid decision. Russian conventional weakness makes this point of paramount importance and is currently driving renewed effort at military reform, or New look (Novyi Oblik), under Minister Serdiukov and Chief of the General Staff Makarov. This New Look emerged after the Georgian-Soviet conflict of August 2008 over South Ossetia and Abkhazia that has been called "The Tanks of August," suggesting the 4th generation of warfare character (mass-mechanized forces) of that conflict.<sup>59</sup> Makarov and Serdiukov are pushing for a brigade-based professional force capable of network-centric warfare to be developed over the next decade. It is unclear whether this will be achieved. Growing recognition of low-end asymmetric counters by insurgents-terrorists to 5th generation warfare has led to discussions of a new look at the relationship between terrorism, insurgency, and conflict escalation.<sup>60</sup> The lesson in the case of out-of-area intervention by Western powers with advanced conventional

capabilities (6th generation warfare) is that nuclear weapons are the most reliable check against them. This led Aleksei Bogaturov in 2009 to observe that while prospects for nuclear war with the United States are low, the chances of the use of nuclear weapons are higher:

The likelihood of a nuclear war with the U.S. is estimated, by and large, as fairly low, while the likelihood of the use of nuclear weapons by various countries of the world, including the United States and, probably, Russia itself, is now higher than 15-17 years ago. Admittedly, what is implied is a limited use of such weapons.<sup>61</sup>

Bogaturov specifically mentioned a new generation of low-yield nuclear weapons playing a role in such operations. Limited nuclear first strikes with nonstrategic forces as a means of de-escalating local wars have been acknowledged as part of Russia's deterrence posture where Russian and allied interests or Russian statehood are threatened. The *Russian Military Doctrine of 2010* stated that nuclear weapons would be used: "In reply to the use of nuclear and other mass destruction weapons against it and (or) its allies, as well as in reply to a large-scale aggression with the use of conventional weapons in situations critical for the national security of the Russian Federation."<sup>62</sup>

These threats are seen as lying on the Russian periphery and are connected to instability in the near abroad and NATO expansion. Strategic exercises with an anti-NATO focus since Kosovo (Zapad 1999 to Zapad 2009) have emphasized Russia's limited conventional force capabilities and a nuclear option of first use to de-escalate an intervention on the periphery. Russian military and political specialists treat Operation ALLIED FORCE (the air campaign against Yugoslavia) as a miscalculation by Allied leaders on the feasibility of a short, decisive air campaign to achieve decision without the combat employment of ground forces, which carried grave risks of escalation into a wider conflict. The Russians foresaw the same problem with the decision to impose a no-fly zone over Libya and the employment of air power to protect the civilian population. President Medvedev responded to Security Council Resolution 1973 by urging the international community to cooperate in ending the conflict, but stated: "We will not participate in any of the no-fly zone operations [in Libya], we will not send any troops, if, God forbid, this operation goes on the ground, which I cannot rule out."<sup>63</sup>

China represents an ambiguity in the nuclear equation. The best case is China as a regional power with the capacity to organize a zone of influence in the Far East to counterbalance U.S.-Japanese interests, in which China seeks Russian support as giving it strategic depth. The SCO as both anti-Islamic terror and anti-hegemon policy serves this purpose. Ideally, this would involve collaboration of the Russian Federation, China, and India. Russia needs Indian support to avoid the trap of serving as junior partner to China in the case of a Sino-U.S. conflict, where Russia would be drawn in. It sees a Sino-Indian conflict as detrimental to Russian interests. Worst cases are a Sino-American deal at Russia's expense, where China can effectively penetrate and woo away the Russian Far East to Lake Baikal in a deal over spheres of influence; and a Sino-American confrontation over the integration of Taiwan into the PRC, where the United States would be forced to use nuclear weapons. Moreover, an American policy to contain China as a rival, given the shifting balance of economic power, could create an even greater role for nuclear weapons with associated risks of conflict and Russia being drawn in as a pawn between the two rivals.

The Russian military assessment of China's military potential has stressed the evolutionary nature of that transformation. In this analysis, the Chinese mass military has

been modernized but is far from becoming a 6th generation force. Therefore, 5th generation capability trumps 4th generation numbers, so long as China is not a geostrategic partner of the United States as existed in the 1980s. Russia's fear is that Chinese military modernization will reach a plateau where Russian arms and technology assistance will no longer be needed for sustained modernization.<sup>64</sup> Russian arms deals with India have taken on the character of a bet against such a development. The Sukhoi aircraft plant at Komsomolsk-an-Amure is morphing from producer of aircraft (SU-27M) for the PRC to partner with Hindustan Aeronautics Limited (HAL) in the development of the 5th generation fighter (FGFA/PAK FA), which began taxi tests in January 2012. Vostok 2010 was a major exercise testing the New Look for Russia's conventional forces, but it ended with a simulated nuclear first-strike.<sup>65</sup>

This is supposed to be the exact focus of Vostok-2010.<sup>66</sup> The New Look military which the Ministry of Defense has set out to create via a brigade-based ground force capable of launching precision strikes and conducting network-centric warfare faces a particular challenge in Siberia and the Far East, where Chinese military modernization has converted the PLA from a mass industrial army built to fight people's war to a force seeking to rearm as an advanced conventional force and able to conduct its own version of network-centric warfare. Until 2010, informed Russian defense journalists still spoke of the PLA as a mass industrial army seeking niche advanced conventional capabilities. Looking at the threat environment that was assumed to exist under Zapad 2009, defense journalist Dmitri Litovkin spoke of Russian forces confronting three distinct types of military threats:

[In the West] an opponent armed to NATO standards in the Georgian-Russian confrontation over South Ossetia last year. In the eastern strategic direction, Russian forces would likely face a multi-million-man army with a traditional approach to the conduct of combat: linear deployments with large concentrations of manpower and fire power on different axes. In the southern strategic direction Russian forces expect to confront irregular forces and sabotage groups fighting a partisan war against "the organs of Federal authority," i.e., Internal troops, the border patrol, and the FSB.<sup>67</sup>

By the spring of 2011, a number of those involved in bringing about the New Look were speaking of a PLA that was moving rapidly towards a high-tech conventional force with its own understanding of network-centric warfare.<sup>68</sup> Moreover, the PLA conducted a major exercise, "Stride-2009," which looked like a rehearsal for military intervention against Central Asia and/or Russia to some Russian observers. PLA units engaged in strategic-operational redeployments of units from Shenyang, Lanzhou, Jinan, and Guangzhou military commands by air and rail movement.<sup>69</sup> Aleksandr' Khramchikhin in the fall of 2009 warned that China and its military were well on the way to becoming a real military superpower combining numbers and advanced technology. The PLA no longer needed to go hat-in-hand to the Russian defense industry for advanced weapons but was set upon building its own in partnership with other powers. Looking at the geostrategic situation in the Far East and Central Asia, he warned:

I repeat once more: it is possible to assert that the leadership of the PRC and the PLA high-command are seriously considering the possibility of conducting in the foreseeable future offensive actions against Russia and the states of Central Asia. To some degree, precisely such



a scenario of war is considered the most probable. At the same time, operations for the forceful seizure of Taiwan have been removed from the order of the day.<sup>70</sup>

Speaking of Russia's deployment of two newly-organized brigades along the Russian-Chinese border on the Irkutsk-Chita axis, Lieutenant-General Vladimir Valentinovich Chirkin, the recently appointed commander of the Siberian Military District, stated that the brigades were deployed there to counter the presence of five PLA combined arms armies across the border. From 2003 to 2007, Chirkin commanded an army in the Siberian Military District. On the rationale for the deployment, Chirkin stated: "We are obligated to keep troops there because on the other side of the border are five Chinese armies and we cannot ignore that operational direction." He added that the Ministry of Defense intended to develop an army headquarters for command and control of the brigades.<sup>71</sup> In a related report, Chirkin described the PLA forces across the border as composed of three divisions and 10 tank, mechanized, and infantry brigades, which he described as not little but also "not a strike force." As to the role of the new Russian brigades, Chirkin described them as part of a deterrent force aimed as a friendly reminder to the PRC: "Despite the friendly relations with China our army command understands that friendship is possible only with strong countries, that is, [those] who can quiet a friend down with a conventional or nuclear club."<sup>72</sup>

The gamble on the nature of future war described by A. Kondrat'ev in supporting the development of network-centric warfare capabilities comes down to the issue of Russia's capacity to arm, create, train, deploy, and maintain in combat readiness forces capable of conducting advanced conventional warfare. In the absence of such forces, the deterrence equation is reduced to the credibility of the nuclear option in deterring conventional attacks. Given the economic and demographic realities of Siberia and the Russian Far East, Russia seeks by nonmilitary means to preclude the emergence of a Chinese military threat. However, Russian observers are also aware of the fact that an imminent military threat from Beijing can emerge from regional instability which is beyond Russia's unilateral means to control. As the most recent *Russian Military Doctrine of 2010* explains, nuclear weapons remain the primary instrument of deterrence against both nuclear and conventional attacks upon Russia and in defense of Russian interests, territorial integrity, and sovereignty.<sup>73</sup> The doctrine does not explicitly declare that Russia will use nuclear weapons in preemptive attacks against such threats, as had been discussed by senior members of the Security Council in the fall of 2009, but it leaves the decision to use such weapons in the hands of the President of the Russian Federation. The context of such use, however, is defined by the nature of the challenges and threats that Russia faces across Eurasia. A second classified document, *The Foundations of State Policy in the Area of Nuclear Deterrence to 2020*, which was issued at the same time as the *Military Doctrine*, has been leaked in part to the mass media. These parts describe two types of threats that could lead to the use of nuclear weapons: 1) attacks upon vital economic and political structures, early warning systems, national command and control, and nuclear weapons systems, all of which would seem to envision a U.S.-led NATO threat involving conventional forces capable of conducting global strikes against such targets; and, 2) an invasion by an enemy's ground units of Russian territory in which Russia's armed forces fail to stop their progress deep into the country through conventional means, all of which suggests more closely an assault by the PLA against the Russian Far East.<sup>74</sup>

The first conceptual threat resembles one popularized by General-Major Vladimir Slipchenko in his discussions of 6th generation warfare and no-contact warfare on the model

of NATO's campaign against Kosovo but applied on a global scale.<sup>75</sup> The second one, which was not contained in the 2000 version of Russian military doctrine, is quite new, reflecting what the Russian military recognizes is an emerging threat from the PRC. Relying upon nuclear deterrence in such a conflict with China is not considered by some Russian military observers to be a viable course of action. Khranchikhin has expressed this view in a debate with Aleksei Arbatov, one of Russia's most respected commentators on nuclear issues and a strong believer in the continued utility of nuclear deterrence even in the face of the spread of advanced conventional capabilities. Khranchikhin's answer has been to call nuclear deterrence an illusion. The illusion arises from Russia's general weakness in conventional forces, its limited mobility in supporting forces in distant frontiers, and the inappropriateness of nuclear strikes for resolving limited conflicts over border issues. Advanced conventional capabilities will soon make possible global conventional strikes with the effects of nuclear weapons. In the case of China, Khranchikhin argues that there is a great need to protect Siberia and the Far East as key sources of critical raw materials and energy for the future development of the country, but demographic weakness, obsolete infrastructure, and weak conventional forces make that task nearly impossible, with nuclear deterrence in this context a shallow hope. Khranchikhin leaves one with the impression that the situation confronting Russia in the Far East is not too different from that confronting Pakistan, given India's development of advanced conventional capabilities to strike towards Islamabad. In neither case does nuclear retaliation become a solution for confronting slowly mobilizing conventional forces in the hands of a more developed and more populous opponent.<sup>76</sup>

All these strictly military calculations cannot deal with the full dynamic of threats confronting Russia. The wild card in the nuclear environment is the threat of what Andrei Kokoshin identified as mega-terrorism, the mass casualties and destruction from terrorist actions like that of 9/11 which could drive political-military responses in directions not foreseen by political-military planners.<sup>77</sup> Kokoshin includes weapons of mass effect (WME) as well as weapons of mass destruction (WMD) in this calculus. Russia will collaborate in regional efforts to reduce terrorist threats and retain Russian influence. It has good reason to see nuclear proliferation as dangerous to Russia's own strategic situation and to the current international system and will cooperate in endeavors to reduce such risks so long as they do not result in the use of force, which would further destabilize the global system and regional security structures. Mega-terrorism poses a particularly major risk in the relationship between Pakistan and India. Such an event could set off a conflict that would be difficult for the international community to moderate and could drive external intervention and a concomitant risk of nuclear escalation.

Iran represents a particularly difficult problem because of its involvement in supporting anti-Israeli terrorism, Israeli fears of Iranian acquisition of nuclear weapons, and the deployment of U.S. and coalition forces in both Iraq and Afghanistan, which could transform any limited strikes against Iranian nuclear facilities into a larger regional conflict on Russia's periphery, thus impacting the Caucasus and Central Asia and giving new momentum to Islamic extremism globally. At present, as we watch the unfolding of the "Arab Revolutions" across North Africa and the Middle East, this particular problem has to be reassessed. Commenting on the United Nations (UN) Security Council resolution for the imposition of a no-fly zone against Libya, some Russian commentators have wondered whether Muammar Gaddafi's decision to give up Libya's chemical and nuclear weapons programs in December 2003 was not short-sighted, pointing to the fact that North Korea has openly tested nuclear

weapons and ballistic missiles and engaged in repeated provocations against South Korea without facing any use of force against it. Mikhail Lukanin, the defense correspondent for *Trud*, stated flatly: "They would not have touched Gaddafi if he had built an atomic bomb." Lukanin listed other states which might be tempted to acquire nuclear weapons in the aftermath of the Arab Revolution and included Saudi Arabia because of the changes in the balance of power in the Middle East and the enhanced position of Iran.<sup>78</sup>

In April 2011 in the midst of the initial response to NATO intervention in Libya, the Russian press published an extended examination of the possible course and outcome of an Israeli-Iranian War. Drawing heavily upon the 2009 study by the Center for Strategic and International Studies in Washington, DC, regarding an Israeli preemptive strike at Iran's nuclear program, the author invited Russian specialists to comment on the course and outcome of such a possible conflict. The estimated losses by both sides from missile attacks using nuclear and chemical weapons stood at 20 million Iranian casualties and 800,000 Israeli casualties. The Russian experts did not exclude the possibility of a more protracted conflict, in which both sides employed indirect means and surrogate forces, which they viewed as a possibility if Iran did create its own nuclear forces. They noted the paradox of self-deterrence, when both sides have nuclear arsenals. "The creation of nuclear weapons by Iran could actually be a positive development. When both countries possess them, this creates a powerful deterrence factor and most likely the leaders of both Israel and Iran could be deterred from a direct military conflict."<sup>79</sup>

The implications of increased nuclear proliferation for Russian national security will be a topic of intense debate among the Russian national security elite. It is very likely to color the Russian approach to negotiations on reductions in, and confidence-building measures pertaining to, nonstrategic nuclear weapons. The last few months have not lent much hope of bilateral or multilateral progress on arms control in the areas of missile defense, nonstrategic nuclear weapons, or conventional forces in Europe. The very complexity and interconnections of these issues makes progress very unlikely.

## **Current U.S.-Russian Discussions on Nonstrategic Nuclear Weapons and Missile Defenses as Seen from Moscow**

With the ratification of START III by the U.S. Congress and the Russian parliament, nonstrategic nuclear weapons became a topic of intense discussions between Washington and Moscow. Rose Gottemoeller, Assistant Secretary of State for Verification, Compliance, and Implementation, stated in January 2011 that the topic was now on the agenda of U.S.-Russian relations and pointed to studies by nongovernmental groups in the United States and Russia that addressed the topic.<sup>80</sup>

Governmental groups, notably NATO member governments, have come forward with their own proposals regarding U.S. and Russian nonstrategic nuclear weapons in Europe. In early February 2011, Lithuanian Defense Minister Rasa Jukneviene announced that Russia had deployed tactical nuclear weapons in Kaliningrad Oblast' and called upon "the world powers" to begin negotiations to ensure their removal.

Jukneviene said that Lithuanian national interests demanded the removal of such weapons since they posed a threat to "our very existence."<sup>81</sup> Recently, the Four-Plus-Six Group put forward a proposal by NATO members to increase transparency in U.S. and Russia

nonstrategic nuclear weapons, which was submitted in a “so-called ‘nonpaper’” by Germany, the Netherlands, Norway, and Poland, and endorsed by Belgium, the Czech Republic, Iceland, Luxembourg, and Slovenia, and which highlights this difference among NATO members. The proposal outlines a series of transparency and confidence-building measures, which include:

1. Use the NATO-Russia Council (NRC) as the primary framework for transparency and confidence-building efforts concerning tactical nuclear weapons in Europe;
2. Exchange information about U.S. and Russian tactical nuclear weapons, including numbers, locations, operational status, and command arrangements, as well as level of warhead storage security;
3. Agree on a standard reporting formula for tactical nuclear weapons inventories;
4. Consider voluntary notifications of movement of tactical nuclear weapons;
5. Exchange visits by military officials [presumably to storage locations];
6. Exchange conditions and requirements for gradual reductions of tactical nuclear weapons in Europe, including clarifying the number of weapons that have been eliminated and/or stored as a result of the 1991-1992 Presidential Nuclear Initiatives (PNIs); and,
7. Hold a NRC seminar on tactical nuclear weapons in the first quarter of 2012 in Poland.<sup>82</sup>

It is noteworthy that this proposal did not include among its sponsors or supporters either of the two other NATO members with nuclear weapons, Britain, and France, or the three Baltic States.

A deal over a joint missile defense system might have provided a basis for such a choice but a joint NATO-Russia system is not in the cards. In a recent interview in Moscow, Assistant Secretary of Defense Alexander Vershbow spoke of a solution for the problem of missile defense involving two separate but parallel missile defense systems, which would coordinate their work, rather than a common system.<sup>83</sup> He also held out the possibility of creating two structures for missile defense cooperation. One would be a center for the integration of ground-based and space-based radar and sensor data from NATO and Russian sources, and the second center would be involved in planning and coordinating missile defense.

However, there was little enthusiasm in Moscow for such ideas after the announcement that the United States planned to extend its European Phased Adaptive Approach (EPAA) to the Black Sea littoral by including Turkey and Rumania in the system. Russian press coverage of Turkey’s membership came as an unpleasant surprise to Moscow because the EPAA radar component would reduce the possibility of cooperation in the sharing of radar and sensor data, given the close cooperation that would be expected between the U.S. radar in Turkey and that deployed in Israel.<sup>84</sup> The decision to deploy missile defense interceptors in Rumania did not create as much concern because their characteristics did not make them capable of intercepting warheads.<sup>85</sup> Vladimir Kozin, a frequent commentator on missile defense and nonstrategic nuclear missiles, called attention to the development of sea-based Aegis systems for deployment in the Adriatic, Aegean, and Black Seas as a developing threat to Russia’s strategic nuclear forces. He called for the removal of U.S. tactical nuclear forces

from Europe and linked to that the goal of limiting the deployment of sea-based missile defense systems to strictly defined regions of the world's oceans.<sup>86</sup>

## CONCLUSION

Russia is not in a position to enter into meaningful arms control negotiations at this time. The successors to the leadership tandem in Moscow will wait and see how the situation develops in Washington, meanwhile pursuing completion of Russia's 2020 armament plan, which is supposed to modernize strategic and tactical nuclear forces and create the foundation for a modern conventional military, which embraces command, control, communications, computers, and intelligence surveillance and reconnaissance (C4ISR). Given the past failure of Russian armament programs, there is no guarantee that Russia will be in a stronger position in 2020, but there are no political incentives to seek a general deal with Washington or to embrace multilateral negotiations where Russia might find itself isolated. Russia can continue to avoid the dilemma of choosing between Washington and Beijing, time does appear to be the friend of a power like Russia, which most of all needs stability for itself and Eurasia.

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## SECTION 2. THE RUSSIAN ARMS CONTROL AGENDA AFTER NEW START

*Steven Pifer*

### **Introduction**

With the New Strategic Arms Reduction Treaty (New START) having entered into force in February 2011, the question arose as to what would come next on the U.S.-Russian arms control agenda. As early as April 2010, President Barack Obama called for further negotiations to reduce U.S. and Russian nuclear forces below New START levels and to address nondeployed strategic warheads and nonstrategic nuclear weapons. President Dmitri Medvedev has agreed in principle to a step-by-step process of further nuclear reductions, but Moscow has shown little enthusiasm for a new round of negotiations.

This chapter examines what Russian officials were saying about next steps on the arms control agenda and possible missile defense cooperation, as of autumn 2011. It also looks at Russian concerns about conventional force disadvantages, how those concerns might affect the Russian approach to arms control, and possible incentives that Moscow may have in the medium term to explore further nuclear arms cuts.

Russian officials in 2011 said that a number of issues should be addressed in conjunction with, if not before, further nuclear arms reductions. These issues included missile defense, long-range conventional strike weapons, the fate of the Conventional Forces in Europe (CFE) Treaty, and weapons in outer space. The bundling of these questions may reflect uncertainty in Moscow as to where to go next on arms control. Russian officials also said they wanted to see how New START was implemented, and both countries faced presidential elections in 2012.

Moscow has said little about further cuts of strategic nuclear forces and virtually nothing about nonstrategic nuclear weapons—sometimes referred to as sub-strategic or tactical nuclear weapons—other than to call for the removal of U.S. nonstrategic weapons from Europe to national territory, which the Russians said should be a precondition for any negotiation on such weapons. The Russian military attaches importance to its nonstrategic arsenal, including tactical nuclear weapons, as offsetting perceived conventional force disadvantages vis-à-vis the North Atlantic Treaty Organization (NATO) and China. Some analysts suggested the Russians would not be prepared for a serious discussion of reducing nonstrategic nuclear weapons until they had a prospect of modernizing their conventional forces; it is unclear how long that will take.

At the end of 2011, the issue on the arms control agenda receiving the most attention was missile defense and whether the United States, NATO, and Russia could agree on the terms for a cooperative missile defense system for Europe. Moscow focused on the bilateral dialogue with Washington on this issue. The sides reportedly found some common ground on practical cooperation, such as transparency and a data fusion center. Washington believed that such cooperation would yield significant transparency about U.S. missile defense plans and capabilities and would assure Russia that those plans did not pose a serious threat to Russian strategic ballistic missile forces.



Moscow, however, sought a legal “guarantee” that U.S. systems would not be directed against Russian strategic forces and “criteria” regarding U.S. missile defenses that went beyond what the administration was prepared to offer—or what the Senate would be prepared to support.

If the missile defense cooperation question is resolved, it would improve prospects for new bilateral nuclear arms negotiations. Moscow has incentives to engage at some point in such negotiations. The Russians may have trouble maintaining the level of 1,550 deployed strategic warheads allowed under New START; the U.S. military will not. The treaty, moreover, will leave the United States with a sizable advantage in strategic “upload” capability. A new arms control agreement would offer Moscow the best vehicle to address these issues as well as to secure the withdrawal of U.S. nonstrategic nuclear weapons from Europe and their future limitation to U.S. territory.

Conventional forces in Europe posed an equally difficult question in 2011. Efforts during 2010 to revive the CFE Treaty stumbled over the question of host nation consent to stationing of foreign forces, which brought to the fore the status of South Ossetia and Abkhazia. Given such differences and the need to find consensus among 30 CFE Treaty parties, salvaging CFE appears a nearly hopeless task. While the Russians said they wanted a treaty regime to cover and limit conventional armed forces in Europe, they offered no workable ideas to break the impasse.

## **New Start and U.S.-Russian Nuclear Force Levels**

New START has proved a key element of Washington’s Reset policy with Moscow. The Russians appreciated the fact that the Obama administration supplanted its predecessor’s approach to strategic arms control with a more traditional approach, one that provided for legally-binding limits on strategic delivery vehicles as well as strategic warheads. (The Russians had rejected the approach suggested by the George Bush administration in 2008, which would have limited only deployed strategic warheads.) Signed in April 2010, New START entered into force on February 5, 2011, following a ratification debate in the U.S. Senate that proved more difficult than anticipated. By contrast, the Russian Duma ratified New START in January 2011, not surprisingly with relative ease.

New START contains three limits. When the treaty’s reductions are fully implemented by February 5, 2018, each side will be limited to no more than 1,550 deployed strategic warheads; 700 deployed strategic delivery vehicles, i.e., intercontinental ballistic missiles (ICBMs), submarine-launched ballistic missiles (SLBMs) and nuclear-capable bombers; and 800 deployed and nondeployed launchers for ICBMs and SLBMs plus nuclear-capable bombers. The sides exchanged data in February 2011 and exchanged their first data update the following September. (See Figure 2-1.)

The lower Russian numbers reflect the fact that in recent years many Russian strategic missiles have reached or exceeded their service warranty life and been retired, and the relatively modest pace at which Moscow has procured new ICBMs and SLBMs.

Nongovernmental analysts in the United States project that the Russian military will have a hard time maintaining 1,550 deployed strategic warheads and could fall to around 1,260-1,350.<sup>2</sup> Russian analyst Alexei Arbatov projects that Russian deployed strategic warhead numbers could fall even lower, perhaps to 1,000-1,100, leaving Moscow facing a decision on

whether or not to build back up to 1,550.3 In the spring of 2011, the Russian government reportedly decided to proceed with designing a new liquid-fueled heavy ICBM, which could offer the Russian military a cost-effective way to deploy a large number of warheads to reach the 1,550 level.

	Treaty Limit	U.S.	Russia
Deployed Strategic Warheads	1,550	1,790	1,566
Deployed Strategic Delivery Vehicles	700	822	516
Deployed and Non-Deployed ICBM/SLBM Launchers plus Bombers	800	1,043	871

Figure 2-1. U.S. and Russian Strategic Forces, September 2011.<sup>1</sup>

By contrast, the U.S. military will be able to sustain a force of 1,550 deployed strategic warheads on 700 deployed strategic delivery vehicles for the duration of New START. The Pentagon announced its planned force structure in 2010: 1,550 deployed strategic warheads on 240 deployed Trident D-5 SLBMs, 400 deployed Minuteman ICBMs, 40 deployed nuclear-capable bombers, and 20 additional deployed ICBMs or bombers.<sup>4</sup>

When signing New START in 2010, Obama called for another round of arms reduction negotiations, this one to include nonstrategic nuclear weapons and nondeployed strategic warheads. The United States reportedly has 500 nonstrategic nuclear warheads in its inventory, assuming that the 260 W80 warheads for sea-launched cruise missiles have now been retired and are in the queue for dismantlement. The U.S. nonstrategic nuclear inventory includes some 200 B61 bombs deployed in Europe.<sup>5</sup> The Russian nonstrategic nuclear arsenal in 2011 was believed to consist of 3,700-5,400 nuclear warheads of various types, including those for use on cruise missiles, tactical aircraft, and air defense systems. Many of these warheads were old and believed ready for retirement soon; the “nominal load” of Russian nonstrategic delivery systems was estimated to be 2,080 nonstrategic warheads.<sup>6</sup> (See Figure 2-2.)

	U.S.	Russia
Air-Delivered	500	800
Anti-Ballistic Missile/Air Defense	0	700
Ground-Based	0	?
Naval	0	600
Total	500	~2,100 <sup>7</sup>

Figure 2-2. U.S. and Russian Non-Strategic Nuclear Weapons.<sup>8</sup>

## What the Russians Say

Medvedev and Obama committed to a step-by-step process of reducing nuclear arms in their April 1, 2009, joint statement at their initial meeting in London, England. The New START preamble notes the sides “seeking to preserve continuity in, and provide new impetus to, the step-by-step process of reducing and limiting nuclear arms.” Medvedev, like Obama, has endorsed the goal of a world free of nuclear arms.

That said, Moscow has shown little enthusiasm for an early round of new nuclear arms reduction negotiations. Speaking at the United Nations (UN) Conference on Disarmament on March 1, 2011, Foreign Minister Sergey Lavrov stated:

We insist that there is a clear need to take into account the factors that negatively affect strategic stability, such as plans to place weapons in outer space, to develop non-nuclear armed strategic offensive weapons, as well as unilateral deployment of a global BMD [ballistic missile defense] system. Nor could we ignore the considerable imbalances in conventional arms, especially against the background of dangerous conflicts persisting in many regions of the world.<sup>9</sup>

This reiterated a standard Russian line: issues which must be addressed in conjunction with, if not prior to, further nuclear arms reductions include missile defense, long-range conventional strike weapons, the fate of the CFE Treaty, and weapons in outer space. The mass of linkages that the Russians have insisted on—and adding that they appear reluctant to agree to cooperate on missile defense and have shown little creativity on the question of limiting conventional forces in Europe—makes for a daunting knot of issues. This may well reflect broader uncertainty or indecision in Moscow on where to go next on arms control with the United States.

As of the autumn of 2011, the Russian government had not articulated its thinking on what further reductions of strategic nuclear forces might entail and had said little about nonstrategic nuclear weapons. In his Conference on Disarmament speech, Lavrov indicated that withdrawal of nonstrategic nuclear weapons to the national territory of the state owning the weapons—U.S. nonstrategic B61 bombs deployed in Europe are the only weapons in this category—should be the first step in addressing nonstrategic nuclear arms. Lavrov and other Russians suggested that such withdrawal would be a precondition for negotiations on nonstrategic weapons.<sup>10</sup> Transparency regarding nonstrategic nuclear weapons might be a first step, but Moscow has not addressed this publicly.<sup>11</sup>

Unofficial Russian experts have offered ideas for addressing nonstrategic nuclear weapons, but they tend to shy away from proposing to limit the weapons directly. They instead suggested that the warheads could be “demated” (separated) from their delivery systems—most, if not all, Russian nonstrategic warheads already are demated from their delivery systems—and stored in “central” storage facilities located away from bases where the delivery systems are deployed. The storage facilities could be monitored to ensure that the warheads were not moved out and/ or to confirm the number of warheads they contain, but not as pertaining to a direct numerical limit on the warheads. Inspections might also be conducted at former storage sites to confirm the absence of nuclear weapons.<sup>12</sup>

Russian officials also said that, before pursuing further nuclear cuts, Moscow wanted to observe how the New START Treaty was implemented.<sup>13</sup> Moreover, at that time, both countries faced presidential elections. With the September 24, 2011, announcement that Vladimir Putin would run in the March 2012 election for the presidency (with Medvedev to become prime minister), it was a virtual certainty that Putin would assume the office in May, and indeed he did. As Putin has undoubtedly been involved in all major foreign as well as domestic policy decisions during his tenure as prime minister, his return to the presidency should not mean a major shift in Russian arms control policy. He has, however, a more

skeptical view of the United States than does Medvedev. The Russian bureaucracy, moreover, is unlikely to show much daring or creativity.

Moscow is also watching the 2012 U.S. presidential election. Consequently, the Russian government may wait until it sees the outcome of the election in November 2012 before deciding how to proceed on further nuclear arms cuts.<sup>14</sup> The Russians also believe that the Obama administration will be cautious about arms control steps, fearing that such steps could become politicized as the U.S. election campaign heats up.<sup>15</sup>

## **Conventional Weakness and Nuclear Dependence**

Russian conventional force capabilities have declined dramatically since the collapse of the Soviet Union. Large numbers of tanks, armored personnel carriers, artillery, tactical aircraft, and helicopters were located on the territories of non-Russian republics, and most of that equipment ended up as part of the militaries of those states. In addition, the Russian military budget suffered greatly during the economic downturn of the 1990s. This led to striking changes. For example, while NATO long worried about the Soviet numerical advantage in main battle tanks, in 2009 NATO had a more than 2:1 advantage over Russia in tanks in the CFE Treaty area of application.<sup>16</sup> NATO likewise leads in other key categories of conventional military equipment where it long lagged behind the Soviet Union and Warsaw Pact (this, in part, reflects the fact that most former members of the Warsaw Pact have since joined NATO).

Moscow has announced a major conventional rearmament plan, with the goal that 70 percent of the military's weapons and equipment should be modernized by 2020. It remains unclear how much real capability this will add. The plan called for some \$700 billion in new arms procurement over the decade to 2020 but faces major challenges. Corruption in the defense sector has traditionally siphoned sizable funds away from their stated purposes. It is not clear that the Russian defense industry will be able to meet the demands for modern military equipment, particularly in the high-tech sector.<sup>17</sup> In June 2011, Russia concluded a contract with France for the purchase of two *Mistral* class helicopter assault ships (and the option to build two more in Russia). In July 2011 Medvedev expressed concern about the quality and cost of Russian-produced military equipment, suggesting to Defense Minister Anatoliy Serdyukov that he consider purchasing other equipment from foreign sources.<sup>18</sup>

Russian analysts also worried that Russia would be unable to compete with other militaries in high-tech areas. Take tactical air power, for example: Russia has only begun flight-testing a 5th generation fighter, while the U.S. military has already completed its purchase of the F-22 and will shortly begin receiving the F-35. Moreover, Russia has nothing to compare to the unmanned drone aircraft that already provide the U.S. air force with major reconnaissance, surveillance, and strike assets.

Russian analysts expressed particular concern about U.S. long-range, precision-guided conventional strike weapons, such as conventionally-armed sea- and air-launched cruise missiles, for which the Russian military had no real counterpart. Some suggested that the United States could use long-range, precision-guided conventional weapons to strike targets that previously would have required nuclear weapons, such as silo-based ICBMs. Arbatov wrote that the United States might deploy as many as 3,000-5,000 long-range, conventionally-armed cruise missiles, though he noted that preparations for a major conven-

tional counterforce campaign would take time and would be visible.<sup>19</sup> A senior Russian foreign ministry official downplayed this concern, noting that Russia would respond—and the United States should understand that Russia would respond—with strategic nuclear weapons to a large-scale U.S. effort to degrade Russian strategic nuclear forces with conventional strike systems.<sup>20</sup> (It is also unclear whether there is a solid basis for Arbatov's concern; senior U.S. Air Force officers discount the ability of conventionally-armed cruise missile warheads to disable hardened ICBM silos.<sup>21</sup>)

In any event, the Russian military in 2011 lacked a clear picture of when it might have large numbers of conventional strike weapons of its own. Above and beyond the question of equipment, the Russian military faces a shrinking and less well-trained manpower base. Due to demographic trends, the number of Russian males eligible for the draft in 2017 will be about half the number in 2006, and it is already difficult to find a sufficient number of healthy draftees.<sup>22</sup> The conscription period has been slashed over the past decade from 2 years to 1, and the military leadership continues to be aloof to the notion of an all- or mostly all-professional force.

Medvedev and Serdyukov launched the latest in Russia's post-Soviet military reforms in the autumn of 2008. The reform path—which has included downsizing the military, particularly the officer corps; reorganizing the army into a brigade-based system; and raising the alert status of all units—has made some progress, but it has not been steady. After announcing that the officer corps would be downsized by 205,000, which would bring the number of officers down to 150,000, in early 2011, the defense ministry raised the new total of outgoing officers to 220,000. It is unclear how much progress the army has made in adopting the brigade system.<sup>23</sup>

Weaknesses in Russian conventional forces—and the uncertain prospects for military modernization and reform over the coming decade—mean that nuclear weapons will likely remain central to Russian military strategy for the foreseeable future. A number of Russian analysts have expressed concern about conventional force imbalances and their potential impact on strategic nuclear stability. For example, Andrei Kokoshin noted the increase in U.S. conventional capabilities and wrote that “nuclear weapons act as a sort of equalizer . . . and we still do not see any credible signs that the West is ready to eliminate the imbalance in general-purpose forces and conventional weapons.”<sup>24</sup>

For its part, the new Russian military doctrine issued in early 2010 stated that:

The Russian Federation reserves the right to utilize nuclear weapons in response to the utilization of nuclear and other types of weapons of mass destruction against it and (or) its allies, and also in the event of aggression against the Russian Federation involving the use of conventional weapons when the very existence of the state is under threat.<sup>25</sup>

The doctrine appeared to narrow somewhat the circumstances in which nuclear weapons might be used compared to its 2000 predecessor, but it offered few specifics about the roles of strategic or nonstrategic nuclear weapons. Indeed, it did not draw a distinction between strategic and nonstrategic nuclear arms.

Conventional disadvantages appear to explain much of the Russian attachment to nonstrategic nuclear weapons. Although the Russian government appears reluctant to speak publicly of a Chinese military threat or challenge, the Russian military may see little alternative to nuclear weapons for dealing with a large Chinese army equipped with

increasingly modern conventional arms. That said, the logic for maintaining so many nonstrategic nuclear warheads is not clear; how many such nuclear weapons would the Russian military employ against an invading Chinese force before the conflict escalated to strategic nuclear strikes against the homeland? The number is certainly well below the thousands of weapons currently in the Russian nonstrategic nuclear arsenal.

## Missile Defense

On the 2011 arms control agenda, Moscow (as well as Washington) attached the greatest priority to the issue of missile defense and the possibility of missile defense cooperation. Russian concerns focused on the “phased adaptive approach” based on the Standard SM-3 missile interceptor; the Russians expressed little concern about the 30 ground-based interceptors deployed at Fort Greely, Alaska and Vandenberg Air Force Base, California.

Under the phased adaptive approach, SM-3 Bloc IA missiles were deployed on board ships in the Mediterranean Sea in Phase 1 (the *Aegis*-class cruiser *Monterrey* made the first Mediterranean deployment in the spring of 2011). Bloc IB missiles with upgraded seekers will be deployed ashore in Romania in 2015 in Phase 2; Bloc IIA missiles with higher velocities will be deployed in Poland in 2018 in Phase 3; and Bloc IIB missiles with still higher velocities will be deployed in 2020 in Phase 4. Although some Russian analysts expressed concern about Phase 3; most focused on Phase 4, when the SM-3 Bloc IIB missile is to be given some capability to intercept ICBMs.

U.S. officials do not believe the planned missile defense system poses a serious threat to Russian strategic ballistic missile forces. Bloc IIB would constitute only a portion of the total planned buy of 450-550 SM-3 interceptors, and its deployment in Poland and Romania would mean that it would not be well-positioned to intercept Russian ICBMs headed across the Arctic.<sup>26</sup> U.S. defense department officials have reportedly made this point, with accompanying technical presentations, to their Russian counterparts.

In 2011, Russian officials professed not to be persuaded. Some voiced concern about scenarios that appeared highly unlikely, e.g., the deployment of most or all SM-3 equipped warships into the Arctic Ocean to defend the United States against Russian ICBMs. Much Russian concern may be related to what comes after 2020 should U.S. missile defense continue to progress. Finally, some Russian concern was politically-motivated: Moscow is not happy about the prospect of *any* U.S. military hardware deployed in Poland and Romania.

In discussions with their U.S. counterparts, Russian officials sought a legally-binding guarantee that U.S. and Russian missile defense systems would not be directed against the other side’s strategic forces. They have also sought agreement on criteria regarding parameters such as the number, velocity, and location of missile defense interceptors (the criteria are sometimes described as being reminiscent of those in the 1997 ABM Treaty demarcation agreement that was intended to distinguish theater missile defense interceptors from ABM interceptors).

The U.S. Government stressed its readiness to be transparent about U.S. missile defense plans and capabilities; the head of the U.S. Missile Defense Agency offered to allow the Russians to monitor SM-3 tests so that they could be assured that the interceptors lacked the range and velocity to engage ICBMs. Washington was also prepared to offer political assurances at the highest level that its planned system was not directed against Russian

missiles. U.S. policy is to defend the United States against *limited* ballistic missile attacks, such as might be mounted in the future by North Korea or Iran, not a Russian missile attack. Washington balked, however, at a legally-binding guarantee and at criteria that appear to resemble limits; neither would be ratifiable by the Senate.

U.S. and Russian officials had hoped to have a joint statement of principles for missile defense cooperation for release by the presidents at their May 2011 meeting in Deauville, France, but the sides failed to reach final agreement on the language. Missile defense was discussed further at the June NATO-Russia defense ministers' meeting and during Lavrov's mid-July visit to Washington. No significant progress was reported from these meetings, but U.S., NATO, and Russian officials seemed to take care to leave the door open. For example, in a November 23 statement that appeared aimed largely at the Russian domestic audience, Medvedev sharply criticized U.S. missile defense plans and threatened Russian countermeasures; he made clear, however, that Russia remained open to discussions with the United States and NATO. Despite the appearance of an impasse at the end of the year, U.S. officials continued to pursue the dialogue with their Russian counterparts.

While Washington and Moscow disagree on a legally-binding guarantee (as opposed to political assurances) and criteria, the sides' positions reportedly converged on what practical missile defense cooperation might include: a U.S.-Russia defense technical cooperation agreement that would enable exchange of sensitive information; NATO-Russia theater missile defense exercises; a joint NATO-Russia data fusion center as a venue to exchange early warning data from the sides' radars and other sensors; and a NATO-Russia planning and operations center to develop ideas for further cooperation. U.S. and Russian officials also discussed, though made less progress on, the idea of a joint analysis of the impact of missile defense on strategic deterrence.<sup>27</sup>

U.S. officials argued that Russia should set aside its demands for legally-binding guarantees and criteria and engage in practical cooperation, which would give Moscow significant insights into the U.S. missile defense system. If that did not allay Russian concerns, Moscow would always be free later to withdraw from a cooperative plan. Public Russian pronouncements in 2011 suggested that Moscow was not then prepared to accept that approach.

It is not clear what the Russians want on missile defense or why they are so reluctant about missile defense cooperation; some may fear that agreement to cooperation with the United States and NATO would "bless" the planned U.S. missile defense deployments in Europe. However, the Russian government presumably understands that, with NATO having adopted the territorial defense mission at its 2010 Lisbon, Portugal, summit, it would be difficult for Moscow to sow division among allies on this issue; missile defense will not prove to be a controversial issue like medium-range missiles were in the 1980s. It may be that Moscow has not made up its mind about how to handle missile defense.

This creates another problem. The Russians repeatedly said that they should be in on the ground floor of any effort to define a cooperative missile defense arrangement for Europe, but U.S. and NATO plans moved forward regardless. For example, in September 2011, it was announced that the United States would base four *Aegis*-class warships in Rota, Spain, and that an AN/TPY-2 radar would be deployed in Turkey, as the United States and NATO proceeded with implementation of the phased adaptive approach. The longer the Russians wait to agree to missile defense cooperation, the less influence they may have on the architecture that emerges.

## Further Nuclear Weapons Reductions

As noted earlier, Russian officials have stipulated a number of issues that they say should be addressed in conjunction with, or prior to, further negotiations on reducing nuclear arms. Nevertheless, there are several factors that might motivate Moscow to consider further negotiations, even if they did not achieve full satisfaction on their other issues.

First, Russian strategic nuclear forces have declined to a number very close to the New START limit of 1,550 deployed strategic warheads and have fallen well below the limit of 700 deployed strategic delivery vehicles. Most analysts expect Russian strategic force levels to decline further, as older systems are retired faster than new systems can be deployed. Should the number drop to 1,000, as Arbatov wrote is possible, there would be a significant gap between Russian and U.S. numbers. The U.S. military can—and intends to—sustain a force of 1,550 deployed strategic warheads and 700 deployed strategic delivery vehicles. (See Figure 2-3.)

	U.S. <sup>28</sup>	Russia <sup>29</sup>
Deployed ICBMs	420	192
Warheads on deployed ICBMs	420	542
Deployed SLBMs	240	128
Warheads on deployed SLBMs	1,090	640
Deployed heavy bombers	40	76
Warheads attributed to deployed heavy bombers	40	76
Total deployed ICBMs, SLBMs, heavy bombers	700	396
Total warheads attributed	1,550	1,258

Figure 2-3. Notional U.S. and Russian Strategic Offensive Forces Under New START.

One way to close this gap without a major Russian buildup would be a new agreement that reduced the limit on deployed strategic warheads, perhaps to 1,000. It would appear that Russia could sustain a force of that level with its current SLBM, Topol-M, and Yars ICBM plans. It might not have to develop and deploy a new heavy ICBM, which would be costly and potentially destabilizing, in that it would result in many Russian warheads on a relatively small number of fixed aim points and raise concern in the United States about silo-based Minuteman survivability.

A second reason that the Russians might engage in further negotiations is to secure limits on nondeployed strategic warheads or otherwise reduce U.S. “upload” potential (the ability to put additional warheads on existing ICBMs and SLBMs). The United States will implement much of its New START reductions by “downloading” missiles, that is, by removing one or more warheads but keeping the missile deployed. The Department of Defense (DoD) stated in 2010 that, under New START, all Minuteman III ICBMs—each of which can carry three warheads—will be downloaded to carry a single warhead. Trident D-5 SLBMs—each of which can carry eight warheads—will also be significantly downloaded, so that they will carry an average of four-five warheads.

At least initially, downloaded U.S. warheads will go into storage (there is already a long queue of nuclear warheads awaiting dismantlement). It would not be difficult to upload, or return, them to ICBMs and SLBMs, were the New START Treaty to break down. It appears



that the United States will have the capacity to upload warheads and increase the number of its deployed strategic warheads on ICBMs and SLBMs to 2,650-2,850.

The Russians do not have a comparable ability. Russia is expected to implement its New START reductions by eliminating missiles, with the residual missiles carrying full or close to full warhead sets. Thus, even if Russia has additional ballistic missile warheads, it will have no spaces on ballistic missiles on which to put them. A new negotiation could produce direct limits on nondeployed strategic warheads, reducing the American advantage in upload potential.

Some Russian experts have suggested that Moscow could deal with the upload problem by reducing the limit on deployed strategic delivery vehicles to below the New START level of 700. That would reduce the number of spaces into which extra warheads might be uploaded but, as long as the United States has some downloaded missiles, it would retain some upload capability.

A third reason why Russia might be interested in further negotiations is to secure the permanent removal of U.S. nonstrategic nuclear weapons from Europe, something that Moscow has long sought. Washington is unlikely to accept this as a precondition for negotiations on nonstrategic nuclear arms, but U.S. officials privately indicated that it could be an outcome of a negotiation, depending on the other terms of the agreement.<sup>30</sup>

U.S. nonstrategic nuclear weapons in Europe probably represent a relatively small bargaining chip. Moscow analysts undoubtedly noted that a number of NATO member states have expressed interest in a reduction in or complete withdrawal of those weapons. This was not a unanimous Alliance view; other allies believe that a U.S. nuclear presence should remain. But those states favoring removal of U.S. weapons included Germany, the Netherlands, and Belgium, on whose territory U.S. nuclear weapons reportedly are stored, and whose decisions on modernizing—or not modernizing—dual-capable aircraft might make those weapons' continued presence on their territory superfluous.

Taken together, these factors would appear to give the Russians reasons to seek a round of negotiations on further reductions, although Moscow was not prepared for negotiations in 2011 and may choose to wait until after the outcome of the 2012 U.S. presidential election is known. As 2011 drew to a close, U.S. officials appeared to accept that comprehensive negotiations might have to wait until 2013, but they thought there was a possibility that bilateral consultations on nuclear arms reductions might get underway before then.

If/when Russia agrees to a further negotiation, it will be a more difficult and drawn-out process than the negotiation that produced New START in less than 1 year. The sides will negotiate more carefully as numbers go down. Bringing nondeployed strategic warheads and nonstrategic nuclear weapons into the negotiations, assuming that the Russians agree, will introduce challenging new questions, such as how to limit and monitor limits on warheads in storage areas. It will not be an 11-month negotiation, as was the process that produced New START.

Finally, Moscow likely will not be prepared for truly radical cuts in a next round of negotiations. There is some level of deployed strategic warheads—and/ or total nuclear warheads—below which the Russians will not reduce without addressing third-country forces, at least those of Britain, France, and China. (Washington likely has a level of its own; given the range of other U.S. military capabilities, that level probably is lower than the Russian level.) Some Russian analysts have previously suggested that Russia would not be

prepared to reduce to below 1,000 deployed strategic warheads without bringing in third countries and perhaps applying limits on missile defense.

## **Conventional Weapons and Forces**

The Russians have not yet proposed a way to address their concerns about long-range conventional strike weapons. Should conventional warheads be placed on ICBMs or SLBMs, they would be captured under the New START limit on deployed strategic warheads. In essence, the United States would have to give up one nuclear warhead for each conventional warhead it deployed on a strategic ballistic missile. In any case, U.S. officials have stated that they do not intend to place conventional warheads on ICBMs or SLBMs. The Pentagon, however, is developing a hypersonic glide vehicle, which could rapidly strike targets at intercontinental distances. U.S. officials have argued that such a vehicle would not be captured by the definitions and limits of New START. However, should the United States proceed with development of that vehicle, the Russians will undoubtedly raise it as an issue in New START's Bilateral Consultative Commission.

Moscow has expressed concern about other types of conventional strike weapons, such as long-range cruise missiles. It is difficult to see the United States accepting constraints on such weapons, which are key to U.S. conventional power projection. U.S. military officials do not see conventionally-armed cruise missiles as posing a threat to Russian strategic targets; they do not believe the warheads are large enough to disable ICBM silos. A military-to-military dialogue might explore whether the threat is real or not, but it is not clear whether that could by itself assuage Russian concerns.

The other conventional issue is the fate of the CFE Treaty. Signed in 1991, the Treaty originally constrained NATO and Warsaw Pact holdings of key equipment, such as tanks, armored personnel carriers, artillery, attack helicopters, and tactical aircraft. The treaty was "adapted" in 1999 to reflect the end of the Warsaw Pact and apply national limits vice limits on NATO and Warsaw Pact holdings. Due to Russia's failure to live up to political commitments regarding its forces in Georgia and Moldova, NATO countries have not ratified the Adapted CFE Treaty (Moscow disputed this linkage). In 2007, Russia announced that it was suspending its observance of the original treaty, though it does not appear to have exceeded its overall CFE equipment entitlements.

Attempts have been made to revive the CFE regime. During the second George W. Bush term, U.S. officials proposed a "parallel actions" approach, under which NATO would move to ratify the Adapted CFE Treaty and take other steps, such as preparing to bring the Baltic States into the treaty, in parallel with Russia implementing its 1999 commitments. In 2010, U.S. officials attempted to define principles for reviving conventional arms control but could not find a formula with Russia that would work. One particularly difficult question proved to be host nation consent, i.e., a nation's right to determine the presence of foreign forces on its soil. U.S. and Russian officials failed to find a formulation to sidestep the issues of South Ossetia and Abkhazia, where Russian forces are stationed with the consent of local authorities but without Georgian consent.

Were the sides able to resolve the host nation consent question, the Russians would like to reduce the limits on equipment for NATO member states. As most, if not all, NATO members are below—in some cases, significantly below—their CFE entitlements, this might

not pose a major problem. More difficult would be the flank question. Moscow strongly opposes flank limits that constrain where Russia deploys CFE-limited equipment on Russian territory. While the U.S. military attaches no importance to the flank limits, those restrictions matter to countries such as Georgia, Turkey, Norway, and the Baltic states. It is difficult to see a compromise on this question.

By 2011, U.S. officials had concluded that the CFE Treaty regime likely could not be saved. Moscow had not offered steps that might preserve the treaty and its limits or open the way for a mutually acceptable successor regime. On November 22, 2011, the Department of State announced that the United States would “cease carrying out certain obligations” to Russia related to data provision and acceptance of inspections. All other NATO states shortly thereafter followed suit. The Russians did not seem unduly alarmed; they may assume, perhaps correctly, that fiscal difficulties will mean reductions in the conventional forces of most NATO countries in any case.

While suspending its observance of the CFE Treaty’s transparency and observation provisions, the Russians have continued to observe the requirements of the Vienna Document on Confidence- and Security-Building Measures (CSBMs) and the Open Skies Treaty. One possible way forward would be to set aside equipment limits for the time being and focus on expanding the Vienna Document CSBMs to include some of the transparency and observation provisions of the CFE Treaty. The negotiation would still have to deal with host nation consent, but it might be simpler in the context of CSBMs rather than limits. It is not clear how Moscow would respond to such an approach.

## Conclusion

There is a full arms control agenda between the United States (and NATO), on the one hand, and Russia, on the other. Whether progress is possible depends in large part on decisions that Moscow may not yet have taken. The impending U.S. presidential election, moreover, complicates prospects for arms control negotiations in 2012. In the near term, prospects appear limited to the (apparently declining) possibility of an agreement on a cooperative missile defense system for Europe, transparency measures regarding nonstrategic nuclear weapons, and consultations on arms control issues. While Moscow may have incentives in the medium term to negotiate on further nuclear arms reductions, more formal negotiations and more meaningful proposals will have to wait until 2013.

## End Notes for Section 2

<sup>1</sup> U.S. Department of State, Fact Sheet, “New START Treaty Aggregate Numbers of Strategic Offensive Arms,” October 25, 2011, available from [www.state.gov/documents/organization/176308.pdf](http://www.state.gov/documents/organization/176308.pdf). This table uses New START counting rules, which count the actual number of warheads on deployed intercontinental ballistic missiles (ICBMs) and sea-launched ballistic missiles (SLBMs) plus one warhead for each deployed nuclear-capable bomber (even though bombers can carry more than one weapon).

<sup>2</sup> Pavel Podvig projects a Russian strategic force of 396 deployed strategic delivery vehicles and 1,258 deployed strategic warheads. See Pavel Podvig, “New START Treaty in Numbers,” *Russian Strategic Nuclear Forces*, available from [russianforces.org/blog/2010/03/new\\_start\\_treaty\\_in\\_numbers.shtml](http://russianforces.org/blog/2010/03/new_start_treaty_in_numbers.shtml). Hans Kristensen projects slightly higher levels: 403 deployed strategic delivery vehicles and 1,349 deployed strategic warheads; private

exchange with the author, July 2010. Some Pentagon officials question whether Russia will go so low, noting that Russian negotiators in New Strategic Arms Reduction Treaty (New START) held out for a limit of 1,550 deployed strategic warheads rather than the U.S. proposal of 1,500, though Russian resistance to 1,500 could have been due to Moscow's reluctance to accept the opening U.S. proposal.

- <sup>3</sup> Alexei Arbatov, "Gambit or Endgame? The New State of Arms Control," Moscow, Russia: Carnegie Moscow Center, March 2011, p. 14.
- <sup>4</sup> The Pentagon has yet to say whether its force will include 400 ICBMs and 60 bombers or 420 ICBMs and 40 bombers. Since the Air Force plans to deploy only single-warhead ICBMs and New START counts each bomber as one warhead, the decision will not affect the deployed strategic warhead count.
- <sup>5</sup> Exchange with Hans Kristensen, June 2011.
- <sup>6</sup> Hans M. Kristensen and Robert Norris, "Russian Nuclear Forces, 2011," *Bulletin of the Atomic Scientists*, Vol. 67, No. 3, May 2011, pp. 71-73.
- <sup>7</sup> This is the "nominal load" of warheads that could be carried by Russian nonstrategic delivery systems; the total Russian nonstrategic nuclear inventory is believed to be in the range of 3,700-5,400 warheads.
- <sup>8</sup> "Russian Nuclear Forces, 2011." Note that it is unclear whether or not there is a nuclear warhead for the Russian Iskandr ground-based surface-to-surface missile.
- <sup>9</sup> Ministry of Foreign Affairs of the Russian Federation, Information and Press Department, "Statement by H.E. Mr. Sergey Lavrov, Minister of Foreign Affairs of the Russian Federation, at the Plenary meeting of the Conference on Disarmament, Geneva, Switzerland, March 1, 2011," available from [www.in.mid.ru/bdomp/brp\\_4.nsf/e78a48070f128a7b43256999005bcbb3/2de66a92e764\\_dbb8c3257846004dfd44!OpenDocument](http://www.in.mid.ru/bdomp/brp_4.nsf/e78a48070f128a7b43256999005bcbb3/2de66a92e764_dbb8c3257846004dfd44!OpenDocument).
- <sup>10</sup> Some Russian statements go further, suggesting that the withdrawal of U.S. nuclear weapons from Europe must be accompanied by elimination of any nuclear infrastructure on the territory of European members of the North Atlantic Treaty Organization (NATO) and an end to NATO nuclear exercises.
- <sup>11</sup> Conversation with senior Russian foreign ministry official, May 2011.
- <sup>12</sup> See, for example, "Gambit or Endgame," pp. 31-33; and Anatoliy S. Diakov, "Verified Reductions in Non-Strategic Nuclear Weapons," Moscow, Russia: Center for Arms Control, Energy and Environmental Studies, Moscow Institute for Physics and Technology, February 18, 2011, available from [www.armscontrol.ru/](http://www.armscontrol.ru/).
- <sup>13</sup> See, for example, "Russia Says Too Early to Talk about Tactical Nuclear Weapons with United States," *RIA Novosti*, January 29, 2011, available from [en.rian.ru/military\\_news/20110129/162362622.html](http://en.rian.ru/military_news/20110129/162362622.html).
- <sup>14</sup> Conversation with senior Russian foreign ministry official, May 2011.
- <sup>15</sup> Conversation with senior Russian diplomat, August 2011.
- <sup>16</sup> In 2007, Russia's last data declaration before it suspended its observance of the Conventional Forces in Europe (CFE) Treaty reported 5,063 main battle tanks. NATO's January 2009 data declaration reported 12,486. See Dorn Crawford, "Conventional Armed Forces in Europe (CFE): A Review and Update of Key Treaty Elements," U.S. Department of State, March 2009.
- <sup>17</sup> See Roger N. McDermott, "Russia's Conventional Military Weakness and Substrategic Nuclear Policy," Fort Leavenworth, KS: The Foreign Military Studies Office, pp. 19-22, for a more detailed discussion of the Russian military's 10-year procurement plan and the challenges that it faces.
- <sup>18</sup> Anatoly Medetsky, "Medvedev Threatens to Start Importing Arms," *Moscow Times*, July 13, 2011, available from [www.themoscowtimes.com/news/article/medvedev-threatens-to-start-importing-arms/440428.html](http://www.themoscowtimes.com/news/article/medvedev-threatens-to-start-importing-arms/440428.html).
- <sup>19</sup> "Gambit or Endgame?," pp. 19-23.
- <sup>20</sup> Conversation with senior Russian foreign ministry official, May 2011.
- <sup>21</sup> Conversation with U.S. Strategic Command officers, August 2010.
- <sup>22</sup> Keir Giles, "Where Have All the Soldiers Gone? Russia's Military Plans versus Demographic Reality," Shrivenham, UK: Conflict Studies Research Centre, Defence Academy of the United Kingdom, October 2006, p. 2.
- <sup>23</sup> See "Russia's Conventional Military Weakness and Sub-strategic Nuclear Policy," pp. 14-17, for a discussion of the ups and downs of the Russian military's latest reform effort.
- <sup>24</sup> Andrei Kokoshin, "Ensuring Strategic Stability in the Past and Present: Theoretical and Applied Questions," Cambridge, MA: Harvard Kennedy School, Belfer Center for Science and International Affairs, 2011, p. 57.
- <sup>25</sup> "The Military Doctrine of the Russian Federation," approved by Russian Presidential Edict on February 5, 2010.
- <sup>26</sup> It is expected that the SM-3 Bloc IIB will be liquid-fueled in order to achieve the desired velocity to engage ICBMs; that may mean that Bloc IIB interceptors are deployed only onshore, as the U.S. navy traditionally prefers solid-fueled missiles for fire safety reasons.
- <sup>27</sup> Conversations with U.S. Government officials, July 2011.

- <sup>28</sup> This column assumes that the United States chooses to keep 420 deployed Minuteman III ICBMs, which will require that deployed U.S. nuclear-capable bombers be reduced to 40. If the Department of Defense (DoD) were to choose to keep more than 40 bombers (it has said it may keep up to 60), it would have to reduce one deployed Minuteman III for each bomber over 40.
- <sup>29</sup> This column is based on calculations by Pavel Podvig, “New START Treaty in Numbers,” Russian Strategic Nuclear Forces, available from [russianforces.org/blog/2010/03/new\\_start\\_treaty\\_in\\_numbers.shtml](http://russianforces.org/blog/2010/03/new_start_treaty_in_numbers.shtml). A different calculation provided to the author by Hans M. Kristensen in July 2010 projected a total of 403 Russian deployed ICBMs, SLBMs, and heavy bombers attributed with 1,349 warheads under New START. Some DoD officials question whether the Russians would reduce their deployed strategic weapons so low, noting that the Russians originally proposed a strategic warhead limit of 1,675 and did not accept the U.S.-proposed limit of 1,500, agreeing in the end to a limit of 1,550. The Russian government has not publicly described its intended strategic force structure under New START, and the U.S. Government has not produced an unclassified estimate of that structure.
- <sup>30</sup> U.S. views on this will likely be affected by the views of NATO allies. Some allies feel strongly that a U.S. nuclear presence should remain in Europe; whether or not they would be comfortable with the removal of those weapons would depend in part on the nature of the reductions taken on the Russian side and on other steps that NATO might take to assure them of the Alliance’s commitment to their security.

### SECTION 3. RUSSIAN VIEWS ON NUCLEAR WEAPONS AND GLOBAL ZERO: IMPLICATIONS AND CONSEQUENCES

*Peter R. Huessy*

Russia sees “Global Zero”—the effort to move the world’s nuclear powers to eliminate all their nuclear weapons—as a means for the United States to enhance the effectiveness of its own conventional capability. Ironically, U.S. analysts have echoed this, claiming that Global Zero, which they support, “would make it easier for the U.S. to defend allies and interests overseas.”<sup>1</sup>

In addition, while advocates of U.S. movement toward zero nuclear weapons often speak of the immorality of the United States maintaining thousands of nuclear weapons both deployed and stockpiled, the Russians do not see moral delinquency or hypocrisy in their own maintenance of 5,000 or more tactical or strategic nuclear weapons.

Given this difference in views, it is highly uncertain whether the U.S. pursuit of more nuclear arms control beyond the New Strategic Arms Reduction Treaty (New START) will strengthen U.S. efforts to “isolate Iran” with Russian help. Russia feels no pressure to reduce its nuclear weaponry and is in no rush to see U.S. conventional superiority dominate geostrategic relations.

#### Russian Views on Nuclear Technology

Russian views on specific nuclear weapons technology also parallel their views on the deployment of such weapons. Major U.S. efforts have been made for the past 30 years to make the strategic balance more stable as both the United States and the Union of Soviet Socialist Republics (USSR) (and now Russia) have pursued major reductions in nuclear

weapons. One of the central tenets of the second Strategic Arms Reduction Treaty (START II) was the elimination of multiple warhead land-based missiles.

As nuclear weapons platforms, (bombers, submarines, and land-based silo-deployed missiles) are reduced in number, the worry was that too few numbers would encourage an attack during a crisis, because an adversary could see the possibility of eliminating our ability to retaliate after suffering an initial attack. So there were efforts to reduce warheads while keeping the number of “platforms” as high as possible.

Russian strategic thought has long seen U.S. deployments as threatening, especially missile defenses, but Russian development of new nuclear weapons is universally described by Moscow as “intended to trump” other similar missiles of other nuclear powers.<sup>2</sup> Russia apparently sees little “destabilizing” in the deployment of missiles capable of carrying a heavily multiple independent reentry vehicled (MIRVed) contingent of warheads. Such weapons are a significant portion of its inventory and will probably increase as Russia seeks to maintain the deployment of 1,550 warheads allowed by new START but with fewer overall platforms.

### **Russian Views of the Utility of Nuclear Weapons**

There is also the factor that the Russians see nuclear weapons as actually “increasing” in utility as their own conventional capability declines, as opposed to a near universal assumption among Global Zero advocates that nuclear weapons have very little actual utility in today’s geostrategic environment. Russia sees nuclear weapons as a key capability to offset its conventional inferiority in the European theater and in their near abroad. It sees nuclear weapons as a leveler in its relations with China, as its military analysts have repeatedly raised concerns over hegemonic Chinese ambitions in East Asia.

Moscow also sees nuclear weapons as a means of practicing peacetime coercion. They have reputedly threatened the use of nuclear weapons against eastern European and Baltic states to counter cooperative missile defense efforts with the United States. According to some Russian commentary, nuclear weapons are needed to reverse the prospects of a major conventional defeat. As one top U.S. analyst told me, in Russia’s view, “Nukes on big rockets with lots of room for error makes lots of sense.” He concluded our conversation by noting that nuclear weapons allow the Russians to “reign in hell rather than serve in Heaven.”<sup>3</sup>

### **Does Conventional Wisdom Reflect Actual Russian Nuclear Policy?**

Alexei Arbatov, in his March 2011 Carnegie Paper on Russian nuclear weapons policy, concluded that Russia maintains a conservative, not reckless, nuclear policy, and will not even be able to deploy up to New START ceilings. While interested in even further reductions in nuclear weapons, Russia would find that such cuts would be impossible because of U.S. deployments of ballistic missile defenses, development of new long-range prompt strike, and existing tactical nuclear weapons. Arbtov goes even further with the claim that Moscow has to rely on tactical nuclear weapons as a counterbalance not only to North Atlantic Treaty Organization (NATO) conventional superiority<sup>4</sup> but also to U.S. strategic nuclear superiority and long-range precision-guided weapons.

This “wisdom” has led such members of Congress as Barney Frank and Edward Markey to propose radical and unilateral reductions in U.S. nuclear forces, as well as elimination of the entire modernization and sustainment funding for the entire U.S. nuclear enterprise. Frank<sup>5</sup> has pushed further cuts in U.S. defense spending of \$1 trillion, including nuclear forces, to a point where the United States would be left with 160 Minuteman missiles (from the 450 deployed today), seven *Trident* submarines (from the currently deployed 12), and no strategic bombers. Moreover, Frank calls for no modernization funding, nor does Markey. In fact, Markey claims the United States is currently spending some \$70 billion a year on nuclear weapons and “related” programs, thus justifying a cut of \$20 billion annually as being only a small price to pay to further reduce U.S. spending. But this is utter nonsense, of course.

According to the “Section 1251” report<sup>6</sup> submitted to the U.S. Senate prior to the final debate on the ratification of the New START treaty, the administration pledged that a total of roughly \$215 billion would be spent over a period of 10 years to “sustain and modernize” the U.S. strategic nuclear deterrents, including the launch platforms on which our warheads are deployed, the national laboratories where the sustainment work on the warheads is done, and the stockpile stewardship activities.

Cutting \$20 billion from these programs would essentially eliminate all U.S. nuclear sustainment and modernization. Such a draconian step is consistent with Markey’s call for a “nuclear freeze,” an echo of the Soviet-led nuclear freeze campaign of some 30 years ago initiated in response to the election of President Ronald Reagan and the initiation of the U.S. strategic modernization effort outlined in the Scowcroft Commission report of March 1983.

## **Conclusion: Truths and Consequences**

We have emphasized in the arms control narrative that further agreements with Russia on nuclear weapons reductions can be used as leverage by Moscow to curtail a host of U.S. defense requirements and capabilities, including prompt global conventional strike, missile defenses, and U.S. and allied conventional capabilities.<sup>7</sup> That idea has now morphed into an effort within Congress to bring to a halt all further nuclear modernization, despite current major Russian nuclear modernization.

Ironically, even as Moscow threatens to use its significant advantage in tactical nuclear weapons for coercion and blackmail in such areas as the geopolitical game over the Caspian basin energy resources, the competition to control the flow of oil to China, and NATO missile defense deployments, pressure grows in the United States to restrain the very U.S. and allied military deployments that could guard against such Russian adventures.

Even more worrisome, instead of seeking Russian restraint in its own nuclear weapons policy, especially its relatively cavalier attitude toward the use of nuclear weapons, we have tended to look the other way on Russian (and Chinese) contributions to nuclear proliferation elsewhere especially with regard to Iran, Syria, Venezuela, and North Korea, which they see keeping in check American power and influence as part of their zero-sum security policy perspective.

Understandably, because of the very large tactical nuclear weapons advantage of Russia, we have made it a central subject of future negotiations with Russia. Russia thus knows it can exact heavy concessions in exchange for its promise of movement on tactical nuclear weapons. Moreover, it can expect considerable restraint from the United States, as

Washington promises itself that its own restraint will engender the proper response from Moscow.<sup>8</sup>

We have to remember that Russia begins with an attachment to nuclear weapons to guarantee its seat at the world power table. The more we grant Moscow leverage over an entire range of U.S. military deployments, the more we are cementing current Russian policy long into the future.<sup>9</sup>

## Summary

Many domestic analysts have called for major U.S. restraint in: (1) deployment of its conventional forces in Europe and the Far East; (2) deployment of prompt global conventional strike capabilities; (3) acceptance of major restrictions on the geographic location and number of deployed missile defense interceptors; (4) elimination of U.S. upload capability on its strategic nuclear force structure; and finally (5) overall serious restriction of U.S. space programs to avoid what is popularly termed “the weaponization of space.”

U.S. restraint is needed, so the conventional wisdom goes, primarily to secure Russian cooperation on another “arms control deal,” but also to further a policy Reset with Moscow which will enable a more cooperative relationship to emerge that helps with key counterproliferation problems with Iran and North Korea. In fact, U.S. efforts have also enabled the Russians to gain important leverage over U.S. security policy without having to change significantly their own security behavior, especially their actions on nuclear weapons technology, their declaration of the utility of nuclear weapons, and their continued support for state sponsors of terror such as Syria and Iran. In addition, U.S. assumptions that Russia shares administration support for Global Zero are seriously wrong, as Russia is using the U.S. pursuit of that lofty goal as a means of securing U.S. restraint in U.S. nuclear modernization and deployment of U.S. and allied missile defenses.

## End Notes for Section 3

<sup>1</sup> Bruce Blair wrote in *Arms Control Today* that the United States must limit its continental United States missile defense interceptors to significantly less than even the 100 allowed by the now defunct Anti-Ballistic Missile (ABM) Treaty or the number now maintained by Moscow, probably no more than 30-40.

<sup>2</sup> On August 10, 2011, Putin announced plans for a new sub-fired ballistic missile with capability of firing 6-12 warheads per missile.

<sup>3</sup> A specially upgraded *Akula*-class submarine has been caught trying to record the acoustic signature made by the *Vanguard* submarines that carry Trident nuclear missiles, with Britain recording the highest number of contacts with Russian submarines since 1987 according to the *London Telegraph* dated August 28, 2010.

<sup>4</sup> One wonders what part of the Russian Federation the North Atlantic Treaty Organization (NATO) has war plans to invade.

<sup>5</sup> The Barney Frank Sustainable Defense Task Force, July 2010, or what I term the “Sing Kubaya” Option.

<sup>6</sup> This report was submitted to Congress on May 13, 2010, pursuant to Section 1251 of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111-84) and thus is known as the “1251 Report.”

<sup>7</sup> James Acton and Michael Gerson, “Beyond New Start,” *Arms Control Today*, September 2011: “Russia is increasingly concerned with U.S. conventional capability, long range prompt conventional strike, weaponization of space, our upload capability on our strategic forces and ballistic missile capability” and thus is “reluctant to engage in further arms control.” Russian Duma members have told me in private conversations



they wish to curtail exactly those four areas of development. These concerns are then used by U.S. analysts as “proof” that such U.S. restraint will bring about the new agreements we seek.

<sup>8</sup> Gerson and Acton say U.S. restraint on development has led to Russian cooperation on United Nations sanctions on Iran and “may help garner greater international support for nonproliferation initiatives. . . .”

<sup>9</sup> *Geopolitics and Crisis in the Caucasus: From Chyzyz*, January 20, 2010:

Although military confrontation between Russia and the Western great powers in the Caucasus is unlikely, current power projection by both sides will create an unstable situation in the region, threatening peace and security in one of the mostly volatile regions of the contemporary world. Indeed, one point is certain: Russia will no longer tolerate any security arrangements between the Caucasian states and the outside powers as it sees such arrangements as an encroachment of its immediate security environment.

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*Chapter 14*

**RUSSIA'S ACCESSION TO THE WTO AND ITS  
IMPLICATIONS FOR THE UNITED STATES –  
UPDATED JANUARY 4, 2013\***

*William H. Cooper*

**SUMMARY**

In 1993, Russia formally applied for accession to the General Agreement on Tariffs and Trade (GATT). In 1995, its application was taken up by the World Trade Organization (WTO), the successor organization of the GATT. Russia is the largest economy not in the WTO; after a number of fits and starts during the 18-year process, the then-153 members of the WTO, on December 16, 2011, invited Russia to join the WTO during the Ministerial Conference in Geneva. On July 10 and July 18, 2012, respectively, the lower house of the Russian parliament—the State Duma—and the upper house—the Federal Council—approved the protocol of accession. President Putin signed the measure into law on July 21, allowing Russia to formally join the WTO on August 22. The immediate policy issue for Congress was whether to enact legislation authorizing the President to grant permanent normal trade relations (PNTR) status for Russia, a status that all WTO members are required to provide each other. Some Members of Congress viewed congressional consideration of PNTR legislation as the opportunity to ensure that the conditions on which Russia is invited to join the WTO reflected U.S. concerns and that Russia fulfill its commitments.

On November 16, and on December 6, 2012, respectively, the House passed (365-43) and the Senate passed (92-4) H.R. 6156. The President signed the bill into law (P.L. 112-208) on December 14, 2012. The law removes the application of Title IV to trade with Russia and authorizes the President to grant PNTR to Russia by proclamation. It also contained other provisions requiring follow-up reports and discussion to ensure that Russia complies with its obligations to the United States and other WTO members. In joining the WTO, Russia has committed to bring its trade laws and practices into compliance with WTO rules and other market-opening measures. In doing so, it will take

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a major step in integrating its trading system with the rest of the world. Those commitments include

- extending nondiscriminatory treatment of imports of goods and services;
- reducing tariffs and binding tariff levels;
- ensuring transparency when implementing trade measures;
- limiting agriculture subsidies;
- enforcing intellectual property rights (IPR) of foreign holders of such rights;
- forgoing the use of local content requirements and other investment measures that limit imports; and
- opening government procurement contract opportunities to foreign firms. In joining the WTO, Russia commits to accepting WTO dispute settlement procedures.

In return, Russia will have a voice in shaping and implementing the international trade regime. It will be able to hold its WTO partners accountable for adhering to WTO rules in conducting their trade relations with Russia, making those trade relations more predictable and stable. In addition, Russian economic reformers anticipate that WTO membership will make Russia a more attractive location for foreign producers and investors to do business by locking in trade-liberalizing reforms, which could increase Russia's economic growth.

## INTRODUCTION

In 1993, Russia formally applied for accession to the General Agreement on Tariffs and Trade (GATT). Its application was taken up by the World Trade Organization (WTO) in 1995, when it was established to succeed the GATT. The WTO is a 153-member organization that administers a set of multilaterally negotiated rules on trade and trade-related activities. After a number of fits and starts during the 18-year process, the members of the WTO, on December 16, 2011, invited Russia to join the WTO. On July 10 and July 18, 2012, respectively, the lower house of the Russian parliament—the State Duma—and the upper house—the Federal Council—approved the protocol of accession. On July 21, President Putin signed the measure into law, allowing Russia to formally join the WTO on August 22.

Since China and Taiwan joined in December 2001/January 2002, eight countries have acceded to the WTO. Yet, none of those eight accessions has drawn as much interest from Congress and the U.S. policymaking establishment as Russia's pending accession. This interest can be attributed to several factors. Russia is the largest economy that is not a member of the WTO, and therefore, its accession could have important influence on the future of the WTO and its members. In addition, WTO accession is generally considered one of the remaining post-Cold War steps toward bringing Russia into the system of multilateral economic organizations. (Russia is already a member of the International Monetary Fund and the World Bank.)

In addition, for some Members of Congress and other U.S. stakeholders, the experience of China's WTO accession in 2001 fueled interest and raised concerns regarding Russia's accession. They argued that the United States must not repeat what they view as the mistakes made with China's accession by ensuring that Russia accedes only under conditions that reinforce WTO rules and principles.

The WTO requires each member to extend to other members “immediate and unconditional” most-favored-nation (MFN), nondiscriminatory status, which is called permanent normal trade relations (PNTR) status in U.S. trade law. In order for the United States to comply with this rule and for the United States to have a trade relationship with Russia in the WTO, Congress would have to pass legislation removing the so-called Jackson-Vanik free emigration requirements as they apply to Russia. Therefore, congressional interest in Russia’s accession to the WTO is closely tied to congressional action on PNTR for Russia. On November 16, and on December 6, 2012, respectively, the House passed (365-43) and the Senate passed (92-4) H.R. 6156. The President signed the bill into law (P.L. 112-208) on December 14, 2012.

This report provides a brief overview of the WTO itself, the accession process in general, and the commitments that Russia has made to join the WTO. The report discusses U.S. policy on Russia’s accession and the accession in the context of the U.S.-Russia economic relationship. It outlines the congressional role in the process and the potential impact of WTO accession for Russian trade with the United States.

## THE WTO AND THE ACCESSION PROCESS

The WTO’s membership of 153 countries and customs areas spans all levels of economic development, from the least developed to the most highly developed economies. The WTO came into existence in January 1995 as a part of the agreements reached by the signatories to the General Agreement on Tariffs and Trade (GATT) at the end of the Uruguay Round negotiations. The WTO’s primary purpose is to facilitate trade among its members by administering the roughly 60 agreements and separate commitments made by its members as part of the GATT 1994 (for trade in goods), the General Agreement on Trade in Services (GATS—for trade in services), the agreement on trade-related aspects of intellectual property rights (TRIPS) and other multilateral trade agreements.

Membership in the WTO commits its members to fundamental principles in trade with one another. These principles include

- *Most-favored nation treatment (MFN)*: The imports of goods and services originating from one member country will be treated no less favorably than imports of goods and services from any other member country.
- *National treatment*: Imports of goods and services are treated no less favorably than like goods and certain services produced domestically.
- *Transparency*: Government laws and regulations that affect foreign trade and investment are to be published and made available to all members.
- *Lowering trade barriers through negotiations*: Members agree to participate in negotiations (rounds) to lower trade barriers further and bind tariff levels. Members have conducted eight rounds of negotiations to lower trade barriers with the ninth round—the Doha Development Agenda (DDA)—in progress since 2001.
- *Reliance on tariffs to protect sensitive sectors*: In order to promote predictability and openness in commerce, the WTO requires members to use tariffs and avoid using quotas or other nontariff measures when restricting imports to counter the effects of

unfairly traded imports or surges in fairly traded imports. The WTO has a general prohibition on the use of quantitative restrictions on exports and imports.

- *Dispute resolution*: The WTO provides a mechanism for the binding settlement of disputes between members when the dispute involves alleged violations of WTO agreements.
- *Trade policy reviews*: The WTO regularly reviews each member's trade regime to ensure that it conforms to WTO rules. Trade among WTO members accounts for over 90% of total world trade.<sup>1</sup>

Article XII of the agreement that established the WTO provides that, “[a]ny state or customs territory having full autonomy in the conduct of its trade policies is eligible to accede to the WTO on terms agreed between it and WTO members.” The accession process begins with a letter from the applicant to the WTO requesting membership. The WTO General Council, the governing body of the WTO when the Ministerial Conference is not meeting, forms a working party (WP) to consider the application. Membership in the WP is open to any interested WTO member.

More than 60 member countries, including the United States, were part of the WP on Russia's accession. The U.S. delegation was led by the Assistant U.S. Trade Representative for WTO and Multilateral Affairs and included representatives from the other relevant departments and agencies.

The applicant submits a memorandum to the WP that describes in detail its current trade regime and then responds to questions on the trade regime from the WP members. Once WP members are satisfied that they have all the relevant information, negotiations on the terms of accession begin under the WP's aegis. In general, the acceding country negotiates “multilaterally” with the WP itself on a schedule of commitments pertaining to WTO rules, that is, determining what the acceding country needs to do to bring its trade regime into compliance with WTO rules on goods, services, and other investment measures. It negotiates informally with a self-selected subgroup of the WP on a schedule of commitments pertaining to agricultural support and export subsidies which, when completed, is brought to the full WP for approval. The acceding country negotiates market-opening concessions and commitments on tariffs on goods and a schedule of commitments on services bilaterally with each WP member that chooses to do so. However, WP members may also raise issues bilaterally on rules. The bilateral agreements are submitted to the WTO Secretariat, where they are consolidated into draft schedules on goods and services that will apply to all WTO members once accession is completed. The WP operates by consensus; therefore, any one WP Member can halt proceedings by objection.

The commitments on rules, the schedule on goods, and the schedule on services are included in the WP report. The WP develops and attaches to the report a draft Protocol of Accession, which sets out the terms of accession for the acceding country, and also attaches as an annex a draft Decision for the General Council to invite the applicant-country to accede to the WTO. The package is placed before the General Council (or the Ministerial Conference if it is in session) for approval. Article XII requires the package be approved by at least two-thirds of the WTO members, but in practice approval has been determined by consensus. If approved, the Protocol of Accession is submitted to the applicant, which must accept it by signature or ratification.

Article XII places no deadline or timeframe on the accession process. The length of time can depend on a number of factors, including the complexity of issues at hand and the ability of the WTO negotiators and the negotiators from the applicant to address them. It can also depend on the political will of all relevant parties. Since the establishment of the WTO in 1995, 25 countries have acceded. The shortest amount of time for completing the process has been 2 years and 10 months (the Kyrgyz Republic), and the longest has been 15 years and 5 months (China). Russia's application has already exceeded that record.

## **RUSSIAN ECONOMIC POLICY AND WTO ACCESSION**

WTO accession has been supported by some Russian policymakers who have sought to restructure and reform the Russian economy in the post-Soviet era. The fits and starts of the accession process have closely mirrored the advances and retrenchments that have occurred over the last two decades in Russian economic reform efforts.

Russia's transition from central planning was bound to be more difficult and longer than that of the Central and East European states. The communist system was much more entrenched there than in the rest of the Soviet Bloc. Furthermore, Russia does not have a legacy of a market economy to draw on as was the case with some of the Central and East European countries. Russia has had to deal with the legacy of a Soviet economy that was administered to meet the needs of the military, while private sector production and investment and consumer demand were given low priority.

Although former President Boris Yeltsin launched the accession process in 1993, the motivation for the project was tempered by political instability. This included Yeltsin's confrontation in 1993 with the Supreme Soviet, the then-parliament, which consisted largely of former communists. Instability was also caused by Yeltsin's re-election to the presidency by the slimmest of margins, barely winning over the communist party candidate. This period was also one of major economic instability, including very high inflation, high interest rates, a plummeting ruble foreign exchange rate, severe economic contractions, and a mismanaged privatization program—all of which led to a major financial crisis in August 1998. These factors contributed to a political and economic environment not conducive to the economic reforms that an economy in transition would need to undertake in joining the WTO.<sup>2</sup>

During his first presidential term (2000-2004), Vladimir Putin promoted Russia's integration into the world economy as part of his strategy to revive the Russian economy and retrieve the country from the chaos of the Yeltsin period. This strategy included promoting Russia's accession to the WTO. He proclaimed that this strategy included, "speed[ing] up the work on Russia's accession to the WTO on conditions that are acceptable to us and generally work[ing] to make Russia competitive in all senses of the word."<sup>3</sup> The government implemented many of the laws required for reform and also to make its trade regime more consistent with WTO rules, including reform of its customs code.<sup>4</sup>

However, during his second term (2004-2008), Putin retrenched on economic reform by reasserting state control over critical economic sectors, including oil and natural gas, and halting other structural reforms that were intended to diversify the economy away from its dependence on oil and other natural resources. This period was first marked by the arrest in October 2003 of Mikhail Khodorkovskiy, the head of the Yukos oil firm. The government

charged him with tax evasion, but popular consensus asserts that he was arrested for challenging Putin politically. He is currently serving a prison term. The arrest of Khordorkovskiy and the brake on reforms generated skepticism regarding Putin's commitment to Russian economic restructuring, which lasted through the end of his second term. It also led to growing apprehension among foreign investors about the viability of Russia as a host for foreign investment. Nevertheless, the Russian economy enjoyed strong economic growth as world oil prices continued to increase and the government practiced prudent fiscal and monetary policies that produced government surpluses and lower inflation.

Putin's support for WTO accession appeared to wane as well.<sup>5</sup> Nevertheless, Russia made progress towards accession by completing most of its bilateral market access negotiations, including those with the European Union (EU) in 2004, the United States in 2006, and most other participating members by 2009.

The Russian economy was hit hard by the global financial crisis that surfaced in 2008, resulting in an economic downturn, the effects of which are still being felt.

It also represented the beginning of the present phase of Russian economic policy that coincides with the presidency of Dmitri Medvedev, who has governed in tandem with Putin as prime minister. The crisis exposed weaknesses in the Russian economy, including its significant dependence on the production and export of oil and other natural resources. Russia faced a rapid decrease in the prices for oil and other commodities. It also exposed severe weaknesses in the financial system as the financial crisis restricted Russia's access to foreign banking credits, on which many Russian companies depend.

Russia also faced investor unease caused in part by its military confrontation with Georgia in August 2008. By mid-2009, Russia appeared to be close to completing the accession process. However, on June 9, 2009, Putin announced that Russia would be abandoning its application to join the WTO as a single entity and would instead pursue accession with Belarus and Kazakhstan as a customs union, which set back the process for about a year and also raised doubts about Putin's commitment to join the WTO. However, after meeting resistance from WTO members and officials, Russia and the other two countries decided to pursue accession separately, while continuing to coordinate their trade policies within the customs union.

On June 24, 2010, during their meeting in Washington, DC, President Obama and President Medvedev pledged to resolve the remaining bilateral issues regarding Russia's accession to the WTO. The United States also pledged to provide technical assistance to Russia to speed up the process of Russia's accession. On October 1, 2010, USTR announced that the United States and Russia had resolved most bilateral issues, including those related to intellectual property rights (IPR). In addition, Russia completed negotiations with the EU and the other trading partners.

## **RUSSIA'S COMMITMENTS AND MAJOR ISSUES**

Russia filed the "Memorandum on the Foreign Trade Regime" that began the process for GATT/WTO accession in 1994. The WTO established the Working Party (WP) on the accession in 1995. From 1995 through 1997, the process consisted of Russian representatives answering questions from WP members to clarify the description of the trade regime



contained in the Memorandum. It is on the basis of the Memorandum and numerous supplementary documents that the WP members determined what steps Russia needed to take in order to ensure its foreign trade regime complies with WTO rules. Negotiations with WP members and bilateral WTO member trading partners began in 1998.<sup>6</sup>

By 2009, Russia had completed most of its bilateral negotiations (although some outstanding issues with Georgia remained unresolved until November 2011). The WTO Secretariat reconciled the tariff schedules and other commitments on market access for goods and services that Russia negotiated bilaterally and the commitments on trade in agriculture that are included in the final working party report that is attached to the Protocol of Accession. On November 10, 2011, the WP formally approved the accession package and sent it for consideration by the Ministerial Conference, which approved it and, on December 16, invited Russia to join the WTO.

In order for Russia to accede to the WTO, it must agree to comply with the terms of all WTO agreements, including GATT 1994, the GATS, and TRIPS. What follows is a discussion of some of the commitments Russia made through its bilateral negotiations and negotiations with the Working Party.

## Manufactured Goods

WTO members are required to set limits or *bindings* on tariff rates. Frequently the *bound* tariff rates are higher than the actual or *applied* tariff rates, allowing the country some flexibility in its tariff policies but also providing exporters to the market assurances that tariffs will not exceed established ceilings. Russia's average applied tariff rate on manufactured goods was 9.5% in 2011, down from an applied rate of 12.1% in 2005.<sup>7</sup> Russia maintains high tariff rates on imports of some sensitive products, including both new and used cars and cigarettes.<sup>8</sup>

Russia has agreed to bind its tariffs on manufactured goods at an average rate of around 7.3%.<sup>9</sup> Within this group, Russia will reduce

- tariffs on wide-body aircraft to no higher than 7.5% (from 20.0%), tariffs on narrow-bodied aircraft to no higher than 12.5% (from 20.0%), and tariffs on aerospace engines to an average of no higher than 5% (from 10.0%);<sup>10</sup>
- automobiles to 12.0% (from 15.1%);<sup>11</sup>
- construction equipment to an average bound rate of no higher than 5.5%;<sup>12</sup>
- agricultural equipment, including combine harvesters and threshers, to an average bound tariff of no higher than 5.6%;
- medical equipment to an average bound tariff of no higher than 4.9%;
- high-tech instruments to an average rate of no higher than 4.4%;
- chemicals to an average bound tariff of 5.2% (down from 6.7%);
- machinery (e.g., submersible pumps, chain saws, filtering equipment) to an average bound tariff of no higher than 7.2%;
- electrical equipment to 6.2%;
- consumer goods (e.g., appliances, furniture, recreation goods) to an average bound tariff of no higher than 2.0%; and

- textiles, apparel, footwear, and travel goods to average bound tariff of 11.1%.

Furthermore, Russia has committed to eliminate tariffs on information technology products (currently a 5.4% tariff) listed in the WTO Information Technology Agreement (ITA), such as computers, and agreed to implement 95% of these commitments during the first three years of its accession.<sup>13</sup>

## **Agricultural Goods**

Russian restrictions on imports of agricultural products, particularly meats, have been a sensitive issue in trade relations with the United States, the EU, Brazil, and other agriculture-exporting countries and, therefore, were a very contentious issue during the WTO accession negotiations. Russia applies high tariffs and tariff-rate quotas (TRQs) on agricultural imports.<sup>14</sup> Exporters have also claimed that Russia has applied sanitary and phytosanitary (SPS) controls, which are ostensibly used to protect the health and safety of consumers from food contaminants, as protectionist measures. Russian agricultural subsidies have also been an issue in the accession negotiations.

### ***Market Access***

Russia's WTO commitments regarding agricultural trade resulted mainly from bilateral negotiations with the United States, the EU, and members of the Cairns group of agriculture exporters.<sup>15</sup> Russia agreed to bind tariffs on a range of products either at current rates or at lower rates. According to the WTO, Russia agreed to reduce and bind its tariffs on

- dairy products to 14.9% from 19.8%;
- cereals to 10.0% from 15.1%;
- oilseeds, fats, and oils to 7.1% from 9.0%; and
- wood and paper to 8.0% from 13.4%.<sup>16</sup>

Russia's TRQ on pork would be 400,000 tons, and its TRQ on poultry imports would be 350,000 tons. Russia will set its quota on beef imports at 530,000 tons.<sup>17</sup> Some quotas are subject to specific WTO member allocations. According to the WTO, Russia will set and bind its tariff on

- beef at 15% within the TRQ and 55% outside the TRQ;
- pork at 0% within the TRQ and 65% outside the TRQ (and would replace the TRQ with a flat 25% tariff on January 1, 2020);
- selected poultry products at 25% within the TRQ and 80% outside the TRQ; and
- some whey products at 10% within the TRQ and 15% outside the TRQ.<sup>18</sup>

### ***Sanitary and Phytosanitary (SPS) Measures***

As a WTO member, Russia would be obligated to adhere to the provisions of the WTO Sanitary and Phytosanitary (SPS) Agreement when imposing measures to protect human, animal, or plant life or health. The main objective of the SPS Agreement is to prevent WTO

members from using such measures as disguised protectionism. The Agreement allows members to apply their own standards but requires that they be based on science; that they should be applied only to the extent necessary to protect human, animal, and plant life; that they should not discriminate between countries where similar conditions prevail; and that they should distort trade as minimally as possible. Under the agreement, members are encouraged to apply internationally accepted standards but may use higher standards if they are based on science. In addition, members are expected to practice equivalence in order to facilitate trade. That is, if an exporting country can demonstrate that its inspection measures achieve the same level of safety protection as the importing country, then the importing country is expected to accept the exporting country's standards and procedures as "equivalent" to its own.

Reaching agreement with Russia on how it would implement the SPS agreement and bring its regulations into compliance with that agreement has been one of the most challenging aspects of Russia's accession process. The difficulty was related in part to Russia's practice of using rigid SPS requirements for imported animal and plant products. For example, Russia has required certification that imported grains are pest free, a process that could be cumbersome and costly. Russia has also required that imported meats only be shipped from facilities that are on a Russian government-approved list as meeting Russian safety requirements. For the United States, these requirements have adversely affected exports of meats, especially poultry and pork, dairy products, and grains and oilseeds. The United States and other agriculture exporting countries have argued that Russia's SPS requirements do not conform to international standards and are not based on accepted science as required under the WTO SPS Agreement.<sup>19</sup> Russia's bilateral accession negotiations with the United States, EU, and members of the Cairns Group, as well as with the WTO Working Party, focused on ensuring that Russia would pass and implement laws and resolutions requiring agencies to follow international SPS standards.

Another challenge emerged with the formation of the Customs Union (CU) with Belarus and Kazakhstan. Russia has signed agreements with its CU partners that cede authority over customs matters to the CU and require that customs regulations, including SPS regimes, be harmonized among the three CU countries. For example, CU authorities, rather than national agencies, will now issue SPS certificates. In the process of the harmonization, not all of the Russian measures, such as provisions on equivalence and adherence to international standards, were reflected in the CU regulations. WP members have been working to ensure that Russia's commitments to adhere to the SPS Agreement are reflected in the CU regulations.

According to the WTO, Russia has committed, among other things, to

- develop and apply international standards on SPS measures through membership in the Codex Alimentarius, the World Organization for Animal Health (OIE), and the International Plant Protection Convention;
- negotiate veterinary export certificates that include requirements different from those of the customs union if an exporting country makes a substantiated request prior to January 1, 2013, to negotiate such a certificate; and
- refrain from suspending imports from establishments based on results of onsite inspection before it had given the exporting country the opportunity to propose corrective measures.<sup>20</sup>

### ***Subsidies***

Russia has agreed to eliminate all agricultural export subsidies. It had been pressing WP members to allow it to have a cap of \$9 billion on permitted trade-distorting agricultural subsidies, which are called “amber-box” subsidies in the WTO. Its current use of such subsidies has been below that level, but Russian agricultural interests argued that they needed the flexibility of the higher ceiling on trade-distorting subsidies to be able to meet the challenge of increased foreign competition from increased agricultural imports once they join the WTO.<sup>21</sup> As a result of the negotiations, Russia would be allowed a \$9 billion cap and would reduce these subsidies to \$4.4 billion by 2018. Russia will also be required to limit product-specific subsidies to 30% of allowable trade-distorting subsidies.<sup>22</sup>

### **Export Duties**

Russia maintains export duties on hydrocarbons, scrap metals, and other strategic materials. In 2007, it introduced export duties on raw lumber to give an advantage to its domestic lumber processors. This has been a sensitive issue for the EU. At the end of 2010, after intense negotiations with the EU, Russia agreed to abandon a planned increase from 25% to 80% in export duties and instead to establish export quotas with export duties 13%-15%, depending on the type of lumber.<sup>23</sup>

On October 21, 2011, EU Trade Commissioner Karel De Gucht announced that the export duty issue had been resolved to the EU’s satisfaction. The issue is particularly sensitive to Finland, which is dependent on imports of Russian raw lumber for its lumber processing industry.<sup>24</sup>

### **Services**

Throughout its bilateral negotiations on Russia’s accession to the WTO, the United States assigned priority to obtaining Russian commitments to open its fledgling services sector, especially financial services, to foreign providers. In some cases, the objective was to get Russia to lock in or bind established regulations and practices, and in other cases, the objective was to get Russia to liberalize rules and practices. Because of their leading role among global companies, U.S. services providers would be poised to take advantage of a more open Russian services sector. The United States took the lead in services negotiations, and the final proposed schedule of Russian commitments largely reflects the commitments the United States obtained during the negotiations.<sup>25</sup>

Regarding financial services, the United States obtained Russian commitments in *insurance and banking*. Russia will allow 100% foreign ownership of non-life insurance companies upon accession and will phase out restrictions on foreign participation in mandatory life insurance and restrictions on the number of licenses granted to foreign life insurance companies during the first five years of membership.<sup>26</sup>

Furthermore, Russia will raise the ceiling on total foreign ownership in the Russian banking sector from 15% to 50%, will allow 100% foreign ownership of banks and other non-insurance financial entities, and will allow foreign financial services companies to provide asset management services, credit card services, and other payment services. The United

States and other WTO members had pressed Russia to allow foreign banks to open branches. Russia refused but will allow foreign banks to open subsidiaries which come under the regulatory control of the Russian central bank. (Russia agreed to discuss the issue of bank branching again when it negotiates its membership in the Organization of Economic Cooperation and Development.)

In the area of *telecommunications services*, Russia agreed to eliminate the government monopoly on land-line long distance services and to allow foreign-owned telecommunications companies to operate in any telecommunications sector. Russia also agreed to establish an independent telecommunications regulator separate from the Ministry of Communications to avoid conflicts of interest.

Russia agreed, upon accession, to increase market access for foreign providers of *professional services and business services*, including lawyers, architects, accountants, engineers, health care professionals, advertising, and market and management services. It will also permit foreign-owned companies to establish 100%-owned business service companies in Russia.

Among its other commitments in services, Russia will allow foreign-owned providers of *distribution services, including express delivery and wholesale and retail services*, to establish wholly owned subsidiaries in Russia upon accession. Russia will also open its market to foreign *audio-visual service* suppliers in motion picture distribution and projection services and sales of television and radio programs to TV and radio stations. Russia will also allow foreign audiovisual companies to operate as 100% foreign-owned entities. Furthermore, Russia has made commitments to open its services markets to providers of energy services and computer and computer-related services.

## Intellectual Property Rights

The lack of intellectual property rights (IPR) protection has tainted the business climate in Russia for U.S. investors for some time. The Office of the United States Trade Representative (USTR) has consistently identified Russia as a “priority watch list” country, most recently in April 2011.<sup>27</sup> According to the USTR report, Russia has improved its IPR protection. However, the USTR has found that implementation of IPR laws has been slow and enforcement weak, especially in the area of Internet piracy.<sup>28</sup>

IPR protection was a pivotal issue in Russia's bilateral negotiations with the United States and in its negotiations with the WP. Intellectual property owners, such as software creators, movie companies, and music producers, view WTO accession as an opportunity to secure Russian commitments to stronger IPR protection. Under the November 2006 agreement with the United States, Russia made commitments to improve its IPR regime and to meet its obligations under the WTO's Trade-Related Intellectual Property Rights (TRIPS) agreement. A number of these commitments became effective immediately.

As a result of bilateral negotiations with the United States and other WP members, Russia has

- committed to fight optical disc piracy more effectively by permanently closing down production of optical media containing pirated and counterfeit material;
- enacted legislation to deny licenses to past offenders;

- been shutting down websites that illegally distribute music and other copyrighted works and enacted laws to stop websites from doing so in the future;
- enacted laws to protect pharmaceutical test data from unauthorized use;
- enacted criminal penalties to deter piracy and counterfeiting;
- strengthened border enforcement against piracy; and
- brought Russia's laws in compliance with international standards under TRIPS.

The United States remains cautious regarding Russia's enforcement of these commitments. Assistant USTR Chris Wilson said that the United States needs to see "on-the-ground results" from Russia.<sup>29</sup>

### **Trade-Related Investment Measures (TRIMS)**

The WTO TRIMS agreement is intended to prevent members from employing restrictions on foreign direct investments that distort trade in goods. Such measures include local content requirements that require that a certain level of inputs (raw materials, parts) used by foreign-invested firms be of domestic origin. The TRIMS agreement also prohibits WTO members from using trade-performance requirements, for example, requiring foreign direct investors to export specific shares or amounts of their output.

On April 15, 2005, the Russian government began to implement a program to promote domestic auto production. Under the program, auto producers located in Russia that produce at least 25,000 vehicles annually; used at least 30% local content; and performed welding, painting, and assembly operations within their Russia-based operation would qualify for reduced import duties on imported components. As of February 2011, the requirements were increased to include a minimum of 350,000 vehicles produced annually; 60% local content; stamping operations as part of the locally based production process; and the establishment of research and development centers in Russia to perform engineering, design, and testing of vehicles and parts. Both the United States and the EU argued that the program violates the prohibition against local-content requirements under the TRIMS agreement. The United States obtained a Russian commitment to terminate the program by 2018. However, the EU, a major auto parts supplier to Russia, negotiated further to minimize the adverse impact the program would have to its auto parts-supplying firms. As a result, the EU obtained a commitment from Russia for compensation to remedy the adverse impact of the program on EU auto parts exports.<sup>30</sup>

### **Other Commitments**

During the accession negotiations, the United States and, in particular, the EU had concerns about the Russian government policy on subsidizing *natural gas prices* for domestic users. They argued that such subsidies gave Russian producers in energy-intensive industries, such as steel production, an unfair advantage over foreign competitors. Russia agreed to price natural gas at market prices to commercial users but could still subsidize prices to households and other noncommercial users.<sup>31</sup>

The *WTO Government Procurement Agreement (GPA)* is a plurilateral pact, that is, only those members who have signed it are obligated to comply with its provisions. Those signatories agree to open up certain government contracts for purchases of goods and services to firms from other signatories. Signing the GPA is not a *prime facie* condition of WTO membership. However, as part of the conditions of its accession, Russia has agreed to join the GPA and to notify its intention to the GPA Committee at the time of its accession and to negotiate the terms of its membership in the GPA within four years of its accession.<sup>32</sup>

## IMPACT OF WTO ACCESSION ON RUSSIA

WTO accession has several economic policy implications for Russia. Perhaps the most important implication would be introducing greater certainty in its trade relations with other WTO members since WTO rules govern how members trade with one another, and a member can appeal to the WTO if it believes that another WTO member has violated those rules. At the same time, Russia will have to adhere to WTO rules, reducing its ability to impose new trade restrictions in dealing with other members. For example, upon accession, Russia could not arbitrarily raise tariff rates on imports or exports of sensitive products beyond its bound rates or quantitative restrictions on exports and imports. Its trade actions could be subject to WTO dispute settlement procedures initiated by other WTO members, which could lead to sanctions against Russia. WTO accession is also expected to improve the Russian business climate, because traders and foreign investors would consider Russia a less risky place to do business. Furthermore, accession would give Russia a seat at the table in negotiating and implementing the rules.

In addition to the policy implications, WTO accession will likely have some economic effects for Russia. According to a World Bank study, in the medium term, WTO accession would increase Russia's gross domestic product (GDP) by 3.3% and, in the longer term, would increase it by 11%. The study concluded that a small increase in GDP growth would come from more efficient allocation of resources as a result of reduction of tariffs and increased competition from imports. Another small increase would come from improved terms of trade, that is, increased prices for Russian exports relative to imports, as a result of increased demand for Russian exports. The remainder of the increase in GDP, and by far the largest contributor according to the study, would result from measures Russia would take to liberalize foreign investment in services. The study argues that the availability of services from foreign providers of banking, insurance, telecommunications, transportation, and other services would increase the productivity of Russian firms and contribute to overall Russian economic growth. Those manufacturing industries likely to benefit the most from accession include non-ferrous metals, ferrous metals, and chemicals, while machinery and equipment, food and light industry, and construction materials would be adversely affected by increased foreign competition.<sup>33</sup>

## WTO ACCESSION AND U.S.-RUSSIA ECONOMIC RELATIONS

Successive U.S. Administrations have supported Russia's accession to the WTO. Most recently the Obama Administration included the issue as a priority as part of its efforts to "reset" U.S. relations with Russia.<sup>34</sup>

The U.S. government has provided advice to the Russian government on how to make its trade and investment regime WTO compatible and to educate Russian firms on the implications of WTO accession. Because the United States is the world's largest economy and has a lot of influence within the WTO, its support is critical to the success of Russia's application. However, the United States has also insisted that Russia enter the WTO on terms that provide meaningful trade liberalization and that require Russia to adhere to WTO agreements upon accession.

U.S. support for Russian accession is just one part of post-Cold War U.S. trade and economic policy that has encouraged Russia to establish a market economy. This policy is itself part of a larger U.S. foreign policy strategy to anchor Russia in the world community and to reshape the U.S.-Russian relationship into one of cooperation. U.S. support for Russia in the trade and investment areas has come in the form of technical assistance, trade preferences (including tariff preferences under the U.S. Generalized System of Preferences (GSP) program which gives duty free treatment to many developing countries), and financial assistance to U.S. exporters to, and investors in, Russia through the U.S. Export-Import Bank and the Overseas Private Investment Corporation (OPIC).

U.S.-Russia 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 further. Between 2000 and 2008, U.S. exports rose 343%, from \$2.1 billion to \$9.3 billion, but declined in 2009 in the wake of the global recession. U.S. exports span a range of products, including meat, machinery parts, and aircraft parts. U.S. imports increased more than 244%, from \$7.8 billion to \$26.8 billion from 2000 to 2008, but declined in 2009. 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 a large share of U.S. imports from Russia—rather than to an increase in the volume of imports. U.S.-Russia bilateral trade increased in 2010 and 2011 as both countries showed signs of recovery.

**Table 1. U.S. Merchandise Trade with Russia, 2001-2011 (in billions of dollars)**

Year	U.S. Exports	U.S. Imports	U.S. Trade Balances
2001	2.7	6.3	-3.5
2002	2.4	6.8	-4.4
2003	2.4	8.6	-6.2
2004	3.0	11.9	-8.9
2005	3.9	15.3	-11.3
2006	4.7	19.8	-15.1
2007	7.4	19.3	-11.9
2008	9.3	26.8	-17.5
2009	5.4	18.2	-12.8
2010	6.0	25.7	-19.7
2011	8.3	34.6	-26.3

Source: U.S. Department of Commerce Data, U.S. Census Bureau, Compiled by Global Trade Information Systems, Inc., World Trade Atlas.



Despite the post-Cold War increase in bilateral trade, Russia and the United States are still only moderately important trade partners to each other. Russia accounted for 1.6% of U.S. imports and 0.6% of U.S. exports in 2010, and the United States accounted for 3.3% of Russian exports and 5.3% of Russian imports.

Russia was the 31<sup>st</sup> largest export market and 14<sup>th</sup>-largest source of imports for the United States in 2011, while the United States was the 10<sup>th</sup>-largest export market for Russia and its 5<sup>th</sup>-largest source of imports.<sup>35</sup>

Similarly, investment relations are modest. According to Russian government data, by the end of 2010, the United States accounted for less than 2.5% of total accumulated foreign direct and portfolio investment. The first three countries were Cyprus (20.7%), the Netherlands (13.5%), and Luxembourg (11.7%), countries that are known mostly as financial centers, suggesting that at least 50% of the investments might have been repatriated Russian funds.<sup>36</sup> U.S. exporters and investors claim that a number of factors make them cautious about entering the Russian market: the lack of adherence to international standards of accounting; weak enforcement of intellectual property rights; the lack of protection of shareholders rights; burdensome taxation; poor legal protection of contract sanctity; and government corruption.

Russia's accession to the WTO could have some qualitative and quantitative effects on the relationship in absolute terms. As a number of observers have pointed out, WTO accession would likely bring more stability and predictability to the relationship, reducing the opportunities for unilateral actions. For example, Russia would be limited on how high it could raise its tariffs, as it did on car imports during the recession. It would also be obligated to adhere to WTO agreements on implementing SPS measures, safety and certification procedures, and other trade-related measures.

In addition to these qualitative effects, Russia's WTO accession could have some quantitative effects. One study forecasts that U.S. exports of agricultural products, including meats, grapes, apples, and processed foods, would increase two or three times as a result of reduction in Russian tariffs and standardization of SPS measures.<sup>37</sup>

The United States could also realize an increase in exports of civil aircraft and aircraft parts, telecommunications equipment, and pharmaceuticals as a result of lower Russian tariffs. Furthermore, improvements in Russia's enforcement of intellectual property rights and concessions on foreign investment could raise the level of investor confidence and increase the level of U.S. business investment in Russia, including investment and trade in services.<sup>38</sup>

## THE ROLE OF CONGRESS AND PNTR FOR RUSSIA

“Normal trade relations” (NTR), or “most-favored-nation” (MFN), trade status is used to denote nondiscriminatory treatment of a trading partner compared to that of other countries.<sup>39</sup> The WTO requires that WTO members apply MFN tariff treatment “immediately and unconditionally” to the goods of every other WTO member. Title IV of the U.S. Trade Act of 1974 applies conditions on Russia's status—compliance with freedom of emigration criteria under Section 402, the so-called Jackson-Vanik amendment—that are not applied to other WTO members. (See the *Appendix* for more details on Title IV and the Jackson Vanik amendment.) Therefore, the United States would not be in compliance with the MFN principle without Congress lifting the applicability of Title IV as it applies to Russia and

authorizing the President to grant Russia unconditional MFN, or what is often called permanent NTR (PNTR), before Russia enters the WTO. If a WTO member determines that it cannot, for any reason, comply with this or any other WTO rule toward a *newly acceding* member, it can “opt-out” of its obligations toward that member by invoking the non-application provision (Article XIII of the WTO). In so doing, the WTO member declares that the WTO obligations, rules, and mechanisms (e.g., the binding dispute settlement mechanism) will not apply in its trade with the new member in question.

On December 16, 2011, the United States invoked non-application at the time that Russia was invited to join the WTO. On November 16, and on December 6, 2012, respectively, the House passed (365-43) and the Senate passed (92-4) H.R. 6156 (365-43). The President signed the bill into law (P.L. 112-208) on December 14, 2012. On December 20, President Obama extended PNTR status to Russia by proclamation. On December 21, the United States (and Russia) disinvoked non-application making their bilateral trade relations in accordance with the WTO.

## OBSERVATIONS AND OUTLOOK

When Russia formally joined the WTO on August 22, 2012, its 19-year quest to join the WTO was complete. It was the longest such process in WTO history. The process had been particularly challenging as a result of domestic political and economic uncertainties that at times seemed to undermine Russia’s commitment to undertake the reforms necessary to comply with WTO agreements and rules. The process was also delayed by international crises such as the 1997 and 1998 financial crisis and the 2007-2008 global financial crisis. The process was further complicated in June 2009 with the formation of Russia’s customs union with Belarus and Kazakhstan, which is now responsible for most customs matters for the three countries. Also, a dispute between Georgia, a WTO member, and Russia over monitoring of trade between Russia and the two Georgian break-away provinces of Abkhazia and South Ossetia threatened to delay the completion of the accession. On November 9, 2011, the two countries agreed to a suggestion from Swiss mediators that international officials monitor trade between Russia and the two provinces.<sup>40</sup>

In joining the WTO, Russia commits to bring its trade laws and practices into compliance with WTO rules. In doing so, it has taken a major step in integrating its trading system with the rest of the world. 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. Russia will have also joined the WTO knowing that its fellow WTO members will hold it accountable, through WTO dispute settlement procedures, for fulfilling its WTO commitments. Some U.S. policymakers, for example, view WTO rules as an expanded set of tools with which to manage trade with Russia.

In return, Russia will have a major voice in shaping and implementing the international trade regime in the form of the WTO. It will also be able to hold other WTO partners accountable for adhering to WTO rules in conducting their trade relations with Russia, making those trade relations more predictable and stable. In addition, Russian economic

reformers anticipate that WTO membership will make Russia a more attractive location for foreign producers and investors to do business by locking in trade-liberalizing reforms and will boost Russian trade and economic growth.

For the WTO as a whole, Russia's accession means that all major economies will be under the WTO umbrella. Russia will help shape the WTO agenda.

For some that may be viewed as positive if Russia's interests are congruent with theirs. For others, it may be negative, if those interests are in conflict.

## APPENDIX. NTR STATUS AND JACKSON-VANIK

“Normal trade relations” (NTR), or “most-favored-nation” (MFN), trade status is used to denote nondiscriminatory treatment of a trading partner compared to that of other countries.<sup>41</sup> Only two countries—Cuba and North Korea—do not have NTR status in trade with the United States. In practice, duties on the imports from a country which has been granted NTR status are set at much lower rates than those from countries that do not receive such treatment. Thus, imports from a non-NTR country can be at a large price disadvantage compared with imports from NTR-status countries.

Section 401 of Title IV of the Trade Act of 1974 requires the President to continue to deny NTR status to any country that was not receiving such treatment at the time of the law's enactment on January 3, 1975. In effect this meant all communist countries, except Poland and Yugoslavia. Section 402 of Title IV, the so-called Jackson-Vanik amendment, denies the countries eligibility for NTR status, as well as access to U.S. government credit facilities, such as the Export-Import Bank, as long as the country denies its citizens the right of freedom of emigration. These restrictions can be removed if the President determines that the country is in *full compliance* with the freedom-of-emigration conditions set out under the Jackson-Vanik amendment. For a country to maintain that status, the President must reconfirm his determination of full compliance in a semiannual report (by June 30 and December 31) to Congress. His determination can be overturned by the enactment of a joint resolution of disapproval concerning the December 31 report.

The Jackson-Vanik amendment also permits the President to *waive* the freedom-of-emigration requirements, if he determines that such a waiver would promote the objectives of the amendment, that is, encourage freedom of emigration. This waiver authority is subject to an annual renewal by the President and to congressional disapproval via a joint resolution. Before a country can receive NTR treatment under either the presidential determination of full compliance or the presidential waiver, it and the United States must have concluded and enacted a bilateral agreement that provides for, among other things, reciprocal extension of NTR or MFN treatment. The agreement and a presidential proclamation extending NTR status cannot go into effect until a congressional joint resolution approving the agreement is enacted.

In 1990, the United States and the Soviet Union signed a bilateral trade agreement as required under Title IV of the Trade Act of 1974. The agreement was subsequently applied to U.S.-Russian trade relations, and the United States signed similar but legally separate agreements with the other former non-Baltic Soviet states. The United States extended NTR treatment to Russia under the *presidential waiver* authority beginning in June 1992. Since

September 1994, Russia has received NTR status under the *full compliance* provision. Presidential extensions of NTR status to Russia have met with virtually no congressional opposition.

## End Notes

<sup>1</sup> Based on WTO background information, at <http://www.wto.org>.

<sup>2</sup> *Ibid.*, p. 51.

<sup>3</sup> Office of the President of Russia, Annual Address to the Federal Assembly, April 3, 2001, <http://www.kremlin.ru>.

<sup>4</sup> Åslund, Anders, "Why Doesn't Russia Join the WTO?," *The Washington Quarterly*, April 2010, p. 55.

<sup>5</sup> *Ibid.*, 57.

<sup>6</sup> Åslund, Anders, "Why Doesn't Russia Join the WTO?," *The Washington Quarterly*, April 2010, p. 51.

<sup>7</sup> World Trade Organization, *Tariff Profiles*.

<sup>8</sup> Economist Intelligence Unit, *Country Commerce 2010*, November 2010, p. 75.

<sup>9</sup> World Trade Organization, *News Items, Working Party Seals the Deal on Russia's Membership Negotiations*, November 10, 2011, [http://www.wto.org/english/news\\_e/news11\\_e/acc\\_rus\\_10nov11\\_e.htm](http://www.wto.org/english/news_e/news11_e/acc_rus_10nov11_e.htm).

<sup>10</sup> Some of the following data were reported by the WTO and represent the final commitments made by Russia. Other data were reported by the Department of Commerce and were based on Russia's commitments under the bilateral accession agreement with the United States and may not reflect the lowest rates agreed to in the other bilateral negotiations.

<sup>11</sup> Russian officials have indicated that the current tariff is 30% and would be reduced first to 25% then eventually to 15%. *International Trade Daily*, November 15, 2011.

<sup>12</sup> In some cases, the comparable current tariff rates are not available.

<sup>13</sup> Under its 2006 bilateral agreement with the United States, Russia committed to "join the Information Technology Agreement (ITA)." Office of the United States Trade Representative, *Trade Facts: Results of Bilateral Negotiations on Russia's Accession to the World Trade Organization (WTO)—Non-Agricultural Market Access*, November 19, 2006.

<sup>14</sup> Under TRQs countries allow an established volume of products to be imported into the country at one often relatively low tariff rate but any imports beyond the quota at a higher, oftentimes prohibitive, tariff rate.

<sup>15</sup> The Cairns group includes Argentina, Australia, Bolivia, Brazil, Canada, Chile, Costa Rica, Colombia, Guatemala, Indonesia, Malaysia, New Zealand, Pakistan, Paraguay, Peru, Philippines, South Africa, Thailand, and Uruguay.

<sup>16</sup> World Trade Organization, *News Items, Working Party Seals the Deal on Russia's Membership Negotiations*, November 10, 2011, [http://www.wto.org/english/news\\_e/news11\\_e/acc\\_rus\\_10nov11\\_e.htm](http://www.wto.org/english/news_e/news11_e/acc_rus_10nov11_e.htm).

<sup>17</sup> *International Trade Daily*, November 15, 2011.

<sup>18</sup> World Trade Organization, *News Items, Working Party Seals the Deal on Russia's Membership Negotiations*, November 10, 2011, [http://www.wto.org/english/news\\_e/news11\\_e/acc\\_rus\\_10nov11\\_e.htm](http://www.wto.org/english/news_e/news11_e/acc_rus_10nov11_e.htm).

<sup>19</sup> Office of the United States Trade Representative, *2011 Report on Sanitary and Phytosanitary Measures*, March 2011, p.71-74.

<sup>20</sup> World Trade Organization, *News Items, Working Party Seals the Deal on Russia's Membership Negotiations*, November 10, 2011, [http://www.wto.org/english/news\\_e/news11\\_e/acc\\_rus\\_10nov11\\_e.htm](http://www.wto.org/english/news_e/news11_e/acc_rus_10nov11_e.htm).

<sup>21</sup> Tarr and Volchkova, p. 208-211.

<sup>22</sup> *Inside U.S. Trade*, October 20, 2011.

<sup>23</sup> *International Trade Daily*, November 15, 2011.

<sup>24</sup> European Commission Directorate-General for Trade, *EU and Russia Agree to Terms for Moscow's Eventual WTO Accession*, Press Release, October 21, 2011.

<sup>25</sup> This analysis of the services commitments is largely based on October 2011 discussions with USTR officials who participated in the negotiations.

<sup>26</sup> Office of the United States Trade Representative, *Trade Facts: Results of Bilateral Negotiations on Russia's Accession to the World Trade Organization—Bilateral Market Access Agreement on Services*, November 19, 2006.

<sup>27</sup> Section 301 of the Trade Act of 1974 (P.L. 93-618), as amended, is the principal U.S. statute for identifying foreign trade barriers due to inadequate intellectual property protection. The 1988 Omnibus Trade and

Competitiveness Act (P.L. 100-418) created the "Special 301" provisions, which require the USTR to conduct an annual review of foreign countries' intellectual property policies and practices.

<sup>28</sup> Office of the United States Trade Representative, Special 301 Report, April 30, 2011.

<sup>29</sup> International Trade Reporter, June 30, 2011.

<sup>30</sup> European Commission Directorate-General for Trade, EU and Russia Agree to Terms for Moscow's Eventual WTO Accession, Press Release, October 21, 2011.

<sup>31</sup> World Trade Organization, News Items, Working Party Seals the Deal on Russia's Membership Negotiations, November 10, 2011, [http://www.wto.org/english/news\\_e/news\\_11\\_e/acc\\_rus\\_10nov11\\_e.htm](http://www.wto.org/english/news_e/news_11_e/acc_rus_10nov11_e.htm).

<sup>32</sup> Ibid.

<sup>33</sup> Jensen, Jesper, Thomas Rutherford, and David Tarr, Economy-Wide and Sector Effects of Russia's Accession to the WTO, May 26, 2004, p. 15-21.

<sup>34</sup> Office of the United States Trade Representative, 2011 Trade Policy Agenda and 2010 Annual Report of the President of the United States and the Trade Agreements Program, Chapter I, p. 6.

<sup>35</sup> World Trade Atlas, Global Trade Information Services, Inc.

<sup>36</sup> Russian Federal Statistics Service, <http://www.gks.ru>.

<sup>37</sup> Åslund, Anders and Gary Clyde Hufbauer, Why It's in the U.S. Interest to Establish Normal Trade Relations with Russia, Peterson Institute for International Economics, 2011, p. 5. (Draft)

<sup>38</sup> Ibid.

<sup>39</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>40</sup> International Trade Daily, November 10, 2011.

<sup>41</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.



*Chapter 15*

**PERMANENT NORMAL TRADE RELATIONS (PNTR)  
STATUS FOR RUSSIA AND U.S.-RUSSIAN ECONOMIC  
TIES - UPDATED MARCH 28, 2013\***

*William H. Cooper*

**SUMMARY**

U.S.-Russian trade is governed by Title IV of the Trade Act of 1974, which sets conditions on Russia's normal trade relations (NTR), or nondiscriminatory, status, including the "freedom-of-emigration" requirements of the Jackson-Vanik amendment (Section 402). Changing Russia's trade status to unconditional NTR or "permanent normal trade relations status (PNTR)" requires legislation to lift the restrictions of Title IV as they apply to Russia and authorize the President to grant Russia PNTR by proclamation. On November 16, 2012, the House passed (365-43), and on December 6, 2012, the Senate passed (92-4) H.R. 6156, which does just that, among other things. The legislation also included provisions—the Magnitsky Rule of Law Accountability Act of 2012—that impose sanctions on individuals linked to the incarceration and death of Russian lawyer Sergei Magnitsky. H.R. 6156 also authorized PNTR status for Moldova. President Obama signed the legislation into law on December 14, 2012.

PNTR for Russia became an issue for the 112th Congress because, on August 22, 2012, Russia joined the WTO after having completed a 19-year accession process. The WTO requires each member to accord newly acceding members "immediate and unconditional" most-favored-nation (MFN) status, or PNTR. In order to comply with WTO rules, the United States had to extend PNTR to Russia.

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## INTRODUCTION

Granting Russia permanent normal trade relations (PNTR) status requires a change in law because Russia is prohibited from receiving PNTR under Title IV of the Trade Act of 1974. The change would likely occur in the form of legislation to eliminate the application of Title IV to trade with Russia. Title IV includes the so-called Jackson-Vanik amendment free emigration requirements. Extension of PNTR has implications for Russia's accession to the World Trade Organization (WTO). The WTO requires its members to extend immediate and unconditional nondiscriminatory treatment to the goods and services of all other members. After 19 years of negotiations, Russia joined the WTO on August 22, 2012. On November 16, 2012, the House passed (365-43), and on December 6, 2012, the Senate passed (92-4) H.R. 6156, which does just that, among other things. The legislation also included provisions—the Magnitsky Rule of Law Accountability Act of 2012—that impose sanctions on individuals linked to the incarceration and death of Russian lawyer Sergei Magnitsky. H.R. 6156 also authorized PNTR status for Moldova. President Obama signed the legislation into law on December 14, 2012.

### WHAT ARE NTR STATUS AND THE JACKSON-VANIK AMENDMENT?

“Normal trade relations” (NTR), or “most-favored-nation” (MFN), trade status is used to denote nondiscriminatory treatment of a trading partner compared to that of other countries.<sup>1</sup> Only two countries—Cuba and North Korea—do not have NTR status in trade with the United States. In practice, duties on the imports from a country which has been granted NTR status are set at lower rates than those from countries that do not receive such treatment. Thus, imports from a non-NTR country can be at a large price disadvantage compared with imports from NTR-status countries.

Section 401 of Title IV of the Trade Act of 1974 requires the President to continue to deny NTR status to any country that was not receiving such treatment at the time of the law's enactment on January 3, 1975. In effect this meant all communist countries, except Poland and Yugoslavia. Section 402 of Title IV, the so-called Jackson-Vanik amendment, denies the countries eligibility for NTR status as well as access to U.S. government credit facilities, such as the Export-Import Bank, as long as the country denies its citizens the right of freedom of emigration. These restrictions can be removed if the President determines that the country is in *full compliance* with the freedom-of-emigration conditions set out under the Jackson-Vanik amendment. For a country to maintain that status, the President must reconfirm his determination of full compliance in a semiannual report (by June 30 and December 31) to Congress. His determination can be overturned by the enactment of a joint resolution of disapproval concerning the December 31 report.

The Jackson-Vanik amendment also permits the President to *waive* the freedom-of-emigration requirements, if he determines that such a waiver would promote the objectives of the amendment, that is, encourage freedom of emigration.

This waiver authority is subject to an annual renewal by the President and to congressional disapproval via a joint resolution. Before a country can receive NTR treatment



under either the presidential determination of full compliance or the presidential waiver, it and the United States must have concluded and enacted a bilateral agreement that provides for, among other things, reciprocal extension of NTR or MFN treatment. The agreement and a presidential proclamation extending NTR status cannot go into effect until a congressional joint resolution approving the agreement is enacted.

## RUSSIA'S NTR STATUS

In 1990, the United States and the Soviet Union signed a bilateral trade agreement as required under Title IV of the Trade Act of 1974. The agreement was subsequently applied to U.S.-Russian trade relations, and the United States signed similar but legally separate agreements with the other former non-Baltic Soviet states.

The United States extended NTR treatment to Russia under the *presidential waiver* authority beginning in June 1992. Since September 1994, Russia has received NTR status under the *full compliance* provision. Presidential extensions of NTR status to Russia have met with virtually no congressional opposition.

Russian leaders continually pressed the United States to “graduate” Russia from Jackson-Vanik coverage entirely. They saw the amendment as a Cold War relic that did not reflect Russia’s new stature as a fledgling democracy and market economy. Moreover, Russian leaders argued that Russia implemented freedom-of-emigration policies since the fall of the communist government, making the Jackson-Vanik conditions inappropriate and unnecessary.

While Russia remained subject to the Jackson-Vanik amendment, some of the other former Soviet republics have been granted permanent and unconditional NTR. For example, Kyrgyzstan and Georgia received PNTR in 2000, and Armenia received PNTR in January 2005. Perhaps what has irked Russian leaders greatly is that the United States granted permanent and unconditional NTR status to Ukraine in 2006.

As with these other countries, extending PNTR to Russia involved legislation that would remove the application of Title IV of the Trade Act of 1974 as it applied to Russia. It authorized the President to grant PNTR by proclamation. On November 16, 2012, the House passed (365-43), and on December 6, 2012, the Senate passed (92-4) H.R. 6156, which did just that, among other things. President Obama signed the legislation into law on December 14, 2012.

## U.S.-RUSSIAN ECONOMIC TIES

During the Cold War, U.S.-Soviet economic ties were very limited. They were constrained by national security and foreign policy restrictions, including the Jackson-Vanik amendment restrictions. They were also limited by Soviet economic policies of central planning that prohibited foreign investment and tightly controlled foreign trade.

With the collapse of the Soviet Union, successive Russian leaders have been dismantling the central economic planning system. This has included the liberalization of foreign trade and investment. U.S.-Russian economic relations have expanded, but the flow of trade and

investment remains very low, as reflected in *Table 1*, which contains data on U.S. merchandise trade with Russia since 2001.

**Table 1. U.S. Trade with Russia, 2001-2011 (Billions of dollars)**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Exports	2.4	2.4	3.0	3.9	4.7	7.4	9.3	5.4	6.0	8.3	10.7
Imports	6.8	8.6	12.6	15.3	19.8	19.3	26.8	18.2	25.7	34.6	29.3
Balances	-4.4	-6.2	-8.9	-11.3	-15.1	-11.9	-17.4	-12.8	-19.7	-26.3	-18.6

Source: U.S. Department of Commerce, International Trade Administration.

The table indicates that 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 most of U.S. imports from Russia—and not to an increase in the volume of imports. U.S. exports span a range of products including meat, machinery parts, and aircraft parts. U.S. imports increased more than 244%, from \$7.8 billion to \$26.8 billion from 2000 to 2008, and U.S. exports rose 343%, from \$2.1 billion to \$9.3 billion. However, U.S. exports and imports with Russia declined substantially in 2009, as a result of the global financial crisis and economic downturn, but increased in 2010 and 2011 as both countries have shown signs of recovery. Exports continued to increase in 2012 while imports decreased somewhat. Russia was the 28th -largest export market and 16<sup>th</sup>-largest source of imports for the United States in 2012.

U.S. exports to and imports from Russia are heavily concentrated in a few commodity categories. The top five 2-digit Harmonized System (HS) categories of imports accounted for about 70% of total U.S. imports from Russia and consisted of precious stones and metals, inorganic chemicals, mineral fuels, aluminum, iron and steel, and fish and other seafood. About 60% of U.S. exports to Russia consisted of products in three 2-digit HS categories: aircraft, machinery (mostly parts for oil and gas production equipment), and meat (beef, pork, and poultry).<sup>2</sup>

## ISSUES IN U.S.-RUSSIAN TRADE

Russia's treatment of imports of U.S. meats—poultry, pork, and beef—is one of the most sensitive issues in U.S.-Russian trade relations. Russia's agricultural sector, particularly meat production, has not been very competitive, and domestic producers have not been able to fulfill Russia's expanding demand for meat, especially as the rise of Russian incomes has led to a rise in demand for meat in the Russian diet. U.S. producers, especially of poultry, have been able to take advantage and have become major sources of meat to the Russian market. At the same time, Russia has become an important market for U.S. exports of meat. For example, in 2009, Russia was the largest market for U.S. poultry meat exports.<sup>3</sup>

On January 1, 2010, the Russian government implemented new regulations on imports of poultry, claiming that the chlorine wash that U.S. poultry producers use in the preparation of chickens violates Russian standards and is unsafe. These regulations effectively halted U.S. exports of poultry to Russia. The United States claimed that the wash is effective and safe and that Russian restrictions are not scientifically based. U.S. and Russian officials conducted

discussions to resolve the issue. At their June 24, 2010, press conference that closed a bilateral summit meeting, President Obama and then-President Medvedev announced that the dispute over poultry trade had been resolved and that U.S. shipments of poultry to Russia would resume. However, the full resumption of shipments was delayed over Russian demands to inspect U.S. poultry processing plants before they can be certified for shipping to Russia. On September 30, 2010, the two countries reportedly reached a compromise on this issue whereby Russian inspectors would examine and certify U.S. plants on an expedited basis.<sup>4</sup> However, as a result of the Russian restrictions, U.S. exports of poultry to Russia plummeted almost 70% by the end 2011 compared to 2009.<sup>5</sup>

The lack of adequate intellectual property rights (IPR) protection in Russia has tainted the business climate in Russia for U.S. investors for some time. The Office of the United States Trade Representative (USTR) consistently identifies Russia in its Special 301 Report as a “priority watch list” country, as it did in its latest (April 30, 2012) report. The USTR report acknowledges improvements in IPR protection and cites steps taken to fulfill its commitments to improve IPR protection made as part of the 2006 bilateral agreement that was reached as part of Russia’s WTO accession process. It also finds that Russia has problems with weak enforcement of IPR in some areas, including internet piracy.<sup>6</sup>

Russian economic policies and regulations have been a source of concerns. The United States and the U.S. business community have asserted that structural problems and inefficient government regulations and policies have been a major cause of the low levels of trade and investment with the United States. U.S. exporters have also cited problems with Russian customs regulations that are complicated and time-consuming.

## **RUSSIA’S ACCESSION TO THE WTO**

PNTR for Russia is closely tied to Russia’s efforts to join the WTO. The WTO requires its members to extend immediate and unconditional nondiscriminatory treatment to the goods and services of all other members. To fulfill that commitment, the United States would have to extend PNTR to Russia.

Russia first applied to join the General Agreement on Tariffs and Trade (GATT—now the World Trade Organization [WTO]) in 1993.<sup>7</sup> Russia completed negotiations with a WTO Working Party (WP), which includes representatives from about 60 WTO members, including the United States and the European Union (EU). WP members raised concerns about Russia’s IPR enforcement policies and practices, sanitary and phytosanitary (SPS) regulations that may be blocking imports of agricultural products unnecessarily, and Russia’s demand to keep its large subsidies for its agricultural sector. The United States also raised issues regarding the role of state-owned enterprises (SOEs) in the Russian economy and Russian impediments to imports of U.S. products containing encryption technology.

Prime Minister Putin’s June 9, 2009, announcement that Russia would be abandoning its application to join the WTO as a single entity and would instead pursue it with Belarus and Kazakhstan as a customs union seemed to set back the accession process. However, after meeting resistance from WTO officials, Russia and the other two countries decided to pursue accession separately. On June 24, 2010, during their meeting in Washington, DC, President Obama and President Medvedev pledged to resolve the remaining issues regarding Russia’s

accession to the WTO by September 30. The United States also pledged to provide technical assistance to Russia to speed up the process of Russia's accession taking into account its customs union with Belarus and Kazakhstan. On October 1, 2010, the USTR announced that "the United States and Russia have reached agreement on the substance of a number of Russian commitments." He noted that Russia had enacted amendments to laws related to the protection of IPR and that the United States "looks to the effective implementation of these laws."<sup>8</sup>

Russia completed its bilateral negotiations and negotiations with the Working Party. On November 10, 2011, the members of the Working Party approved the accession package and sent it on for consideration by the Ministerial Conference. The Ministerial Conference approved the package and, on December 16, 2011, formally invited Russia to join the WTO. The lower house of the Russian parliament—the State Duma—and the upper house—the Federal Council— approved the protocol of accession on July 10 and July 18, 2012, respectively. President Putin signed the measure into law on July 21, and Russia formally joined the WTO on August 22, 2012.

## LEGISLATIVE DEVELOPMENTS

PNTR was a major issue in Russia's accession to the WTO. Because Title IV still applied to Russia at the time of its WTO accession, the United States invoked nonapplication of WTO rules, procedures, and agreements in its trade with Russia. As a result, many of the commitments that Russia made in joining the WTO might not have applied to the United States. (Under the 1992 U.S.-Russia bilateral trade agreement, Russia was obligated to apply nondiscriminatory tariff treatment to imports from the United States.)

On November 16, and on December 6, 2012, respectively, the House passed (365-43) and the Senate passed (92-4) H.R. 6156 (365-43). The President signed the bill into law on December 14, 2012. The law removed the application of Title IV to trade with Russia and authorized the President to grant PNTR to Russia by proclamation. It also contained other provisions that required:

- the USTR report annually to the Senate Finance Committee and the House Ways and Means Committee on Russia's implementation of its WTO commitments, including sanitary and phytosanitary (SPS) standards and IPR protection and on acceding to the WTO plurilateral agreements on government procurement and information technology;
- the USTR report to the two committees within 180 days and annually thereafter on USTR actions to enforce Russia's compliance with its WTO commitments;
- the USTR and the Secretary of State report annually on measures that they have taken and results they have achieved to promote the rule of law in Russia and to support U.S. trade and investment by strengthening investor protections in Russia;
- the Secretary of Commerce to take specific measures against bribery and corruption in Russia, including establishing a hotline and website for U.S. investors to report instances of bribery and corruption; a description of Russian government policies, practices, and laws that adversely affect U.S. digital trade be included in the USTR's

annual trade barriers report (required under Section 181 of the Trade Act of 1974); and

- the negotiation of a bilateral agreement with Russia on equivalency of SPS measures.

The law also authorizes PNTR for Moldova. In addition, it contained the Magnitsky Rule of Law Accountability Act of 2012, which imposes sanctions on individuals linked to the incarceration and death of Russian lawyer Sergei Magnitsky.<sup>9</sup>

## End Notes

<sup>1</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>2</sup> World Trade Atlas.

<sup>3</sup> U.S. Department of Agriculture. Economic Research Service. FATUS, Export Aggregations, March 18, 2009.

<sup>4</sup> World Trade Online. September 30, 2010. For more information on issues pertaining to U.S. exports of meat to Russia, see CRS Report RS22948, U.S.-Russia Meat and Poultry Trade Issues, by Renée Johnson.

<sup>5</sup> Derived from U.S. Department of Commerce data.

<sup>6</sup> Office of the United States Trade Representative, Special 301 Report, April 30, 2011, p. 26.

<sup>7</sup> For more information on Russia’s WTO accession, see CRS Report R42085, Russia’s Accession to the WTO and Its Implications for the United States, by William H. Cooper.

<sup>8</sup> Office of the United States Trade Representative, USTR Kirk Welcomes Bilateral Resolution of Key WTO Issues with Russia press statement, October 1, 2010.

<sup>9</sup> For more information on the Magnitsky case and related legislation, CRS Report see CRS Report RL33407, Russian Political, Economic, and Security Issues and U.S. Interests, coordinated by Jim Nichol.



*Chapter 16*

## **REPORT ON WTO ENFORCEMENT ACTIONS: RUSSIA\***

### *United States Trade Representative*

#### **INTRODUCTION**

This report was prepared pursuant to section 201(b) of the Russia and Moldova Jackson-Vanik Repeal and Sergei Magnitskiy Rule of Law Accountability Act of 2012 (P.L. 112-208). This Act requires the U.S. Trade Representative not later than 180 days after the United States extends permanent normal trade relations (PNTR) to the products of the Russian Federation (Russia), and annually thereafter, to submit a report to the Committee on Finance of the U.S. Senate and the Committee on Ways and Means of the U.S. House of Representatives describing the enforcement actions taken by Office of the U.S. Trade Representative (USTR) against Russia to ensure Russia's full compliance with its obligations as a Member of the World Trade Organization (WTO), including any obligations under agreements with members of the Working Party on the accession of Russia to the WTO.<sup>1</sup>

#### **RUSSIA IN THE WORLD TRADE ORGANIZATION**

On August 22, 2012, following 18 years of negotiations with the United States and other Members of the WTO, Russia became a Member of the WTO. At that time, however, the United States and Russia each invoked non-application of the WTO Agreement with respect to the other. On December 21, 2012, following the termination of the application of the JacksonVanik amendment to Russia and the extension of PNTR to the products of Russia, the United States and Russia both filed letters with the WTO withdrawing their notices of non-application and consenting to have the WTO Agreement apply between them.

A significant benefit to the United States of Russia's WTO Membership is the integration of Russia into the WTO system of established, enforceable, multilateral trade rules. As a WTO Member, Russia is required to apply its trade regime in a manner consistent with WTO

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rules, including those on national treatment, most favored nation treatment, transparency, technical barriers to trade, sanitary and phytosanitary measures, and protection and enforcement of intellectual property rights, among many others. Not only does the WTO establish these rules, but it offers a range of tools and opportunities for Members to hold other Members accountable for implementing their WTO commitments. Those tools can include quiet advocacy between experts on the margins of WTO meetings, working with other Members with common concerns, open expressions of concern and discussions in WTO committee meetings, informal consultations, and, if necessary, formal dispute settlement proceedings. Thus, a WTO Member can work to ensure that another Member complies with its commitments through a variety of engagements, both bilaterally and multilaterally.

## **RUSSIA, THE CUSTOMS UNION AND THE WTO**

Russia began its move toward closer economic ties with its neighbors by signing the Treaty on the Establishment of the Eurasian Economic Community (EurAsEC) on October 10, 2000.<sup>2</sup> On January 1, 2010, Russia, Kazakhstan and Belarus began implementing a Customs Union (the Customs Union or CU) by adopting a common external tariff. On July 1, 2010, a common CU Customs Code entered into effect, and on July 1, 2011, the CU Parties abolished all customs posts on their internal borders, allowing for the free flow of most goods among the CU Parties. Beginning in early 2012, the Eurasian Economic Commission (EEC) replaced the CU Commission as the supranational body charged with implementing external trade policy for CU Parties. When it joined the CU, Russia transferred authority over many aspects of its foreign trade regime to the CU, including import tariff levels, trade in transit rules, nontariff import measures (e.g., tariff-rate quotas, import licensing, and trade remedy procedures), customs policies (e.g., customs valuation, customs fees, and country of origin determinations), border enforcement of intellectual property rights, establishment and administration of special economic and industrial zones, and the development of technical regulations and sanitary and phytosanitary measures. As a result, many of Russia's WTO commitments are implemented through CU measures. In such cases, Russia's commitments specifically provide that they apply whether the Russian government or the competent bodies of the CU are responsible for implementation of the relevant commitment.

## **ENFORCEMENT OF RUSSIA'S WTO COMMITMENTS**

When Russia became a WTO Member, it had in place a legal regime allowing compliance with its WTO obligations that went into effect from the date of accession.<sup>3</sup> In fact, during the 18 years of negotiations to join the WTO, Russia amended or adopted numerous laws, decrees, orders, regulations, decisions, and other measures to implement WTO rules and its specific commitments through its domestic legal regime. In addition, because certain aspects of Russia's WTO commitments fall under the competence of the CU or EurAsEC, some CU and EurAsEC treaties, decisions, regulations and other measures also had to be amended or adopted to implement Russia's WTO commitments. The vast majority of these measures came into effect prior to Russia's membership in the WTO.



Even before the WTO Agreement applied between the United States and Russia, USTR augmented its engagement with the government of Russia by using the tools of the WTO to ensure that Russia complied with its WTO commitments. As detailed below, USTR has used WTO committee meetings to highlight potentially WTO-inconsistent behavior; has forged alliances with other WTO Members to urge Russia to modify its behavior or avoid taking certain actions; and has met with representatives of the Russian government in connection with WTO committee meetings to press our issues bilaterally prior to raising them in the full committee.

## **Sanitary and Phytosanitary Measures**

As a WTO Member, Russia must implement the WTO Agreement on Sanitary and Phytosanitary Measures (SPS Agreement) and the specific commitments in its Working Party Report. For example, Russia committed to align its sanitary and phytosanitary (SPS) measures with international standards, recommendations, and guidelines by the date of its accession to the WTO or to provide a risk assessment to justify its more stringent requirements. The United States has noted its concerns in various WTO meetings about Russia's implementation of particular SPS obligations, such as the harmonization of sanitary and veterinary measures with the relevant international standards, the adoption of inspection guidelines in accordance with Codex Alimentarius ("Codex"), and ensuring that SPS measures that are more stringent than international standards are based on science and risk analyses.

For example, Russia has not, to date, provided risk assessments conducted consistent with international standards, guidelines and recommendations to the United States and other Members requesting them to support more stringent requirements for any microorganism or veterinary drug residue. Specifically, Russia has a near zero tolerance for tetracycline residues, a standard more stringent than Codex's maximum residue levels (MRL), but has failed to provide to WTO Members an adequate risk assessment. Russia also has adopted a zero tolerance for ractopamine, a standard more stringent than Codex's MRL for pork and beef.

The United States has met with representatives of the Russian government, from the highest levels to technical experts on the margins of SPS Committee meetings, to press Russia to address these concerns and request that Russia amend its requirements for microorganisms and veterinary drugs either to accept the international standards or to provide a risk assessment conducted consistent with international standards, guidelines and recommendations to justify its more stringent standards. Russia recently published a purported scientific justification for its measure on ractopamine, and the United States, working in close consultation with U.S. industry and interested stakeholders, is reviewing the information provided by Russia.

As part of Russia's WTO accession negotiations, in November 2006, the United States and Russia signed bilateral agreements in which Russia agreed: 1) to grant U.S. regulatory officials of the Food Safety and Inspection Service (FSIS), the authority to certify new U.S. establishments and U.S. establishments that have remedied a deficiency to export meat and poultry to Russia; and 2) to meet specific deadlines for responding to U.S. requests to list facilities that U.S. authorities had inspected and determined to be in compliance with the

requirements to export to Russia. In practice, however, Russia has not recognized consistently FSIS' authority to certify additional U.S. facilities, and there have been delays in responding to U.S. requests to update the list of U.S. facilities approved to export to Russia. With the CU now having competence over approval of establishments and inspections, in some cases, Russia has insisted that FSIS provide guarantees that products for export to Russia meet Customs Union requirements, despite the continued validity of our bilateral U.S.-Russia export certificates. The United States has met bilaterally with Russia to discuss these concerns and press Russia to include FSIS-approved facilities in the list of establishments approved to export to Russia.

We have also pressed Russia, both bilaterally and in the WTO, to cease maintaining lists of establishments for certain products in accordance with relevant CU decisions that remove these requirements and to implement fully its WTO obligations.

### **Motor Vehicle Recycling Fee**

In September 2012, Russia introduced a "recycling fee" on sales of wheeled vehicles for the announced purpose of covering the cost of establishing a recycling industry. Domestic manufacturers of wheeled vehicles, however, do not have to pay the fee if they agree to assume the responsibility to recycle the vehicle at the end of its life. Both bilaterally as well as in meetings of the WTO Council for Trade in Goods, the United States, along with other Members, has objected strenuously to the apparent discriminatory nature of the fee. The United States also has registered its concern with the amount of the fee itself, particularly on large construction vehicles, and submitted written questions to the Russian delegation seeking further information about implementation of the program. In response to these concerns, on May 30, the Russian Duma published proposed amendments to the recycling law that would revise the program and apply the fee to domestically produced vehicles as well as to imports. USTR will monitor carefully the implementation of this stated commitment to ensure that our objectives are achieved.

### **Information Technology Agreement**

As part of the terms for its membership in the WTO, Russia committed to join upon accession the Information Technology Agreement (ITA). However, when Russia submitted its ITA schedule to the ITA Committee, Members noted that a few tariff lines were missing from Russia's draft ITA schedule. The United States and other Members have repeatedly raised concerns, in the ITA and other WTO committees, about Russia's failure to complete its ITA accession. As a result of this engagement, Russia has agreed that the missing tariff lines should be added, and has completed its domestic political approval process to do so. Russia has sent the schedule to the EEC for modification of the Customs Union's tariff schedule. Once this internal review is completed, Russia can submit the revised schedule to the ITA Committee for review and, then membership in the ITA. USTR will continue to monitor this process to ensure its successful conclusion.

## Intellectual Property Rights

As a condition of WTO membership, Russia amended numerous laws and regulations to bring its IPR legal regime into conformity with the WTO Agreement on Trade Related Aspects of Intellectual Property (TRIPS). Nevertheless, as part of the TRIPS Council's mandate to review the intellectual property laws of new WTO Members, the United States submitted a number of questions to the Russian Federation. The objective of these questions is to enhance our understanding of Russia's Civil Code concerning procedures related to licenses and transfer of ownership of intellectual property rights, and the operation of laws regarding copyrights, trademarks, industrial design, patents, and data protection. In addition, we sought additional information on how Russia provides intellectual property protection for plant varieties and integrated circuits.

## Transparency

As a WTO Member, Russia has assumed obligations to make its (and the Customs Union's) trade regime more transparent. These obligations include, *inter alia*, the requirement to publish, and to notify the WTO about, measures (laws, decrees, orders, etc.) pertaining to or affecting trade in goods, services, and intellectual property, as well as the formal establishment of notice and comment procedures for such proposed measures prior to their adoption. Through the WTO accession process, and since becoming a Member, Russia has provided to WTO Members a significant number of laws, decisions, regulations, resolutions, and other measures related to its foreign trade regime and its implementation of WTO rules.

As a Member, Russia has made an effort to comply with these transparency obligations, notifying new measures as well as amendments to existing measures, but a transparent, standardized system for providing notifications on issues such as TBT is not yet in place in Russia. The United States will continue to encourage Russia to develop a regularized, comprehensive notification system consistent with the TBT transparency requirements.

Notwithstanding Russia's many notifications, the United States has used a variety of WTO committee meetings, as well as bilateral meetings on the margins of WTO meetings, to identify instances in which Russia has not notified measures, as well as to seek additional information and to provide comments on certain measures that have been notified.

For example, although Russia notified some of its import licensing measures, the United States, joined by other WTO Members, used meetings of the Import Licensing Committee to remind Russia of its obligation under Article 7.3 of the Agreement to respond to the Questionnaire on Import Licensing Procedures. The United States has also identified specific Russian and CU laws, decisions, regulations, resolutions, and other measures that are a part of Russia's import licensing regime and asked that Russia notify them to the WTO. Russia said that it would respond to the U.S. questions.

The United States has similarly used the meetings of the Committee on Technical Barriers to Trade (TBT) to request that Russia notify certain CU and Russian technical regulations which Russia had not yet notified. To date, Russia has followed up by notifying the regulations in a reasonable period of time.

The United States has raised concerns about the comment periods provided by Russia or the EEC, as appropriate, on draft technical regulations to ensure that the United States and

interested parties have adequate time to comment. The United States has also reminded Russia of its obligation to respond to comments submitted by Members. Finally, the United States has asked Russia to notify its regional trade arrangements, including the Customs Union, to the WTO.

### **Technical Regulations Governing Alcoholic Beverages**

In October 2010, Russia's Federal Service for Alcohol Market Regulation (FSR) adopted regulations under Order Number 59n governing the technical conditions for storage of alcoholic beverages. The United States is concerned that these regulations impose burdensome and unnecessary restrictions on storage practices.

In addition to engaging the Russian government in bilateral meetings prior to Russia's WTO accession, the United States has raised substantive concerns about this Order in the WTO TBT Committee, for example, encouraging Russia to take steps to ensure that the inspections and licensing of alcoholic beverage warehouses are performed in a timely and transparent manner, with clear guidance available for all parties. We also suggested that Russia allow businesses to renew their warehouse licenses well before their expiration to avoid trade disruptions.

Throughout our engagement, the United States has reminded Russia of its obligations under the TBT Agreement to avoid creating unnecessary obstacles to trade in the process of revising these regulations. Following our engagement, Russia amended Order 59n, addressing many of our concerns; however, we continue to monitor the situation.

The United States has also raised substantive concerns regarding duplicative registration requirements on alcohol in Russia. At the national (i.e., Russian government) level, alcoholic beverage products must receive state registration from two different government agencies.

In 2011, the Customs Union introduced yet another level of registration, duplicating in large part the certification and reporting requirements already applied at the national level. In 2012, a third Russian government agency, the FSR, proposed yet another registration requirement. In both bilateral engagements as well as in the TBT and other WTO committee meetings, the United States has requested that Russia clarify the relationship among these various reporting and certification requirements and urged Russia to streamline the process by eliminating the apparent duplication of reporting and registration requirements. We also reminded Russia of the obligation to respond to Members' questions. Following this engagement, the CU announced that it will remove its registration requirement; we will continue to press for implementation of this decision and simplification of the process overall.

### **Safeguard Investigations**

As a WTO Member, Russia must ensure that any safeguard measure imposed within its territory, including the investigation that led to that measure, is consistent with the WTO Agreement on Safeguards. Under the terms of Russia's WTO Protocol, this obligation applies even though the EEC conducts a safeguard investigation. When Russia became a WTO Member, it provided to the WTO the applicable CU legislation governing the conduct of EEC safeguard investigations and notified three EEC safeguard investigations. The investigation of

most interest to U.S. stakeholders concerns combine harvesters and modules. The United States has used the meetings of the WTO Committee on Safeguards to question Russia about the EEC's methodology, and the consistency of its actions with various provisions of the WTO Agreement on Safeguards. In addition, on the margins of the Safeguards Committee meeting, the United States, in conjunction with other Members, met with representatives of Russia and the EEC and raised concerns specific to the investigation on combine harvesters. On April 30, 2013, Russia notified WTO Members of the EEC's affirmative serious injury determination. The investigation now moves to the remedy stage, with a decision due by early July. We will continue to monitor the EEC's safeguard investigations, continue to engage with Russia on the investigation of combine harvesters and other matters of concern, and assess any and all appropriate next steps in this matter, in consultation with industry once Russia has taken its final decision.

## **Trade-Related Investment Measures**

Since 2005, Russia has maintained an automotive industry investment incentive regime which allows for the duty-free entry of auto parts used in the production of vehicles that contain a certain level of Russian content. In December 2010, Russia initiated a second automotive industry investment incentive program that increased the production volume and domestic content requirements to qualify for the incentive. As part of its WTO accession protocol, Russia agreed to eliminate the elements of both of its investment regimes that are inconsistent with the Agreement on Trade Related Investment Measures (TRIMS) by July 2018, and to begin consultations in July 2016 with the United States and other WTO Members on WTO-consistent measures it could take in this sector. In a TRIMS Committee meeting, the United States asked Russia to confirm that its automotive industry investment incentive program would be brought into conformity with its WTO obligations by July 1, 2018, and solicited information on steps Russia was taking to eliminate the WTO-inconsistent aspects of the programs. The United States also requested that Russia inform the TRIMS Committee on a regular basis of the steps that will be taken with a view to consulting interested WTO Members and eliminating the relevant programs. Russia agreed to provide a written response to these requests.

The United States has also raised concerns in the TRIMS Committee about a leasing program established by RosAgroLeasing (RAL), a state-owned leasing company created to supply agricultural equipment to farmers in Russia. Under the leasing program, RAL will provide favorable leasing terms to farmers on agriculture equipment "manufactured in the Russian Federation". This requirement raises concerns regarding its compliance with the TRIMs Agreement and Article III of GATT 1994. The United States asked Russia for additional information on the terms under which RAL leases agriculture equipment and on the definition of "manufactured in the Russian Federation". The United States also asked Russia what steps it would take to ensure that this program operated in a manner consistent with Russia's WTO commitments.

## Committee on Government Procurement

In its WTO Accession protocol, Russia committed to request observership in the WTO Government Procurement Agreement (GPA) and to begin negotiations to join the GPA within four years of accession. On the margins of the WTO Committee on Government Procurement meeting, the United States met bilaterally with Russia to urge Russia to request observership. Thereafter, on May 15, 2013, Russia submitted its request to become an observer under the GPA. Russia became an observer on May 29<sup>th</sup> when the WTO Committee on Government Procurement formally accepted Russia's request.

## CONCLUSION

Russia's membership in the WTO brings the sixth largest economy into the rules-based international economic system. The implementation of the commitments Russia made upon becoming a Member will benefit U.S. businesses and workers by improving market access for U.S. exports of goods and services and generating more exports for American manufacturers and farmers, in turn supporting well-paying jobs in the United States. Market-opening changes made by Russia during the course of its WTO accession process may already have brought benefits to U.S. exporters, as evidenced by the fact that year-on-year percentage growth in U.S. exports to Russia was up 29 percent in 2012 over 2011, and up another 10.5 percent through the first quarter of 2013 compared with the first quarter of 2012. In order to maximize positive results such as these, USTR, in concert with other U.S. government agencies, will continue to monitor closely Russia's implementation of its WTO commitments. If Russia or the CU acts in ways that appear not to be consistent with Russia's scheduled commitments-- for example, by restricting market access, imposing discriminatory rules on U.S. exports of goods or services, providing prohibited or trade-distorting subsidies to Russia's domestic enterprises, or other actions -- USTR will investigate and continue to use all appropriate means to resolve the matter, including, as needed, the full panoply of WTO tools, including dispute settlement where appropriate, to ensure that Russia's and the CU's measures (including how they are applied) conform to Russia's WTO obligations.

## End Notes

<sup>1</sup> P.L. 112-208 also requires the U.S. Trade Representative (USTR) to submit annual reports to the Committee on Finance of the U.S. Senate and the Committee on Ways and Means of the House of Representatives regarding Russia's implementation of the WTO Agreement, as well as its accession to and implementation of the Information Technology Agreement and Agreement on Government Procurement. The first report is due in December, 2013. In addition, USTR and the Secretary of State are required to submit annually to the same committees a report that describes the actions the agencies have taken to promote the rule of law in Russia and that discloses the status of any pending petition for espousal filed with the Secretary of State by a U.S. investor in Russia.

<sup>2</sup> EurAsEC includes Russia, Belarus, Kazakhstan, Kyrgyzstan and Tajikistan.

<sup>3</sup> Russia's WTO Protocol included transition periods for Russia's automotive investment incentive programs (until July 1, 2018) as well as for its special economic zones (until December 31, 2014 for Magadan, and March 31, 2016 for Kaliningrad).

*Chapter 17*

**RECENT SALES OF MILITARY EQUIPMENT  
AND TECHNOLOGY BY EUROPEAN NATO  
ALLIES TO RUSSIA\***

*Paul Belkin, Derek Mix and Jim Nichol*

This memorandum responds to your request for an analysis of recent sales of military equipment and technology by European NATO allies to the Russian Federation. As requested, we focus on the factors behind the sales, allied responses to the sales, implications for alliance cohesion, the role of the sales in Russian military doctrine, and possible policy options for the United States. The memorandum also includes appendices on selected conventional arms export control mechanisms and the European Union's "arms embargo" on China. The analysis is based on open sources and interviews with allied diplomats in Washington, D.C. and at NATO headquarters in Brussels, Belgium.

The memorandum includes the following main sections:

- i. Overview
- ii. NATO's Role in Addressing Military Sales to Third Countries
- iii. Recent Reported Allied Military Sales to Russia
- iv. Factors Influencing Allied Military Sales to Russia
- v. Allied Reactions to the Sales and Implications for Alliance Cohesion
- vi. Russian Perspectives on NATO and Evolving Russian Military Doctrine
- vii. U.S. Policy Perspectives
- viii. Prospects for Future Allied Sales to Russia
- ix. Possible U.S. Policy Options
- x. Appendix A. Overview of Selected Conventional Arms Export Control Mechanisms in Europe
- xi. Appendix B. European Perspectives on Arms Sales to China

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\* This is an edited, reformatted and augmented version of the Congressional Research Service Publication, dated April 26, 2012.

## I. OVERVIEW

The signing in January 2011 of a Franco-Russian intergovernmental agreement authorizing the sale of four French amphibious assault warships to Russia prompted criticism from some NATO member states and some Members of Congress. The sale—the first ever of a significant offensive military capability by a NATO member to Russia—and additional contracts between Russia and German and Italian defense companies, have exposed tension within the alliance over NATO's relations with Russia and the alliance's defense posture vis-à-vis Russia. The divide within NATO on these issues reflects divergent perceptions of Russia, with geography and history playing a key role. Countries that were once under Soviet control, such as the Baltic states and Poland, are generally more skeptical of Russian intentions than countries with different historical ties to Russia, such as Germany, France, and Italy.

Critics portray the recent military sales as an indication that some NATO member states may be prioritizing domestic economic interests and a political goal to enhance bilateral and NATO ties with Russia over the security concerns of other NATO allies. Most allies agree that the specific recent sales do not in themselves pose a significant security threat to the alliance. Some express concern, however, about the precedent set by the sales and argue that a willingness in Europe to pursue additional bilateral military sales to Russia should prompt formal consultations at NATO on the implications of these sales for alliance security and collective defense planning.

The recent military sales by French, German, and Italian companies appear to be motivated primarily by economic considerations and political leaders' views that the deals could advance broader efforts to develop strategic partnership with Russia. Officials from these countries acknowledge that Russia has been and continues to be a difficult partner. They maintain, however, that Russia does not pose a military threat to NATO and emphasize that their governments would not approve the sale of military equipment that could significantly alter regional security dynamics. They underscore their firm commitment to the collective defense of the alliance and to the principle, stated in NATO's 2010 Strategic Concept, that a "strong and constructive partnership [with Russia] based on mutual confidence, transparency and predictability can best serve [NATO's] security."<sup>1</sup> These allies tend to argue that defense cooperation with Russia provides an important means by which to influence the country's military modernization process, adding that the "constructive partnership" could benefit from more modern and interoperable Russian military forces.

According to U.S. officials, the Obama Administration opposed France's decision to sell assault ships to Russia, arguing, among other things, that the sale could send the wrong message both to Russia and to some Central and Eastern European allies. It reportedly voiced this opposition in bilateral consultations with the French government. Some analysts suggest that the Obama Administration's lack of more vocal opposition is at least partly a reflection of the priority it has placed on improving ties with Moscow. Administration officials appear to be skeptical of proposals at NATO for formal consultations on allied military sales to Russia and to other countries outside the alliance. They emphasize the importance of enforcing and strengthening existing national and multilateral conventional arms export control mechanisms. Existing mechanisms, including the U.S. International Traffic in Arms



Regulations (ITAR), have played a role in limiting sales from allied countries and could continue to do so.

Several factors could influence the extent to which European members of NATO pursue additional military sales to Russia. These include economic pressures on the European defense industry and European reactions to political and defense policy developments in Russia. A particularly significant factor could be Russian willingness to continue to acquire military equipment and technology from NATO members. There is considerable debate within Russia on this issue. Some analysts believe that Russia will continue to seek foreign defense and technology transfers to improve military capabilities in the near- to medium-term. Others argue that President-elect Vladimir Putin's close association with domestic defense industrial interests could result in a decreased emphasis on defense sector reforms, including through foreign technology transfers, in the coming years.

In light of these factors, U.S. policymakers might consider a number of policy options to shape U.S. and NATO policy on allied military sales and to address the effects of these sales on alliance cohesion. These include: rigorous enforcement and congressional oversight of U.S. arms export control law and regulations; efforts to increase transparency and information exchange among NATO allies on bilateral military sales; more visible assurances of NATO's commitment to the defense of its member states; measures to enhance cooperation and mutual trust between NATO and Russia; and a renewed commitment to conventional arms control measures in Europe.

## **II. NATO'S ROLE IN ADDRESSING MILITARY SALES TO THIRD COUNTRIES**

NATO does not regulate the arms exports of its member states and alliance members are not obliged to discuss proposed military sales at NATO. The recent sales to Russia and broader trends in the global defense market have, however, led some allies to call for a more formal NATO role in this area. They note that while European defense spending and procurement levels have been in decline, other countries, such as Brazil, China, India, and Russia, are increasing military spending and improving capabilities. They highlight NATO's 2010 Strategic Concept to argue that it is incumbent on NATO, as a collective defense organization, to study and discuss the effect of these trends—including the role of allied arms sales—on alliance security. The Strategic Concept states that "...the conventional threat cannot be ignored. Many regions and countries around the world are witnessing the acquisition of substantial, modern military capabilities with consequences for international stability and Euro-Atlantic security that are difficult to predict."<sup>2</sup>

A group of allies has argued that NATO should establish a mechanism for political consultations on the consequences of the acquisition of modern military capabilities by countries beyond NATO's borders and on the implications for NATO's defense posture. Such consultations would include discussion of allied military sales and technology transfers to non-NATO countries. Proponents stress that they are not seeking a new arms export control regime, but rather a forum for exchange of information supported by a mechanism to monitor the consequences of military sales. They add that discussions should not be limited to Russia, but should address NATO's role in, and response to, global trends. An initial proposal in this

regard was put forth at NATO earlier this year. Its backers believe that the alliance's ongoing Deterrence and Defense Posture Review (DDPR), which primarily has been viewed as a forum for discussion of NATO's nuclear force posture, is also the appropriate forum for a more rigorous assessment of conventional force posture. The final results of the DDPR are to be presented at NATO's upcoming summit in Chicago, May 19-20.<sup>3</sup>

A number of allied governments, including the United States, appear to be skeptical of such proposals. These countries maintain that the decision to pursue conventional arms sales should remain a decision of national governments and express concern about additional constraints on what they view as a sovereign decision. They emphasize that military sales by all NATO member states are governed by national arms export control laws that, in turn, are subject to multilateral arms export control mechanisms, including at the EU level (for an overview of selected conventional arms export control mechanisms, see **Appendix A**). Officials from these countries note that key considerations in national and multilateral arms export approval processes include levels of technology transfer and the effect of proposed arms sales on regional security and stability. They add that the EU's Code of Conduct for Arms Sales and conventional arms export control arrangements such as the Wassenaar Arrangement on Export Controls facilitate transparency and information exchange among members, despite the fact that these arrangements do not have enforcement mechanisms. These governments also express faith in the existing processes by which NATO conducts defense assessments. This includes consensus procedures in developing annual defense and threat assessments.

### **III. RECENT REPORTED ALLIED MILITARY SALES TO RUSSIA**

Analysts and officials from NATO member states concerned about the implications of allied military sales to Russia point to contracts signed in 2010 and 2011 between Russia and French, German, and Italian companies. These include what is considered the first sale of a significant offensive military capability to Russia by a NATO ally (the "Mistral" amphibious assault ship) as well as the first sale of a western military training center. Russia's acquisitions reflect an apparent desire to acquire modern military technology and to secure licensing rights for future domestic production of this technology.

#### **France**

##### ***Mistral-class Amphibious Assault Vessels***

On January 25, 2011, after at least two years of negotiation, France and Russia signed an intergovernmental agreement to pave the way for France to sell four Mistral-class amphibious assault vessels to Russia.<sup>4</sup> A contract for the sale of the first two ships was signed on June 17, 2011 by France's state-owned naval defense company DCNS (*Direction des Constructions Navals Systèmes et Services*) and Russia's arms import/export agency Rosoboronexport. Russia will reportedly pay €1.12 billion (about \$1.47 billion) for the first two vessels, which will be constructed at the STX shipyard at Saint-Nazaire in western France.<sup>5</sup> Construction

began at Saint-Nazaire in February 2012. Reportedly, about 20% of the construction of the first warship and 40% of the second will be carried out by Russian firms. DCNS says it will deliver the first ship to Russia in 2014 and the second in 2015.<sup>6</sup> The second two ships are to be built in Russia, but a final contract has yet to be agreed. New shipyard facilities reportedly will be built in Kronstadt, Russia to construct the two Mistral, after which the facilities will be used to build other warships.<sup>7</sup>

The U.S. Navy classifies the Mistral as a Landing Helicopter Dock (LHD) amphibious assault vessel. DCNS designates the Mistral as a Force Projection and Command vessel (BPC, or *Bâtiment de Projection et de Commandement*), describing it as “a multi-mission ship allowing force projection from the sea while acting as a joint HQ ship.” At 199 meters long with a displacement of 22,000 tons, the Mistral LHD is the second-largest ship in the French navy. It can reportedly transport up to 16 helicopters, four landing craft, 13 main battle tanks or 60-70 vehicles, and anywhere from 450 to 900 combat troops, depending on configuration and duration of deployment. The ship also includes a 69-bed hospital, which can be expanded if necessary.<sup>8</sup> Analysts note that although the Mistral offers an impressive force projection and command and control capability, it carries only minimal defensive weaponry and would therefore require escort ships to protect it in combat situations.<sup>9</sup> French officials report that the ships being sold to Russia do not include any armaments.

The French navy currently has two Mistral in its fleet and is expected to add another in 2012. It has used the ships in humanitarian operations, for example in post-earthquake relief efforts in Haiti, and to assist in at least one combat operation, NATO’s Operation Unified Protector in Libya.

A key factor in the protracted negotiations over the Mistral sale was the question of how much technology would be transferred and/or licensed to Russia. As noted, in its arms deals with western countries, Moscow has prioritized acquisition of modern military technology and the licenses to reproduce it. According to press reports, the French government was initially intent on limiting the level of technology transfer to the civilian modular construction methods used to build the ship’s hull. Russia reportedly pushed to include the *SENIT-9* combat information system used on the Mistral in the French fleet.<sup>10</sup> It appears that over the course of the negotiations, France agreed to include more electronic technology than initially envisioned. French officials state, however, that they have limited the technology transferred to Russia to civilian applications only. This includes the aforementioned modular hull construction methods and “civilian-level” elements of a basic navigational system. They say the deal includes no data links, no military communications or command and control technology, and no NATO communications or other capabilities.<sup>11</sup> The transfer of any NATO communications systems would require the unanimous consent of all NATO member states.<sup>12</sup>

Russia reportedly decided to acquire Mistral ships in the wake of the 2008 Russia-Georgia conflict. In August 2009, Admiral Vladimir Vysotskiy, the commander-in-chief of the Navy, declared that the Mistral would have allowed “Russia’s Black Sea fleet to accomplish its mission in 40 minutes, not 26 hours, which is how long it took us” during the Georgia conflict.<sup>13</sup> While the Russian military has not confirmed where the first two Mistral will be deployed, Russian media have reported that one Mistral may be deployed to Russia’s Northern Military District (which includes the Baltic and Northern Fleets), or the Southern Military District (which includes the Black Sea Fleet). The other Mistral may be deployed to the Eastern Military District (which includes the Pacific Fleet), perhaps reflecting Russian concerns about China’s growing military power.

According to analyst Vladimir Socor, Russia's amphibious operations on Georgia's Black Sea coast during the conflict were of peripheral impact and mainly involved securing the port of Poti. If Russia possesses Mistral, he suggests, Russia's Baltic or Black Sea fleets would "gain the ability to land troops onshore quickly and seize coastal footholds during hypothetical crises.

This potential threat (whether carried out or not) could pressure a target country." Because littoral NATO countries would face an added threat from the Mistral, they would call upon NATO and the United States to buttress their security, he warns.<sup>14</sup>

According to one Russian media report, the Russian Navy plans to put anti-aircraft, anti-submarine, anti-ship, and land attack artillery and missiles on the Mistral in addition to helicopters, naval infantry, armored vehicles, and amphibious landing craft.

This added weaponry is planned in part to compensate for the shortage of escort ships in the Russian Navy (permitting the use of fewer escort vessels), but will make the Mistral top-heavy and compromise their mission as amphibious assault ships, according to the report. Reportedly, the blueprints of the Mistral being constructed in France have been altered to accommodate these changes.<sup>15</sup> In February 2012, Admiral Vysotskiy verified that the Mistral would operate as elements of naval groupings, rather than independently, to "considerably increase the combat capabilities of the entire grouping."<sup>16</sup>

### ***Reported Negotiations on Additional French Sales***

According to press reports and commentary by Russia analysts, Moscow has been in talks with French firms for the possible purchase of infantry combat and communications equipment and light armored vehicles.

A February 2011 report in *RIA Novosti* cited Russian First Deputy Minister of Defense Vladimir Popovkin as saying that talks were underway for Russia to purchase so-called "soldier of the future" or *FELIN* (*Fantassin à Equipements et Liaisons Intégrés*, or integrated equipment and communications gear for the infantryman) gear kits from French firm Sagem, part of the Safran group.<sup>17</sup>

The units include state-of-the-art protective gear, optronics, and high-tech communications equipment. According to Sagem, the French government has ordered 22,600 *FELIN* units for use in all French infantry battalions.<sup>18</sup> Russia has reportedly sought to purchase a limited number of *FELIN* units for testing and possible domestic production under license.<sup>19</sup>

In February 2011, the CEO of French military manufacturer Panhard was quoted in the French press as saying his company was in "advanced talks" with Russia over the possible sale of 500-1,000 light armored vehicles (LAVs) for use by Russian border guards. A potential deal could be valued at anywhere between €200 - €500 million (\$261 million - \$654 million).<sup>20</sup>

## **Germany**

### ***Army Training Center***

On November 24, 2011, German defense giant Rheinmetall announced that it had signed a contract with the Russian Ministry of Defense to build "a major army training centre" in Mulino, in Russia's Volga region.<sup>21</sup> Rheinmetall's Russian partner in the deal is the state-

owned Oboronservis (“Defense Service”) firm. According to Rheinmetall, the simulation-supported center will be able to train 30,000 troops a year by 2014. The center, considered by Rheinmetall to be “the most advanced system of its kind worldwide,” will be modeled on an existing high-tech army training center used by the German *Bundeswehr*. The over-500 square kilometer facility will be designed to train a reinforced mechanized infantry or armored brigade. Training stations are to include live combat simulation, commander training simulation, and marksmanship at modern firing ranges. The centerpiece of the facility is a so-called Live, Virtual, and Constructive, or LVC simulation network, which Rheinmetall says, “promises to set a new standard in military training.”

The Rheinmetall contract is worth over €100 million (about \$131 million) with further options. The German company appears to view the deal as a precursor to additional contracts, stating that “In light of the plans to modernize the equipment of the Russian armed forces, the opportunities for follow-on order from the Russian Federation are considerable.”<sup>22</sup> Some allies have expressed concern about potential plans for Rheinmetall to construct additional training centers in Russia (see “V. Allied Reactions to the Sales and Implications for Alliance Cohesion”).

## Italy

### *Lynx Light Multirole Armored Vehicles (LMVs)*

In December 2010, Russian media reported that the Italian and Russian defense ministries had reached agreement on the sale of 10 light multirole armored vehicles (Lynx LMVs) manufactured by the Italian company Iveco, a subsidiary of Fiat. At the time, Russian Defense Minister Anatoly Seryukov was quoted as saying that the initial purchase would lead to the establishment of a joint venture for the production of the vehicles in Russia and that Italy had agreed to pass over technologies for the production of the vehicles.<sup>23</sup> In December 2011, the two sides reportedly signed a contract for Russia to purchase 60 *Lynx* LMVs from Iveco, including an agreement for partial assembly at a subsidiary of Oboronservis in the central Russian city of Voronezh. The first batch of 57 vehicles will reportedly be delivered by the end of 2012.<sup>24</sup>

According to industry analysts, the Lynx LMV is a four-wheel drive armored vehicle “designed primarily for strategic and tactical mobility with a high level of protection against anti-tank and anti-personnel mines.”<sup>25</sup> The vehicle can carry up to five soldiers and can be fitted with large weapons systems including air-defense missiles.

After the initial December 2010 intergovernmental agreement, reports suggested that the deal could lead to joint production of up to 2,500 Lynx LMVs in Russia. However, progress on joint production appears to have stalled, possibly due to western reluctance to transfer the rights to manufacture key components of the vehicle, including its armor. One industry analyst reports that Russian vehicle manufacturer Kamaz decided to leave the program in 2011 due to concerns that Iveco either could not or would not transfer these rights.<sup>26</sup> Dutch and American companies involved in the production of the Lynx LMV’s armor and engine parts may have refused to transfer the rights to reproduce these components. Kamaz reportedly was concerned that unlicensed production of the vehicles could mean it might later be denied access to western markets. Russian officials hope that over the next 3-4 years, the

local content of the vehicles will rise to at least 50%.<sup>27</sup> Given the uncertainty about licensing rights, plans for further production remain unclear.

### **Reported Negotiations with the Eurocopter Division of the European Aeronautic Defense and Space Company (EADS)**

In March 2012, the Russian Defense Ministry closed a tender open to international firms to deliver 45 light helicopters, ostensibly for training. Russian media reported that the Defense Ministry tender appeared to favor the Eurocopter Division of the European Aeronautic Defense and Space Company (EADS) for AS350 and AS355 *Ecureuil* helicopters. EADS is a pan-European aerospace and defense company formed in 2000 through a merger of French, German, and Spanish companies. According to Russian sources, the Defense Ministry plans to eventually acquire more than 100 of the helicopters, with a joint venture formed for final assembly in Russia.

Andrey Reus, General Director of Russia's Oboronprom ("Defense Industry") state firm, has objected to the possible acquisition of helicopters from Eurocopter, stating that the latter is one of Oboronprom's competitors in the global helicopter market. He asserts that his firm is finalizing the development of the Ka-226T helicopter, which will be supplied with an engine built in France (by the same firm that builds the *Ecureuil* engines; this engine will replace a lower-power Rolls-Royce engine used in some of the currently-produced Ka-226s). Another Russian article condemned the planned purchase as an effort to obtain luxury helicopters for generals and called for Russian rubles to be spent on Russian helicopters.<sup>28</sup>

## **IV. FACTORS INFLUENCING ALLIED MILITARY SALES TO RUSSIA**

French, German, and Italian sales of military equipment and technology to Russia appear to be motivated primarily by two key factors: economic pressures during a period of fiscal austerity and deep defense budget cuts in major western markets; and political leaders' stated commitment to develop and advance strategic partnership with Russia, both bilaterally and at the NATO and European Union (EU) level.

The global financial crisis of 2008/2009, the subsequent economic slow-down in the EU, and sovereign debt crisis in the 17-member Eurozone have led to a period of unprecedented fiscal austerity in what have traditionally been the West's largest defense markets. According to Jane's Defense Industry and Markets Intelligence Center, France, Germany, Italy, the United Kingdom (UK), and the United States saw their combined military expenditures drop by more than \$4 billion in 2011. This was preceded by a similar decline in 2010 and is expected to be followed by at least \$100 billion in additional cuts through 2015.<sup>29</sup> Estonia and Norway reportedly are the only NATO members not currently cutting defense spending.<sup>30</sup> These developments follow a long-standing downward trend in European defense spending. Analysts also argue that the European defense industry remains fractured and compartmentalized along national lines, with too much overlap and redundancy. From this perspective, accessing markets outside of Europe has been crucial to many of these companies' survival.

At the same time, defense investment and procurement has been rising throughout east and southeast Asia, the Middle East, and South America. China and Russia, in particular, have pledged significant increases in defense spending. These trends have led to a “rebalancing” of the global defense market, with Western defense companies increasingly looking beyond domestic markets for export opportunities.<sup>31</sup> Western governments have to varying degrees sought to publicly assist and promote the efforts of national defense companies to access new markets, including the Russian market. The French government has played a particularly visible role in this regard, in line with long-standing French industrial policy. The German government, on the other hand, has been less public in promoting its domestic defense industry, reflecting deep sensitivities regarding arms exports, rooted in the legacy of the Second World War.

French, Italian, and German officials confirm the economic benefits of defense exports, including to Russia. French President Nicolas Sarkozy publicly announced his government’s decision to sell Mistral- class LHDs to Russia at a speech in Saint-Nazaire, where the first two ships will be built, touting that the deal would bring “6 million hours of work and 1,200 jobs maintained over 4 years.”<sup>32</sup> He added that he hoped to make the shipyard town, which has faced high unemployment levels, a symbol of French industrial achievement. Several French commentators asserted that the economic and associated political benefits—Sarkozy had in the past personally committed to boosting orders for French shipyards—played a key role in his government’s approval of the sale.<sup>33</sup> Likewise, Italian officials echo what they consider a legitimate desire for a successful domestic defense industry. They point out that 2011 was a particularly difficult year for Italian industry, with significant contracts lost due to the conflict in Libya and other major contracts expired. Italian defense giant Finmeccanica, the world’s eighth-largest defense company, reported losses of \$3.1 billion in 2011.<sup>34</sup>

French, German, and Italian officials stress that recent military sales to Russia should be viewed as a logical step in advancing a broader political goal of strategic partnership with Russia. They argue that it is in the interest of NATO and its member states to build a relationship with Russia based on mutual trust and the pursuit of a range of shared interests. Proponents of this view often emphasize the importance of securing Russian cooperation on key foreign policy and security issues such as the Iranian nuclear program, global counterterrorism efforts, and the war in Afghanistan, among other things. According to French Prime Minister François Fillon, for example, one “cannot win Moscow over on the major issues of the day—such as Iran’s nuclear program—and refuse to sell it weapons.”<sup>35</sup>

As discussed below (see “Effect of the Sales on NATO-Russia Relations”), there is disagreement in the alliance about the extent to which individual countries and NATO as a whole have benefited from the current policy of engagement with Russia, including from the sale of military equipment and technology. Although they concede that Russia has been and continues to be a difficult partner, supporters of the sales argue that treating Russia as a threat could lead it to become less cooperative and create a diminished regional security situation. As President Sarkozy has stated, “If we want Russia to behave as a partner, we must treat her like a partner, in connection with security and defense, too.”<sup>36</sup>

These views on NATO-Russia relations are also reflected in German, French, and Italian bilateral ties to Russia. Of the three countries, Germany has the deepest and longest-standing bilateral relationship with Russia, with modern roots in the 1960s and 1970s when German leaders increased diplomatic and economic engagement with the Soviet Union and other Eastern Bloc countries. Today, Germany is Russia’s largest trading partner and the two

countries share a broad range of political, economic, cultural, and even military ties and exchange programs. France's bilateral relations with Russia are not as extensive as Germany's, but the French government in recent years has emphasized its intention to "develop large-scale partnerships in all areas, including defense and security."<sup>37</sup> A 2009 report on a popular Russian news website stated that French-Russian relations are "considered in Moscow to be optimum for [Russia's relations with] the entire European Union."<sup>38</sup> Italy has also boosted bilateral ties with Russia in recent years, with the close personal relationship between former Italian Prime Minister Silvio Berlusconi and Russian President-elect Vladimir Putin seen as playing an important role.<sup>39</sup>

Rheinmetall's construction of an army training center could be viewed in the context of the broader bilateral defense cooperation between Germany and Russia. The German government sponsors several programs aimed at promoting defense reform in Russia, in particular to foster modern defense planning techniques and democratic control of the military. The government's approval of the contract to construct a training center also appears to be in line with long-standing German policy to promote military training and joint exercises with partner countries.

## **V. ALLIED REACTIONS TO THE SALES AND IMPLICATIONS FOR ALLIANCE COHESION**

Some NATO member states have criticized the recent military sales to Russia and have expressed particular concern about not being consulted before the sales were approved. Public criticism—at times sharp—has been mainly limited to France's sale of the *Mistral*, but some allies have also voiced concern at NATO about the German and Italian sales. The sales have exposed tensions within the alliance on NATO-Russia relations and NATO's defense posture vis-à-vis Russia. This includes different perceptions of the operational risks posed to the alliance by Russia's acquisitions and the effect of the sales on NATO-Russia relations. The willingness of some NATO members to export military equipment and technology to Russia has also raised questions about how responsive some member states are to the security concerns of other allies. Disagreements such as these are by no means a new occurrence at NATO, but additional military sales to Russia could heighten tensions further.

Differences within the alliance over the significance and potential consequences of the recent military sales are rooted in divergent perceptions of Russia, of its government's intentions, and of the potential threat it poses to NATO. History and geography play a key role. Although they support NATO's stated goal to build a strategic partnership with Russia, countries that were once under Soviet control tend to be more skeptical of Moscow's commitment to the partnership than some of their Western allies and more critical of and sensitive to what they consider acts of Russian hostility. Officials from these member states tend to draw attention to Russia's designation of NATO as a potential threat (discussed in more detail below, "The Status of NATO in Russian Military Doctrine and Other Programmatic Statements"), Russia's redeployment of military assets toward its western borders, the government's suppression of democratic forces at home and abroad, hostile rhetoric toward NATO from Russian officials, including President-elect Putin, and what they perceive as a political goal to sow disunity within the alliance. They cite Russia's 2008



invasion of Georgia as a clear example of Moscow's willingness to use force to reassert an exclusive "sphere of influence" near its borders.

French, German, Italian and other allied government representatives say they understand these concerns and acknowledge that Russia has been a difficult partner. They emphasize, however, that Russia does not pose a military threat to NATO and contend that their governments would not approve the sale of military equipment that could significantly alter regional security dynamics. They underscore their firm commitment to the collective defense of the alliance as enshrined in Article 5 of NATO's founding treaty and point to NATO defense plans, the Baltic air policing mission, and NATO military exercises as concrete examples of their commitment to the defense of NATO member states.

To varying degrees, Estonian, Latvian, Lithuanian, and Polish officials publicly criticized the Mistral sale and what they considered a lack of communication from France before approving the sale. Lithuania was the most vocal critic, with Lithuanian Defense Minister Rasa Juknevičienė calling the decision by a NATO country to sell, "extremely complex offensive weaponry to a country where the level of democracy is not one that we can feel safe about," a "big mistake."<sup>40</sup> Estonian and Latvian government officials also criticized the sale but sought to downplay the regional security implications, focusing instead on the lack of French consultation before approving the sale.<sup>41</sup> One Polish official was quoted as saying the Mistral sale set a bad precedent and that the government hoped Russia would not acquire additional modern armaments.<sup>42</sup> In interviews in Brussels and Washington, diplomats from all four countries confirmed these views. They add that they have received assurances from the French government that no significant military technology would be transferred to Russia.

Some allies also express concerns about Rheinmetall's and Iveco's recent sales. As discussed below (see "Perceived Operational Risks Posed to NATO as a Result of the Sales"), they do not believe the specific military capabilities transferred to Russia necessarily pose a direct threat to the alliance. They argue, however, that the willingness to sell equipment and technology without first consulting NATO allies to discuss the security implications could set a bad precedent and ultimately lead to a deterioration of regional security.

## **Perceived Operational Risks Posed to NATO as a Result of the Sales**

Most allies, including some that have criticized the recent military sales to Russia, publicly have downplayed potential operational risks posed to NATO by Russia's acquisitions so far. In this regard, they appear to agree with defense analysts who argue that the four Mistrals, the army training center, and the armored vehicles would not in themselves shift the balance of military power between NATO and Russia in a meaningful way. That said, officials from some Baltic and other NATO member states do express concern about possible deployment of the Mistral in the Baltic Sea and argue that NATO should adjust its defense plans to account for Russia's acquisition of this new capability.<sup>43</sup> They add that Russia has in the past conducted military exercises that appeared to simulate actions against NATO attack and has planned what may be an anti-NATO exercise for 2013 (see "Russian Military Training Exercises Involving Simulated NATO Engagement").

A more significant concern of some NATO member states is the importance of acquisitions in the Russian government's overall defense modernization plans and the precedent these initial sales might set for future sales. According to some analysts and allied

officials, a key Russian goal is to acquire advanced technology in order to strengthen existing military hardware and to assist in a “bottom-up” approach to develop a new combat posture based on better equipped, more flexible military forces (see “Debate in Russia Over the Role and Value of Foreign Arms and Technology Acquisition”). They view the Rheinmetall training center, the purchase of armored vehicles, and the possible purchase of the *FELIN* infantry gear kits as important early steps in these efforts. The battlefield simulation technology that is the centerpiece of the army training center could, for example, play a key role in efforts to train smaller, more flexible brigades that could be outfitted with modern weapons derived from technology acquired from NATO members.

There is disagreement within NATO over the extent to which Russian military reform plans could lead to future operational risks for the alliance. Some allies argue that NATO should be more proactive in assessing the possible operational risks posed by Russia’s military modernization program and the role of new acquisitions in that program. They assert that this would be particularly prudent in light of perceived Russian hostility toward some NATO member states and along its western and southern borders. As mentioned, Russia’s invasion of Georgia is of particular concern. In addition to the aforementioned examples, some allied officials have raised concerns that one of Russia’s new army brigades has been deployed to the Russian enclave of Kaliningrad, which borders Lithuania and Poland.

Other allies maintain that Russia’s recent military acquisitions do not pose an operational risk to the alliance. German, French, and Italian officials appear to share the view that Russia’s conventional military capabilities are in what some analysts characterize as a deplorable state.<sup>44</sup> They acknowledge that Russian rhetoric toward NATO is at times threatening, but see little if any substance behind the statements. They add that they do not have any indications of Russian intentions to attack NATO members.

## **Effect of the Sales on NATO-Russia Relations**

All NATO allies have committed to the goal of partnership with Russia, agreeing in the alliance’s 2010 Strategic Concept that “[the allies] remain convinced that the security of NATO and Russia is intertwined and that a strong constructive partnership based on mutual confidence, transparency and predictability can best serve our security.”<sup>45</sup> Nonetheless, efforts to build a cooperative NATO-Russia partnership have had mixed results.

There is disagreement within the alliance over the extent to which military sales to Russia could benefit NATO-Russia relations. Some allies do not consider the military sales to Russia as beneficial and question Russia’s commitment to partnership with NATO. These critics emphasize what they perceive as Russia’s unpredictability, acts of Russian hostility toward NATO and its partners, and areas where Russia has sought to create disunity within the alliance. They note that Russian officials have never publicly offered to use their new military acquisitions to advance cooperation with NATO, for example, in joint exercises or joint operations. They add that Russia has been at best a reluctant partner in several areas of ongoing cooperation, including NATO’s territorial missile defense system. Some observers express concern that some allies at times appear more committed to advancing bilateral and NATO ties with Russia than to addressing the legitimate security concerns of other members of the alliance. In this view, a goal to increase trust with Russia could lead to a decrease in trust within NATO.

By contrast, other allies argue that it is in NATO's interest to continue to engage Russia and seek to expand defense cooperation, as the alliance does with other partners. In their view, NATO engagement provides an important means by which to influence Russia's military modernization process. According to one analyst, France, for example, is seeking to "draw Russia toward an international framework," in the belief that Russia's "intrinsic weakness," will "eventually force it to turn resolutely to the West."<sup>46</sup> Supporters of this approach also tend to highlight what they consider the potentially negative consequences of generally rejecting military sales to Russia. They believe such a general policy could increase political tensions with Russia by signaling that NATO is not committed to a course of partnership. French, German, and other allied officials highlight several areas that they consider to be examples of successful defense cooperation between NATO and Russia, including counter-piracy operations off the Horn of Africa, counter-terrorism operations in the Mediterranean Sea, emergency search and rescue assistance, helicopter maintenance in Afghanistan, and theater-based missile defense.

## **VI. RUSSIAN PERSPECTIVES ON NATO AND EVOLVING RUSSIAN MILITARY DOCTRINE**

### **The Status of NATO in Russian Military Doctrine and Other Programmatic Statements**

In programmatic defense documents and statements, the Russian leadership has continued to assert that the United States and NATO are potential, if not existential, threats to national security. Russia's latest military reform effort—launched in late 2008—was justified in part by highlighting these security threats. In May 2009, President Medvedev promulgated a new National Security Strategy for Russia through the year 2020, which in principle provides the basis for Russia's military doctrine and foreign policy.<sup>47</sup> NATO is criticized as an obsolete regional security organization that should be superseded by a new regional security architecture. The strategy states that NATO's enlargement to countries sharing borders with Russia and NATO's adoption of out-of-area missions are "unacceptable," although it also avers that Russia is open to cooperation with NATO. An increasing global competition for resources could lead to military conflict, including near the borders of Russia and its allies, the strategy warns.

The United States (though not named explicitly) appears to be criticized as threatening Russia's military security by attempting to achieve "overwhelming supremacy in the military sphere." The strategy proclaims that despite this U.S. effort, Russia will "undertake all necessary efforts at the lowest level of expenditures to maintain parity with the United States in strategic offensive weapons." At the same time, the strategy calls for establishing a "strategic partnership" with the United States that appears to be envisaged as a global diarchy. U.S. analyst Stephen Blank suggests that the U.S.-Russia "reset" of relations being undertaken at the time of the release of the strategy led to the removal of explicit references to the United States as a threat.<sup>48</sup>

Another major programmatic document, the military doctrine, was approved by President Medvedev in early 2010. The doctrine has legal force as state policy and in theory guides

decisions on capabilities. The doctrine qualifies language it repeats from the previous 2000 doctrine—that the threat of large-scale war is reduced—by raising concerns that “dangers” are increasing that could develop into threats. The 2010 doctrine follows the 2009 national security strategy in mentioning NATO as a “danger” because of its enlargement to states bordering Russia and its assumption of out of area missions. Some analysts suggest that the doctrine assesses NATO as a “danger” (potential threat) rather than a current “threat” (defined as an enemy ready to attack) because of Russia’s involvement in the NATO-Russia Council and the developing U.S.-Russia “reset” in relations, although these are not mentioned in the doctrine. According to some observers, the military doctrine largely fails to reflect the military reforms launched a year before the doctrine’s release. In this view, the doctrine continues to call for the armed forces to be prepared to project great power status worldwide and fight major land battles in Europe and Asia.<sup>49</sup> Despite the doctrine’s presentation of NATO as a rising “danger,” analyst Roger McDermott argues that the Russian leadership had decided after the 2008 Russia-Georgia conflict that the risk of a possible NATO intervention on its periphery had lessened, and that this lessened risk provided breathing room to launch conventional military reforms.<sup>50</sup>

The NATO military action in Libya in 2011 may have exacerbated anti-NATO suspicions among a segment of the Russian elite that has blamed the “Arab Spring” on NATO and western interests intent on “regime change,” including in Russia.<sup>51</sup> Most recently, Prime Minister Vladimir Putin’s February 2012 campaign article on national security raised concerns that unnamed foreign powers were triggering local wars, some close to Russia’s borders. Because of these challenges, he stated, the Russian armed forces needed to be bolstered. In particular, he pointed to U.S. and NATO deployments of a missile defense system in calling for strengthening Russia’s air and space defenses.<sup>52</sup>

## **Debate in Russia over the Role and Value of Foreign Arms and Technology Acquisition**

Russian conventional military reforms launched in late 2008 have appeared mainly aimed at forming a more professional and modernized military force able to carry out counter-terrorist and other limited operations, rather than major intercontinental warfare involving the United States and NATO. Part of the reforms include plans through 2020 for weapons acquisition and the modernization of defense industries. At the same time, as discussed above, major programmatic documents and some statements by Russian leaders continue to stress NATO as at least a possible threat and Russia’s efforts toward military reform since 2008 have been justified in part by highlighting the security challenges posed by NATO and the United States.

Russia’s motivation for acquisitions from NATO member states are a subject of debate. Russian military analyst Aleksandr Golts and others have argued that Medvedev, Defense Minister Anatoliy Serdyukov, and Chief of the General Staff Nikolay Makarov have supported targeted foreign arms transfers as a stopgap measure to improve military capabilities in the near- to medium-term to conduct net-centric and rapid response warfare pending retooling of the defense industries, which they view as a longer-term process. Putin, however, has remained ambivalent about such acquisitions and cooperation because of his close association with defense industrial interests, Golts claims. He predicts that now that

Putin has been re-elected as president, defense industrial sector reforms—including through foreign technology transfers—will be reduced.<sup>53</sup>

The 2010 military doctrine calls for maintaining the Soviet-era objective of manufacturing all the weapons used by its armed forces, although these efforts have faced extreme challenges. Most recently, the August 2008 Russia-Georgia conflict has contributed to greater recognition that some military equipment and technology needs to be purchased abroad to supplement or bolster problematic domestic military production. Russian military arms orders to its domestic arms producers fell in the early post-Soviet period, and the arms firms faced financial insolvency and obsolescence, although some were able to sell arms abroad to partly recoup their losses. Many observers argue that modern international arms industries need to establish inter-relationships, including military technology exchanges, in order to remain competitive. In addition to such exchanges, Russian arms industries reportedly also increasingly are relying on imported machine tools from NATO and other countries in their efforts to modernize.<sup>54</sup>

In the wake of the Russia-Georgia conflict, Lieutenant-General Vladimir Shamanov, who helped lead Russia's invading forces during the conflict and subsequently was the chief of the Defense Ministry's Main Combat Training Directorate, stated that "if domestic industry cannot create a competitive product for the troops, we will purchase it from foreign manufacturers."<sup>55</sup> As explained by former First Deputy Defense Minister Vladimir Popovkin in late 2010, "our task is not to buy foreign equipment [per se], but technologies on the basis of which we would be capable of organizing production in Russia. We, unlike some other countries [perhaps referring to China], are not secretly copying examples, but openly we say we are prepared to pay for technologies, to buy licenses for production."<sup>56</sup> Anatoliy Isaykin, the General Director of Rosoboronekспорт (Russian Defense Export; the designated state-owned firm for the export and import of weapons), argued in August 2011 that collaboration with foreign defense industries is necessary so that Russia will be able to offer modern weapons for export.

Despite these efforts to acquire foreign arms and technology, potential suppliers have often been reluctant or unable (because of arms export controls) to provide sensitive technologies to Russia. In March 2012, Russian Deputy Defense Minister Anatoliy Antonov decried the restrictions on NATO arms technology transfers, stating, "let us recall the *Mistral* [helicopter carrier] problem. How much has been said about the hampering of this deal because Russia is trying to get not just a weapon but also high technologies? Regrettably, these hidden restrictions are still in place." He also criticized the lack of progress in U.S.-Russia talks over an agreement for cooperation in defense technologies.<sup>57</sup>

The Soviet-era thinking of the military doctrine and some officials in Russia have also discouraged foreign defense acquisitions.<sup>58</sup> For example, some Russian officials and analysts condemned the purchase of the *Mistral* on the grounds that foreign defense acquisitions "weaken" indigenous capabilities, but also on the grounds that Russia does not need such a capability. Russian defense analyst Ruslan Pukhov has complained that "the Navy just never properly explained why [it] needs this ship," and that Russia's status as a mid-level world economy does not support its acquisition of the *Mistral* to support "phantom Great Power illusions" of power projection.<sup>59</sup>

During his presidential election campaign, Putin was backed by a "Public Movement in Support of the Armed Forces and Defense Industry" that mainly represented defense industry interests. The effort was championed by recently appointed Deputy Prime Minister Dmitry

Rogozin, the head of the Military Industrial Commission (MIC). In his election article on national security, Putin stated that the priorities in weapons procurement for the military would be the nuclear forces, air and space defense, communications, reconnaissance, command and control, and electronic warfare systems, unmanned aerial vehicles, robot attack systems, modern transport aircraft, individual battlefield protection gear systems, and precision weapons and means to counter them. He asserted that weapons procurement through the year 2020 should aim to ensure technological superiority so that Russian troops will “see further, shoot more accurately, and respond more rapidly than any potential enemy.” He admitted that the defense industrial sector had “missed several cycles of modernization” over the years since the collapse of the Soviet Union, and pledged to assist the sector to reclaim global “technological leadership.”

However, Putin warned the defense industries against too much cooperation with international partners, which he cautioned could result in the adoption of “borrowed models” and the abandonment of self-reliance and military-technological and scientific independence. He stressed that foreign acquisitions should not substitute for domestic arms production, and that the main goal should be technology acquisition.

At the end of January 2012, Deputy Prime Minister Rogozin, who had been appointed head of the MIC in December 2011, announced that he would launch an assessment of new risks and threats over the next 30 years to Russia’s national and technological security and independence. Such a new assessment, he asserted, would provide a basis for revamping military industries for equipping the armed forces.<sup>60</sup> He had stated in early January that “there are good reasons to close the issue of purchasing foreign weapons from now on and raise it only as an evident exception from the general rule.”<sup>61</sup> In mid-February, Rogozin submitted an over-\$100 billion plan to refurbish the defense industry by 2020.<sup>62</sup> At the same time, he called for Russia to step up its contacts with the NATO Research and Technology Organization, but urged that Russian scientists who are detailed to the organization not cooperate with the scientific work of the organization, but merely gather intelligence.<sup>63</sup>

On February 14, 2012, Chief of the General Staff Makarov publicly revealed that the Defense Ministry had decided not to purchase domestically-produced armored personnel carriers and tanks for the next few years until better armored protection was developed. This announcement immediately was denounced by Rogozin, who stated that Makarov was not the only one who made decisions about arms acquisition. Not backing down, Makarov referred to the purchase of the Iveco armored vehicles in stating that “we only buy weapons where our industry will not have breakthrough positions in the coming five to ten years.” He re-emphasized, however, that the Defense Ministry would not purchase foreign weapons, even as a stopgap measure, without technology transfers.<sup>64</sup>

## **Russian Military Training Exercises Involving Simulated NATO Engagement**

Some observers have voiced concern that Russia’s recent defense acquisitions from NATO member states could be used in military exercises that simulate attacks on NATO allies. Below is a description of various Russian exercises, previous and planned, that could be illustrative of possible areas of concern:

- In October 2011, the Russian and Belarusian defense ministers agreed to host a 2013 “Zapad” (“West”) military exercise in Belarus, “to help prevent foreign aggression.”<sup>65</sup> Details on the exercise have not been announced, though the two countries held an exercise by the same name in August-September 2009 (see below).
- In September 2012, Russia will conduct the “Kavkaz” (“Caucasus”) military exercise in southern Russia. Despite initial reports, Russia recently has denied that the exercise will include its military forces in Armenia and in the occupied regions of Georgia (Abkhazia and South Ossetia).<sup>66</sup> Georgia has raised concerns that the exercise may simulate operations against it. There is a slight chance that a few armored vehicles being supplied by the Italian Iveco firm might be available for the exercise.
- In September 2011, the Russian-Belarusian “Union Shield” exercise reportedly simulated repulsing a NATO attack. The exercise was held in central and southern Russia and involved about 7,000 Russian troops, about 5,000 Belarusian troops, and a few invited Ukrainian troops (below the total number of 13,000 troops subject to observation under the OSCE’s Vienna Documents on Confidence and Security Building Measures).<sup>67</sup> Belarusian Chief of the General Staff Petr Tsikhanovskiy announced that the focus of the joint exercise would be countering operations like those carried out by NATO in Libya and Afghanistan.<sup>68</sup> Seemingly to reassure NATO countries that had been alarmed by exercises in 2009 (see below), Makarov stated that “we made a decision to hold the Union Shield-2011 exercises on Russian territory, far from the borders with NATO member states in order to demonstrate the transparency and the peace-loving policy of the Russia-Belarus Union.”<sup>69</sup> One part of the exercise was held along with air defense forces of the Russia-led Collective Security Treaty Organization in Astrakhan Region in southern Russia. Russian media reported that Syrian troops were invited and underwent training to shoot down NATO aircraft during the exercise. Russian and Belarusian media did not report use of any NATO-derived weaponry during the “Union Shield” exercise.<sup>70</sup>
- In August-September 2009, 6,000 Russian and 6,000 Belarusian troops conducted the “Zapad” (“West”) military exercise in Belarus along its borders with Lithuania and Poland and in Russia’s Kaliningrad exclave, and 7,000 Russian troops conducted an associated “Ladoga” (a lake near St. Petersburg) military exercise in areas bordering Baltic and Scandinavian countries. The Zapad exercise ostensibly involved operations against terrorists who had infiltrated into Belarus and the eastern part of the Kaliningrad Oblast from the territory of Lithuania, but actually simulated repulsing a NATO attack on Belarus, according to many observers. The Ladoga exercise ostensibly involved repelling a terrorist attack launched from Lithuania, but the main focus appeared to be on operations on the territories of the Baltic States and Finland. The Ladoga exercise included an amphibious landing in Kaliningrad.<sup>71</sup> According to some allegations, a nuclear strike on Poland also was simulated. A major goal of the exercises was to practice advanced technology “net-centric” warfare by brigades as part of the reforms being undertaken by the Russian military. NATO objected that the exercises were operationally linked and that Russia should have invited observers in accordance with commitments under the OSCE’s Vienna Documents (Belarus reportedly did invite observers from Latvia, Lithuania, Poland,

and Ukraine).<sup>72</sup> Russian and Belarusian media did not report use of any NATO-derived weaponry during the exercises.

## VI. U.S. POLICY PERSPECTIVES

### Administration Views

According to U.S. officials, the George W. Bush and Obama Administrations opposed France's sale of the Mistrals, though neither appears to have made public statements condemning the sale. Senior Obama Administration officials did, however, reportedly criticize the proposed sale in bilateral consultations with French officials, including during a February 2010 meeting between then-defense secretary Robert Gates and President Sarkozy.<sup>73</sup> In seeking to dissuade Paris, U.S. diplomats reportedly argued that the decision could send the wrong message both to Russia and NATO allies in Central and Eastern Europe, particularly after Russia's invasion of Georgia. They reportedly urged the French government to explore alternative confidence building measures with Russia that would have less potential to destabilize the region.<sup>74</sup> U.S. Administration officials have not publicly criticized the sale of additional military equipment to Russia by German and Italian companies and do not appear concerned that these sales could have significant regional security implications.

Some analysts suggest that the Obama Administration's lack of more vocal opposition to its allies' recent military sales to Russia is at least partly due to the priority it has placed on improving ties with Moscow. The Administration launched a "reset" in bilateral ties with Russia in 2009 and has been a proponent of extending this policy approach to the NATO-Russia relationship.<sup>75</sup> The Obama Administration's National Security Strategy (NSS), 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." In his February 2011 threat assessment, Director of National Intelligence James Clapper stated that "Russian military programs are driven largely by Moscow's perception that the United States and NATO are Russia's principal strategic challenges and greatest potential threat." In his 2012 threat assessment, Clapper appeared to stress the limited nature of Russia's military reform efforts, stating that they "will not—and are not intended to—enable Moscow to conduct sustained offensive operations against NATO collectively."<sup>76</sup> The Defense Department's new strategic guidance, released in January 2012, also appeared to take a more benign view of Russian intentions, stating that as part of efforts to bolster NATO and ensure European security, "our engagement with Russia remains important, and we will continue to build a closer relationship in areas of mutual interest and encourage it to be a contributor across a broad range of issues."<sup>77</sup>

In the context of the U.S.-Russia "reset," the Obama Administration may be reluctant to publicly oppose the sale of military equipment to a country with which it is seeking to develop new areas of cooperation and that it believes does not pose a direct military threat to NATO. The Administration may also want to avoid potentially negative consequences in its bilateral relations with key western European allies. France, Germany, and Italy have been



important partners to the United States on a range of foreign and security policy issues, including in Afghanistan and in efforts to curb the Iranian nuclear program. On the other hand, the Baltic states, Poland, and others have also contributed significant resources to NATO operations and to advancing U.S. security interests.

As noted previously, Administration officials appear to be skeptical of proposals at NATO for formal consultations on allied military sales to third countries. In this regard, they agree with some other allies that NATO is not the appropriate forum for discussions of arms exports. They stress the importance of enforcing and strengthening existing national and multilateral conventional arms export control mechanisms, including at the EU level. U.S. officials may be reluctant to support mechanisms that could lead to scrutiny within NATO of U.S. bilateral arms sales. Among other things, they may contend that such forums ultimately could increase tension within the alliance, without actually addressing the larger concerns about specific arms sales.

### **The Arms Export Control Act (AECA) and International Traffic in Arms Regulations (ITAR)**

It appears that existing U.S. arms export control law and regulations, specifically the Arms Export Control Act (AECA) and the International Traffic in Arms Regulations (ITAR), have played a role in limiting sales from allied countries to Russia. Given the decades-long record of close defense cooperation between the United States and its NATO allies, a significant amount of allied equipment contains U.S.- developed or U.S.-made components that would be subject to ITAR or other U.S. statutory third party export restrictions. As noted above, Dutch and American companies involved in the production of components of Iveco's Lynx armored vehicles reportedly refused to grant licenses for the transfer of this technology to Russia. The involvement of a U.S. firm indicates that ITAR could have played a role in this decision. In October 2010, before agreeing to terms with the French government on the Mistral, Russia announced an international tender for the purchase of two amphibious assault ships. Along with France's DCNS, companies from NATO member states Spain and the Netherlands reportedly submitted proposals. However, the Spanish and Dutch designs reportedly were ruled out of contention because both included U.S. technologies or components and therefore would be subject to ITAR restrictions.<sup>78</sup> Officials from some allied member states point out that these and other regulations could significantly constrain Russia's ability to acquire more advanced military technology from NATO allies.

Section 38 of the Arms Export Control Act (P.L. 90-629, as amended; 22 U.S.C. 2778), provides the statutory authority for the President to establish ITAR. Through Executive Order 11958, as amended, the President delegated this authority to the Secretary of State, who in turn delegated the authority to administer ITAR primarily to the Deputy Assistant Secretary for Defense Trade Controls and Managing Director of Defense Trade Controls in the Political-Military Bureau of the State Department. Of particular note is that ITAR requires prior authorization of the U.S. State Department before any nation that has previously received defense articles or defense services from the United States can subsequently re-transfer any such items to a nation not partially or otherwise exempt from various ITAR restrictions. Russia has no such exemption from ITAR's provisions, so any nation that wishes

to re-transfer U.S. munitions list items or components previously exported to it to Russia, must receive prior written approval from the State Department before it can do so.<sup>79</sup>

Furthermore, Section 3(d) of the Arms Export Control Act (AECA) expressly requires that before the President can authorize “the transfer of any major defense equipment valued (in terms of its original acquisition cost) at \$14, 000,000 or more, or any defense article or related training or other defense service valued (in terms of its original acquisition cost) at \$50, 000,000 or more,” he or she must first submit to the House Speaker and the Senate Foreign Relations Committee a written certification regarding the proposed transfer giving specific information about it. This information must include (1) the name of the country or international organization seeking to make the transfer; (2) a description of the article or service to be transferred, including its acquisition cost; (3) the name of the proposed recipient of such article or service; (4) the reasons for the proposed transfer; and (5) the date when the transfer is proposed to be made.

For a non-allied nation such as Russia, Congress would have 30 calendar days to review the proposed transfer. If, prior to the end of those 30 days, the Congress enacted a joint resolution of disapproval, it could block the proposed transfer. To be able to permit the transfer to occur in the event that Congress did pass a resolution of disapproval, the President would have to veto the disapproval resolution and have his veto sustained.

## **Congressional Views**

Some Members of Congress voiced strong opposition to France’s sale of the Mistral and have called on the Obama Administration to inform Congress of future arms sales by NATO allies to third countries.<sup>80</sup> In the 111<sup>th</sup> Congress, Rep. Ileana Ros-Lehtinen introduced legislation calling on the Administration to urge France and other members of NATO and the EU “not to sell major weapons systems or any offensive military equipment, such as naval warships, to the Russian Federation,” until Russia has, among other things, withdrawn military forces from Abkhazia, South Ossetia, and Transnistria, and halted sales of advanced weapons to state sponsors of terrorism.<sup>81</sup> In the 112<sup>th</sup> Congress, Rep. Ros-Lehtinen’s proposed 2012 Foreign Relations Authorization Act includes a reporting requirement for the Secretary of State to submit to Congress an annual report on “sales and financing of defense articles in excess of \$50,000,000 by NATO member countries to non-NATO member countries.”<sup>82</sup>

## **VII. PROSPECTS FOR FUTURE ALLIED SALES TO RUSSIA**

As discussed previously, French, German, and Italian companies’ sales of military equipment and technology to Russia have exposed tensions within the alliance regarding its relations with Moscow. Some allied governments express concern that the willingness of other allies to sell significant military capabilities to Russia could decrease trust and cohesion within the alliance. They suggest that additional sales—particularly in the absence of formal discussions at NATO of the regional security implications— could further strain relations within NATO. They contend that, collectively, past and possible future sales could enhance

Russian military capabilities in ways that would pose an increased security threat to some NATO members.

Several factors could influence the extent to which European members of NATO pursue additional military sales to Russia. These include:

- **Continued market pressure on the European defense industry and government willingness to promote arms exports to countries outside NATO and the EU.** As European defense budgets continue to decline, European defense companies have increasingly focused on developing new export markets. Although some governments acknowledge the domestic economic benefits of exports, they underscore their commitment to existing arms export control mechanisms and emphasize that they would not approve sales that would alter the regional military balance.
- **Calls for increased transparency at NATO on bilateral military sales to Russia and their security implications.** The United States and other allies appear reluctant to support formal consultations at NATO on bilateral arms sales. However, calls for increased transparency and information exchange on proposed sales could prompt additional, if *ad hoc*, discussions of such sales within NATO.
- **The role of ITAR or other international conventional arms export control arrangements.** As noted above, Russian officials have expressed concern about a perceived European reluctance to transfer sensitive military technology to Russia and the restrictions in place to prevent such transfers.
- **Russian willingness to continue to acquire military equipment and technology from NATO members.** As noted, there is considerable debate within Russia over the merits of acquiring foreign military equipment and technology. Some analysts highlight President-elect Putin's ambivalence about such acquisitions, while others argue that Russia must pursue additional acquisitions if it is to meet its ambitious defense reform goals.
- **European reactions to political developments in Russia, developments in Russian defense policy, and developments in its management of relations with NATO.** European leaders welcomed the election in March 2008 of Dmitry Medvedev as president of Russia, with many expressing hope that he would spur economic and defense modernization and renew cooperation with NATO and the West. Putin's re-election as president in March 2012, the Russian government's handling of political opposition at home, and Putin's critical rhetoric toward the West could lead some to re-assess their approach toward Russia in the coming months. Changes to Russian force posture and its approach to cooperation with NATO in areas such as territorial missile defense could be of particular concern. On the other hand, positive developments in NATO-Russia cooperation, for example, in Afghanistan or countering piracy, could prompt calls for increased engagement, including in defense cooperation.

## VIII. POSSIBLE U.S. POLICY OPTIONS

In light of the aforementioned factors, U.S. policymakers might consider a number of policy options to shape U.S. and NATO policy on allied military sales and to address the effects of these sales on alliance cohesion. These include:

- **Rigorous enforcement and congressional oversight of U.S. arms export control law and regulations.** As noted above, a significant amount of allied military equipment contains U.S.- developed or U.S.-made components that would be subject to ITAR or other U.S. statutory third party export restrictions. ITAR requires U.S. Government authorization of the re- transfer of U.S. defense articles or defense services above a certain value to countries not otherwise exempt from ITAR restrictions. Furthermore, the Arms Export Control Act requires the President to notify Congress of its intent to authorize a re-transfer of U.S. defense articles or defense services at least 30 calendar days before authorizing the proposed transfer.
- **Increased transparency and information exchange among NATO allies on bilateral military sales to countries outside NATO and the EU.** Proponents of NATO consultations to assess military acquisitions of third countries emphasize that they do not advocate a formal NATO role in regulating the export of conventional arms. They have, however, urged their allies to share information on bilateral military sales, including on the level of technology transferred and the effect of the transfer on alliance security. They have called on NATO to develop institutional mechanisms to allow for such information to be requested and exchanged.
- **NATO assessments of trends in the global military balance and the effect on alliance security.** Some allies have called on NATO to take a more proactive role in assessing the security implications of the “rebalancing” of the global defense market, including declining European and American defense budgets.
- **More visible assurance of NATO’s commitment to collective defense, including along its eastern borders.** Such measures could include: continued support of NATO’s Baltic air policing mission; live military exercises in NATO member states, such as the planned *Steadfast Jazz* exercise scheduled to take place in Poland and the Baltic states in 2013; the continued updating of defense plans; and continued implementation of NATO’s territorial missile defense program.
- **Measures to enhance cooperation and mutual trust between NATO and Russia.** As discussed, NATO allies agree that partnership with Russia could lead to increased alliance security. Some allies have reportedly advanced proposals in the NATO-Russia Council for greater information exchange and cooperation between NATO and Russia on military exercises and operational planning. Proponents argue that increased transparency in military exercises could play an important role in building trust and predictability. Russia reportedly has yet to respond favorably to such proposals. Other allies question Russia’s commitment to partnership with NATO. They call on NATO to urge more constructive engagement from Russia in a broad range of areas of cooperation, including on counterterrorism, the stabilization of Afghanistan, counter-piracy, and cyber-terrorism.<sup>83</sup>

- **Renewed commitment to conventional arms control measures in Europe.** Some analysts argue that efforts to improve mutual trust and security between NATO and Russia could benefit greatly from a renewed conventional arms control regime in Europe. Russia's December 2007 suspension of its implementation of the 1990 Conventional Armed Forces in Europe (CFE) Treaty came amidst a long-standing dispute with NATO over how to limit the stationing of conventional forces between the Atlantic Ocean and the Ural Mountains.<sup>84</sup> Numerous policymakers and analysts have declared the CFE Treaty "almost dead," pointing, most recently, to NATO's November 2011 decision to stop CFE Treaty-related data exchange with Russia.<sup>85</sup> They add that lack of progress on the CFE Treaty has also impeded progress on other measures to promote transparency on defense policies and military activities such as the OSCE's Vienna Documents 1999 and 2011 of Confidence- and Security-Building Measures. At the same time, significant challenges exist to reviving the CFE Treaty or to engage in other conventional arms control arrangements.

## **APPENDIX A. OVERVIEW OF SELECTED CONVENTIONAL ARMS EXPORT CONTROL MECHANISMS IN EUROPE**

European countries are party to overlapping multilateral agreements that establish a framework of guidelines for the export of conventional arms and sensitive dual-use items. These agreements also establish mechanisms for consultation and information sharing among participating countries.

Systems of export controls, however, are administered at the national level—individual decisions to grant or refuse each export license are taken separately in each of the national capitals. As a result, the practical implementation of export controls may vary in accordance with national interpretations of criteria and guidelines, national bureaucratic arrangements, or the adoption and enforcement of export control laws and regulations at a national level.

### **The Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies (Wassenaar Arrangement)**

The Wassenaar Arrangement became operational in 1996 as the successor to the Coordinating Committee for Multilateral Export Controls (COCOM), an organization that coordinated restrictions on dual use exports to Communist countries from 1949 to 1994.<sup>86</sup> With the inclusion of neutral and formerly Communist countries, Wassenaar was founded to increase transparency and foster greater responsibility in transfers of conventional arms and dual-use items, and to ensure that such items do not undermine regional and international security. There are now 41 participating countries, including 31 of the 34 countries that belong to NATO and/or the European Union, and Russia.<sup>87</sup>

There are four main elements to Wassenaar. Participants have agreed to:

- maintain national export controls for items included on a common Munitions List and a common List of Dual-Use Goods and Technologies;

- apply a series of agreed guidelines and best practices in making national export control decisions;
- report to one another regularly on transfers and denials of controlled items to non-Wassenaar countries; and
- exchange information on sensitive dual-use goods and technologies.

Perhaps the most important difference between COCOM and the Wassenaar Arrangement is the enforcement mechanism. COCOM operated on the basis of “consensus,” and functioned without the existence of a treaty or specific legal authorization. In reality, COCOM “consensus” gave any member—and that member was most likely to be the United States—a veto over the export by any other member of a controlled good or technology. The Wassenaar Arrangement, by contrast, relies on national discretion with coordination and does not require prior notification of transfers. The Arrangement does envision “more intensive consultations and more intrusive information sharing” among six major weapons suppliers: France; Germany; Italy; Russia; the United Kingdom; and the United States.

### ***The European Union Code of Conduct on Arms Export Controls***

The European Union (EU) provides another multilateral layer of controls on conventional arms exports for its 27 member states. In December 2008, the EU adopted a new act defining common rules for exports of military technology and equipment (Common Position 2008/944/CFSP). The act lists eight criteria which EU member states must consider when deciding whether to grant an export license for items on the EU Common Military List, or for dual-use items when the end user is military or internal security forces:

- consistency of the export with international commitments such as arms control treaties and arms embargoes;
- risk that the export would be used for internal repression or human rights violations;
- risk that the export would provoke or prolong armed conflict within the destination country;
- risk that the export would undermine regional peace and security;
- potential effect of the export on defense and security interests of friends and allies;
- compliance of the purchaser with international commitments, attitude toward terrorism, organized crime, non-proliferation, and export controls;
- risk of undesirable diversion or re-export to third parties, risk of reverse engineering and unintended technology transfer; and
- risk that the export would undermine the sustainable development of the recipient by excessively diverting resources to armaments, risk that the export is incompatible with recipient’s technical and economic capacity.

The 2008 act enhanced and expanded the EU’s arms export framework in a number of ways. The eight basic criteria had already been the core of the EU’s earlier 1998 Code of Conduct on Arms Exports. In a legal context, however, the 2008 Common Position elevates the Code of Conduct from a voluntary political agreement to formally binding EU legislation. The Common Position also extended the Code to cover brokering licenses, transit licenses, and technology transfers in addition to export licenses; linked all items on the EU Common

Military List to the Code; and emphasized the importance of end-use guarantees for exported articles.

Some analysts assert that the 2008 act raises standards for EU arms exports and increases the overall coherence of EU arms export policy. The act improves member state coordination by requiring extensive consultation and information sharing: member states are required to share information on military exports with one another in an annual report; notify one another when an export license is denied and explain the reason for refusal; and consult with the denying member state when granting an export license that has been previously denied by that member state.

The Council of the EU organizes a Working Group on Conventional Arms Exports (COARM) in which member states discuss arms control priorities and periodically review the Common Position. Member states regularly exchange information with a view to reaching a common understanding about destination countries and reducing divergences in the way applications are considered. Member states may also request consultations when a sensitive destination raises concerns or doubts—24 destination countries were reportedly discussed in consultation in 2009 and 2010. According to the Council of the EU, France's sale of the *Mistral* to Russia was the topic of "an exchange of views and information" between the member states in COARM.<sup>88</sup>

COARM, however, is a forum for exchanging views and information and for raising concerns and comments; it does not make enforcement decisions. It is significant to recall that within the agreed EU framework the member states still implement export controls on a national basis. Decisions on the EU's Common Foreign and Security Policy such as Common Position 2008/944/CFSP are adopted by member state consensus and considered binding, but analysts note that political peer pressure is considered the main form of "enforcement." In other words, member states are expected to apply the provisions of the Common Position, but there is no EU agency for enforcing the agreement—CFSP decisions are not subject to enforcement by the European Commission or the European Court of Justice. Despite the Common Position and the regular exchanges and consultations it promotes, the decision-making process still takes place almost exclusively in national capitals. Some observers argue that the overall coherence of European arms exports therefore remains subject to differing national interpretations of the criteria.

Domestic legal challenges may potentially represent an additional avenue of "enforcement" on arms exports. In August 2009, for example, two advocacy groups filed a petition with Belgium's Council of State, the country's Supreme Administrative Court, challenging the validity of export licenses that had been granted to arms manufacturer FN Herstal. The licenses would have allowed the company to fulfill a €12 million (about \$16 million) small arms contract with Libya. In October 2009, the court ruled in favor of the petitioners and suspended five licenses pertaining to the delivery based on the Libyan government's widespread violations of fundamental rights and freedoms. Among other things, the court reportedly ruled that the granting of the export licenses violated the principles of the EU Code of Conduct.<sup>89</sup>

The case of Libya also demonstrates that even widely shared interpretations of the arms export criteria can change over time in light of unforeseen global developments. During the violence in Libya in early 2011, the EU's annual report on military exports showed member states had licensed €343.7 million (about \$451 million) in arms exports to the Gadhafi regime in 2009.

### ***National Level Export Controls***

National laws establish the bureaucratic framework for the day-to-day operation of national export control systems. The institutional mechanisms governing arms export control in EU and NATO member states tend to reflect similar principles and are generally implemented in comparable ways. In France and Germany, for example, the exports of “war weapons” and the export of “other defense related goods” or “other military equipment” are each regulated by specific laws and are overseen by designated ministerial agencies. Particularly large or potentially controversial requests for export licenses require the approval of high-level national security councils comprised of the head of government and key ministers. The deliberations of these committees are classified, but French and German officials indicate that key considerations in the approval processes include the proposed level of technology transfer and the potential effects on the regional security situation. In Germany, the export of “war weapons” are subject to particularly stringent controls due in large part to the country’s history in the Second World War.

## **APPENDIX B. EUROPEAN PERSPECTIVES ON ARMS SALES TO CHINA**

In June 1989, the European Union adopted an arms embargo against China in response to the Chinese government’s violence and repression against pro-democracy protesters in Tiananmen Square. The EU typically adopts arms embargoes as a formal, binding act of legislation, unanimously agreed by all the member states under the Common Foreign and Security Policy (CFSP). In the case of China, however, there is no such piece of legislation; rather, the embargo is essentially a political agreement based on a line in a European Council Declaration: “In the present circumstances, the European Council thinks it necessary to adopt the following measures...interruption by the Member States of the Community of military cooperation and an embargo on trade in arms with China....”<sup>90</sup> The unanimous agreement of all EU member states would be required in order to formally overturn this policy; given the number and diversity of member countries (the EU has expanded from 12 to 27 members since 1989), analysts assert that reaching such a consensus on this issue is an inherently difficult prospect.

### **Past Debate on Lifting the Embargo<sup>91</sup>**

In 2004-2005, momentum grew within the EU for lifting the arms embargo on China in order to help develop a long-term “strategic partnership” and increase commercial ties. Starting in 2003, China had exerted mounting pressure to end the embargo, holding out the prospect of greater bilateral cooperation. France and Germany were the leading advocates within Europe for lifting the embargo, and for a time there appeared to be a sufficient consensus, with EU officials and many observers suggesting it would likely be repealed some time in 2005.

Proponents of lifting the embargo argued that it was mainly symbolic in any case and that such a move would not be a prelude to any major arms sales to China. Europeans therefore argued that the 1998 EU Code of Conduct on Arms Exports was much more significant in



terms of regulating military-related exports, and that any decision to lift the embargo would be accompanied by a strengthened Code of Conduct. On the other hand, opponents of lifting the embargo argued that its symbolism and political guidance remained important and that it did have a restraining effect on sales of military equipment and other sensitive items to China.

The reaction in the United States, from both the Congress and the George W. Bush Administration, was strongly against the EU lifting the embargo. U.S. objections centered on two main lines of argument. First, U.S. policymakers argued that China's record on human rights remained poor. Lifting the embargo would therefore send the wrong signal to Chinese leaders while reducing western leverage to press for improvements. Second, despite Europeans' arguments about the mainly symbolic nature of the embargo and their application of the Code of Conduct, U.S. policymakers maintained that lifting the embargo would damage U.S. security interests. Even if ending the embargo did not result in sales of weapons systems and items such as fighter aircraft and submarines to China, U.S. officials maintained it would lead to the Chinese military acquiring more sophisticated technology in areas such as command, control, and communications systems, and radars. U.S. officials asserted that Chinese military modernization has major implications for U.S. defense commitments in East Asia, and the increased availability of advanced technologies for China would also raise proliferation concerns.

With the scars of the 2002-2003 divides over Iraq still fresh, the EU consideration of ending the embargo threatened to cause a serious breach in transatlantic relations. Some Members of Congress indicated that, should the EU lift its embargo, they would seek to impose restrictions on sales of U.S. defense articles and technology to EU member states, and to impose restrictions on U.S. military procurement from EU member states. In 2005, both the House and Senate held hearings on the issue, and both passed resolutions urging the EU to maintain the arms embargo on China.

Within the EU, countries such as the United Kingdom, the Netherlands, and others were more reluctant to lift the embargo for strategic reasons, including the effect it would have on transatlantic relations; Scandinavian countries and others were also hesitant due mainly to human rights reasons. In any case, China's adoption of an aggressive anti-secession law aimed at Taiwan in March 2005 removed some of the momentum for overturning the embargo, and with the departure of Gerhard Schröder, replaced by Angela Merkel as chancellor of Germany later that year, EU member states in favor of lifting the embargo lost a prime advocate. Although analysts suggested that the end of the embargo was merely a matter of time, the issue was shelved and the embargo remains in place.

### ***Renewed Debate***

In a strategy paper presented to EU leaders in December 2010, EU High Representative for Foreign Affairs and Security Policy Catherine Ashton adopted what some observers termed a "pragmatic" approach to the future of the embargo. In the paper, she reportedly wrote that "The current arms embargo is a major impediment for developing stronger E.U.-China cooperation on foreign policy and security measures. The E.U. should discuss its practical implication and design a way forward."<sup>92</sup>

The paper generated some renewed interest in the debate over the embargo, but it quickly became clear that EU member states remain divided about lifting the embargo, and a serious move toward lifting it does not appear imminent. The UK remains the most significant opponent; in January 2011, a British government official told the press "Our view is that the

time is not right for lifting the EU arms embargo. It is the kind of discussion that comes round from time to time. It is right that the issue is reviewed. But the time is not right.”<sup>93</sup> France remains a primary supporter of lifting the embargo; Spain, Portugal and Greece have also reportedly expressed support in recent years for lifting the embargo.<sup>94</sup>

The Eurozone debt crisis that began unfolding in Greece in early 2010 has added a new dimension to speculation about EU-China relations. Some of the EU’s economically struggling member countries have looked to China for potential new business and investment deals, and observers have talked about a potential Chinese contribution to “bailing out” the Eurozone. The key question commonly involved in such discussions has been what China would demand in return. European recognition of China as a market economy is one priority for the Chinese government, but with Chinese officials continuing to press for the EU to lift the arms embargo, some analysts assert that Europe’s economic problems could potentially give China and European supporters of ending the embargo more leverage in the debate. Others counter that this notion of China’s leverage is exaggerated: the Eurozone is an import export market for China in any case, and it is therefore in China’s economic interest that stability of the Eurozone be sustained, regardless of the fate of the arms embargo.

In the context of debates about the symbolic nature of the embargo, it is notable that EU countries appear to define what constitutes “arms” differently, and implement the embargo accordingly. Given the general nature of the language in the 1989 Council Declaration, some appear to interpret the language to apply to obviously lethal items and weapons platforms, but have continued to sell items such as avionics, radars, and a range of dual-use equipment. Approval of items included in the EU’s annual arms export reports for sale to China averaged €236.6 million (about \$310.5 million) per year from 2006–2010, with France accounting for about 90% of the total.<sup>95</sup>

## End Notes

<sup>1</sup> NATO, *Active Engagement, Modern Defence, Strategic Concept for the Defence and Security of the Members of the North Atlantic Treaty Organization*, November 2010.

<sup>2</sup> NATO, *Active Engagement, Modern Defence, Strategic Concept for the Defence and Security of the Members of the North Atlantic Treaty Organization*, November 2010.

<sup>3</sup> The DDDR was launched at NATO’s 2010 Lisbon Summit to further examine NATO’s overall posture in deterring and defending against potential threats. By most accounts, consultations in the DDDR have been “dynamic and extremely delicate,” characterized by deep disagreement between France and Germany about the future role of nuclear weapons in the alliance. David S. Yost, “Carrying Forward NATO’s Deterrence Review: A Report on a Workshop in Brussels, 25-26 October 2011,” NATO Defense College, December 2011; Oliver Meier, “France and Germany agree on truce over nuclear arms control committee as NATO works on Deterrence and Defense Posture Review,” [armscontrolnow.org](http://armscontrolnow.org), October 3, 2011.

<sup>4</sup> The intergovernmental agreement was signed by former French Defense Minister and current Foreign Minister Alain Juppe and Russian Deputy Prime Minister Igor Sechin.

<sup>5</sup> “Russia Signs Billion-Euro Contract for French Warships,” AFP, June 17, 2011.

<sup>6</sup> DCNS, “New international success for DCNS with the BPC,” June 17, 2011, <http://en.dcnsgroup.com/2011/06/17/nouveau-succes-a-1e2%80%99export-pour-dcns-avec-le-bpc-mistral/>.

<sup>7</sup> Open Source Center, *Central Eurasia Daily Report* (hereafter *CEDR*), January 26, 2010, Doc. No. CEP-349004.

<sup>8</sup> DCNS, “New international success for DCNS with the BPC,” June 17, 2011, <http://en.dcnsgroup.com/2011/06/17/nouveau-succes-a-1e2%80%99export-pour-dcns-avec-le-bpc-mistral/>; Patrick Thomas Baker, *A Study of the Russia Acquisition of the French Mistral Amphibious Assault Warships*, Naval Postgraduate School – Thesis, Monterey, CA, June 2011; “Russia Signs Billion-Euro Contract for French Warships,” AFP, June 17, 2011.

<sup>9</sup> Patrick Thomas Baker, *A Study of the Russia Acquisition of the French Mistral Amphibious Assault Warships*, Naval Postgraduate School – Thesis, Monterey, CA, June 2011; pp. 49.

- <sup>10</sup> See, for example, Dmitry Gorenburg, "The Mistral's C2 systems," Russian Military Reform, February 21, 2011; Isabelle Lasserre, "Paris, Moscow Do Not Agree on 'Mistral' Warship's Price Tag," *Le Figaro*, March 15, 2011. Open Source Center EUP20110315029001; and Vladimir Socor, *France's Sale of the Mistral to Russia: The Challenge to NATO's Transatlantic Partners*, Jamestown Foundation, June 31, 2011.
- <sup>11</sup> Interviews of French officials, Washington, D.C. and Brussels, Belgium, March 2012.
- <sup>12</sup> Statements from some Russian officials suggest differing interpretations of the level of technology transfer involved in the agreement. For example, in June 2011, the head of Russia's United Shipbuilding Corporation, Roman Trotsenko, ostensibly referred to elements of the *SENIT-9* system when he stated that "the French side has accepted an unprecedented level of cooperation in the handover of know-how, and will transfer know-how to Russia, including the basic computer codes of the combat information control systems and communications systems."<sup>12</sup>
- <sup>13</sup> *CEDR*, September 13, 2009, Doc. No. CEP-950041
- <sup>14</sup> *Eurasia Daily Monitor*, June 27, 2011. Russian defense analyst Konstantin Makiyenko has reported that the Russian Ministry of Defense started exploring the idea of purchasing the Mistral even before the August 2008 Russia-Georgia conflict. Open Source Center CEP-20090929358010.
- <sup>15</sup> *CEDR*, March 23, 2012, Doc. No. CEP-20120323358005
- <sup>16</sup> *CEDR*, February 21, 2012, Doc. No. CEP-20120221358006
- <sup>17</sup> "Russian Ministry of Defense Releases Details of 2011-2020 State Armament Program," RIA-Novosti Online, February 25, 2011. Open Source Center CEP20110301349001.
- <sup>18</sup> Safran – Sagem, *Felin Soldier System*, <http://www.sagem-ds.com/spip.php?rubrique116&lang=en>.
- <sup>19</sup> "Russian Ministry of Defense Releases Details of 2011-2020 State Armament Program," RIA-Novosti Online, February 25, 2011. Open Source Center CEP20110301349001.
- <sup>20</sup> "French Firm 'in advanced talks' over light armoured vehicle sales to Russia," AFP, February 21, 2011.
- <sup>21</sup> Rheinmetall, "Rheinmetall wins major order in Russia," November 24, 2011. <http://www.rheinmetall-defence.com/index.php?lang=3&fid=5653>.
- <sup>22</sup> Rheinmetall, "Rheinmetall wins major order in Russia," November 24, 2011. <http://www.rheinmetall-defence.com/index.php?lang=3&fid=5653>.
- <sup>23</sup> "Russia Defence Ministry to buy 10 Italian armoured vehicles," Interfax, December 3, 2010. Open Source Center CEP2010203950223.
- <sup>24</sup> "Russian Army to Receive first Lynx LMVs in 2012," *Army Technology*, March 15, 2012.
- <sup>25</sup> "Russian Army to Receive first Lynx LMVs in 2012," *Army Technology*, March 15, 2012.
- <sup>26</sup> "Russia: Licensing snags compel armoured vehicle manufacturer pullout – paper," BBC Monitoring International Reports, August 14, 2011.
- <sup>27</sup> *Interfax*, January 24, 2012; *CEDR*, March 14, 2012, Doc. No. CEP-950207.
- <sup>28</sup> *CEDR*, February 22, 2012, Doc. No. CEP-767002; March 21, 2012, Doc. No. CEP-358007; March 14, 2012, Doc. No. CEP-358008; February 27, 2012, Doc. No. CEP-358003.
- <sup>29</sup> Jane's World Defence Industry, *Executive Overview: Defence Industry 2011*, February 13, 2011.
- <sup>30</sup> Benoît Gomis, *European Defence and Security 2012: Commitments, Capabilities and Cash*, Chatham House Conference Summary, January 23-24, 2012.
- <sup>31</sup> Jane's World Defence Industry, *Executive Overview: Defence Industry 2011*, February 13, 2011.
- <sup>32</sup> Nicolas Sarkozy, as quoted in Open Source Center Analysis: *European Officials, Media Concerned About French Sale to Russia*, EUP2011031863900, March 18, 2011.
- <sup>33</sup> Open Source Center Analysis, *Potential French-Russian Deals Highlight Deepening Ties, Raise Security Concerns*, February 24, 2010.
- <sup>34</sup> "Finmeccanica Reports \$3.1B Loss in 2011," DefenseNews.com, April 4, 2012; Alessandro Giovannini and Giovanni Faleg, 'Advice from a caterpillar: the conundrum of EU military spending in times of austerity,' Center for European Reform, April 2012.
- <sup>35</sup> Open Source Center Analysis, *Potential French-Russian Deals Highlight Deepening Ties, Raise Security Concerns*, February 24, 2010.
- <sup>36</sup> As quoted in Isabelle Lasserre, "France-Russia: New Strategic Axis," *Le Figaro*, May 25, 2011. Open Source Center EUP20110525029004.
- <sup>37</sup> Open Source Center Analysis: *European Officials, Media Concerned About French Sale to Russia*, EUP20110318639001, March 18, 2011.
- <sup>38</sup> "Commentary Sees Russian-French Ties as Model for Russian-EU Relations," *Gazetta.ru*, November 26, 2009. Open Source Center CEP20091126006019.
- <sup>39</sup> Italy and Russia have close ties in the energy sector and Italian energy companies have entered into several significant and potentially lucrative agreements with their Russian counterparts in recent years. For example, in March 2011, Italian energy company ENEL announced plans to invest about €1 billion (about \$1.3 billion) in Russia to improve its power generating capacity in the country.
- <sup>40</sup> Lithuanian Minister: France's Decision to Sell Warship to Russia 'Big Mistake,' Baltic News Service, December 27, 2010. Open Source Center EUP20101227070001.

- <sup>41</sup> Open Source Center Analysis: *European Officials, Media Concerned About French Sale to Russia*, EUF20110318639001, March 18, 2011.
- <sup>42</sup> Open Source Center Analysis: *European Officials, Media Concerned About French Sale to Russia*, EUF20110318639001, March 18, 2011.
- <sup>43</sup> For example, in November 2009, then-Latvian Defense Minister Imants Liegis stated that “the presence of such a vessel in the Baltic Sea may change the security situation in the region.” Estonian Foreign Minister Urmas Paet was quoted as saying the deal would lead to a “broken security balance.” See Open Source Center Analysis: *European Officials, Media Concerned About French Sale to Russia*, EUF20110318639001, March 18, 2011.
- <sup>44</sup> Interviews of officials from NATO member states, Washington, D.C., and Brussels, Belgium, March 2012.
- <sup>45</sup> NATO, *Active Engagement, Modern Defence, Strategic Concept for the Defence and Security of the Members of the North Atlantic Treaty Organization*, November 2010.
- <sup>46</sup> “French Commentary Identifies ‘Ambiguities’ in Relations with Russia,” *LeMonde*, January 29, 2010. Open Source Center EUP20100129029008.
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- <sup>49</sup> Kier Giles, “The Military Doctrine of the Russian Federation 2010,” *NATO Research Review*, February 2010.
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- <sup>52</sup> *CEDR*, February 20, 2012, Doc. No. CEP-46001.
- <sup>53</sup> *CEDR*, March 22, 2012, Doc. No. CEP-358008; see also February 28, 2012, Doc. No. CEP-358001.
- <sup>54</sup> Roger McDermott, p. 375.
- <sup>55</sup> *CEDR*, December 2, 2008, Doc. No. CEP-548024.
- <sup>56</sup> “Popovkin on OPK, IVECO, Mistral, and Bulava,” *Russian Defense Policy*, October 26, 2010, at <http://russiandefpolicy.wordpress.com/tag/vladimir-popovkin>.
- <sup>57</sup> *Interfax*, March 13, 2012.
- <sup>58</sup> Keith Crane and Artur Usanov, “Role of High-Technology Industries,” in Anders Aslund, Sergei Guriev, and Andrew Kuchins, eds., *Russia After the Global Economic Crisis*, Peterson Institute for International Economics, 2010, p. 122; Susan Jackson, “Arms Production,” *SIPRI Yearbook 2010* (Oxford, UK: Oxford University Press, 2010), p. 261.
- <sup>59</sup> *BBC Monitoring Former Soviet Union*, February 6, 2012; *CEDR*, March 16, 2012, Doc. No. CEP-358016.
- <sup>60</sup> *CEDR*, January 31, 2012, Doc. No. CEP-358006.
- <sup>61</sup> Matthew Bell, “Russia,” *Jane’s Defense Industry*, February 1, 2012.
- <sup>62</sup> In early February 2012, Rogozin called for Russia’s defense industries to “develop a compact, mighty, fearsome army armed to the teeth.”
- <sup>63</sup> *Interfax*, February 9, 2012.
- <sup>64</sup> *CEDR*, February 14, 2012, Doc. No. CEP-330001.
- <sup>65</sup> *CEDR*, November 6, 2011. Doc. No. CEP-950023; Belapan News Agency, October 26, 2011.
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- <sup>67</sup> OSCE, *Istanbul Document 1999*, November 16, 1999; *Vienna Document 2011 on Confidence- and Security-Building Measures*, November 30, 2011.
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- <sup>73</sup> See: Doreen Carvajal, “French Deal to Sell Ships to Russia Criticized,” *New York Times*, December 28, 2010; Vladimir Socor, “France Stonewalls U.S. Attempts to Discourage Warship Sale to Russia,” *Eurasia Daily Monitor*, December 9, 2010; and “The Cruel Sea,” *The Economist*, February 10, 2010.
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- <sup>75</sup> For more information on U.S.-Russia relations, see CRS Report RL33407, *Russian Political, Economic, and Security Issues and U.S. Interests*; and CRS Report R42006, *Russian Military Reform and Defense Policy*.
- <sup>76</sup> U.S. Senate, Select Committee on Intelligence, *Statement for the Record on the Worldwide Threat Assessment of the U.S. Intelligence Community*, James R. Clapper, Director of National Intelligence, February 16, 2011; *Unclassified Statement for the Record on the Worldwide Threat Assessment of the U.S. Intelligence Community*, January 31, 2012.
- <sup>77</sup> U.S. Department of Defense, *Sustaining U.S. Global Leadership: Priorities for 21st Century Defense*, January 2012.
- <sup>78</sup> Patrick Thomas Baker, *A Study of the Russia Acquisition of the French Mistral Amphibious Assault Warships*, Naval Postgraduate School – Thesis, Monterey, CA, June 2011. pp. 44-48.
- <sup>79</sup> The ITAR is found in Title 22 of the U.S. Code of Federal Regulations, Subchapter M. Of particular relevance to the re-transfer issue are Part 120 which defines various terms such as “defense article” and “defense service” and “reexport” or “retransfer” (section 120.19); Part 123 deals with licenses for the export of defense articles, and section 123.9 sets out the requirements for approval of “reexports” or “retransfers.” For more analysis, see CRS Report RL31675, *Arms Sales: Congressional Review Process*.
- <sup>80</sup> In December 2009, six U.S. Senators wrote to France’s ambassador in Washington, D.C. to express their opposition to the proposed sale and their concern that the sale would violate provisions of existing arms export control agreements. Letter to Ambassador Pierre Vimont signed by Senator John Kyl, Senator John McCain, Senator Tom Coburn, Senator Roger Wicker, Senator Sam Brownback, and James Risch. December 18, 2009. [http://thecable.foreignpolicy.com/posts/2009/12/21/gop\\_senators\\_send\\_letter\\_expressing\\_concern\\_over\\_french\\_arms\\_sale\\_to\\_russia](http://thecable.foreignpolicy.com/posts/2009/12/21/gop_senators_send_letter_expressing_concern_over_french_arms_sale_to_russia).
- <sup>81</sup> 111<sup>th</sup> Congress, H.Res. 982 *Expressing the sense of the House of Representatives that France and other member states of the North Atlantic Treaty Organization and the European Union should decline to sell major weapons systems or offensive military equipment to the Russian Federation*. Introduced December 16, 2009.
- <sup>82</sup> 112<sup>th</sup> Congress, H.R.2583, *Foreign Relations Authorization Act, Fiscal Year 2012*. Sec. 1041. Introduced July 19, 2011.
- <sup>83</sup> See, for example, Dominik Jankowski, “The NATO Summit in Chicago: A Central European Perspective,” Foreign Policy Association, March 23, 2012.
- <sup>84</sup> The 1990 CFE Treaty set limits on the number of tanks, armored vehicles, heavy artillery, attack helicopters, and combat aircraft the Treaty’s 30 state parties could station in the area between the Atlantic Ocean and the Ural Mountains. Ongoing disagreement between NATO and Russia centers on Russian calls for NATO member states to ratify the 1999 Adapted CFE Treaty, which would create national weapons limits for each country, as compared with limits for each bloc, and NATO calls for Russia to first withdraw its military forces from Georgia and Moldova. For more information, see Oliver Meier, “News Analysis: NATO, Arms Control and Nonproliferation: An Alliance Divided,” *Arms Control Today*, April 2009; and Wolfgang Zellner, “Conventional Arms Control in Europe: Is There a Last Chance,” *Arms Control Today*, March 2012.
- <sup>85</sup> See Wolfgang Zellner, “Conventional Arms Control in Europe: Is There a Last Chance,” *Arms Control Today*, March 2012.
- <sup>86</sup> For more information on the Wassenaar Arrangement, see CRS Report RS20517, *Military Technology and Conventional Weapons Export Controls: The Wassenaar Arrangement*; and <http://www.wassenaar.org/>.
- <sup>87</sup> The three exceptions are Albania, Cyprus, and Iceland. There are 21 countries that belong to both NATO and the EU. Besides Russia, the other non-NATO and non-EU participants in Wassenaar are Argentina, Australia, Japan, Mexico, New Zealand, South Korea, South Africa, Switzerland, and Ukraine.
- <sup>88</sup> European Parliament, *Parliamentary Questions – Decision by France to sell Mistral class warships to Russia and compliance with EU Common Position 2008/944/CFSP*, February 1, 2011. <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+WQ+P-2011-000760+0+DOC+XML+V0//EN>.
- <sup>89</sup> Hughes Dorzee, “FN Weapons in Libya: Licenses Suspended,” *Le Soir*, October 30, 2009. Open Source Center EUP20091030024003; U.S. Commercial Service, *European Union: The new EU Code of Conduct on Arms Export Controls*, January 2010. The following month, however, Belgium’s licensing authority replaced the suspended licenses with new licenses that allowed FN Herstal to complete delivery.
- <sup>90</sup> See [http://eeas.europa.eu/cfsp/sanctions/docs/measure\\_en.pdf](http://eeas.europa.eu/cfsp/sanctions/docs/measure_en.pdf).
- <sup>91</sup> See CRS Report RL32870, *European Union's Arms Embargo on China: Implications and Options for U.S. Policy*.
- <sup>92</sup> Andrew Rettman, “Ashton pragmatic on China in EU foreign policy blueprint,” *EUobserver*, December 17, 2010, <http://euobserver.com/884/31538>. The paper reportedly goes on to state, “Europe is no longer the main strategic preoccupation of US foreign policy...The US has recognised the need for an increased engagement with Asia and there is a risk it will see the EU as a less relevant partner given our relative strategic weakness there...The EU should continue to work for the release of individual political detainees through active diplomacy [but] China will not match EU standards of human rights and rule of law for some time to come. Future convergence is best sought by concentrating on common ground...We need to manage mutual expectations.”

- <sup>93</sup> David Charter, Roland Watson, and Deborah Haynes, “Britain and EU clash on arms sales to China,” *The Times (London)*, January 12, 2011.
- <sup>94</sup> See, for example: David Charter, Roland Watson and Deborah Haynes, “Britain and EU clash on arms sales to China,” *The Times (London)*, January 12, 2011; Jean Guisnel, “Europe Seeks to Lift Ban on Arms Sales to China,” *Le Point*, Jan 3, 2011; James Kirkup, Britain will not lift arms veto for Chinese aid, *The Daily Telegraph*, November 4, 2011; and “France, China Pledge Economic Cooperation,” Reuters, November 4, 2010.
- <sup>95</sup> The EU’s most recent annual report on arms exports in 2010 is the *Thirteenth Annual Report According to Article 8(2) of Council Common Position 2008/944/CFSP Defining Common Rules Governing Control of Exports of Military Technology and Equipment*. This and previous reports can be downloaded at <http://eur-lex.europa.eu/>.

*Chapter 18*

## **2013 INVESTMENT CLIMATE STATEMENT: RUSSIA\***

### *Bureau of Economic and Business Affairs*

#### **OPENNESS TO, AND RESTRICTIONS UPON, FOREIGN INVESTMENT**

Russian President Vladimir Putin has stated that improving the investment climate in Russia and increasing foreign direct investment (FDI) is a priority for his tenure as President. This commitment led to a variety of reforms in 2012 that sought to reduce administrative barriers and provide incentives for foreign businesses looking to invest in Russia. The capstone of this commitment was Russia's accession to the World Trade Organization (WTO) in August of 2012, reducing tariffs across the board and securing a variety of market-opening acts by the Russian government. Russia continues to promote the use of high-tech parks, special economic zones and industrial clusters which offer additional tax and infrastructure incentives to attract investment. One of Putin's stated goals, to move Russia from 120<sup>th</sup> (in 2010) to 20<sup>th</sup> on the World Bank's Doing Business Index by 2020, saw incremental progress with Russia climbing to 112<sup>th</sup> in the 2012 publication. Russia's continued engagement in the accession process to the Organization for Economic Cooperation and Development (OECD) could also lead to greater market access for foreign investors.

Despite these positive changes, investing in the Russian market still requires that firms navigate a complicated and fluid set of challenges ranging from complex and burdensome regulatory processes to corruption that marks both political and judicial structures. The Russian economy was impacted by the global economic slowdown and the 2008-2009 financial crisis but has quickly rebounded thanks to high energy prices and use of two sovereign wealth funds to inject capital into domestic markets. Russia's GDP growth forecast of 3.6 percent in 2013 is a healthy figure when compared to the expected continuation of economic contraction in Europe, slow growth in the United States, and deceleration in China. However, Russia continues to be particularly vulnerable to global energy prices and continued weakness in the European economy, as the EU represents more than 50 percent of

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Russia's total trade volume. According to the United Nations Conference on Trade and Development (UNCTAD) 2012 World Investment Report, Russia saw FDI flows grow 22 percent, reaching USD 53 billion in 2011, its third-highest level ever recorded. In addition, in 2011, according to Ernst & Young's 2012 Russia Attractiveness Survey, Russia was the premier destination for investment in Central and Eastern Europe. This Survey combined analysis of statistical data with a survey of 208 global executives, 135 of whom do business in Russia. According to the survey, 19 percent of international investors considered Russia to be one of the most attractive regions of the world; this was up 8 percent from the previous year's results. According to the Central Bank of Russia, in 1H 2012, FDI into Russia reached USD16.2 billion, with manufacturers and the financial industry receiving most of the money (the most recent numbers available). The Economic Development Ministry forecasts that 2012 FDI in Russia will exceed the 2011 level and will likely reach about USD 60 billion.

Prime Minister Medvedev is particularly committed to building a strong high technology sector in Russia. The country's solid base of expertise in the scientific and mathematics fields, combined with a sizable market and an economy growing faster than most others in the region, have helped entice a series of U.S. firms to make investments in Russia. Roughly a dozen U.S. companies and organizations already have announced their intention to invest in the Skolkovo Innovation Center, Russia's high-tech cluster in Moscow's outskirts modeled on the example of Silicon Valley.

While a legal structure exists to support foreign investors, the laws are not always enforced in practice. The 1991 Investment Code and 1999 Law on Foreign Investment guarantee that foreign investors enjoy rights equal to those of Russian investors, although some industries have limits on foreign ownership (see Establishment section). Russia has sought to enhance consultation mechanisms with international businesses, including through the Foreign Investment Advisory Council whose members are CEOs of large companies, regarding the impact of the country's legislation and regulations on the business and investment climate. Russia has a system of Investment Ombudsmen at the federal and regional levels. In June 2012, President Putin created the position of Ombudsman for Entrepreneur's Rights, designed to be an additional measure of protection and advocacy for entrepreneurs. In December 2012, the State Duma approved the Business Ombudsman Law in its first reading and is expected to adopt the bill in the first half of 2013. Still, the country's investment dispute resolution mechanisms remain a work in progress, and at present can seem non-transparent and unpredictable (see Dispute Settlement section).

Russian government officials have repeatedly stressed that foreign investment and technology transfer are critical to Russia's economic modernization. At the same time, the government continues to limit foreign investment in sectors deemed to have strategic significance for national defense and state security via the Strategic Sectors Law of 2008. The law originally specified 42 activities that require government approval for foreign investment. Foreign investors wishing to increase or gain ownership above certain thresholds need to seek prior approval from a government commission headed by Russia's Prime Minister. The 2012 addition of Russian privately-held internet company Yandex to the strategic companies list highlights the broad interpretation of what is required to protect state security and national defense. However, there have been some adjustments to the list. Notably in 2011, Russia amended the law to simplify the approval process and narrow the range of potential investments requiring formal review. While the Commission has approved 129 of 137 applications for foreign investment since 2008, the number of transactions approved with



conditions has been increasing significantly. Statements made by key Russian officials in November of 2012 suggest the government will take additional action to roll back administrative barriers to foreign investment in Russian strategic companies. The Federal Antimonopoly Service (FAS) prepared various amendments, still awaiting approval by the State Duma, intended to simplify the procedures for state supervision of foreign investment in Russian strategic companies and to eliminate ambiguities in the interpretation and application of existing legislative provisions. (see Regulatory Transparency)

The share of the private sector in Russia's GDP continued to decrease in 2012, falling to 50 percent from 60 percent in 2006, according to the Russian Ministry of the Economy. The government also continues to hold significant blocks of shares in many privatized enterprises. In an effort to increase market forces in the economy and raise revenue for the federal budget, in 2009 the government began considering more ambitious privatization of strategic enterprises. In October 2010, the Russian Cabinet approved a major Privatization Plan to sell an estimated \$60 billion of government stakes in about 1000 companies (out of a total of 6,467 companies with some government ownership). This has been superseded by President Putin's May 2012 Privatization Plan. To date, treatment of foreign investment in new privatizations has been inconsistent; foreign participation has often been confined to limited positions. Subsequently, many have faced problems with inadequate protection for minority shareholders and corporate governance. Potential foreign investors are advised to work directly and closely with appropriate local, regional, and federal agencies that exercise ownership or authority over companies whose shares they may want to acquire. (See State-Owned Enterprises) In September of 2012, the United States and Russia signed a new bilateral visa agreement which extended the validity of a tourist visa to 36 months for both American and Russian travelers. This agreement also reduced the documentary requirements for Americans applying for a visa and eliminated the need for an invitation letter in most cases. The process for the approval and renewal of visas and residence permits for foreign businessmen and investors remains cumbersome with numerous documentary requirements. Additionally, there are regulations in specific industries that require a certain percentage of staff be Russian citizens, which may have a negative impact on foreign investors. The situation is improving, however. As part of Russia's efforts to encourage investment in innovation sectors, the GOR has eased the regulations on visas and residence permits for "highly-skilled" workers, and eliminated yearly quotas for foreign workers who fall into this category (defined by salary, position and education level). Potential investors are advised to consult the *State Department's Country-Specific Information on travel to Russia*, which includes the latest information on Russian visas.

Corruption remains a major challenge for Russia. Targeted efforts in 2012 to root out corruption by public officials and within business transactions led to widely reported investigations in the Ministry of Defense and the Ministry of Agriculture. Russia's ranking improved 10 spots to 133rd in Transparency International's 2012 Corruption Perceptions Index (CPI). The National Anti-Corruption Plan for 2012–2013 contains guidance and recommendations for the government on counteracting corruption, including the establishment of a legal framework for lobbying and increasing the transparency of state officials' personal finances and acceptance of gifts. Specifically, the bill will require all civil servants to declare large expenditures or face termination. These officials must also present information on the expenditures of their spouses and children if the expenditures involve acquisitions of land, vehicles or securities. Expenditures that do not match the declared

income will be investigated by law enforcement agencies. If an individual fails to prove that the property in question was acquired legally, the property will be confiscated and turned over to the state. Bribing a public official has been illegal in Russia since May 2011 (see Corruption section).

## Global Benchmarks

The following table includes the most recent data from indices measuring the investment and business climate in Russia:

Measure	Year	Index/Ranking
Transparency International Corruption Index	2012	28 – 133 of 176 countries
Heritage Economic Freedom	2012	50.5 – 144 of 184 countries
World Bank Doing Business	2013	112 of 185 economies
Fiscal Policy (IMF World Economic Outlook)	2011 (est.)	Government net annual borrowing: 1.11% of GDP
Trade Policy (Heritage Economic Freedom)	2012	68.2 (moderately free)
Business Start Up (World Bank Doing Business)	2013	101 of 185 economies
Land Rights Access (World Bank Doing Business) Freedom Rating (Freedom House)	2013 2013	Construction Permits: 178 of 185 economies Registering Property: 46 of 185 economies 5.5 out of 7 (scale of 1-7, 1 being the best) Status: Not Free Political Rights: 6 Civil Liberties: 5

## Currency Conversion and Capital Transfers

While the ruble is the only legal tender in Russia, companies and individuals generally face no significant difficulty in obtaining foreign exchange. Only authorized banks may carry out foreign currency transactions but finding a licensed bank is not difficult. According to currency control laws, the Central Bank retains the right to impose restrictions on the purchase of foreign currency, including the requirement that the transaction be completed through a special account. The Central Bank does not require security deposits on foreign exchange purchases. Russia has no capital controls and there are no barriers to remitting investment returns abroad, including dividends, interest, and returns of capital. Nonetheless, investors should seek expert advice at the time of an investment.

Currency controls exist on all transactions that require customs clearance, which in Russia applies to both import and export transactions and certain loans. A business must open a "deal passport" with the authorized Russian bank through which it will receive and service

the transaction or loan. A “deal passport” is a set of documents that importers and exporters provide to authorized banks which enable the bank to monitor payments with respect to the transaction or loan and to report the corporation's compliance with currency control regulations to the Central Bank. (Russia's regulations regarding deal passports are prescribed under Instructions of the Central Bank of Russia number 117-I of June 15, 2004.) In early 2011, the Central Bank of Russia expanded the list of grounds under which a deal passport does not have to be submitted. The Central Bank adopted Instruction number 1238-I on June 4th, 2012, which states “On order of submission by residents and nonresidents to authorized banks of documents and information relative to conducting of currency operations, order of deal passport formalization as well as order of currency operations’ registration by authorized banks and control for their execution”. One of the innovations suggested by the Instruction is an opportunity to file notifications on currency operations by an authorized bank. Previously, the parties involved in the transaction had to file the notification, themselves. Though the notification is an important element of Russia’s currency controls, under current regulations, basic transaction such as direct debiting from foreign currency accounts held by Russian residents are precluded. Once this Instruction enters into force, it is anticipated that this type of transaction will be permitted. Another improvement is the ability of the resident legal entity to the contract (loan agreement), to transfer formalization of the deal passport and currency operations relating to that contract, to its branch.

## **Expropriation and Compensation**

The 1991 Investment Code prohibits the nationalization of foreign investments, except following legislative action and where deemed to be in the national interest. Such nationalizations may be appealed to Russian courts, and the investor must be adequately and promptly compensated. At the sub-federal level, expropriation has occasionally been a problem, as has local government interference and a lack of enforcement of court rulings protecting investors.

## **Dispute Settlement**

Russia has a body of conflicting, overlapping, and frequently changing laws, decrees and regulations, which complicates the environment for dispute resolution. In an attempt to address these challenges, First Deputy Prime Minister Shuvalov in 2010 was designated “Investment Ombudsman” which entails coordinating and overseeing efforts to improve the business and investment climate, including the protection of foreign and domestic investors. In 2011, President Medvedev appointed additional Investment Ombudsmen in each Federal District to perform similar roles at the regional level. The government has also encouraged international business leaders, as part of their work in the Foreign Investment Advisory Council, to participate in the discussion of dispute resolution mechanisms and individual commercial disputes. While these steps offer some promise, overall, the country's investment dispute mechanisms remain underdeveloped and largely non-transparent. In 2012, President Putin named “Business Russia” leader Boris Titov as Ombudsman for entrepreneurs' rights.

Titov's remit includes advocating for business rights in court and requesting suspension of official actions if a business feels its rights were violated.

Independent dispute resolution in Russia can be difficult to obtain since the judicial system is still developing. Courts are sometimes subject to political pressure. According to numerous reports, corruption in the judicial system is widespread and takes many forms, ranging from bribes of judges and prosecutors to fabrication of evidence. Corruption likely does not play a role in the vast majority of cases, most of which involve relatively low stakes. A law enacted in late 2008 as part of President Medvedev's anti-corruption initiative requires that judges disclose their incomes and real estate assets, including those owned by their spouses and minor children.

Another component of President Medvedev's anti-corruption initiative included a series of amendments to the Code of Criminal Procedure – in 2008, 2009, and 2010 – to limit pre-trial detention of individuals accused of economic crimes. Implementation of these reforms has yielded mixed results. Prosecutors have sometimes avoided them by charging defendants under articles technically not covered by the amendments and judges have sometimes refused to apply them. Nevertheless, available statistics reveal a substantial decrease in the number of pre-trial detentions in cases involving economic crimes since the legislation was passed.

Commercial courts are required by law to decide business disputes relatively quickly, and many cases are decided on the basis of written evidence and little or no live testimony of witnesses. The commercial court workload is dominated by relatively simple non-contentious cases involving the collection of debts between firms and disputes with the taxation and customs authorities, pension fund, and other state organs. Tax-paying firms often prevail in their disputes with the government in court. The number of routine cases limits the time available to decide more complex cases. Many observers believe that over the twenty year period that the commercial court system has existed, its judges have grown more competent and better at writing decisions. Many lawyers nonetheless report that due to insufficient training, especially in complex business disputes, many judges often make poorly reasoned or simply incorrect decisions. Execution of court decisions is often problematic. Few firms pay judgments against them voluntarily and rumors of corruption concerning bailiffs, who are charged with enforcing decisions, are frequent, although hard evidence is scarce.

Federal Law 262, in effect since mid-2010, requires courts to publish their decisions online and otherwise make information about their activities publicly available. All Russian courts now have websites, which generally include a schedule of cases to be heard, the name of the judge, the location of the court, form documents that can be used by prospective litigants, and copies of decisions. Personal information is expunged before case decisions are posted online. The better websites allow citizens to calculate filing fees and search for analogous decisions. The commercial courts have played a leadership role in providing information online and using information technology. Electronic filing allows citizens to sign up to receive e-mail notifications of developments in cases of interest to them. NGOs have rated the compliance of courts with their obligations under the law and found that the information provided varies greatly in quality from one region to another, but have noted a willingness by some courts to respond to queries and criticisms by improving their sites. Although there are gaps and failures to provide information, overall judicial transparency has increased since the law took effect in 2010.

Many attorneys refer Western clients who have investment or trade disputes in Russia to international arbitration in Stockholm or to courts abroad. A 1997 Russian law allows foreign

arbitration awards to be enforced in Russia, even if there is no reciprocal treaty between Russia and the country where the order was issued. Russia is a member of the International Center for the Settlement of Investment Disputes (ICSID) and accepts binding international arbitration. Russia is also a signatory to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (UNCITRAL). However, international arbitral awards still require Russian courts to enforce awards and bailiffs to attach assets; these have yet to become consistently effective enforcers of court judgments, whether domestic or international.

As noted above, commercial disputes between business entities are heard in the commercial court system. That court system has special procedures for the seizure of property before trial, such that it cannot be disposed of before the court has heard the claim, as well as for the enforcement of financial awards through the banks. Additionally, the International Commercial Arbitration Court at the Russian Chamber of Commerce and Industry will hear claims if both parties agree to refer disputes there. A similar arbitration court has been established in St. Petersburg. As with international arbitral procedures, the weakness in the Russian arbitration system lies in the enforcement of decisions.

As per Federal Law of December 2011, a specialized court for intellectual property (IP) disputes is scheduled to open in early 2013. This court, embedded in the system of arbitration (commercial) courts, will hear cases on intellectual property rights (IPR), including those challenging statutory instruments on IP, in the first instance and cassation. In September 2012 the Higher Qualification Board of Judges (a body within the Russian judicial corps responsible for nominating judges to be further appointed by the President) nominated 20 judges to form the new IPR Court, and the Chief Judge of the IPR Court was appointed by the President in December 2012.

Former President Medvedev encouraged widespread adoption of alternative dispute resolution (ADR) to help courts handle their caseloads and to provide citizens with speedier and cheaper methods of resolving legal disputes. In January 2011, a new law took effect that authorizes the use of mediation in various kinds of disputes, including commercial ones, and provides for the confidentiality of mediation proceedings and for their enforceability in court. Although there are still issues concerning implementation, this represents an important step towards further development of ADR in Russia.

The level of professionalism in the legal bar, including in the realm of corporate compliance, continues to grow. While significant quality disparities reportedly still exist between large international firms with Russia offices and indigenous Russian firms, there are indications that continued joint trainings and other professional interactions are slowly improving the quality of local legal support for the business community.

## **Performance Requirements and Incentives**

Performance requirements are not generally imposed by Russian law and are not widely included as part of private contracts in Russia. However, they have appeared in the agreements of large multinational companies investing in natural resources and in production-sharing legislation. There are no formal requirements for offsets in foreign investments. Since approval for investments in Russia frequently depends on relationships with government

officials and on a firm's demonstration of its commitment to the Russian market, this may result in offsets in practice.

The Central Bank of Russia has imposed caps on foreign employees in foreign banks. The ratio of Russian employees in a subsidiary of a foreign bank is set at no less than 75 percent; if the executive of the subsidiary is a non-resident, at least 50 percent of the bank's managing body are to be Russians.

## **Right to Private Ownership and Establishment**

Both foreign and domestic legal entities may establish, purchase, and dispose of businesses in Russia, except in certain sectors that are regarded as affecting national security.

The Russian government limits foreign investment in sectors deemed to have strategic significance for national defense and state security via the Strategic Sectors Law of 2008. The law originally specified 42 activities that require government approval for foreign investment. Foreign investors wishing to increase or gain ownership above certain thresholds need to seek prior approval from a government commission headed by Russia's Prime Minister. The 2012 addition of Russian privately-held internet company Yandex to the strategic companies list highlights the broad interpretation of what is required to protect state security and national defense. However, there have been some adjustments to the list. Notably in 2011, Russia amended the law to simplify the approval process and narrow the range of potential investments requiring formal review by the Commission. With respect to extractive industries, government approval was previously required for foreign ownership above a 10 percent threshold for companies operating subsoil plots of "federal significance." The November 2011 reforms raised the threshold to 25 percent, a move that experts predict will greatly reduce the number of cases considered. While the Commission has approved 129 of 137 applications for foreign investment since 2008, the number of transactions approved with conditions has been increasing significantly.

## **Protection of Property Rights**

**Real Estate:** The Constitution and a 1993 presidential decree give Russian citizens general rights to own, inherit, lease, mortgage, and sell real property. Foreigners enjoy similar rights with certain restrictions, notably with respect to the ownership of farmland and areas located near federal borders. Mortgage legislation enacted in 2004 facilitates the process for lenders to evict homeowners who do not stay current in their mortgage payments. Thus far this law has been successfully implemented and generally effective. Mortgage lending is in its initial stages, and after a sharp contraction in 2008-09, the total value of mortgages in Russia is around three percent of GDP. In January – November 2012, mortgage lending grew by 40 percent over the same period of 2011, with new issuances amounting to USD 32 billion in the first eleven months of the year.

**IPR:** In Russia, the protection of intellectual property rights (IPR) is enforced on the basis of civil, administrative, criminal or customs legislation. The Civil Code sets up the level of compensation for IPR infringement and/or incurred damages for copyright, trademarks and geographical indications. The Code of Administrative Offenses concerns IPR infractions that

violate public or private interest or rights, but do not meet the criteria of the Criminal Code. An administrative investigation may be initiated at the request of an IPR owner or by law enforcement authorities (police or customs) suspecting possible IPR infringement. Administrative cases are dealt with by general jurisdiction courts or state arbitration (commercial) courts that have jurisdiction over economic disputes. The IPR provisions of the Criminal Code apply to large-scale infringements of copyright, patent and trademark rights that cause gross damages, as defined by the Criminal Code.

**Enforcement:** In recent years, Russia made significant progress in improving the legislative environment and legal framework for IPR protection. Russia passed amendments to Part IV of the Civil Code for compliance with the Trade-Related Aspects of Intellectual Property (TRIPs) agreement, amended its Customs Code to include ex-officio authority for Russian Customs officials, and amended the Law on Circulation of Medicines to provide for 6 years of regulatory data protection effective as of Russia's accession to the WTO in August 2012. However, implementation and enforcement thereof is subject to the respective regulations and corresponding bylaws, which are yet to be developed. Additionally, a law adopted in December 2011 laid the foundation for the establishment of a Russian IPR Court within Russia's system of commercial courts by February 2013.

Copyright violations (films, videos, sound recordings, computer software) remain a serious problem, particularly in the online environment. Although dwarfed in volume by pirated products online, legitimate DVD sales are on the rise, thanks in part to cheaper legitimate products, a growing consumer preference for high quality goods, and increased law enforcement action against pirates. Local representatives of the entertainment and software industries have also reported marginal declines in levels of piracy. Russian police on occasion carry out end-user raids against businesses using pirated products. However, at times, police have used IPR enforcement as a tactic to elicit bribes or harass NGOs.

**Bankruptcy:** Russia has had a law providing for bankruptcy of enterprises since the early 1990s. Law enforcement officials, however, tend to view bankruptcy with suspicion and reported 500 cases of financial crime involving bankruptcy in 2011. In November 2012, the State Duma passed in its first reading (three readings required for passage) a personal bankruptcy bill. The bill states that a citizen who finds himself in financial difficulty can submit a bankruptcy statement to the court. The court may then grant the individual the right to pay the debt in installments for a term of up to five years. An individual with debts exceeding 50,000 rubles (USD 1,576) and whose arrears amount to three months can be declared bankrupt. In this case, the individual cannot apply for a bank loan without citing his bankruptcy for the five years after his bankruptcy status was declared. The individual is then given six months to come up with a debt restricting plan subject to the approval of both the creditors and the court. Once the plan is approved, all late payment fees and penalties will be waived and assets unfrozen. Only in the case of a person who has no assets and no income may the debt be completely written off. The bill also stipulates a ban on declaring oneself bankrupt more than once in five years. The Duma is expected to approve the bill in the first half of 2013 with provisions possibly coming into effect in 2014.

## Transparency of the Regulatory System

Russia's legal system remains in a state of flux, with various parts of the government continuing to implement new regulations and decrees on a broad array of topics, including the tax code and requirements related to regulatory and inspection bodies. Negotiations and contracts for commercial transactions, as well as due diligence processes, are complex and protracted. Investors must do careful research to ensure that each contract fully conforms to Russian law. Contracts must likewise seek to protect the foreign partner against contingencies that often arise. Keeping up with legislative changes, presidential decrees, and government resolutions is a challenging task. Uneven implementation of laws creates further complications; various officials, branches of government, and jurisdictions interpret and apply regulations inconsistently and the decisions of one may be overruled or contested by another. As a result, reaching final agreement with local political and economic authorities can be a long and burdensome process. Companies should be prepared to allocate sufficient funds to engage local legal counsel to set up their commercial operations in Russia.

*Taxes:* Russia's tax system has recently undergone major changes. The Russian government has brought its tax legislation into line with OECD requirements, which has simplified the system, and prevents double taxation on transfer prices. Businesses nonetheless continue to raise concerns regarding audits. Multiple audits, repeated requests for documentation, and technical weaknesses of some claims have been identified as serious impediments to the conduct of business. The Council of the Russian Chamber of Commerce and Industry's Working Group of Tax Experts has predicted that in 2013-14 tax audits will increase, be exercised even more strictly, with larger assessments, as the system of incentives for tax inspectors was revised in 2012 to take into account the amount of additional tax accruals resulting from tax audits (2011 tax audits brought RUB 4.5 million to federal coffers). Russia's new Law on Transfer Pricing entered into force on January 1, 2012, with certain provisions scheduled to be phased in by 2014. Some experts caution that once all provisions are enacted in 2014, additional disputes with tax authorities might flare up.

*Public Comment:* All draft laws that go through the Russian Duma are published on the Duma's website. Sometimes, but not consistently, ministries and other Russian government bodies also publish proposed legislation (including draft laws, government decrees and regulations) on their websites. Russia's Open Government initiative aims to provide more transparency and governmental accountability to Russian citizens by creating opportunities for public comment on a wide range of initiatives. Russian Ministries have become more active in seeking input from industry experts and business groups, including the Foreign Investment Advisory Council, when developing business-related laws and regulations. Some NGOs claim Open Government is largely a public relations effort that will result in few substantive changes in decision-making. However, Russia is in the initial stages of this initiative and it is too soon to come to a conclusion on the efficacy of the program.

*Strategic Sectors:* Statements made by key Russian officials in November of 2012 suggest the government will take additional action to roll back administrative barriers to foreign investment in Russian strategic companies. The Federal Antimonopoly Service (FAS) has prepared various amendments, still awaiting approval by the State Duma, intended to simplify the procedures for state supervision of foreign investment in Russian strategic companies and to eliminate ambiguities in the interpretation and application of existing legislative provisions. The proposed amendments include the following: (1) removal of food



and beverage production from the list of strategic activities involving the use of infectious agents (e.g. cultured bacteria in yogurt production). FAS is considering similar revisions to exempt certain entities involving selected activities (e.g. foreign banks vis-a-vis distribution and servicing of encryption devices required for their operations); (2) eliminating the need for prior approval by the Government Commission for certain share increases or transactions in cases where the foreign investors hold 75 percent or more of a Russian strategic company's shares; (3) eliminating the need for prior approval for intra-group transactions by foreign investors controlled by the same entity; (4) allowance of automatic permit extensions for foreign investors already holding a permit (typically with a 2-year term) to invest in a strategic enterprise; (5) elimination of the need for government approval for acquisitions by Russian-controlled purchasers from foreign-controlled sellers (currently, only Russian-to-Russian transactions are exempt, but not acquisitions by Russian-controlled purchasers from foreign-controlled sellers); (6) clearer rules on state supervision and approval of transactions involving the placement of securities of Russian strategic companies (including depositary receipts) on stock exchanges, including foreign stock exchanges.

## **Capital Markets and Portfolio Investment**

The Russian banking system remains relatively small, with RUB 43.2 trillion (USD 1.4 trillion) in aggregate net assets as of October 1, 2012. Although Russia has roughly 1000 banks, the sector is dominated by state-owned banks, particularly Sberbank and VTB. The six largest banks (in terms of assets) in Russia are state-controlled, and the top five held 50.9% of all bank assets in Russia as of November 1, 2012. The successful implementation of the Deposit Insurance System in 2004 has proved a critical psychological boon to the banking sector, reflected in the overall growth of deposits. Despite measured progress, the Russian banking system is not yet efficiently performing its basic role of financial intermediary (i.e., taking deposits and lending to business and individuals). At the beginning of 2012, aggregate assets of the banking sector amounted to just 76.3% of GDP and aggregate capital was just 9.6% of GDP. Russia's banking sector has nearly recovered from the economic crisis, with corporate loan growth reaching 17.1% and retail loan growth 42.7% in the 12 months running to November 1, 2012. The Bank of Russia considers the latter too rapid and is taking measures to restrain it. The share within Russia's banking sector of non-performing and troubled loans, which during the 2008-2009 financial crisis increased substantially, stabilized in 2010 at around 20% and began to slowly decline in the second half of 2011, such that in November 2012 it was less than 16%.

Russia's two main stock exchanges – the Russian Trading System (RTS) and the Moscow Interbank Currency Exchange (MICEX) – merged in December 2011. The MICEX-RTS bourse plans for an initial public offering (IPO), possibly in early 2013. Russian authorities and shareholders of MICEX and RTS believe the merged entity, MICEX-RTS, has the potential to become a global player. However, most large Russian companies currently choose to list their stock in London and elsewhere abroad in order to obtain higher valuations.

The Law on the Securities Market includes definitions of corporate bonds, mutual funds, options, futures, and forwards. Companies offering public shares are required to disclose specific information during the placement process, as well as on a quarterly basis. In addition,

the law defines the responsibilities of financial consultants who assist companies with stock offerings and holds them liable for the accuracy of the data presented to shareholders.

Russian financial authorities are attempting to deepen the ruble-denominated domestic debt market to make it more attractive to foreign investors. In December 2011, the Central Bank issued a resolution allowing, effective January 1, 2012, government bonds (“OFZ”s) to be traded outside Russian exchanges (over the counter). Currently, foreign investors wanting to trade domestic bonds must set up local brokerage and custody accounts, a lengthy process that discourages many investors from buying OFZs. Additionally, in October 2012, the Federal Financial Markets Service granted Euroclear Bank, the world’s largest settlement system for securities, access to the Central Securities Depository to offer post-trade services for Russian OFZs. The Russian Deputy Finance Minister expressed hope that Russian OFZs would begin trading via Euroclear by early 2013. Hostile takeovers are common in Russia among both foreign and local firms. Private companies' defenses to prevent hostile takeovers relate to all potential hostile takeovers, not just foreign ones.

Russia’s financial market suffers from a shortage of private domestic institutional investors. For example, the life insurance market remains underdeveloped, comprising only 6.2% of insurance premium payments. Private pension funds, held back by a public distrust of financial instruments and a lack of tax incentives, currently have an equivalent of USD 17 billion in management, equal to 0.8% of GDP. Pension reform proposals supported by the government in late 2012 would do little to grow the private pension fund industry.

Russia had very high capital outflow (USD 34.6 billion) in early 2012, which later decelerated to average about USD 12 billion per quarter. In January –September 2012, total net private capital outflows were estimated at USD 57.9 billion.

## **State-Owned Enterprises**

The share of the private sector in Russia’s gross domestic product (GDP) continued to decrease in 2012, falling to 50 percent from 60 percent in 2006, according to the Russian Ministry of the Economy. The government also continues to hold significant blocks of shares in many privatized enterprises. In an effort to increase market forces in the economy and raise revenue for the federal budget, in 2009 the government began considering more ambitious privatization of state-owned enterprises (SOEs). In October 2010, the Russian Cabinet approved a major Privatization Plan to sell an estimated USD 60 billion of government stakes in about 1000 SOEs (out of a total of 6,467 companies with some government ownership). This has been superseded by President Putin’s Privatization Plan, signed in May 2012, which calls for the sale of all state holdings in firms outside the defense and energy industries by 2016. To date, treatment of foreign investment in new privatizations has been inconsistent; foreign participation has often been confined to limited positions. Subsequently, many have faced problems with inadequate protection for minority shareholders and corporate governance. Potential foreign investors are advised to work directly and closely with appropriate local, regional, and federal agencies that exercise ownership or authority over SOEs whose shares they may want to acquire.

President Putin’s Privatization Plan contains a preliminary list of companies to be privatized by 2016; the list contains two categories: all non-natural resource sector companies scheduled for privatization over the next 12 to 18 months, and energy companies which will

likely see further state consolidation before any equity sale. First Deputy PM Shuvalov has stated publically that the government will not rush privatization, and if market conditions worsen privatization could be further postponed. The October 2012 USD 55 billion purchase by SOE oil giant Rosneft, of 100% of TNK-BP (in which BP received a 20% stake in Rosneft) reflects more a consolidation of assets than any move to lessen State involvement in the economy. Sberbank sold a 7.6% stake in September 2012, leaving the State with 50% plus one share. Bank VTB has expressed plans to sell a 10-25% stake in 2013. Sovkomflot, a shipping group, and Alrosa, a diamond giant, may also sell minority stakes.

*Corporate Governance:* Despite Russia's ongoing privatization program, the state, whether as majority shareholder in open joint-stock companies or as sole shareholder in "state corporations," continues to play a large role in the Russian economy. (Note: State corporations are 100% owned by the Russian government and operate under special legislation. The Russian economy also features thousands of other companies owned in part or whole by the Russian government that operate under different legal arrangements, such as unitary enterprises and joint stock companies.) Private enterprises are theoretically allowed to compete with SOEs on the same terms and conditions, and in some sectors, including where state ownership is minimal, competition is robust. But in other areas the playing field can be tilted. Issues that hamper efficient operations and fair competition with SOEs include a lack of transparency, lack of independence and unclear responsibilities of boards of directors, misalignment of managers' incentives and company performance, inadequate control mechanisms on managers' total remuneration or their use of assets transferred by the government to the SOE, and minimal disclosure requirements.

*SWFs:* There are two sovereign wealth funds in Russia: the Reserve Fund (USD 62.08 billion as of January 2013) and the National Wealth Fund (USD 88.59 billion as of January 2013). The Ministry of Finance manages both funds' assets in accordance with established procedures; the Central Bank of Russia acts as operational manager. Both funds are audited by Russia's Chamber of Accounts and the results are reported to the Federal Assembly. The Russian government drew heavily from both funds in 2009 and 2010 to finance bail-out programs for major banks and industries during the global economic crisis.

## **Corporate Social Responsibility**

While far from standard practice, Russian companies are beginning to show an increased level of interest in their reputation as good corporate citizens. When seeking to acquire companies in Western countries or raise capital on international financial markets, Russian companies face international competition and scrutiny, including on corporate social responsibility (CSR) standards. Consequently, most large Russian companies currently have a CSR policy in place, or are developing one, despite the lack of pressure from Russian consumers and shareholders. Russian firms' CSR policies often are now published on corporate websites and detailed in annual reports. These CSR policies and strategies, however, are still in an early stage relative to those of Western counterparts. Most companies choose to create their own NGO or advocacy group rather than contribute to an already existing organization. The Russian government remains the most powerful stakeholder in the development of certain companies' CSR agendas, resulting in the expectation that these

companies support local health, educational and social welfare systems as specified by the government.

The Federal Service for Financial Markets established a corporate governance code in 2002 and has endorsed an OECD White Paper on ways to improve practices in Russia. International business associations such as the American Chamber of Commerce in Russia, the U.S.-Russia Business Council, the Association of European Businesses in Russia, and the International Business Leaders Forum, as well as Russian business associations, stress corporate governance as an important priority for their members and for Russian businesses overall. One association, the Russian Union of Industrialists and Entrepreneurs, developed a Social Charter of Russian Business in 2004 that over 200 Russian companies and organizations have since joined.

## **Political Violence**

The large-scale public protests seen after the March 2012 Presidential elections died down towards the close of the year but were revived on January 12, 2013 when tens of thousands of people turned out to protest the Dima Yakovlev Law, which bans the adoption of Russian children by American citizens. The law was in direct retaliation to the U.S. 2012 Magnitsky Act which bans the travel of Russian human rights violators to the United States. The arrest and subsequent imprisonment of three (one has since been released) members of the Russian punk rock group “Pussy Riot” became another flashpoint for opponents of the Putin administration and raised questions regarding the state of Russia’s democracy. Opposition figures have faced increasing harassment by the Russian authorities though permits for protest marches are generally approved and have, so far, avoided large scale violence.

Aleksey Navalny, anticorruption whistleblower and member of the opposition Coordination Council, was charged with three criminal cases in 2012, including prior 2009 charges for conspiring to steal timber that were resurrected following Navalny’s public criticism of Investigative Committee chief Aleksandr Bastrykin. Other opposition figures, including politician Boris Nemtsov and chess professional Garry Kasparov, were detained at various points in 2012 on a variety of grounds. The resurgence of the protest movement suggests that Russians have become more politically engaged and that mass civic action will continue to be a feature of the Russian political landscape. Although the use of strong-arm tactics is not unknown in Russian commercial disputes, the U.S. Embassy is not aware of cases where foreign investments have been attacked or damaged for purely political reasons. Russia continues to struggle with an ongoing insurgency in Chechnya, Ingushetiya and Dagestan. These republics and neighboring regions in the northern Caucasus have a high risk of violence and kidnapping.

## **Corruption**

The Russian government stepped up its campaign against corruption in 2012. In March then-Russian President Medvedev adopted the National Anti-Corruption Plan for 2012–2013. The plan contains guidance and recommendations for the government, federal executive

bodies and other government agencies on counteracting corruption, including the establishment of a legal framework for lobbying and increasing the transparency of state officials' personal finances and acceptance of gifts. In 2012, Russia adopted a law requiring individuals holding public office, state officials, municipal officials and employees of state organizations to submit information on the funds spent by them and members of their families (spouses and underage children) to acquire certain types of property, including real estate, securities, stock and vehicles. The law also requires public servants to disclose the source of the funds to confirm the legality of the acquisitions. In addition, the State Duma approved in its first reading a draft law requiring state officials, deputies, senators and governors to disclose information on their foreign bank accounts and transactions related to acquisition of property and stocks abroad. The law is expected to be adopted in 2013. Speaking at the Russian General Prosecutor's Office on the occasion of the 291<sup>st</sup> anniversary of its establishment, Sergei Ivanov, Chief of the Presidential Administration, mentioned that in 2012 over 7,000 persons charged with corruption received prison sentences and a greater number of corruption cases were initiated. One high level case led to the firing of Defense Minister Anatoly Serdyukov, although no formal charges have been announced.

Russia is a signatory to the UN Convention against Corruption, the Council of Europe's Criminal Law Convention on Corruption, and, as of 2012, the OECD Anti-Bribery Convention . The Convention criminalizes commercial bribery and prohibits both offering bribes to foreign government officials and accepting such bribes. It provides no exceptions for "grease payments," and includes foreign entities doing business in Russia, meaning these entities could be subject to liability under their own country's law, as well as Russia's. The law also increased the penalties that may be imposed upon an individual or entity found in violation. Fines and ranges of incarceration vary under the new law depending upon the type of bribe and the official involved, and the court may prevent the offender from holding certain governmental or corporate positions in the future.

However, concerns remain regarding the implementation and enforcement of the many measures required by these conventions. In recent years, there appears to be a greater number of prosecutions and convictions of mid-level bureaucrats for corruption, but real numbers are difficult to obtain and high-ranking officials are rarely prosecuted. It is important for U.S. companies, irrespective of size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance programs or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in Russia should take the time to become familiar with the relevant anticorruption laws of both Russia and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

Additional country information related to corruption can be found in the U.S. State Department's annual Human Rights Report available at <http://www.state.gov/g/drl/rls/hrrpt/>.

*Assistance for U.S. Businesses:* The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of a company's overarching compliance program when choosing business partners or agents overseas. The U.S. Commercial Service can be reached directly through its offices in major U.S. and foreign cities, or through its Website at: [www.trade.gov/cs](http://www.trade.gov/cs).

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department's Advocacy Center and State's Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center "Report A Trade Barrier" Website at: [tcc.export.gov/Report\\_a\\_Barrier/index.asp](http://tcc.export.gov/Report_a_Barrier/index.asp).

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U.S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

*U.S. Foreign Corrupt Practices Act (FCPA):* In 1977, the United States enacted the FCPA, which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at: [www.justice.gov/criminal/fraud/fcpa/docs/lay-persons-guide.pdf](http://www.justice.gov/criminal/fraud/fcpa/docs/lay-persons-guide.pdf).

The Department of Justice (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of DOJ's present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ's Fraud Section Website at: [www.justice.gov/criminal/fraud/fcpa](http://www.justice.gov/criminal/fraud/fcpa).

Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel's website, at: [http://www.ogc.doc.gov/trans\\_anti\\_bribery.html](http://www.ogc.doc.gov/trans_anti_bribery.html).

*Other Instruments:* It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Anti-Bribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements.

*OECD Anti-Bribery Convention:* The OECD Anti-Bribery Convention entered into force in February 1999. There are 38 parties to the Convention including the United States (see <http://www.oecd.org/dataoecd/59/13/40272933.pdf>). The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Anti-Bribery Convention

through the FCPA. In 2011, Russia passed anti-corruption legislation that clearly criminalized foreign bribery and is expected to formally accede to the Anti-Bribery Convention in early 2012.

*Local Laws:* U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department's U.S. Commercial Service can provide assistance with navigating the host country's legal system and obtaining a list of local legal counsel.

Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 183 countries and territories around the world. The CPI is available at: <http://cpi.transparency.org/cpi2011/>. TI also publishes an annual Global Corruption Report which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/publications/gcr>. Transparency International-Russia also posts corruption-related research materials and findings on the following sites, all specific to Russia: [www.transparency.org/ru/](http://www.transparency.org/ru/) INTER/ [index.asp\\_and](http://www.transparency.org/ru/index.asp_and) [www.askjournal.ru](http://www.askjournal.ru).

The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 213 economies, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See [http://info.worldbank.org/governance/wgi/sc\\_country.asp](http://info.worldbank.org/governance/wgi/sc_country.asp). World Bank Business Environment and Enterprise Performance Surveys may also be of interest.

The World Economic Forum publishes the Global Enabling Trade Report, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See <http://www.weforum.org/reports/global-enabling-trade-report-2012>

Global Integrity, a nonprofit organization, publishes its annual Global Integrity Report, which provides indicators with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: <http://www.globalintegrity.org/report>.

## **Bilateral Investment Agreements**

While the United States and Russia signed a bilateral investment treaty (BIT) in 1992, it is not in force due to lack of ratification by the Duma. Both countries have recently held exploratory talks regarding the feasibility of pursuing a BIT in the future. Russia shares BITs with 75 countries, 54 of which are currently in force.

The United States and Russia have shared an income tax treaty since 1992, which is designed to address the issue of double taxation and fiscal evasion with respect to taxes on income and capital. Full text of the treaty: <http://www.irs.gov/pub/irs-trty/russia.pdf>. There is some concern that taxation requirements have sometimes been used in Russia as a way to

"raid" or illegally take possession of foreign companies, particularly small and medium enterprises.

## **OPIC and Other Investment Insurance Programs**

The U.S. Overseas Private Investment Corporation (OPIC) has been authorized since 1992 to provide loans, loan guarantees ("financing"), and investment insurance against political risks to U.S. companies investing in Russia. OPIC's political risk insurance and financing help U.S. companies of all sizes invest in Russia. OPIC insures against three political risks: expropriation; political violence; and currency inconvertibility. OPIC recently announced that political risk insurance now covers private equity fund investments. To meet the demands of larger projects in Russia and worldwide, OPIC can insure up to USD 250 million per project and up to USD 300 million for projects in the oil and gas sector with offshore, hard currency revenues. Projects in the oil and gas sector with offshore, hard currency revenues may be approved for an exposure limit up to USD 400 million if the project receives a credit evaluation ("shadow rating") of investment grade or higher. The individual per project exposure limit for financing is USD 250 million. The maximum combined (insurance and financing) exposure limit to OPIC on a single project is USD 400 million. OPIC has no minimum investment size requirements. OPIC also makes equity capital available for investments in Russia by guaranteeing long-term loans to private equity investment funds. Detailed information about OPIC's programs can be accessed at [www.opic.gov](http://www.opic.gov). Russia is also a member of the World Bank's Multilateral Investment Guarantee Agency.

## **Labor**

The Russian labor market remains fragmented, characterized by limited labor mobility across regions and consequent wage and employment differentials. Earnings inequalities are substantial, enforcement of labor standards is relatively weak, and collective bargaining is underdeveloped. Employers regularly complain about shortages of qualified labor. This is due in part to weak linkages between the education system and the labor market. In addition, the economy suffers from a general shortage of highly skilled labor. Businesses face increasing labor costs as competition over a limited pool of workers intensifies. On the other hand, a large number of inefficient SOEs with high vacancy rates offer workers unattractive, uncompetitive salaries and benefits.

The 2002 Labor Code governs labor standards in Russia. The enforcement of worker safety rules continues to be a major issue, as enterprises are often unable or unwilling to invest in safer equipment or to enforce safety standards.

The rate of actual unemployment (calculated according to ILO methodology) in 2012 remained relatively low, and declined from 6.6% in January 2012 to historic low of 5.2% in August and September. Average unemployment in urban districts (4.4% as of November) is much lower than in rural districts (8.3%). Two regions in the North Caucasus have the highest unemployment rates in the country: Ingushetia (47% as of September-November) and



Chechnya (30.8%). In stark contrast, the unemployment rate is only 0.6% in Moscow and 1.1% in St. Petersburg.

Official statistics registered only five labor strikes in January-November 2012. Independent commentators, however, noted 258 protests during January-November 2012, including 87 that involved the complete or partial cessation of work. The majority of labor disputes occurred in the manufacturing sector.

The primary causes of labor disputes were wage arrears, company reorganization or closure, low pay, and layoffs. Approximately 45% of Russia's workforce is unionized. The government generally adheres to ILO conventions protecting worker rights but often fails to enforce them.

## **Foreign Trade Zones/Free Ports**

Russia has 26 Special Economic Zones (SEZs), which fall in one of four categories: industrial and production zones; technology and innovation zones; tourist and recreation zones; and port zones. Enterprises operating within SEZs enjoy a range of benefits that the Ministry of Economic Development (MED) – which manages the SEZ program – estimates can save investors up to 30% of the cost of doing business. Specifically, investors enjoy streamlined administrative requirements and procedures, a more favorable customs regime (including the waiver of import duties and refunds of the value-added-tax), and reduced tax rates on income, property, land, and transport. SEZ investors also receive discounts on infrastructure expenses, including facilities and utilities costs. Such benefits are extended for an agreed introductory period, often lasting five years.

In a Federation Council meeting in December 2012 there was wide support for a proposal to leverage the SEZs in attracting new foreign direct investment rather than working to place companies that have already decided to invest in Russia within an SEZ. How the MED will go about refocusing the SEZ mission to attract investment is unclear; but the proposal reflects broad interest in improving the performance of the existing SEZs, which have met with mixed results to date.

Lack of interest from foreign investors in addition to environmental concerns led to the closure of the proposed Kaliningrad tourist and recreational zone SEZ in late 2012. The majority of SEZ investments are still listed as "planned," meaning investors are still able to back out of commitments. The Russian government has been hesitant to go forward with major SEZ infrastructure projects.

Detailed information about the benefits and results of Russia's SEZs can be found at the MED's SEZ website: <http://www.economy.gov.ru/minec/activity/sections/sez/main/>.

Independent of the SEZs, in 2010 President Medvedev launched an initiative to establish the Skolkovo Innovation Center in the Moscow suburbs to promote investment in high-technology startup businesses, research, and commercialization of technological innovation. Inspired by the model of Silicon Valley, Skolkovo "resident companies" can receive a broad range of benefits, including complete exemption from profit tax, value-added tax, property taxes, and import duties, and partial exemption from social fund payments. Applicants for residency are evaluated and selected by an international admission board; company performance is monitored to ensure continued qualification for benefits. According to the Skolkovo Foundation, over 200 companies have been selected as residents thus far.

## Foreign Direct Investment Statistics

Table 1 shows flows of foreign investment into Russia by country for the first nine months of 2012, compared to the same period in 2011. Total foreign investment decreased by 14% year-on-year.

According to Russian statistical practice, total foreign investment numbers include direct investment (FDI), portfolio investment, and other investment (largely trade credits).

FDI flows into Russia, however, increased slightly in 2012, rising by 4 %; the largest share came from Switzerland. FDI from the Netherlands and Cyprus is consistently high, reflecting the fact that most FDI coming from these countries is either returning or reinvested Russian capital through subsidiaries or off-shore "shell" vehicles. (Note: The data in the tables below are from the Russian State Statistical Service (RosStat) and differ from data maintained by the Central Bank of Russia and the U.S. Department of Commerce.)

**Table 1. Top Investors - By Year (in USD million)**

Country	Jan-Sep 2012		Jan-Sep 2011		Jan-Sep 2010	
	Total	FDI	Total	FDI	Total	FDI
Switzerland	43,252	88	69,115	70.1	3,398	64.5
Netherlands	15,676	909	13,218	3,023	7,507	943
Cyprus	11,788	3,842	12,972	2,758	5,635	1,912
Germany	3,799	1,119	8,169	1,480	7,520	1,095
UK	10,618	500	6,336	176	4,240	430
All Others	29,330	5,819	23,976	4,228	19,189	3,751
Total	114,463	12,277	133,784	11,736	47,488	8,196

The numbers in Table 2 represent the accumulated stock of total foreign investment in Russia by originating country, including FDI, portfolio, and "other" investment as of September 30, 2012, compared to the amount accumulated a year prior. Source: RosStat.

**Table 2. Top Investors - Accumulated Basis (in USD million)**

Country	As of Sep 30, 2012		As of Sep 30, 2011		As of Sep 30, 2010	
	Total	FDI	Total	FDI	Total	FDI
Cyprus	78,566	53,357	69,057	47,290	57,600	40,377
Netherlands	59,223	21,723	46,295	23,328	44,184	22,790
Luxembourg	39,808	1,191	35,051	643	32,228	652
Germany	24,757	11,393	29,779	11,386	22,656	8,332
China	27,792	1,346	27,356	1,238	10,543	931
All Others	123,198	46,298	115,650	42,529	98,743	37,074
Total	353,344	135,308	323,178	126,415	265,954	110,156

Table 3 shows total foreign investment by region over the first nine months of 2011, compared to the same period in 2010. RosStat has not provided updated data on regional foreign investment for 2012. In the 2010-2011 comparison, Moscow continued to attract the largest volume of investments (63.4% of total foreign investment), mainly due to the concentration of companies' headquarters and consumers with high purchasing power. Source: RosStat. (Note: includes direct, portfolio and "other" investment.)

**Table 3. Foreign Investment – Top Regions (in USD million)**

	Jan-Sep 2011			Jan-Sep 2010		
	Amount	%	Rank	Amount	%	Rank
Moscow (city)	84,878	63.4%	1	15,816	33.3%	1
Tyumen Region	9,821	7.3%	2	701	1.5%	11
Sakhalin Region	6,570	4.9%	3	3,611	7.6%	4
St. Petersburg	3,972	3.0%	4	3,723	7.8%	3
Belgorod Region	3,171	2.4%	5	24.7	0.1%	58
Others	25,371	19.0%		23,612	49.7%	
Total	133,784	100%		47,488	100.0%	

**Table 4. Foreign Investment: Top Sectors (in USD million)**

Industry/Sector	Jan-Sep 2012		Jan-Sep 2011		Jan-Sep 2010	
	%	Amount	%	Amount	%	Amount
Finance	33.46%	38,300	49.10%	65,711	3.70%	1,764
Extraction of Fuel	10.60%	12,136	9.60%	12,850	17.10%	8,115
Wholesale and Retail Trade	15.79%	18,074	9.20%	12,363	18.30%	8,688
Production of coke and oil products	10.78%	12,338	7.50%	9,997	10.50%	4,980
Metallurgy	6.05%	6,927	4.40%	5,902	10.40%	4,950
Transport and Communications	2.95%	3,377	4.10%	5,494	8.30%	3,952
Real Estate and Related Services	6.25%	7,150	3.60%	4,782	8.10%	3,843
Chemical Industry	2.09%	2,387	2.70%	3,636	3.50%	1,679
Food Industry	1.38%	1,583	1.50%	1,964	3.90%	1,866
Production of vehicles	2.45%	2,802	1.40%	1,845	3.30%	1,569
All Others	9.20%	9,389	6.90%	9,240	12.80%	6,082
Total	100.00%	114,463	100.00%	133,784	100.00%	47,488

Table 4 shows investment by sector over the first nine months of 2012, compared to the same period in 2011. Total investment decreased in five of the ten top sectors. Foreign investment into the financial sector dropped off precipitously, with a decrease of 42%. Given the continued weakness of the global economy, investors are reducing their exposure to

emerging markets, including Russia. Foreign, particularly European, banks are also repatriating profits from their Russian subsidiaries. Source: RosStat.

Table 5 shows stocks of Russian FDI abroad as of September 30, 2012 and September 30, 2011, as well as flows of Russian FDI abroad for the first nine months of 2012, compared to the same period in 2011. Russian FDI stocks abroad increased in five of seven top destinations for FDI (data from 2011 was unavailable for Luxembourg and the United Kingdom). Source: RosStat.

**Table 5. Top Destinations of Russian FDI - By Year (in USD million)**

Country	as of Sep 30, 2012		as of Sep 30, 2011	
	Stock	Flow	Stock	Flow
Netherlands	31,049	6,848	25,067	8,427
Cyprus	25,686	10,834	14,280	842
Switzerland	8,115	38,641	2,814	328
United States	7,880	642	6,663	439
United Kingdom	6,270	7,528	N/A	N/A
Luxembourg	6,206	213	N/A	N/A
Belarus	5,820	5,877	2,685	629

*Chapter 19*

## **RUSSIA 2012 HUMAN RIGHTS REPORT\***

### *U.S. Department of State*

#### **EXECUTIVE SUMMARY**

The Russian Federation has a highly centralized political system, with power increasingly concentrated in the president, and a weak multiparty political system. The bicameral Federal Assembly consists of a lower house (State Duma) and upper house (Federation Council). Presidential elections in March featured accusations of government interference and manipulation of the electoral process. Security forces generally reported to civilian authorities; however, in some areas of the Northern Caucasus, there were serious problems with civilian control.

The most significant human rights problems during the year involved:

1. **Restrictions of Civil Liberties:** Following increased mobilization of civil society and mass demonstrations in reaction to elections, the government introduced a series of measures limiting political pluralism. During the year Russia adopted laws that impose harsh fines for unsanctioned meetings; identify nongovernmental organizations (NGOs) as “foreign agents” if they engage in “political activity” while receiving foreign funding; suspend NGOs that have U.S. citizen members or receive U.S. support and are engaged in “political activity” or “pose a threat to Russian interests”; recriminalize libel; allow authorities to block Web sites without a court order; and significantly expand the definition of treason. Media outlets were pressured to alter their coverage or to fire reporters and editors critical of the government.
2. **Violations of Electoral Processes:** Domestic and international observers described the presidential campaign as skewed in favor of the ruling party’s candidate, Vladimir Putin. Procedural irregularities marred voting, with reports of vote fraud, administrative measures disadvantaging the opposition, and pressure on election

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\* This is an edited, reformatted and augmented version of the U.S. Department of State; Bureau of Democracy, Human Rights and Labor, dated May 2013.

monitoring groups. Several gubernatorial elections in October were likewise criticized.

3. Administration of Justice: Due process was denied during the detentions and trials of protesters arrested following the May 6 demonstration in Moscow in which a small group of the protestors engaged in violence; in the detention, trial, and sentencing of the members of the punk rock group Pussy Riot, who were charged with hooliganism motivated by religious hatred; and searches and criminal cases lodged against several political activists. Individuals responsible for the deaths of prominent journalists, activists, and whistleblowers, notably Sergey Magnitskiy, have yet to be brought to be brought to justice.

Other problems reported during the year included: allegations of torture and excessive force by law enforcement officials; life-threatening prison conditions; interference in the judiciary and the right to a fair trial; abridgement of the right to privacy; restrictions on minority religions; widespread corruption; societal and official intimidation of civil society and labor activists; limitations on the rights of workers; trafficking in persons; attacks on migrants and select religious and ethnic minorities; and discrimination against and limitation of the rights of lesbian, gay, bisexual, and transgender (LGBT) persons.

The government failed to take adequate steps to prosecute or punish most officials who committed abuses, resulting in a climate of impunity. Rule of law was particularly deficient in the North Caucasus, where conflict among government forces, insurgents, Islamist militants, and criminal forces led to numerous human rights abuses, including killings, torture, physical abuse, and politically motivated abductions.

## **SECTION 1. RESPECT FOR THE INTEGRITY OF THE PERSON, INCLUDING FREEDOM FROM**

### **a. Arbitrary or Unlawful Deprivation of Life**

There were several reports that the government or its agents committed arbitrary or unlawful killings. In the North Caucasus, numerous extrajudicial killings were carried out by both authorities and local militants (see section 1.g.).

In July the criminal investigation into the 2011 death of Private Ruslan Aiderkhanov, who was found dead after reportedly hanging himself in Chelyabinsk Oblast, was closed due to insufficient evidence. Although independent forensic examiner Aleksandr Vlasov reported that Aiderkhanov's body showed signs of torture, the Chief Military Investigation Committee concluded that he committed suicide and that his injuries were caused post mortem by an improperly conducted forensic medical examination. On January 29, a close friend of Aiderkhanov and probable witness to his killing, Private Danila Chaikin, was found shot to death at a Russian military base in Dushanbe, Tajikistan. While the military told human rights defenders that Chaikin's death was suicide, friends and relatives noted he was shot six times.

On July 25, Private Vladimir Slobodyannikov was found hanging from his belt outside military unit 28331 in Verkhnyaya Pyishma Camp, Sverdlovsk. He was known as a vocal opponent of dedovshchina (a system of harsh military hazing). The day before his death,

Slobodyannikov sent his sister a text message indicating his fear of being killed by the unit commander. Officials insisted that the soldier hanged himself because of depression over family issues, which family and friends denied.

One journalist, Kazbek Gekkiyev, was killed during the year for reasons apparently related to his professional activities (see section 2.a.).

Prison officials and police subjected inmates and suspects in custody to physical abuse that occasionally resulted in death. On March 9, Sergey Nazarov died in a Kazan hospital from injuries inflicted by police during interrogation. Nazarov, who had been arrested on hooliganism charges, died of injuries inflicted by four police officers, who allegedly beat him severely and raped him with a champagne bottle. In response, six police officers were relieved of their duties and prosecuted. On September 25, two of the officers were sentenced to two and one-half years in a minimum-security labor camp. At year's end the other four officers were awaiting trial. Asgat Safarov, the minister of interior of Tatarstan, was fired after the Nazarov case but was appointed deputy prime minister of the republic two months later.

## **b. Disappearance**

Politically motivated disappearances in connection with the conflict in the Northern Caucasus continued (see section 1.g.).

## **c. Torture and Other Cruel, Inhuman, or Degrading Treatment or Punishment**

The constitution prohibits such practices. However, there were numerous credible reports that law enforcement personnel engaged in torture, abuse, and violence to coerce confessions from suspects, and authorities did not consistently hold officials accountable for such actions. There is no law defining torture, and prosecutors were able to bring charges only of simple assault or exceeding authority against police suspected of engaging in mistreatment. Government forces engaged in the conflict in the North Caucasus reportedly tortured and otherwise mistreated civilians and participants in the conflict (see section 1.g.).

Physical abuse of suspects by police officers was systemic and usually occurred within the first few days after arrest. Some of the methods reportedly used included beatings with fists, batons, or other objects. In the Caucasus torture was reportedly committed by local law enforcement agencies as well as in some cases by federal security services. Reports from human rights groups claimed that electric shocks and suffocation were used most often, as those techniques are less prone to leave evidence.

Multiple cases of alleged police torture in Tatarstan came to light after the death of Sergey Nazarov in Kazan (see section 1.a.), including the case of 21-year-old Irek Sharafiev, whom police arrested on suspicion of theft on March 1. Five police officers allegedly beat Sharafiev at a police precinct station over the course of two days and threatened to detain and abuse his pregnant wife. Sharafiev confessed to the crime after sustaining broken ribs, a broken nose, and internal injuries, and enduring threats to be raped with a broom. Two police

officers were charged with abuse of power with violence, which carries a possible sentence of 10 years' imprisonment.

Attacks on political and human rights activists, critics of government policies, and persons whom the government considered supportive of the opposition continued. On February 3, two unknown men sought out and beat Phillip Kostenko, an activist with Human Rights Center "Memorial", as he was walking through a park. Kostenko suffered a concussion and a broken leg. He reported that, before an ambulance transported him to the hospital, police pressured him to sign a document stating that he refused to file a police report. Although a case was opened, no suspects had been arrested by year's end.

Reports by refugees, NGOs, and the press suggested a pattern of beatings, arrests, and extortion by police when dealing with persons who appeared to be of Caucasian, Central Asian, African, or Roma ethnicity. Memorial reported that officials often beat and harassed Roma in various regions. For example, an anti-Roma campaign that included entering and searching homes without warrants was launched in the Bryansk region in March following a suspicious disappearance of a baby.

There were multiple reports of illegal detentions in psychiatric hospitals. On February 26, Solidarity movement activist Nadezhda Nizovkina was arrested in Moscow after participating in a demonstration on Red Square with a placard stating, "Lubyanka (the headquarters of the Federal Security Service) Should Be Demolished!" Police interrogated her at a police station and then took her to a psychiatric clinic where she was forced to undergo a psychiatric examination.

Physical abuse and hazing continued to be a problem in the military. However, the Committee of Soldiers' Mothers reported that incidents of *dedovshchina* had declined due to increased access to mobile telephones and the Internet, which were not widely used until recently. As of October the committee had received 104 complaints, down significantly from 25,000 in 2011. In the first half of 2012, according to the Chief Military Prosecutor's Office, the number of reported cases of military hazing declined by 37 percent compared with 2011.

### ***Prison and Detention Center Conditions***

Conditions in prisons and detention centers varied but were sometimes harsh and life-threatening. Limited access to health care, food shortages, abuse by guards and inmates, inadequate sanitation, and overcrowding were common in prisons, colonies, and other detention facilities. In August as many as 19 inmates at a correctional facility in Yakutia attempted mass suicide in response to harsh conditions. In November, at Kopeysk Prison #6 in Chelyabinsk, prisoners protested against prison conditions, which allegedly included extortion, beatings, and torture with electric shocks.

*Physical Conditions:* Detainees were held in five types of facilities: temporary police detention centers, pretrial detention facilities, correctional labor colonies (ITKs), prisons for those who violate ITK rules, and educational labor colonies for juveniles. According to the Federal Penitentiary System, at the end of the year, the prison population was 701,900, compared with 749,600 in 2011. This figure included 585,000 offenders held in 739 correctional colonies, 39,500 offenders in open colonies, 1,819 prisoners serving life sentences in five prisons, and 2,200 juveniles in 46 educational colonies. Approximately 113,600 detainees were being held in 230 pretrial detention centers, an increase of 1,495 over



the previous year. “Unofficial” prisons, many of which were located in the North Caucasus region, continued to exist.

There were approximately 57,700 women in prison, compared with 62,200 in 2011. Penal Reform International reported that conditions were generally better in women’s colonies than in men’s.

According to a November 5 *Vlast* magazine article, 285 people died in pretrial detention centers during the year, compared with 50 in 2011.

Health, nutrition, ventilation, and sanitation standards were generally poor but varied among facilities. Access to potable water, which sometimes was rationed, also varied. The federal minimum standard of space per person in detention is 43 square feet, which was generally observed.

On January 10, the European Court of Human Rights (ECHR) issued a pilot judgment in the case of *Ananyev and Others v. Russia*, finding the government in violation of the provision of the European Convention on Human Rights prohibiting inhuman and degrading treatment. The ECHR noted that problems in the pretrial detention system were systemic and urged the government to improve conditions of detention by shielding toilets in cells, removing netting from cell windows, and increasing the frequency of showers. The ECHR also called on the government to change the applicable legal framework, as well as practices and attitudes; ensure that pretrial detention is only used when necessary; establish maximum capacity for each remand prison; and ensure that victims have the ability to lodge complaints effectively about inadequate detention conditions and that they obtain appropriate compensation.

Access to quality medical care remained a significant problem in the penal system. Medical care was often delayed due to bureaucratic procedures, and medicine was limited.

Penal Reform International reported that tuberculosis infection rates were lower in prisons than in previous years.

There were a number of significant developments during the year in the case of Sergey Magnitskiy, a lawyer who died of medical neglect and abuse while in pretrial detention in 2009. The former deputy head of Butyrka detention center, Dmitry Kratov, was charged with negligence resulting in the death of Magnitskiy but was acquitted on December 28. The acquittal came four days after President Putin stated at a press conference that Magnitskiy had died of natural causes, despite a July 2011 report by the Presidential Council on Development of Civil Society and Human Rights containing evidence that Magnitskiy was beaten before his death.

Reports continued of prison staff committing abuses against prisoners. On June 17, police officers in the Sverdlovsk region filmed a detainee sodomizing a fellow inmate in a pretrial detention center instead of stopping the violence. According to the Web site of the local branch of the Investigative Committee, the officers also uploaded the video online. Regional police identified the officers as Vitaliy Pelevin and Aleksey Reshetov. Officials stated the two were fired from their jobs and that 12 of their superiors would face unspecified penalties over the scandal. At year’s end there were no charges.

Abuse of prisoners by other prisoners also continued to be a problem. There were elaborate inmate-enforced caste systems in which certain groups, including informers, gay inmates, rapists, prison rape victims, and child molesters, were considered “untouchables” (the lowest caste). Prison authorities provided little or no protection to these groups.

*Administration:* Prisoners were given visitation rights, but access to visitors could be denied depending on the circumstances. Prisoners serving a regular sentence in a prison were allowed four three-day visits per year with their spouses. On occasion, visits were cancelled if the prison did not have enough space. A judge or investigator in a prisoner's case could deny the prisoner visitation rights. Relatives deemed a security risk could also be prohibited from visiting prisoners. The number of visitors was limited, usually to two adults and two children on each visit.

Prisoners generally were permitted religious observance and access to religious ministry and literature.

There are no prison ombudsmen. In theory prisoners are allowed to file complaints with Public Oversight Commissions (POCs) or with the Human Rights Ombudsman's Office, but this did not occur without censorship. Inmates were often afraid of reprisal, leading to self-censorship. Complaints that reached the POCs were often less serious and focused on minor personal requests, not the system itself. Prison reform activists reported that only prisoners who felt they had no other option risked the consequences of filing a complaint.

*Monitoring:* Authorities permitted some monitoring by independent nongovernmental observers. The government permitted the Council of Europe's Committee for the Prevention of Torture to visit at least 22 detention centers and prisons from May 21 to June 4. However, the results of that and of previous visits were not publicly released.

The law regulating public oversight of detention centers allows POC representatives to visit facilities. There were 78 registered POCs staffed by unpaid volunteers who worked in groups of up to 20 people. Only POCs were permitted to regularly visit prisons to monitor conditions. There were reports that prison officials, citing disease or danger, denied facility access to inspectors upon arrival. The law does not establish procedures for local authorities to respond to POC findings or recommendations. Successful monitoring and implementation of reform, therefore, depended on prison directors, some of whom were cooperative, while others reportedly were obstructionist.

#### **d. Arbitrary Arrest or Detention**

The law prohibits arbitrary arrest and detention; however, problems remained.

##### ***Role of the Police and Security Apparatus***

The Ministry of Internal Affairs, the Federal Security Service (FSB), the Investigative Committee, and the Office of the Prosecutor General are responsible for law enforcement at all levels of government. The FSB is responsible for security, counterintelligence, and counterterrorism and also for fighting crime and corruption. The national police force under the Ministry of Internal Affairs is organized at the federal, regional, and local levels.

On September 18, the Prosecutor General's Office initiated criminal proceedings against a senior police official and head of the Special Forces Center, Aleksandr Ivanov, on charges of hooliganism and beating two other police officers. During the year the Ministry of the Interior initiated a new procedure that holds police supervisors liable if officers under their command commit crimes.

### ***Arrest Procedures and Treatment While in Detention***

By law an individual may be held in custody for up to 48 hours without court approval if arrested at the scene of a crime, provided there is evidence of the crime or a witness; otherwise, an arrest warrant is required. After arrest, detainees are typically taken to the nearest police station, where they are informed of their rights. Police are required to document the grounds for detention. This document must be signed by the detainee and the police officer within three hours of detention. Police must interrogate detainees within the first 24 hours of detention. Prior to interrogation, a detainee has the right to meet with an attorney for two hours. No later than 12 hours after detention, police must notify the prosecutor. They must also notify the detainee's relatives unless a prosecutor issues a warrant to keep the detention secret. Police are required to release a detainee after 48 hours, subject to bail conditions, unless a court decides to prolong custody in response to a motion filed by police no later than eight hours before the expiration of the 48-hour detention period. The defendant and his or her attorney must be present at the court hearing.

By law police must complete the investigation and transfer the case to a prosecutor for arraignment within two months of a suspect's arrest, although a court may extend a criminal investigation for up to six months. With the personal approval of the prosecutor general, a judge may extend that period up to 18 months. According to some defense lawyers, these time limits were often violated.

There were a number of problems relating to defendants' ability to obtain adequate defense counsel. There were reports of police occasionally obtaining defense counsel friendly to the prosecution. These "pocket" defense attorneys agreed to the interrogation of their clients in their presence while making no effort to defend their clients' legal rights. In many cases, especially in more remote regions, defense counsel was not available for indigent defendants. Judges usually did not suppress confessions of suspects taken without a lawyer present. They freed suspects who were held in excess of detention limits, although they usually granted prosecutors' motions to extend detention periods.

Legal limitations on detention were generally respected throughout the country, with the exception of the North Caucasus. There were reports of occasional noncompliance with the 48-hour limit for holding a detainee. At times authorities failed to write the official detention protocol within the required three hours after the actual detention and held suspects longer than the legal detention limits. In May Nikolay Lambin, an opposition leader from Tyumen, was detained on suspicion of drug abuse and distribution. Arrested on the day of his wedding, he confessed his guilt but later retracted his testimony. Friends and relatives of the detainee considered his confession to have been coerced, and Lambin later asserted that he had been forced to testify against himself under severe pressure. On May 14, Lambin was released on his own recognizance, but the criminal case against him remained open.

*Arbitrary Arrest:* There were some reports of arbitrary detention. In October opposition activist Leonid Razvozhayev was in the process of applying for political asylum through the Office of the UN High Commissioner for Refugees (UNHCR) in Kyiv, Ukraine, when he was seized by masked men and forcibly taken to Russia, where he was reportedly held in a basement for two days before being delivered to Moscow to face charges of plotting mass riots. Due to lack of evidence, the Investigative Committee refused to open a case against security forces, whom Razvozhayev accused of kidnapping him, torturing him, and forcing him to write a confession.

### **e. Denial of Fair Public Trial**

The law provides for an independent judiciary. However, judges remained subject to influence from the executive branch, the military, and other security forces, particularly in high-profile or politically sensitive cases. The law requires judicial approval of arrest warrants, searches, seizures, and detentions. This requirement was generally honored, although the process of obtaining judicial warrants was occasionally subverted by bribery or political pressure.

According to an April report by the ombudsman for human rights, Vladimir Lukin, more than 57 percent of the 26,000 complaints received by the country's human rights commissioner's office were filed in connection with violations of personal (civil) rights. Of these, 59 percent pertained to the violation of the right to a fair trial.

Judges routinely received telephone calls from superiors instructing them how to rule in specific cases. The Presidential Council for the Development of Civil Society and Human Rights reported that "in practice [judges] do not possess genuine, as opposed to declaratory, independence. The powers of a judge who does not agree to carry out the requests may be prematurely terminated. In such a situation, the conscientious judge is subject to pressure from within the judicial system and has no chance of defending his or her own rights."

In many cases authorities did not provide adequate protection for witnesses and victims from intimidation or threats from powerful criminal defendants.

### ***Trial Procedures***

Trials typically are conducted before a judge without a jury (bench trials). The defendant is presumed innocent. The law provides for the use of jury trials for a limited range of crimes in higher-level regional courts. Certain crimes, including terrorism, espionage, hostage taking, and mass disorder, must be heard by panels of three judges rather than by juries. Juries try approximately 600 to 700 criminal cases each year, a very small percentage of the total number. While judges acquit approximately 1 percent of defendants, juries acquit an estimated 20 percent. The law allows for prosecutorial appeal of acquittals. Approximately 30 percent of acquittals are reversed on appeal and remanded for new trial, although these cases often end in a second acquittal.

During trial the defense is not required to present evidence and is given an opportunity to cross-examine witnesses and call defense witnesses. Defendants who are in custody during the trial are confined to a caged area. Defendants have the right of appeal. Prior to trial defendants are provided a copy of their indictment, which describes the charges in detail. They are also given an opportunity to review their criminal file following the completion of the criminal investigation. The law provides for the appointment of an attorney free of charge if a suspect cannot afford one, although the high cost of competent legal service means that lower-income defendants often lacked competent representation. There were few qualified defense attorneys in remote areas of the country. Defense attorneys are allowed to visit their clients in detention, although defense lawyers claimed that informants electronically monitored their conversations and that prison authorities did not always provide them with access to their clients.

Plea bargaining is used in criminal cases, and the law allows a defendant to receive a reduced sentence for testifying against others. Plea bargains reduced defendants' time in pretrial detention in approximately 50 percent of cases, reduced the average prison term to no

more than half of the otherwise applicable statutory maximum, and allowed courts and prosecutors to devote their resources to other cases.

### ***Political Prisoners and Detainees***

Authorities selectively detained and prosecuted members of the political opposition (see section 2.b.).

Aleksey Navalny, an anticorruption whistleblower and member of the opposition Coordination Council, had three criminal cases against him opened during the course of the year. He was charged in July with conspiring to steal timber in 2009 from a state owned entity, charges that had been dropped but resurrected following Navalny's public criticism of Investigative Committee chief Aleksandr Bastrykin. In December Navalny was charged with fraud and laundering 55 million rubles (\$1.81 million) in a case involving a shipping company he owned in 2008. Also in December investigators accused him of stealing funds from a political party, the Union of Right Forces, in 2007.

Taisia Osipova, an activist with the opposition Other Russia Party and the wife of Sergey Fomchenkov, a member of Other Russia's Executive Committee, remained in prison for alleged drug sales. Her lawyers maintained that she was arrested and tried due to her husband's political activities.

On March 15, a Moscow district court sentenced businessman Aleksey Kozlov to five years in prison on charges of stealing company shares in 2006 from his former business partner Vladimir Slutskiy. Kozlov, husband of prominent activist Olga Romanova, was convicted of the same crime in 2008 and served two years in prison. In 2011 Kozlov won his case on appeal. In September 2011 the Supreme Court released Kozlov on his own custody and referred the verdict to the Presnenskiy District Court for review. The Presnenskiy court found the defendant guilty. During the year both an appeal and a request for parole were denied. He maintained his innocence, and human rights defenders believed the charges were politically motivated.

On February 21, several members of the punk rock group Pussy Riot, their faces covered by balaclavas, performed a punk protest song, "Virgin Mary, Redeem Us of Putin," in front of the altar inside the Christ the Savior Cathedral in Moscow. Authorities subsequently arrested group members Maria Alekhina and Nadezhda Tolokonnikova on March 4 and Ekaterina Samutsevich on March 15. The women were charged with hooliganism motivated by religious hatred, which carries a maximum sentence of seven years. During the trial, the court reportedly barred defense lawyers from calling most of the witnesses they wanted, such as experts and eyewitnesses. The lawyers were also reportedly given limited time to meet with the defendants. On August 17, the three women were sentenced to two years in prison. Samutsevich's conviction was overturned, and she was released on probation after she hired a new lawyer, who argued that she could not have engaged in the performance due to having been removed from the premises beforehand. Human rights advocates believed the charges and lengthy sentences were politically motivated, given the nonviolent nature of the crime.

Between December 2011 and February 2012, Mikhail Fedotov, chairman of the Presidential Council on Human Rights and Civil Society, submitted several reports to President Medvedev on the second (2010) convictions of former Yukos oil tycoon Mikhail Khodorkovskiy and his associate Platon Lebedev, who were serving 13-year prison sentences for embezzlement. Fedotov's reports concluded that their convictions had no legal basis. On March 5, President Medvedev ordered the general prosecutor to review the 2010 convictions.

On May 15, the Supreme Court denied Khodorkovskiy's and Lebedev's appeals of their 2010 verdicts, leaving the lower court's decision in place. On July 24, the chairman of the Supreme Court, Vyacheslav Lebedev, canceled the decision and ordered a Moscow City court council to review the second criminal conviction of Khodorkovskiy and Lebedev. On August 8, the Velsk District Court in the Arkhangelsk region reduced Lebedev's sentence from 13 years to nine years and eight months to conform to new sentencing guidelines. On September 21, the Arkhangelsk Regional Court reversed the district court's ruling, leaving the 13-year sentence in place. In December the Moscow City Court reduced the sentences for both Khodorkovskiy and Lebedev to 11 years.

### ***Civil Judicial Procedures and Remedies***

Although the law provides mechanisms for individuals to file lawsuits against authorities for violations of civil rights, these mechanisms often did not work well in practice. For example, the law provides that a defendant who has been acquitted after a trial has the right to compensation from the government. Human rights activists claimed that authorities avoided paying compensation through procedural means, such as leaving cases in pending status. Persons who believed their civil rights had been violated typically sought redress in the ECHR after the domestic courts had ruled against them.

### ***Regional Human Rights Court Decisions***

Any person may file a complaint with the ECHR concerning alleged violations by the state of human rights under the European Convention on Human Rights, provided they have exhausted "effective and ordinary" appeals in Russia's own courts. As of November the ECHR had received more than 29,150 complaints involving Russia since 1996.

While the government generally paid compensation to victims when ordered to do so, it did not fully implement judgments that called for conducting effective investigations and holding perpetrators accountable. The government generally failed to change systemic practices that the ECHR has repeatedly criticized.

## **f. Arbitrary Interference with Privacy, Family, Home, or Correspondence**

The law forbids officials from entering a private residence except in cases prescribed by federal law or on the basis of a judicial decision. The law also prohibits government monitoring of correspondence, telephone conversations, and other means of communication without a warrant and prohibits the collection, storage, utilization, and dissemination of information about a person's private life without his or her consent. While these provisions were generally followed, there were allegations that government officials and others engaged in electronic surveillance without judicial permission and entered residences and other premises without warrants.

Law enforcement agencies require telecommunications service providers to grant the Ministry of Internal Affairs and the FSB 24-hour remote access to their client databases, including telephone and electronic communication and records, enabling police to track private communications and monitor Internet activity. The law permits authorities to monitor telephone calls in real time. The Ministry of Information and Communication requires telecommunications companies and Internet service providers to allow the FSB to tap

telephones and monitor information over the Internet. The Ministry of Information and Communication maintained that no information would be accessed without a court order.

In April Aksana Panova, the chief editor of the independent media agency Ura.ru was advised by the Sverdlovsk Oblast's deputy chief prosecutor to avoid covering police corruption scandals to minimize risks to her personal safety. The warning was made after a series of Ura.ru stories on corruption in the ranks of police. On August 18, Panova sued the cellular service provider MTS for alleged disclosure of personal conversations to third parties, after several were published online. In her suit, Panova asked for 10 million rubles (\$329,380) in damages.

Political leaders of the antigovernment street protests alleged that state security services were behind a campaign of telephone hacking and illicit video recordings targeting the opposition. Targets included Boris Nemtsov, Aleksey Navalny, Vladimir Ryzhkov, and Gennady Gudkov, all of whom alleged that recordings and transcripts of their conversations were published on the Internet by unknown individuals. In other cases activists reported their e-mail, social networking, and Skype accounts were hacked, allegedly by security services or groups associated with the government.

On the eve of a June protest event, investigators searched the home of Aleksey Navalny and seized cell phones and computers. They also searched the homes of his parents and parents-in-law.

In October the deputy director of the Moscow branch of Human Rights Watch, Tatyana Lokshina, received threats of violence via text messages prior to a planned trip to Dagestan in the North Caucasus. The threats included explicit references to intimate family details that could have been obtained only through technical surveillance, according to Lokshina.

In the North Caucasus, families continued to face retribution for the alleged offenses of their family members. Chechen leader Ramzan Kadyrov continued his anti-insurgency policy of collective punishment against families of suspected insurgents, including torching their homes.

According to Human Rights Watch, the government forcibly resettled approximately 1,500 families in preparation for the 2014 Sochi Olympics but failed to provide a transparent process for compensation. Many families were provided unfair compensation or inadequate housing. In one case Sochi authorities threatened to evict the family of Aleksey Kravets and demolish his home in the Adler region without due process or compensation. On October 15, a subcontractor of Russian Railways erected a metal fence topped with barbed wire around Kravets's house, forcing the family to crawl through a hole at the bottom of the fence or over the top to attend school or buy food.

## **g. Use of Excessive Force and Other Abuses in Internal Conflicts**

Violence continued in the North Caucasus republics, driven by separatism, interethnic conflict, jihadist movements, vendettas, criminality, and excesses by security forces. Dagestan continued to be the most violent area in the North Caucasus. General levels of violence decreased in the North Caucasus by almost 10 percent in 2012 compared with 2011. Online newspaper *Caucasian Knot* reported significant drops in casualty rates in Chechnya and Kabardino-Balkaria in the third and fourth quarters of 2012.

*Killings:* Caucasian Knot reported there were at least 690 deaths during the year, compared with 750 in 2011.

One journalist was killed in the North Caucasus region during the year (see section 2.a.).

There continued to be reports that security forces used indiscriminate force resulting in numerous deaths and that the perpetrators were not prosecuted. Police officer Zaur Dzhililov from the District Interior Division shot 16-year-old Imadibir Makhiyev in the head on April 16 after reportedly attempting to break up a fight by opening fire with his gun. Makhiyev died on April 25 in Kerata, Akhuath District of Dagestan. Dzhililov was suspended from work during the investigation of his case.

*Abductions:* Government personnel, rebels, and criminal elements continued to engage in abductions in the North Caucasus.

Human rights groups alleged that security forces under the command of Chechen leader Ramzan Kadyrov played a significant role in abductions, either on their own initiative or in joint operations with federal forces, including abductions of family members of rebel commanders and fighters.

Human Rights Center “Memorial” reported that Alakhverdi Radzhabov was abducted from his car on March 25 in Makhachkala, Dagestan. His kidnappers, wearing masks and camouflage, grabbed him and threatened his female companion with violence. He was placed in one car while three other cars followed. On the same day, family members appealed to the Ministry of Interior Affairs of the Russian Federation in Dagestan, to the FSB in Dagestan, and to the Public Prosecutor’s Office, but none gave information regarding Radzhabov’s whereabouts. According to his uncle, Radzhabov worked as an accountant in a construction company and never had problems with the law.

*Physical Abuse, Punishment, and Torture:* Armed forces and police units reportedly abused and tortured both rebels and civilians in holding facilities. Human rights groups noted that physical abuse of women was becoming increasingly common in the region.

Memorial reported that on June 22, Ruslan Ismailov of Makhachkala, Dagestan, was detained by local police, tortured with electric shocks to his genitals and under his fingernails, then beaten at the Center for Combating Extremism before he signed a confession under duress.

Burning the homes of suspected rebels reportedly continued. Memorial reported that on April 22, two days after a special operation in the village of Komsomolskoye in the Gudermes District of Chechnya, armed men in camouflage burned the house belonging to the grandparents of Akhmed Bantaev, one of the men killed in the special operation. According to local residents, a firefighting vehicle was near the site of the arson, but security services commanded firefighters to spray water only on a neighboring house. Another house in the eastern outskirts of the village, which belonged to Akhmed Bantaev’s parents and which was leased to tenants, was also reportedly burned. The tenants were evicted and not allowed to remove their belongings before the house was set afire.

Memorial reported that the human rights ombudsman in Dagestan often advocated successfully for torture victims’ rights.

Although there were fewer incidents involving landmines than in previous years, landmine contamination remained a problem. In July a land mine was found in a children’s school camp in Stavropol, according to Caucasian Knot. According to monitor.org, the



government deployed military engineers to Chechnya twice in the year to clear an unspecified number of mines in farmland.

## SECTION 2. RESPECT FOR CIVIL LIBERTIES, INCLUDING

### a. Freedom of Speech and Press

The constitution provides for freedom of speech and press; however, government pressure on some media constrained coverage of certain controversial issues, resulting in numerous infringements of these rights.

While the government generally respected citizens' right to freedom of speech, state-controlled media frequently declined to cover the conduct of federal forces in the North Caucasus, human rights, high-level corruption, and opposition political views. Some regional and local authorities took advantage of procedural violations and vague legislation to detain persons who criticized the government. In other cases the government used direct ownership, or ownership by large private companies with government links, to control or influence major national media and regional media outlets, especially television. There were reports of self-censorship in the television and print media, particularly on issues critical of the government.

*Freedom of Speech:* The government on several occasions restricted the ability of individuals to criticize the government publicly or privately or discuss matters of general public interest without reprisal. For example, on May 30, a court in Cheboksary found activist Dmitriy Karuyev guilty of hooliganism for spitting on a portrait of President Putin during a solitary May 6 protest of the presidential inauguration. He was jailed for 15 days.

*Freedom of Press:* More than 60 percent of the country's 45,000 registered local newspapers and periodicals were owned directly by the government or by state-owned/state-controlled companies. Approximately 66 percent of the 2,500 television stations, including all six national news channels, were completely or partially owned by the federal and local governments or by progovernment oligarchs.

In the period preceding the March 4 presidential elections, international observers criticized the unequal access to the media, particularly television, for candidates in elections; these critics noted that, as in previous elections, presidential candidate and then prime minister Putin received favored media access. Observers also noted press freedom abuses, including harassment of media outlets, lack of equal access to information, and arbitrary application of media regulations. The Press Ministry of the Moscow region, according to Glasnost Defense Fund and odintsovo.info, sent messages to journalists covering pro-Putin rallies to instruct them to show the general goodwill atmosphere of the gathering and to report that citizens came voluntarily.

*Violence and Harassment:* On December 5, a television news anchor for state-run Vesti KBR, Kazbek Gekkiyev, was killed with a shot to the head in the North Caucasus republic of Kabardino-Balkaria. The Investigative Committee reported that the killers wanted to warn other journalists not to report on fighting between authorities and rebels. At the end of

December, investigators named two suspects. In June Investigative Committee head Aleksandr Bastrykin informed the press that the perpetrator of the 2009 killing of journalist Natalia Estemirova was believed to be hiding in Belgium. Investigative Committee spokesman Vladimir Markin also said that Estemirova's case had been transferred from investigator Colonel Igor Sobol, who had been in charge of the investigation from the beginning, to a new investigator due to the former's "excessive workload." The case remained unsolved at year's end.

On December 14, the former police colonel and head of surveillance at Moscow's main Internal Affairs Directorate, Dmitriy Pavlyuchenkov, was found guilty of organizing the 2006 murder of investigative journalist Anna Politkovskaya by tracking her movements and providing a gun to the killer. He was ordered to pay three million rubles (\$98,814) to Politkovskaya's family and was sentenced to 11 years in prison as part of a plea bargain in which he named five other suspects to be tried separately at a later date. The named suspects included Lom-Ali Gaitukayev, who allegedly organized Politkovskaya's killing by hiring a criminal gang of three brothers--Rustam, Ibragim and Dzhabrail Makhmudov--and former police officer Sergey Khadzhikurbanov, who allegedly provided logistical support for the killing. The identity of the person who ordered Politkovskaya's killing remained unknown, and human rights activists expressed doubt about the thoroughness of the investigation.

There was no new information regarding investigations into the 2004 killing of journalist Paul Klebnikov.

Glasnost Defense Fund reported 94 attacks on journalists during the year, four attacks on media offices, and 153 detentions by law enforcement.

In June *Novaya Gazeta's* deputy editor Sergey Sokolov reported that Investigation Committee head Bastrykin took him to a secluded forested area and threatened to kill him due to his inquiries into the committee's investigations. The International Federation of Journalists, the European Federation of Journalists, and the Russian Union of Journalists called for an investigation. On the day following Sokolov's report, Bastrykin offered a public apology to Sokolov and to *Novaya Gazeta*, characterizing his own behavior in the incident as an "emotional breakdown."

On April 5, *Novaya Gazeta* journalist Yelena Milashina, well known for her investigations of human rights abuses in the North Caucasus and her reporting on corruption in the Federal Narcotics Control Agency, was attacked by unknown assailants near her home in Moscow. She was kicked and punched in the head; the beating resulted in hematomas, a lost tooth, and a concussion. Although two suspects were arrested following a delayed investigation, Milashina and another eyewitness maintained the subjects arrested were not the perpetrators.

On May 12, the Petrozavodsk City Court charged blogger and activist Maxim Yefimov with inciting hatred against the Russian Orthodox Church after he criticized Russian Orthodox priests on his blog. The city court ordered he be placed in a hospital for mentally disabled persons. The Karelia Supreme Court subsequently overturned the city court's decision to force a psychiatric evaluation. Yefimov fled the country and remained wanted on charges of inciting hatred at year's end.

In May 105 deputies of the State Duma, drawn from all the main parties, supported a motion calling on the Investigative Committee to display greater vigor in its pursuit of those behind the 2011 killing of a prominent Dagestani journalist and public figure, Khadzhimurad Kamalov. At year's end no arrests had been made in the case.

*Censorship or Content Restrictions:* The government continued to use legislation and decrees to curtail media freedom. The law provides an expansive definition of extremism and gives law enforcement officials broad authority to suspend media outlets that do not comply with the law's restrictions. The Ministry of Justice continued to expand its list of "extremist" materials to include 1,589 items as of December 31.

By law authorities have the right to close any organization that a court determines to be extremist, including media outlets. The organization in question cannot challenge the court's decision. The Federal Service for Oversight of Communication and Information Technology (Roskomnadzor) routinely issued warnings to newspapers and Internet sources suspected of publishing extremist materials. Two warnings in one year were enough to file a closure lawsuit. Human rights groups reported the real impact of this practice was hidden because journalists and editors, although never prosecuted directly, tended to self-censor their articles. During the year the antiextremism law was used to censor the free expression of opinion by the political opposition, independent media outlets, and religious minorities and to intimidate these entities into self-censorship.

On December 6, a court in Nizhniy Novgorod held a hearing to ban a book by Stanislav Dmitriyevskiy, head of the human rights organization Russian-Chechen Friendship Society, that asserted top Russian officials should be held accountable for war crimes in Chechnya. Human Rights Watch's Hugh Williamson said efforts to ban the book have no basis in international human rights law and appeared aimed at punishing Dmitriyevskiy for his human rights work.

Officials or unidentified individuals sometimes used force or took other extralegal measures to prevent the circulation of publications critical of government officials. The Glasnost Defense Foundation (GDF) reported that there were 23 attempts by officials to seize or prevent distribution of publications. There were multiple reports authorities prevented the distribution of independent and opposition publications and leaflets before the elections. On January 25, in Ufa, police seized the entire print run of the opposition newspaper, *The Voice of Ufa*. Police said the materials were insulting to presidential candidate Putin and sent the material to linguistic experts to evaluate whether the content was extremist. In February authorities in the city of Pervouralsk temporarily forbade the sale of independent newspapers *Novaya Yezhenedel'naya Gazeta* and *Vecherny Pervouralsk Svobodny* without official explanation. Editors believed the ban was related to their unflattering coverage of President Putin.

Government officials often influenced content on television, sometimes insisting that certain opposition figures not appear in television programs. There were regular meetings between government officials responsible for communications strategy and the heads of state-run television channels to review past television coverage and decide on future coverage of political and social issues.

During the year the government took new steps to directly or indirectly control the editorial boards of major media outlets. On February 14, Gazprom-Media demanded the early resignation of the Ekho Moskvyy radio board of directors and a change in the board's composition. The changes came after then prime minister Putin publicly criticized Ekho Moskvyy editor in chief Aleksey Venediktov for "pouring diarrhea on my head from morning until night."

The GDF reported there were 46 attempts to censor the media during the year, compared with 52 in 2011. On February 6, on the First Channel's weekly live talk show *Pozner*, host

Vladimir Pozner interviewed Russian television personality Tina Kandelaki. Their discussion on whether or not Pozner would be allowed to interview opposition leader Aleksey Navalny was watched by viewers in the far eastern part the country, eight time zones ahead of Moscow. However, viewers in European Russia were shown a shortened version of the interview that excluded the conversation about Navalny.

*Libel Laws/National Security:* Officials at all levels used their authority, sometimes publicly, to restrict the work of journalists who criticized them, including taking legal action for alleged slander or libel.

On July 13, the Duma passed a law recriminalizing and increasing the sanctions for libel, which had been decriminalized in 2011. The new law allows for imprisonment for up to five years and a fine for moral damages up to 500,000 rubles (\$16,469) for defamation.

On April 3, a Kemerovo court convicted blogger Dmitri Shipilov of “insulting a state official in public” and sentenced him to 11 months of community service, with 10 percent of his earnings garnished. Shipilov wrote two blog posts in November 2011 that lampooned the region’s governor, Aman Tuleyev.

In November a law that broadens the definition of high treason came into effect. Under the law anyone possessing information deemed secret can be jailed for 20 years, even if the information was not passed into foreign hands. The previous law defined high treason as espionage or other assistance to a foreign state damaging to the country’s external security. The new legislation broadens the definition of assistance to include financial, material, and technical assistance and excludes the word “external.”

*Publishing Restrictions:* According to the GDF and other NGOs, authorities used the media’s widespread dependence on the government for access to property, printing, and distribution services to discourage critical reporting. They reported that approximately 90 percent of print media organizations relied on state- controlled entities for paper, printing, and distribution services and that many television stations were forced to rely on the government for access to the airwaves and office space. The GDF also reported that officials continued to manipulate the price of printing at state-controlled publishing houses to pressure private media rivals.

### ***Internet Freedom***

The Internet and radio were more free and independent than print media and television. Despite increasing attempts by the government to monitor and control the Internet, it remained a space for free expression. Threats to Internet freedom included physical attacks on bloggers; politically motivated prosecutions of bloggers for “extremism,” libel, or other crimes; blocking of specific sites by national and local service providers; distributed denial of service (DDoS) attacks on sites of opposition groups or independent media; and attempts by security services and some regional authorities to regulate content. The Internet was widely available to citizens in all parts of the country, although connection speeds varied by region. According to Internet World Stats, 44.3 percent of the population had Internet access.

On July 31, a law went into effect that creates a new federal blacklist of Internet sites. The law’s stated aim is to protect children from offensive information on the Internet. Under the law the state mass communications watchdog agency Roskomnadzor requires Internet service providers (ISPs) to block access to Web pages that the agency finds offensive. This

includes information that is already prohibited, such as items on the Federal List of Extremist Materials, but also holds blog owners responsible for the content in the comments section of their pages. The Pirate Party of Russia, an unofficial political party that monitored the blacklist, reported that 96 percent of the blocked sites (approximately 2,200) did not have illegal content.

In many regions, including Stavropol, Khabarovsk, Rostov, Ulan-Ude, St. Petersburg, Astrakhan, Saratov, and Omsk, local prosecutors' offices and courts ordered ISPs to block content on the Federal List of Extremist Materials. During the year select bloggers were prosecuted for content they published online. Maxim Yefimov was charged with extremism after publishing an article on his blog in December 2011 entitled "Russia is Tired of Priests," which sharply criticized the Russian Orthodox Church. During the investigation authorities demanded that Yefimov submit to psychiatric evaluation. Fearing forced psychiatric incarceration, Yefimov left the country, after which the government added him to the Interpol wanted list on July 31.

On July 23, the Leninskiy District Court in Ufa, Bashkortostan, concluded extremism and ethnicity-based hatred proceedings against five Ufa opposition bloggers. The accused, whose posts dating back to 2008 criticized the regime of the former president of Bashkortostan, Murtaza Rakhimov, received suspended sentences of one to four years. They denied the accusations and appealed the judgment. Bashkortostan opposition leaders believed the case to be politically motivated.

In the period surrounding the March presidential elections and President Putin's inauguration, independent media and civil society groups experienced severe DDoS attacks on their sites that impaired the public's ability to obtain and share information about important political developments, such as demonstrations. Sites that were repeatedly targeted included the radio station Ekho Moskvy, the newspapers *Novaya Gazeta* and *Kommersant*, independent election monitoring organization Golos, the Internet television station Dozhd, and live-event broadcaster UStream.

During the October 19-21 online election for the Opposition Coordination Council, DDoS attacks prevented persons from voting. The extent of the attacks caused organizers to extend the voting period.

The government continued to employ a "system for operational investigative measures," which requires ISPs to install, at their own expense, a device that routes all customer traffic to an FSB terminal. The system enables police to track private e-mail communications, identify Internet users, and monitor their Internet activity.

### ***Academic Freedom and Cultural Events***

The government generally did not restrict academic freedom. However, there were reports of pressure on teachers, academics, scholars, and students.

In June a St. Petersburg court sentenced two professors at the State Military Mechanical University, Svyatoslav Bobyshev and Yevgeny Afanayev, for treason and espionage. The pair lectured at a university in China in 2009 and were accused of passing classified information and state secrets to Chinese security forces. Human rights groups maintained that the scientists were denied due process of law.

## **b. Freedom of Peaceful Assembly and Association**

### ***Freedom of Assembly***

The law provides for freedom of assembly, but local authorities continued to restrict this right. The law requires notification for public meetings, demonstrations, or marches by more than one person. While numerous public demonstrations took place, on some occasions local elected and administrative officials selectively denied some groups permission to assemble or offered alternate venues that were inconveniently located. Police often broke up demonstrations that were not officially permitted. According to [ovidinfo.org](http://ovidinfo.org), approximately 2,000 persons were arrested at protests between March 6 and May 8. Many observers noted a consistent pattern of officials encouraging rallies friendly to the government while preventing politically sensitive demonstrations.

On June 8, a law went into effect that increases the penalties for engaging in unsanctioned protests and other violations of the law on public assembly. The law increased fines by 100-fold, up to 300,000 rubles (approximately \$9,881) for individuals, 600,000 rubles (\$19,762) for organizers, and one million rubles (\$32,938) for groups or companies. Observers saw this law as a reaction to the wave of public protests and renewed civic activism that began in December 2011, sparked by credible allegations of electoral fraud.

The country experienced an unprecedented number of public protests during the year. While some demonstrations were allowed to proceed peacefully, others were marked by police misconduct, mass detentions, and subsequent prosecutions and jail terms.

Opposition leaders such as Sergey Udaltsov, Aleksey Navalny, Ksenia Sobchak, Ilya Yashin, and Boris Nemtsov experienced searches of their residences and offices and were arrested and under investigation for public order violations. In June investigators raided the home of Ksenia Sobchak; they found and confiscated large amounts of cash hidden in envelopes that were returned to her in September. In May Ilya Yashin was arrested for disobeying police and served 10 days in jail following his participation in an antigovernment rally.

On September 27, the Supreme Court issued an opinion that stated that citizens have no right to self-defense against violence by police at protests. Although the opinion lacked force of law, lower courts generally followed such opinions in making their decisions.

In St. Petersburg and several other cities, the assembly rights of LGBT activists were violated under new local laws criminalizing the “propaganda of homosexuality to minors.” Such laws served as a pretext to arrest LGBT activists for participating in public protests. On July 20, the head of the city’s division of the Internal Affairs Ministry Sergey Umnov stated that more than 70 people had been convicted of spreading “homosexual propaganda” to children since the law’s passage in the city on February 29. On June 7, LGBT activist Nikolay Alekseyev paid a 5,000 ruble (\$166) fine after being found guilty of violating the city’s antipropaganda law. On April 12, Alekseyev was arrested for holding a sign reading, “Homosexuality is not an abomination. Field hockey and ice ballet are abominations.”

### ***Freedom of Association***

The law provides for freedom of association, and the government respected this right with a number of significant exceptions. Public organizations must register their bylaws and the names of their leaders with the Ministry of Justice. Restrictions were applied selectively to NGOs that were involved in issues of the political opposition or human rights monitoring.

The finances of registered organizations were subject to investigation by the tax authorities, and foreign grants were required to be registered.

On July 21, a new law went into effect that requires NGOs that receive foreign funding and engage in political activity to register as “foreign agents.” Domestic and international observers saw the law as an attempt to stigmatize and deny funding to NGOs working on human rights and democracy. Civil society leaders were concerned that the law’s reference to “political activity” was loosely defined and that NGOs could not be sure if the law applied to them. In December the Dima Yakovlev Act went into effect, which bans NGOs that engage in political activity or any activity that “poses a threat to” the Russian Federation from receiving uncompensated financial or material assistance from any U.S. person or organization.

Some groups that opposed powerful business interests faced intimidation from government and private security forces. Local authorities routinely pressured activists associated with the Khimki Forest Defense campaign, an environmental movement that seeks to protect the Khimki forest outside of Moscow from development. The group’s demonstrations were violently dispersed on several occasions by both police and private security personnel working for the Vinci Corporation, which was building a highway through the forest. Activists associated with the campaign continued to be subject to harassment and intimidation. For example, on April 16, Aleksey Dmitriyev, an activist with Khimki Forest Defense, was attacked by unknown men as he was standing at the elevator outside his apartment, resulting in a concussion, head wounds, and a broken nose. Dmitriyev had planned to testify against two companies involved in cutting the forest. Police characterized the attack as a simple robbery without political motivations.

Authorities continued to engage in selective investigations of intellectual property rights violations to confiscate computers and pressure opposition media and NGOs across the country.

On August 9, police raided the environmental NGO Perviy Svet in the city of Luchegorsk and seized nine computers on the grounds that they allegedly contained pirated software. The NGO attributed the raid to an ongoing dispute with city authorities. As of year’s end, the computers had not been returned.

### **c. Freedom of Religion**

See the Department of State’s *International Religious Freedom Report* at [www.state.gov/j/drl/irf/rpt/](http://www.state.gov/j/drl/irf/rpt/).

### **d. Freedom of Movement, Internally Displaced Persons, Protection of Refugees, and Stateless Persons**

The law provides for freedom of internal movement, foreign travel, emigration, and repatriation. The government generally cooperated, with some notable exceptions, with the UNHCR and other humanitarian organizations in providing protection and assistance to internally displaced persons, refugees, returning refugees, asylum seekers, stateless persons, and other persons of concern.

Although the law gives citizens the right to choose their place of residence, all adult citizens must carry government-issued internal passports while traveling domestically and must register with local authorities after arriving at a new location. Authorities often refused to provide government services to individuals without internal passports or proper registration, and many regional governments continued to restrict this right through residential registration rules that closely resembled Soviet-era regulations. Darker-skinned persons from the Caucasus or of African or Asian origin were often singled out for document checks. There were credible reports that police arbitrarily imposed fines on unregistered persons in excess of legal requirements or demanded bribes.

The law provides for freedom to travel abroad, and citizens generally did so without restriction. However, citizens with access to classified material needed to obtain police and FSB clearances to receive a passport for international travel. Starting in July, a new directive from the Transport Ministry required intercity travelers to show their domestic passports when buying transport tickets to travel via air, railroad, water, or road.

### ***Internally Displaced Persons (IDPs)***

The UNHCR Global Report 2011 placed the number of IDPs at 28,500. Statistics for 2012 were unavailable as the UNHCR no longer tracked IDPs in the country.

### ***Protection of Refugees***

*Access to Asylum:* The country's laws provide for the granting of asylum or refugee status, and the government has established a system for providing protection to refugees.

*Refoulement:* The government provided some protection against the expulsion or return of persons to countries where their lives or freedom would be threatened on account of their race, religion, nationality, membership in a particular social group, or political opinion. However, the responsible agency, the Federal Migration Service (FMS), did not maintain a presence at airports or other border points, and the ability of asylum seekers to request access to the FMS was not well publicized. Asylum seekers had to rely on the goodwill of border guards and airline personnel to call immigration officials or face immediate return to their countries of origin, including in some cases to countries where a well-founded fear of persecution could be demonstrated.

By law the decision of an FMS official may be appealed to a higher-ranking authority or to a court. During the appeal process, the applicant receives the rights of a person whose application for refugee status is being considered. The government rarely granted convention status to those who managed to present their asylum applications to the FMS.

Human rights groups continued to allege that authorities made improper use of international agreements that permitted them to detain, and possibly repatriate, persons with outstanding arrest warrants from other post-Soviet states. This system, enforced by informal ties between senior law enforcement officials of the countries concerned, permitted detention for up to one month while the prosecutor general investigated the nature of the warrants. The UNHCR and human rights groups noted with concern several cases of disappearances and extralegal return of persons of UNHCR concern, in which individuals (most commonly from Central Asia) were detained and returned to their country of origin clandestinely. Rights groups and UNHCR maintained that this could not have happened without the cooperation of several different federal organs.



Human rights groups alleged that Uzbek citizens may have been secretly extradited following release from jail and subsequent disappearance. Azamatzhon Ermakov disappeared on November 6; Yusup Kasymakhunov disappeared on December 14.

*Refugee Abuse:* The UNHCR and NGOs stated that asylum seekers at times faced detention, deportation threats, fines by police, and racially motivated assaults.

*Access to Basic Services:* For asylum seekers who were allowed into the country to pursue their claims, the refugee law provides the right to temporary accommodations. There were three reception facilities.

While federal law provides for education for all children, regional authorities occasionally denied access to schools to children of asylum seekers who lacked residential registration. However, when parents encountered difficulties enrolling their children in schools, authorities generally cooperated with the UNHCR to resolve the problem. Authorities frequently denied migrants the right to work if they did not have residential registration. Refugees also may not legally work if they are not registered and cannot obtain registration unless they have an employer or landlord willing to register them.

*Temporary Protection:* A person who did not satisfy the criteria for refugee status, but could not be expelled or deported for humanitarian reasons, could be granted temporary asylum after submitting a separate application.

### ***Stateless Persons***

Citizenship is derived both by birth within the Russian Federation's territory, with certain restrictions, and from one's parents. A child becomes a citizen at birth if both parents are citizens, if one parent is a citizen and the other one is stateless, if one parent is a citizen and the other is a foreigner and the child was born on the territory of the country, or if both parents are foreigners or stateless and the child was born on the territory of the Russian Federation and there is concern the child might otherwise become stateless.

The number of stateless persons in the country decreased considerably between 2003 and 2011, when 630,000 stateless persons were naturalized. The FMS reported that there were 30,000 stateless persons in the country in 2012. However, the UNHCR stated that the number may have been higher due to some stateless individuals not responding to the census.

## **SECTION 3. RESPECT FOR POLITICAL RIGHTS: THE RIGHT OF CITIZENS TO CHANGE THEIR GOVERNMENT**

The law provides citizens with the right to change their government peacefully in regularly scheduled national and regional elections. However, citizens could not fully exercise this right as the government limited the ability of opposition parties to organize, register candidates for public office, access the media, or conduct political campaigns.

On May 2, Prime Minister Medvedev signed a law that restored direct popular gubernatorial elections; previously gubernatorial candidates were nominated by the president and approved by regional parliaments. Opposition parties criticized what they viewed as the

government's attempt to delay the law's implementation by replacing or reappointing governors before their terms expired. Only five governorships were up for election in October. Twenty governors were appointed before the new legislation went into effect and will not face reelection for four or five years.

### ***Elections and Political Participation***

The law requires independent candidates to obtain voters' signatures and secure the support of 5 to 10 percent of local deputies (depending on the local legislature) or at least 75 percent of the heads of local administrations before they can run for office.

In September opposition activist Gennady Gudkov of the party A Just Russia was removed from the State Duma by a vote of 294 to 151 for allegedly engaging in direct commercial activity while serving in the Duma, which is illegal. Gudkov denied the charges and considered them to be politically motivated. This was the first time since 2000 that a State Duma member was deprived of his mandate without a court ruling.

In October A Just Russia State Duma member Ilya Ponomaryov, who used the phrase "party of crooks and thieves" to describe the ruling political party United Russia during an address to the Duma, was suspended from speaking for one month by the ethics committee.

*Recent Elections:* The Office for Democratic Institutions and Human Rights (ODIHR) of the Organization for Security and Cooperation in Europe documented fraud and irregularities in the presidential elections on March 4 in many regions, particularly in the North Caucasus.

Prior to the elections, independent observers, media, and opposition parties reported widespread irregularities, including abuse of administrative resources such as pressuring students, state budget employees, employees of state-owned companies, and others to vote for the ruling party, United Russia. According to ODIHR, all contestants that were on the ballot were able to campaign unhindered and had access to media, but then prime minister Putin was given advantage in the coverage. Various public institutions instructed their subordinate structures to organize and facilitate Putin's campaign events. Local authorities also used official communication, such as their institutional Web sites or newspapers, to facilitate his campaign. There were multiple reports of stories, television infomercials, and radio programs commissioned to convince citizens the elections would be unbiased and impossible to falsify.

On election day, March 4, independent election monitors observed procedural irregularities in one-third of the polling stations they visited. The practice of adding voters to voter lists shortly before and on election day raised concerns. There were also reports of the last-minute establishment of special polling stations in a process that was not transparent and resulted in criticism from some political parties.

According to the Central Election Commission (CEC), the North Caucasus region cast the most votes for presidential candidate Putin and had the highest voter turnout. In Chechnya, where recorded turnout was 99.59 percent, Putin won 99.82 percent of the vote. In Dagestan, where recorded turnout was 91 percent, Putin won almost 93 percent of the vote. In Ingushetia, recorded voter turnout was 86 percent, and Putin garnered 92 percent of the vote. In Karachay-Cherkessia, Putin won 91 percent of the vote, while in neighboring Kabardino-Balkaria, Putin received 78 percent of the vote.

After the elections protests occurred in many cities throughout the country, most notably on May 6, when approximately 30,000 protesters rallied in Bolotnaya Square in Moscow. While initially peaceful, the demonstration turned violent when police restricted the

movement of protesters across a narrow bridge leading to the square. More than 400 protesters were arrested, 16 of whom remained in detention more than seven months after their arrest. At year's end 16 other defendants awaited outcomes of investigations into their involvement in the May 6 protest, and dozens more were under investigation.

The independent election monitoring organization Golos experienced direct pressure as a result of its efforts to monitor the transparency and fairness of elections. Golos was evicted from its central office in Moscow when the landlord terminated its lease early. In January Roskomnadzor began monitoring Golos' newspaper. Several of Golos' regional divisions were subjected to unscheduled audits of their financial records. On January 18, Aleksander Kalashnikov, the head of the FSB in the Komi Republic, called Golos and Memorial "extremist organizations... directed from abroad, often financed by foreign NGO funding, and designed to transform the political system of the Russian Federation." He also asserted that Golos' main goal was to disrupt the presidential elections in the country.

*Political Parties:* On April 13, Prime Minister Medvedev signed a law that liberalized registration requirements for political parties. The law reduced the number of members required to register a party from 45,000 to 500 and abolished the requirement for parties to collect voter signatures to take part in elections. Democracy and human rights activists generally welcomed the law. At year's end 39 parties had obtained registration, up from seven registered parties in 2011. In July the Republican Party of Russia was reinstated and allowed to field candidates in October regional elections, following an ECHR decision in 2011.

While parties represented in the State Duma may nominate a presidential candidate without having to collect and submit signatures, prospective presidential candidates from parties without Duma representation must collect two million signatures from supporters throughout the country. These must be submitted to the CEC for certification. An independent candidate is ineligible to run if the CEC finds more than 5 percent of the signatures to be invalid.

On March 28, court proceedings began against 13 members of the unregistered Other Russia Party for continuing the activities of the banned National Bolshevik Party. Prosecutors used court documents from the proceedings to impose administrative, noncriminal sanctions on participants of the Strategy 31 rallies. At year's end charges had been dropped against five of the activists, while the case proceeded against the others.

The law prohibits early voting and negative campaigning and provides criteria for removing candidates from the ballot, including for vaguely defined "extremist" behavior. The executive branch and the prosecutor general have broad powers to regulate, investigate, and disqualify political parties. Other provisions limit campaign spending, set specific campaign periods, and provide for restrictions on campaign materials.

*Participation of Women and Minorities:* There were 61 women in the 450-member State Duma and 11 women in the 166-member Federation Council, including Chairwoman Valentina Matviyenko. One of the seven deputy prime ministers was female, as was one of the 21 cabinet ministers and one of the 83 regional leaders. Three of the 19 judges on the Constitutional Court were women. Five political parties were led by women.

Information on the ethnic composition of the State Duma and the Federation Council was not available. National minorities took an active part in political life. However, ethnic

Russians, who constituted approximately 80 percent of the population, dominated the political and administrative system, particularly at the federal level.

#### **SECTION 4. OFFICIAL CORRUPTION AND LACK OF TRANSPARENCY IN GOVERNMENT**

The Global Competitiveness Report 2012-13, compiled by the World Economic Forum, cited weak institutions as one of the most problematic factors for doing business in the country. Corruption was frequently cited by investor surveys as a reason investors perceived the country's investment risk as one of the highest among emerging markets. The law provides criminal penalties for official corruption, but the government acknowledged that it had difficulty enforcing the law effectively, and officials often engaged in corrupt practices with impunity.

Corruption was widespread throughout the executive, legislative, and judicial branches at all levels of government. Manifestations included bribery of officials, misuse of budgetary resources, theft of government property, kickbacks in the procurement process, extortion, and improper use of official position to secure personal profits. While there were prosecutions for bribery, a general lack of enforcement remained a problem. Official corruption continued to be rampant in numerous areas, including education, military conscription, healthcare, commerce, housing, pensions/social welfare, law enforcement, and the judicial system.

Prosecutors charged high-level officials with corruption during the year. However, most government anticorruption campaigns were limited in scope and focused on lower-level officials. Allegations of corruption were also used as a political tactic.

On April 2, the FSB apprehended the Sverdlovsk Oblast police officer responsible for investigating organized crime, Sergey Rakhmanov, as he was receiving the third tranche of a 14 million ruble (\$461,133) bribe. The bribe was intended for other high-ranking police officials, who in exchange had agreed to return 120 million rubles (\$4 million) seized at Yekaterinburg's Taganskiy Ryad flea market. The bribe was reportedly paid in three installments in March and April. According to FSB investigators and civil society activists, this was not an isolated case of corruption, and Rakhmanov was said to be just one element of a corrupt police clan led by high-ranking Sverdlovsk Oblast officers. The majority of the group had been transferred from Moscow, where they reportedly succeeded in closing the Cherkizovsky market, also known for illegal activities. Investigators also accused Vladimir Plaksin, head of the moral crimes division. The investigation was completed and referred to the prosecution for final definition of charges. Both Rakhmanov and Plaksin's chiefs have been reprimanded.

Sergey Stepashin, chairman of the Federal Accounting Chamber, the country's main auditing body, stated in November that one trillion rubles a year, approximately \$32.9 billion, was being siphoned from Russia's budget in the course of state procurement--an estimated one-fourteenth of the entire budget.

In November Defense Ministry officials, including Defense Minister Anatoliy Serdyukov, were under investigation for selling eight properties owned by the ministry below market value. Five criminal cases were opened, and investigators estimated losses of over 3

billion rubles (\$98.8 million). President Putin removed Serdyukov from office. By year's end no official charges were made against the former defense minister.

State television First Channel accused former minister of agriculture Yelena Skrynnik of nepotism and misappropriating 39 billion rubles (\$1.2 billion) of state funds. By year's end there were no official charges.

On December 3, President Putin signed a law that requires civil servants to declare large expenditures or face dismissal. These officials must also present information on the expenditures of their spouses and children if the expenditures involve acquisitions of land, vehicles, or securities. Expenditures that do not match the declared income will be investigated by law enforcement agencies. If an individual fails to prove the property in question was acquired legally, the property will be confiscated and turned over to the state. The law is scheduled to enter into force in 2013 and covers transactions carried out since January 1, 2012. The bill complements existing 2011 legislation requiring officials to declare their incomes.

The law requires government officials to submit financial statements, restricts their employment at entities where they had prior connections, and requires reporting of actual or possible corrupt activity. However, information officials provided did not always reflect their true income or that of close family members.

According to the Ministry of Internal Affairs, from January to October, the average size of a bribe in economic crimes increased to one million rubles (\$32,938), with evidence pointing to the involvement of 10,000 officials, including 25 deputies at different levels, five regional ministers, 48 district heads, 17 municipality heads and 15 local government heads. The ministry reported that the average bribe in the country amounted to approximately 60,000 rubles (\$1,976).

The Investigative Committee prosecuted for corruption 1,568 persons with special legal status, including 150 investigators of the Ministry of Internal Affairs, 21 investigators of the Federal Drug Control Service, 42 prosecutors, 41 members of electoral commissions, 509 officials of local government administrations, 589 elected heads of local government administrations, 34 deputies of regional legislatures, 116 lawyers, and 11 judges.

No specific anticorruption agency with competences to investigate and prosecute corruption had been established in the country. The FSB and the Prosecutor General's Office are responsible for fighting corruption. Almost all law enforcement agencies had their own internal departments to deal with corruption within their ranks. The Federal Finance Monitoring Service monitors financial transactions in Russia. The Federal Accounting Chamber oversees the handling of federal assets. The Ministry of Economic Development contributed to anticorruption proposals and their implementation and conducted research on corruption and countermeasures. The Investigative Committee was the main federal investigating authority in the country.

Civil society took an active stance fighting corruption through anticorruption Web sites such as Rospil. However, when whistleblowers complained about official corruption, the government official who was the subject of the complaint was sometimes asked to investigate, which often led to retaliation against the whistleblower, generally in the form of criminal prosecution.

Yevgeniy Dushko, the mayor of Sergiyev Posad, accused several local officials and businessmen of corruption on a local television channel approximately one month before his murder, which remained unsolved.

Aleksey Navalny, an opposition figure and critic of government corruption, was arrested and charged with embezzlement (see section 1.e.).

The law authorizes public access to government information unless it is confidential or classified as a state secret. Legislation adopted in April requires placement of information regarding activities of federal executive agencies on the Internet. However, a great deal of government information was classified confidential, so access to government information was limited.

## **SECTION 5. GOVERNMENTAL ATTITUDE REGARDING INTERNATIONAL AND NONGOVERNMENTAL INVESTIGATION OF ALLEGED VIOLATIONS OF HUMAN RIGHTS**

Domestic and international human rights groups operated in the country, investigating and publicly commenting on human rights problems. Official harassment continued, particularly against NGOs that focused on election monitoring or received foreign funding. NGO activities and international humanitarian assistance in the North Caucasus were severely restricted. Some officials, including Ombudsman for Human Rights Vladimir Lukin, regional ombudsman representatives, and the chairman of the Presidential Council for the Development of Civil Society and Human Rights, Mikhail Fedotov, regularly interacted and cooperated with NGOs.

The law regulating NGOs requires them to register with the Ministry of Justice. NGOs are required to submit periodic reports to the government that disclose sources of foreign funding and detailed information on how they used their funds.

On July 21, a law went into effect that requires NGOs that receive foreign funding and engage in political activity to register as “foreign agents” (see section 2.b.).

In December the Dima Yakovlev Act went into effect, which suspends NGOs engaged in “political activities” or in activities that “pose a threat to” the Russian Federation and receive support from U.S. persons or organizations. Under the law these NGOs are also suspended if they have dual U.S. citizen members.

Authorities continued to apply a number of indirect tactics to suppress or close domestic NGOs, including abusive application of various laws and harassment in the form of investigations and raids. Observers believed that the government would selectively apply the NGO law to target certain groups, such as human rights organizations, whose activities they regarded as hostile to the authorities. Laws on extremism and libel were also employed to restrict the activities of NGOs and criticism of the government. The law defines extremist activity to include public libel of a government official or his or her family as well as public statements that could be construed as justifying or excusing terrorism.

During the year authorities harassed and intimidated the staff of the NGO Committee against Torture (CAT), which spotlights abuses by security services, particularly in the North Caucasus. The chair, Igor Kalyapin, faced repeated interrogations by police in connection with the NGO’s involvement in protecting a high-profile victim of alleged torture, Islam Umarpashayev. In July authorities alleged that Kalyapin shared confidential details of the police investigation in the Umarpashayev case with the media. Kalyapin also faced similar charges on January 18, when he was informed Chechen authorities had requested a criminal

case be opened against him for “disclosing state secrets,” an act that carries a prison sentence of three to seven years. CAT also reported vandalism of property and surveillance.

Authorities sometimes refused to cooperate with NGOs that were critical of their activities. In March authorities visited Mashr, an Ingush human rights NGO, asking questions about their records and surveillance cameras. Mashr’s head, Magomed Multsogov, was beaten and detained, according to *Caucasian Knot*. International human rights NGOs had practically no presence east of the Urals. A few local NGOs tried to address human rights issues in the region but often chose not to work on politicized topics to avoid retaliation by local authorities.

*Government Human Rights Bodies:* Some government institutions continued to promote the concept of human rights, challenge the activities of some local governments that abused human rights, and intervene in selected abuse complaints. Human Rights Ombudsman Vladimir Lukin commented publicly on a range of human rights problems, such as police violence, prison conditions, the treatment of children, and hazing in the military. Lukin also criticized intolerance and a growing wave of ethnic and religious hatred. Lukin’s office used its influence to draw attention to human rights problems in prisons, and many leaders of human rights NGOs continued to note that Lukin was generally effective as an official advocate for many of their concerns, despite his limited authority.

The Human Rights Ombudsman’s Office includes several specialized sections responsible for investigating complaints. Of the country’s 83 regions, 67 have regional human rights ombudsmen with responsibilities similar to Lukin’s. Their effectiveness varied significantly.

Many observers did not consider the 126-member Public Chamber to be an effective check on the government. Some prominent human rights groups declined to participate in the chamber due to concern that the government would use it to increase control over civil society.

The Presidential Council for Civil Society and Human Rights expanded from 39 to 62 members. New members included Kalyapin, Pavel Chikov from the human rights association Agora, Liliya Shibanova of Golos, journalists Leonid Nikitinsky and Leonid Parfenov, television personality Maksim Shevchenko, and Public Chamber member Igor Diskin.

## **SECTION 6. DISCRIMINATION, SOCIETAL ABUSES, AND TRAFFICKING IN PERSONS**

The law prohibits discrimination based on race, gender, language, social status, or other circumstances; however, the government did not universally enforce these prohibitions.

### **Women**

*Rape and Domestic Violence:* Rape is illegal and the law provides the same punishment for a relative who commits rape as for a nonrelative. Rape victims may act as full legal parties in criminal cases brought against alleged assailants and may seek compensation as part of a

court verdict without initiating a separate civil action. While members of the medical profession assisted assault victims and sometimes helped identify an assault or rape case, doctors were often reluctant to provide testimony in court.

The penalty for rape is three to six years' imprisonment for a single offender, and four to 10 years if the crime is committed by a group of persons. The perpetrator receives an eight- to 15-year sentence if a victim was underage and 12 to 20 years if a victim died or was under 14 years of age. According to NGOs, many law enforcement personnel and prosecutors did not consider spousal or acquaintance rape a priority and did not encourage reporting or prosecuting such cases. NGOs reported that local police officers sometimes refused to respond to rape or domestic violence calls until the victim's life was directly threatened.

According to Supreme Court data, 3,642 rape cases went to court in 2011, compared with 4,321 in 2010. No statistics were available for 2012. According to NGOs, many women did not report rape or other violence due to fear of social stigma and lack of government support.

Domestic violence remained a major problem. There is no significant domestic violence provision in the criminal code and no legal definition of domestic violence. The two statutes that address bodily harm are general in nature and do not permit police to initiate a criminal investigation unless the victim files a complaint. Federal law prohibits battery, assault, threats, and killing, but most acts of domestic violence did not fall within the jurisdiction of the Prosecutor's Office. According to NGOs, police were often unwilling to register complaints of domestic violence and frequently discouraged victims from submitting them. The most recent statistics available from the Ministry of Internal Affairs were from 2008. According to this data, more than 14,000 women die each year due to violence by their husbands and relatives.

According to the Anna National Center for the Prevention of Violence in Russia, there were approximately 23 government operated women's shelters across the country.

The NGO Center for Women's Support asserted that a majority of cases filed were either dismissed on technical grounds or transferred to a reconciliation process conducted by a justice of the peace, whose focus was on preserving the family rather than punishing the perpetrator. Civil remedies for domestic violence included administrative fines and divorce. Physical harm, property, and family rights cases, such as divorce, asset division, and child custody, cannot be heard in the same case or the same court.

*Harmful Traditional Practices:* According to human rights groups, honor killings of women in Chechnya and elsewhere in North Caucasus region were on the rise. The practice was approved by Chechen leader Ramzan Kadyrov, who stated that women of "loose morals" should be killed by their male relatives.

In some parts of the North Caucasus, women continued to face bride kidnapping, polygyny, forced marriage, legal discrimination, and enforced adherence to Islamic dress codes. As part of his "modesty campaign," Kadyrov required women to wear head scarves in public (including at schools, universities, and government offices) and advocated seizing cell phones from young women to prevent potential illicit contact with men. There were cases in some parts of the North Caucasus where men, claiming that kidnapping brides is an ancient local tradition, reportedly abducted and raped young women, in some cases forcing them into marriage. In other cases the young women were permanently "sullied" as they were no longer virgins and could not enter a legitimate marriage according to local custom.



*Sexual Harassment:* The law does not specifically prohibit sexual harassment in the workplace, which remained a widespread problem. Instead, the criminal code contains a general provision (article 133) against compelling a person to perform actions of a sexual character by means of blackmail, threats, or by taking advantage of the victim's economic or other dependence on the perpetrator.

*Reproductive Rights:* The government officially recognized the basic right of couples and individuals to decide freely and responsibly the number, spacing, and timing of their children. While there are no legal restrictions on access to contraceptives, the Russian Orthodox Church has historically opposed family planning initiatives, and access to family planning in Russia is limited, especially outside of big cities. Senior government leadership has explicitly encouraged women to have as many children as possible to counteract the country's declining population. According to UN estimates, the maternal mortality ratio in the country was 16.2 deaths per 100,000 live births in 2011.

*Discrimination:* Women encountered discrimination in employment, although the constitution and law provide that men and women enjoy the same legal status and rights under family law, labor law, property law, inheritance law, and in the judicial system. Men and women have an equal right to obtain a bank loan, but women often encountered significant restrictions. There was no government office devoted to the protection of women's legal rights.

The labor market was characterized by gender discrimination in compensation, professional training, hiring and dismissal, and career promotion. However, such discrimination was often very difficult to prove. Job advertisements often specified gender and age requirements for a position. Some even specified desired physical appearance and preference for applicants who were open to intimate relations with their prospective supervisors. Employers often preferred to hire men to save on maternity and childcare costs and avoid the perceived unreliability associated with women with small children.

The labor code specifies that female workers should not perform "hard physical jobs and jobs with harmful or dangerous labor conditions or work underground except in nonphysical jobs or sanitary and consumer services." According to the NGO Peterburgskaya Egida, this law resulted in a list of 456 occupations that legally exclude women, including those of diver, gas rescue worker, paratrooper, and firefighter. The International Labour Organization (ILO) documented a widespread gender pay gap and noted that women predominated in low-paying jobs.

The law upholds equal ownership rights for women and men. The civil code provides equal rights to access to land and access to other property for men and women. All property acquired during a marriage is the couple's joint property; unless their marriage contract states otherwise, it is split into two

equal shares in the event of divorce. Each spouse retains ownership and management of property acquired before marriage or inherited after marriage. Traditional legal practices in the North Caucasus award the husband custody of children and all property in divorce cases, with the result that women in the region were often unwilling to seek divorce, even in cases of abuse.

The 2010 census indicated that 15,585,074 women (out of 76,979,071) and 11,248,872 men (out of 66,457,074) had higher education.

## Children

*Birth Registration:* By law citizenship is derived from parents at birth or from birth within the country's territory if the parents are unknown or if the child cannot claim the parents' citizenship. As a rule all newborns are registered at the local civil registry office where the parents live. One of the parents must apply for registration within a month of birth. Birth certificates are issued on the basis of the medical certificate of the hospital where a baby was born.

*Education:* Education was free through grade 11 and compulsory until age 15 or 16. Regional authorities frequently denied school access to the children of persons not registered as residents of the locality, including Roma, asylum seekers, and migrant workers.

*Child Abuse:* Child abuse was a widespread problem. In 2011 Pavel Astakhov, federal ombudsman for children's rights, noted the rate of reported child abuse had grown "30-fold" since 2003 but that "most nonviolent offenders get off with a suspended sentence." The online news source news24.ru reported in 2010 that there were 9,500 sexual crimes against children. An estimated 20,000 minors were missing at the end of the year, including 5,000 small children. Astakhov reported approximately 1,500 juveniles between the ages of 15 and 19 commit suicide annually, the primary reasons being "conflict with the surrounding world and psychological violence against them."

According to a 2011 report published by the NGO Foundation for Assistance to Children in Difficult Life Situations, established by the Federal Ministry of Health and Social Development, approximately 2,000 to 2,500 children died annually as a result of domestic violence. According to a 2011 UNICEF report, 2,000 children committed suicide in 2010.

*Child Marriage:* The minimum legal age for marriage is 18 for both men and women. Local authorities can authorize marriage from the age of 16--and even earlier in some regions--if it is considered justified.

*Sexual Exploitation of Children:* Children, particularly the homeless and orphans, were exploited for child pornography. While authorities viewed child pornography as a serious problem, the law does not define child pornography, criminalize its possession, or provide for effective investigation and prosecution of cases of child pornography. The law prohibits the manufacture, distribution, and possession with intent to distribute of child pornography. Courts often dismissed criminal cases because of the lack of clear standards.

During the year authorities registered 550 cases of child pornography distribution, compared with the 2010 total of 569. The minister of internal affairs reported that, as of April 1, police had shut down 130 child pornography Web sites in the country.

There were two federal resources to respond to child pornography on the Internet: the Russian Safer Internet Center and the Friendly Runet Foundation, both of which had hotlines to receive information on illegal Internet activity. From January to July, the Friendly Runet Foundation hotline processed 18,705 reports and identified 2,728 sites with child pornography. As of June 21, information gathered through the hotline had resulted in the opening of 24 criminal cases related to the manufacture or distribution of child pornography.

The State Duma passed legislation to block the Internet protocol addresses of offending sites. The law caused freedom of expression concerns (see section 2.a., Internet Freedom).

*Displaced Children:* Citing Ministry of Internal Affairs statistics in 2011, a Public Chamber representative stated that each year nearly 120,000 children were orphaned and each day an average of 200 children were taken from neglectful parents. The representative estimated that 600,000 children were located in various types of institutional and foster care. In a 2008 report, the NGO Children's Rights estimated that approximately 40,000 children ran away from home annually to escape abuse and neglect and that 20,000 orphans fled similar conditions in orphanages.

Homeless children often engaged in criminal activities, received no education, and were vulnerable to drug and alcohol abuse. Some children on the streets turned to, or were forced into, prostitution. According to a 2010 report by the Foundation for Assistance to Children in Difficult Life Situations, juveniles committed 94,700 crimes in 2009, a decrease from 116,100 committed in 2008. Law enforcement officials reportedly abused street children, blamed them for unsolved crimes, and committed illegal acts against them, including extortion, detention, and psychological and sexual violence.

Regional ombudsmen for children operated in 83 regions with the authority to conduct independent investigations relating to the violation of children's rights, inspect any institutions and executive offices dealing with minors, establish councils of public experts, and conduct an independent evaluation of legislation affecting children. A number of schools in the Moscow and Volgograd oblasts had school ombudsmen to deal with children and families and identify potential conflicts and violations of the rights of children.

*International Child Abductions:* The country acceded to the 1980 Hague Convention on the Civil Aspects of International Child Abduction effective October 1, 2011. For information see the Department of State's report on compliance at [travel.stateas](http://travel.stateas) well as country-specific information at [travel.state.gov/abduction/country/country\\_5826.html](http://travel.state.gov/abduction/country/country_5826.html).

## **Anti-Semitism**

The 2010 census estimated the number of Jews at 150,000. According to the Federation of Jewish Communities of Russia, the Jewish population could be as high as 750,000.

Synagogues and cemeteries continued to be targets of desecration by vandals. The SOVA Center, an NGO that seeks to combat extremism and nationalism, registered six acts of anti-Semitic vandalism during the year. In March assailants threw firebombs at a synagogue in St. Petersburg; there were no injuries. The government investigates anti-Semitic crimes, and some courts placed anti-Semitic literature on the Ministry of Justice's list of banned extremist materials. The Federation of Jewish Communities reported that there were no official acts of anti-Semitism at the federal level. However, in November authorities in Zmiyevskaya Balka removed a memorial plaque that had referred to the Holocaust and the killing of 27,000 Jews by Nazis. The new plaque replaced the word "Holocaust" with "mass killing by the fascists of captured Soviet citizens" and did not mention Jews specifically as victims.

Anti-Semitism on television or in other mainstream media was infrequent and more likely to appear in low-circulation newspapers, pamphlets, or on the Internet. During the November 12 Russian March, 25 men wearing swastikas were arrested in Moscow.

## **Trafficking in Persons**

See the Department of State's *Trafficking in Persons Report* at [www.state.gov/j/tip](http://www.state.gov/j/tip).

## **Persons with Disabilities**

Several laws prohibit discrimination against persons with physical, sensory, intellectual, and mental disabilities in employment, education, transportation, access to health care, and the provision of state services. However, the government generally did not enforce these laws.

There are no laws to prohibit discrimination in air travel. Citizens with disabilities continued to face discrimination and denial of equal access to education, employment, and social institutions. According to information provided by the NGO Perspektiva, persons with mental disabilities were severely discriminated against in both education and employment. In addition the conditions of guardianship imposed by courts deprived them of practically all personal rights. Conditions in institutions for adults with disabilities were often poor, with unqualified staff and overcrowding. Institutions rarely attempted to develop the abilities of residents, who were frequently confined to the institutions and sometimes restricted in their movement within the institutions themselves.

Federal law on the protection of persons with disabilities requires that buildings be made accessible to persons with disabilities, but authorities did not enforce the law, and many buildings were not accessible.

While public transport has historically been inaccessible to passengers with disabilities, a newly built metro station in Moscow, Novokosino, includes an elevator to the train platform and an audible warning system for train departure and arrival. However, underground travel for wheelchair users remained limited since only 16 of 186 stations--none of which were in the city center--had elevators. The St. Petersburg metro had two stations with elevators, but usage had to be coordinated with staff ahead of time. The Sapsan (speed train) between Moscow and St. Petersburg offered one wheelchair space on just one car. In Ekaterinburg newer stations had lifts. In Vladivostok city authorities purchased new wheelchair-accessible buses. However, sidewalk repairs in the downtown area resulted in higher curbs that were inaccessible to those in wheelchairs.

There are laws establishing employment quotas for persons with disabilities at the federal and local levels. However, some local authorities and private employers continued to discourage such persons from working, and there was no penalty for failure to honor quotas. According to Perspektiva, only 9 percent of persons with disabilities held a permanent job. Many of them worked at home or in special organizations. In Moscow several dozen companies were equipped to employ physically disabled persons.

Because only 3 percent of schools accommodated children with special needs, most children with disabilities could not study in the communities where they lived and were isolated from other community members.

Authorities generally segregated children with disabilities from mainstream society through a system that institutionalized them until adulthood. Observers concluded that the welfare of such children was often ignored, and there were few means of addressing systemic problems and abuse. Human rights groups alleged that children with disabilities in state institutions were poorly provided for and, in some cases, physically abused by staff members. Graduates of state institutions also often lacked the necessary social, educational, and vocational skills to function in society.

There appeared to be no legal mechanism by which individuals could contest their assignment to a facility for persons with disabilities. The classification of children with mental disabilities by categories of disability often followed them through their lives. The designations “imbecile” and “idiot,” assigned by a commission that assesses children with developmental problems at the age of three, signify that a child is uneducable and were almost always irrevocable. The designation “debil” (slightly retarded) followed an individual on official documents, creating barriers to employment and housing after graduation from state institutions.

Election laws contain no special provisions concerning the accessibility of polling places, and the majority of poll stations were not accessible to persons with disabilities. However, mobile ballot boxes were generally brought to the homes of the disabled to allow them to vote. In the months leading up to the 2012 presidential elections, commercials on television instructed disabled citizens on their rights and voting procedures.

In 2011 the government adopted the State Program on Accessible Environment for 2011-15 with a total budget of 47 billion rubles (\$1.5 billion). The goal of the pilot program was to provide access to services in health care, culture, transport, information and communications, education, social protection, sports, and housing facilities for persons with disabilities. During the year the program continued under supervision of the newly formed Ministry of Labor and Social Development. The mandates of government bodies charged with protecting human rights include the protection of persons with disabilities. These bodies carried out a number of inspections in response to complaints from disability organizations and, in some cases, appealed to the responsible agencies to remedy individual situations. Inspections by the Ombudsman’s Office of Homes for Children with Mental Disabilities continued to disclose severe violations of children’s rights and substandard conditions.

During the year the Constitutional Court declared unconstitutional the civil code provisions on plenary guardianship as the only measure of protection of persons with mental disabilities.

## **National/Racial/Ethnic Minorities**

The law prohibits discrimination based on nationality. However, government officials at times subjected minorities to discrimination. There was a steady rise in societal violence and discrimination against minorities, particularly Roma, persons from the Caucasus and Central Asia, dark-skinned persons, and foreigners. The number of reported hate crimes increased during the year, and skinhead groups and other extreme nationalist organizations fomented racially motivated violence. Racist propaganda remained a problem, although courts continued to convict individuals of using propaganda to incite ethnic hatred.

According to the SOVA Center, racist violence resulted in the death of at least 18 persons in 2012, while 171 others were injured and two received death threats. Incidents were reported in 30 regions. Violence was concentrated in Moscow, St. Petersburg, and the Republic of Bashkortostan. The main targets of attack continued to be Central Asians (seven killed and 28 injured), leftist and youth “subculture” activists (one killed and 53 injured, up from only 14 injured in 2011), and natives of the Caucasus region (three killed and 14 injured). There were 94 acts of ideologically motivated vandalism recorded in 39 regions during the year. Skinhead violence continued to be a serious problem. Skinheads primarily targeted foreigners, particularly Asians and individuals from the North Caucasus, although they also expressed anti-Muslim and anti-Semitic sentiments. Membership claims by these organizations were difficult to verify.

Human rights organizations expressed concern that Romani children in schools experienced discrimination. According to Memorial, a number of schools refused to register Romani students on the grounds that they lacked documents, while others segregated Romani students or placed them in classes designed for children with learning disabilities because of their ethnicity.

## **Indigenous People**

The law provides for support of indigenous ethnic communities, permits them to create self-governing bodies, and allows them to seek compensation if economic development threatens their lands. Groups such as the Buryats in Siberia and ethnic groups in the far north (including the Enver, Tatarli, Chukchi, and others) continued to work actively to preserve and defend their cultures as well as their right to benefit from the economic resources of their regions.

Most members of indigenous communities asserted that they received the same treatment as ethnic Russians, although some groups claimed that they were not represented, or were underrepresented, in regional governments.

Founded in 1990, the Russian Association of Indigenous People of the North (RAIPON) was the country’s largest NGO for indigenous people, representing 41 groups (approximately 300,000 people) and was a Permanent Participant of the Arctic Council. The organization’s activities were temporarily suspended by the Ministry of Justice in November for a period of six months for administrative reasons, but RAIPON and ministry officials were negotiating a solution to restore the organization’s legal status by year’s end.

## **Societal Abuses, Discrimination, and Acts of Violence Based on Sexual Orientation and Gender Identity**

LGBT communities continued to suffer from societal stigma and discrimination. Gay rights activists asserted that the majority of LGBT persons hid their orientation due to fear of losing their jobs or their homes as well as the threat of violence. Medical practitioners reportedly continued to limit or deny LGBT persons health services due to intolerance and prejudice. Gay men faced discrimination in workplace hiring. Openly gay men were targets of skinhead aggression, and police often failed to respond. Transgender individuals faced

difficulties changing their names and gender classifications on government documents. Although the law allows such changes, the government had not established a standard procedure for doing so, and many civil registry offices denied these requests. When their documents failed to reflect their gender accurately, transgender persons often faced discrimination in accessing health care, education, housing, and employment.

St. Petersburg, Ryazan, Archangelsk, Kostroma, Bashkortostan, Samara, Krasnodar, Novosibirsk, and Magadansk had laws that criminalize the “propaganda of homosexuality” to minors, which limits the rights of free expression and assembly for citizens who wish to publicly advocate for LGBT rights.

In St. Petersburg a public rally to celebrate the International Day against Homophobia on May 17 was met with violence from skinheads and antigay protesters, although the city government had sanctioned the demonstration. A police unit assigned to the demonstration was unable to protect the protesters from participants in a large homophobic counter-demonstration that broke the police line.

In Moscow authorities refused to allow a gay pride parade for the seventh consecutive year, despite an ECHR ruling that the denial violated the rights to freedom of assembly and prohibition of discrimination. Activists’ attempts to hold pride rallies were routinely broken up by police. Moscow city authorities, reportedly without recognizing that the request came from an LGBT group, granted permission for activists to hold a rally on June 2 against all forms of discrimination, which included LGBT rights.

On June 12, several young men attacked 12 to 14 LGBT rights activists leaving the site of an officially sanctioned opposition rally in St. Petersburg. Several persons were injured. Five activists filed complaints to the police and were registered as victims. On June 18, police opened a criminal investigation and arrested one suspect three days later. The investigation continued at year’s end.

## **Other Societal Violence or Discrimination**

The lack of an internal passport prevented homeless citizens from fully securing their legal rights and social services. Homeless persons faced barriers to obtaining legal documentation.

Persons with HIV/AIDS often encountered discrimination. A federal AIDS law includes antidiscrimination provisions, but those provisions frequently were not enforced. Human Rights Watch reported that HIV-positive mothers and their children faced discrimination in accessing health care, employment, and education. Persons with HIV/AIDS were alienated from their families, employers, and medical service providers. The government no longer requires HIV tests for visitors who apply for short-term tourist visas or business visas valid for one year or more as long as their total stay in the country is not greater than three months per year.

Prisoners with HIV/AIDS were regularly abused and denied medical treatment.

## SECTION 7. WORKER RIGHTS

### a. Freedom of Association and the Right to Collective Bargaining

The law, including related regulations and statutory instruments, protects the right of workers to form and join independent unions, conduct legal strikes, and bargain collectively. By law the Federal Registration Service must consider a union officially registered once it has submitted the requisite documents. By law labor unions must be independent of government bodies, employers, political parties, and NGOs.

The law establishes the right to strike and prohibits reprisals against strikers. It requires the provision of a minimum level of essential services if a strike could affect the safety or health of citizens. The labor code prohibits strikes in the military and emergency response services. It also prohibits strikes in essential public service sectors, including utilities and transportation, and strikes that would threaten the country's defense and safety or the life and health of its workers. Solidarity strikes and strikes on issues related to state policies also are prohibited. In addition courts may confiscate union property to cover employers' losses in the event that a declared strike continues after it is ruled illegal.

The law places several restrictions on the right to collective bargaining. For example, only one collective bargaining agreement is permitted per enterprise, and bargaining must be carried out by a union or group of unions representing at least half of the workforce. The law prohibits antiunion discrimination but does not provide for reinstatement of workers fired for such discrimination.

Government policy limited the exercise of freedom of association and collective bargaining. State agencies responsible for overseeing the observance of labor legislation frequently failed to fulfill their responsibilities, and violations of labor law were common. Registering unions, for example, was often a cumbersome process. The 2012 International Trade Union Confederation (ITUC)'s annual survey on the violation of trade unions rights noted that there was not an effective system for the defense of trade union rights.

Discrimination against employees and trade union leaders due to their trade union membership was common, as was pressuring workers to leave unions or to prevent them from joining. There were no dedicated mechanisms to prevent discrimination based on union membership and union activities in the country. Labor activists reported that police regularly used widespread intimidation techniques against union supporters, including subjecting them to detention and extensive interrogations and provoking physical confrontations with them.

In spite of laws defending the right to strike, the majority of strikes were considered illegal because they failed to meet the complex definition of a legal strike. Strikers frequently faced reprisals, including pressure and termination of employment. The courts upheld most employers' requests to declare a strike illegal. According to the Federation of Independent Trade Unions of Russia, the legal preparation for a strike takes at least 40 days. Employers and government officials often pressured, threatened, or intimidated trade unions from going on strike. ITUC noted that employers, prosecutors, officials of the Ministry of Internal Affairs, and others used various tactics including pressure, intimidation, and threats to prevent workers and trade unions from accessing dispute resolution mechanisms and from going on strike.



In the Committee of Freedom of Association's November report, the ILO also noted with grave concern that a local court had declared trade union leaflets with slogans such as, "fight substandard employment" to be extremist material. The ILO regarded this decision an unacceptable restriction on trade union activities and urged the government to remove the leaflets from the list and ensure such incidents did not happen again.

In practice employers were slow to recognize newly formed unions. In addition they often accepted union requests for collective bargaining reluctantly and failed to provide union representatives with financial reports. For example, company management at an automobile factory in Kaluga initially showed no reluctance about entering into collective bargaining talks with workers, yet negotiations dragged on for nearly six months before an agreement was signed. In contradiction to labor law norms, some companies claimed to have financial difficulties to avoid concluding new agreements, or as an excuse for disregarding an existing agreement.

Employers frequently engaged in reprisals for union activity, including threatening workers with assignment to night shifts, denying benefits, and blacklisting or terminating the workers. Although unions were occasionally successful in courts, in most cases the managers of companies engaged in antiunion activities were not penalized.

## **b. Prohibition of Forced or Compulsory Labor**

The law prohibits all forms of forced or compulsory labor; however, the government did not effectively enforce such laws.

Men, women, and children were subjected to conditions of forced labor in sectors including the construction industry, textile shops, and agriculture. Guest workers in the far eastern part of the country were subjected to conditions of debt bondage and forced labor, including in the agricultural and fishing sectors. In particular reports surfaced throughout the year of North Koreans working in forced labor camps on the territory. Experts believed that the number of migrant workers in the country was between eight and 12 million, with an estimated two to four million in Moscow alone. Men, women, and children from countries such as Belarus, Kyrgyzstan, Tajikistan, Uzbekistan, Ukraine, Moldova, and Vietnam were subjected to substandard living and working conditions, exploitation, and pressure from government authorities, including withheld wages and passports, unsafe working conditions, excessively long working hours, overcrowded housing, insufficient meals, and eventual deportation. Incidents during the year included the death by fire of Vietnamese workers locked in a textile factory and, separately, the discovery of an illegal factory where 150 Vietnamese workers were held and subjected to forced labor.

The governments of Russia and North Korea have labor agreements that permit North Koreans to work in the country. North Korean migrant workers are selected by North Korean authorities and their wages garnished by their government.

Also see the Department of State's Trafficking in Persons Report at [www.state.gov/j/tip](http://www.state.gov/j/tip).

### **c. Prohibition of Child Labor and Minimum Age for Employment**

The law prohibits the employment of children under the age of 16 in most cases and regulates the working conditions of children under the age of 18, including prohibiting dangerous nighttime and overtime work. The law permits children to work at the age of 14 under certain conditions and with the approval of a parent or guardian. Such work must not threaten the child's health or welfare; the labor code lists occupations that are restricted for children under the age of 18, including work in unhealthy and/or dangerous conditions, underground work, as well as jobs the execution of which might endanger a child's health and moral development. Authorities did not effectively implement laws and policies prohibiting child labor.

The Federal Labor and Employment Service (RosTrud) is responsible for inspecting enterprises and organizations to identify violations of labor and occupational health standards for minors. RosTrud reported 3,400 child labor violations in 2011. The most common violations included the absence of an obligatory medical check, absence of written labor agreements, involvement of minors in harmful and/or unsafe work environment, and excessive hours. In urban areas, children were employed primarily in the informal sector, engaging in retail services, selling goods on the street, washing cars, and making deliveries. In rural areas children worked in agriculture.

Also see the Department of Labor's Findings on the Worst Forms of Child Labor at [www.dol.gov/ilab/programs/ocft/tda.htm](http://www.dol.gov/ilab/programs/ocft/tda.htm).

### **d. Acceptable Conditions of Work**

The national minimum wage for all sectors was 4,611 rubles (approximately \$152) per month. The subsistence minimum income used by the government for calculating benefits was set by the government at 6,643 rubles (approximately \$219) per month in the third quarter of 2012. According to the Federal Statistics Service, in the first three quarters of the year, 12.1 percent of the population had incomes below the subsistence minimum, compared with 14.3 percent in the first three quarters of 2011.

The labor code requires equal pay for equal work and contains provisions for standard work hours, overtime, and annual leave. The standard workweek cannot exceed 40 hours. Employers are not permitted to request overtime work from pregnant women, workers under age 18, and other categories of employees specified by federal laws. Standard annual paid leave is 28 calendar days. Additional annual paid leave is granted to employees who perform work involving harmful or dangerous labor conditions and to employees in the Far North regions. Organizations have discretion to grant additional leave to employees. The labor code stipulates that overtime shall be paid in the amount of at least 150 percent for the first two hours and not less than 200 percent after that. At an employee's request overtime may be compensated by additional holiday time. Overtime work cannot exceed four hours in two days and 120 hours in a year for each employee.

The law establishes minimum conditions for workplace safety and worker health. The law entitles foreigners working legally in the country to the same rights and protections as citizens. The Federal Service of Labor and Employment noted that state labor inspections were understaffed and more professional training needed for labor inspectors.

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Although no official data were available, experts estimated the size of the workforce in the informal economy was significant and growing. The largest share of the informal labor market was concentrated in trade, construction, and agricultural sectors. Such workers were more vulnerable to exploitative working conditions.

The most vulnerable group to mistreatment remained labor migrants, mostly concentrated in low quality jobs in construction, but also in housing and utilities, agriculture, and retail trade. Many workers suffered from nonpayment of wages, wage arrears, lack of medical insurance and proper medical treatment, poor working conditions, as well as persistent anti-immigrant sentiments in society. Press reports during the year cited multiple claims by workers of poor housing and nutrition as well as 13-hour workdays on construction sites associated with the September 2012 Asia-Pacific Economic Cooperation Forum (APEC) summit in Vladivostok. Poor working conditions and failure to respect labor code and labor safety rules were common on 2012 APEC construction sites in Vladivostok.

In May approximately 300 Turkish workers on Russkiy Island, site of the summit, held a strike demanding payment of delayed wages. In July 150 Uzbek workers went on strike to demand wages three months in arrears.

Labor and human rights activists continued to advocate for the proper treatment of thousands of migrant workers involved with significant construction projects for the APEC summit and the 2014 Olympic Games in Sochi. Reports of abuses were widely circulated, including withholding of passports, lack of contracts, nonpayment of wages, and threats of retaliation against those who complained.



*Chapter 20*

## **RUSSIA 2012 INTERNATIONAL RELIGIOUS FREEDOM REPORT\***

*U.S. Department of State*

### **EXECUTIVE SUMMARY**

The constitution provides for freedom of religion; however, other laws and policies restrict religious freedom. In practice the government generally respected religious freedom, but imposed restrictions that affected members of minority religious groups. These included the use of extremism charges to ban religious materials and restrict groups' right to assemble, detentions, raids, denial of official registration with the Ministry of Justice, denial of official building registration, and denial of visas to religious workers. There is no state religion, but the Russian Orthodox Church (ROC) and other "traditional" religious communities received preferential consideration. The trend in the government's respect for religious freedom did not change significantly during the year.

There were reports of societal abuses and discrimination based on religious affiliation, belief, or practice. Members of minority religious groups continued to experience harassment and occasional physical attacks. Violent extremism in the North Caucasus region and an influx of Central Asian migrant workers led to negative attitudes in many regions toward traditionally Muslim ethnic groups.

The U.S. ambassador addressed religious freedom in consultations with government officials; he also met with religious leaders and participated in events to promote religious tolerance. Other U.S. embassy and U.S. government officials raised the treatment of minority religious groups with government officials on numerous occasions. The U.S. government engaged a number of religious groups and nongovernmental organizations (NGOs) in a regular dialogue on religious freedom. Embassy staff actively monitored possible violations of religious freedom.

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\* This document was released by the U.S. Department of State; Bureau of Democracy, Human Rights and Labor, May 2013.

## **Section I. Religious Demography**

According to the Government Statistics Agency, the population is 143.2 million. The *Atlas of Religions of Russia* reports that 41 percent of the population is Orthodox Christian and 6.5 percent Muslim. In contrast, a 2012 Levada Center poll reports that 74 percent of Russians consider themselves Orthodox while 7 percent self-identify as Muslim. Religious groups constituting less than five percent each include Buddhists, Protestants, Roman Catholics, Jews, The Church of Jesus Christ of Latter-day Saints (Mormons), Jehovah's Witnesses, Hindus, members of other Orthodox groups not affiliated with the Moscow patriarchate such as the Russian Orthodox Autonomous Church and Old Believers, Bahais, Hare Krishnas, pagans, Tengrists, and Falun Gong adherents. The 2010 census estimates the number of Jews at 150,000; however, according to the Federation of Jewish Communities of Russia, there may be 750,000 Jews, most of whom live in Moscow and St. Petersburg. Immigrants and migrant workers from Central Asia are mostly Muslim. The majority of Muslims live in the Volga Ural region and the North Caucasus. Moscow, St. Petersburg, and parts of Siberia also have sizable Muslim populations.

## **Section II. Status of Government Respect for Religious Freedom**

### ***Legal/Policy Framework***

The constitution provides for religious freedom, but other laws and policies, such as an anti-extremism law, restrict religious freedom, particularly of members of minority religious groups. By law the country is a secular state without a state religion, and all religious groups are equal. The preamble to the principal law on religion acknowledges Christianity, Islam, Judaism, and Buddhism as the country's four "traditional" religions, constituting an inseparable part of the country's historical heritage. The law also recognizes the "special contribution" of Russian Orthodox Christianity to the country's history and to the establishment and development of its spirituality and culture.

The law provides the right to profess, or not to profess, any religion individually or with others, the right to spread religious and other convictions, and the right to act in accordance with those convictions. The government may restrict these rights only to the degree necessary to protect the constitutional structure and security of the government; the morality, health, rights, and legal interests of persons; or the defense of the country. It is a violation of the law to force another person to disclose his or her attitude toward religion, or to participate or not participate in worship, other religious ceremonies, the activities of a religious association, or religious instruction.

The law states that those who violate religious freedom will be "punished to the fullest extent possible," but does not specify the penalty nor under what circumstances it is to be imposed. The administrative violations code and the criminal code both punish obstruction of the right to freedom of conscience and belief.

The law creates three categories of religious associations with different levels of legal status and privileges: groups, local organizations, and centralized organizations. Religious groups or organizations may be subject to legal dissolution or deprivation of legal status by a court decision on grounds including violations of standards set forth in the constitution and

violation of public security. According to the Ministry of Justice (MOJ), there are 25,705 registered religious associations operating in the country.

The “religious group” is the most basic unit. It has the right to conduct worship services and rituals, and to teach religion to its members. Such groups are not registered with the government and consequently do not have legal status to open a bank account, own property, issue invitations to foreign guests, publish literature, receive tax benefits, or conduct worship services in prisons, state-owned hospitals, or the armed forces. Individual members of a group may buy property for the group’s use, invite personal guests to engage in religious instruction, and import religious material. In principle, religious groups are able to rent public spaces and hold services.

A “local religious organization” (LRO) can register if it has at least 10 citizen members and is either a branch of a centralized organization or has existed in the locality as a religious group for at least 15 years. LROs have legal status and may open bank accounts, own property, issue invitation letters to foreign guests, publish literature, receive tax benefits, and conduct worship services in prisons, state-owned hospitals, and the armed forces.

“Centralized religious organizations” can be registered by combining at least three LROs of the same denomination. In addition to having the same legal rights as LROs, centralized organizations also have the right to open new LROs without a waiting period.

Foreign religious associations have the right to open offices for representation purposes. Although required to register in order to conduct religious services and other activities, many foreign religious representative offices open without registering, or avoid registration requirements by being accredited to a registered religious organization.

By law, religious associations may not participate in political parties, political movements, and elections of government officials, or provide material or other aid to political groups. This does not apply to members.

By law, officials may prohibit the activity of a religious association on grounds such as violating public order or engaging in “extremist activity.” The anti-extremism law criminalizes a broad spectrum of activities, including “incitement to social, racial, national, or religious discord” and “assistance to extremism.” The law includes no stipulation that threats of violence or acts of violence must accompany incitement to religious discord.

Incitement to discord is punishable by up to four years in prison. Being a member of a banned group designated as “extremist” is punishable by up to six years in prison. Possession of “extremist” material could result in 15 days imprisonment or a fine of 3,000 rubles (\$98). Courts may suspend for 90 days the operations of legal entities found to be in possession of “extremist” materials and fine them 100,000 rubles (\$3,257).

Courts often request expert analyses of religious literature in cases in which the government alleges extremism. The choice of experts appears to be at the court’s discretion. Within the MOJ, the Scientific Advisory Board reviews some religious materials for extremism. Composed of academics and representatives of the four “traditional” religions, the board reviews materials referred either by judicial and law enforcement authorities or by private citizens and organizations. If the board identifies material as “extremist,” it issues a nonbinding advisory opinion, which is then published on the MOJ website and forwarded to the prosecutor’s office for further investigation.

In addition to the Scientific Advisory Board, regional experts also review religious materials for “extremism.” A court at any level may declare material to be “extremist.” The quality of scholarly expertise varies from region to region.

By law, publications declared “extremist” by any court are automatically added to the federal list of “extremist” materials. Courts order Internet service providers to block access to Web sites that contain materials listed on the federal list of “extremist” materials. There is no legal procedure for removal from the list, even when a court declares an item is no longer classified as “extremist.”

The criminal code augments penalties on “actions directed to incite hatred or enmity, as well as the humiliation of an individual or group of persons on the basis of...attitude to religion...conducted publicly or through the media.” Penalties include fines from 100,000 to 300,000 rubles (\$3,257 to \$9,772), imprisonment for up to three years, compulsory labor for up to 360 hours, corrective labor for up to one year, or forced labor (coming into force in 2013) for up to two years.

Under the law, an individual convicted of committing an act of vandalism motivated by ideological, political, national, racial, or religious hatred or enmity can be sentenced to up to three years in prison.

The regions of Kabardino-Balkaria and Dagestan have local laws banning “extremist Islamic Wahhabism.”

The government’s nonimmigrant visa rules allow foreigners with business or humanitarian visas, including religious workers, to spend no more than 90 of every 180 days in the country.

Republics in the North Caucasus have varying policies on wearing the hijab in public schools. In Chechnya, the law requires women to wear a hijab in public buildings.

Some provisions of the law dealing with public associations also apply to religious associations. The law grants the MOJ the authority to obtain certain documents from a religious association, send its representatives (with advance notice) to attend its events, and conduct an annual review of compliance with the mission statement on file with the government. The law contains extensive annual reporting requirements that many religious associations find burdensome. For example, each religious association must supply the full names, addresses, and passport details of members belonging to its governing body. The government may obtain a court order to close those that do not comply.

A recently adopted law imposes additional restrictions on religious associations. In June the government significantly increased administrative penalties from 1,000 rubles (\$33) to 300,000 rubles (\$3,257) for individuals and up to 1 million rubles (\$32,573) for organizers for violating the law against unsanctioned demonstrations. While the law is intended to restrict political dissent and does not apply to religious rites, some local authorities broadly interpret the law to cover the activities of some religious associations.

The ROC is the only religious organization allowed to review draft legislation pending before the State Duma.

Public schools offer religious education classes through a Ministry of Education and Science program that began in September. Parents can choose between courses on one of the four “traditional” religions, world religions in general, or a course on the fundamentals of secular ethics.

A new Ministry of Defense chaplaincy program for the armed forces requires that a religious group comprise at least 10 percent of a military unit for an official chaplain of that group to be appointed. Chaplains are not enlisted or commissioned, but are assistants to the commander and generally are only embedded with troops on overseas missions. The program allows for chaplains from the four “traditional” religions. Rabbis and imams offer



services to troops occasionally. The program calls for at least 240 chaplains, with 24 positions filled at year's end. Most chaplains are priests from nearby churches who visit troops in their regions on occasion. The program remains under development.

The Office of the Director of Religious Issues within the Office of the Federal Human Rights Ombudsman handles complaints dealing with religious freedom. The ombudsman can intercede on behalf of those who submit complaints, but cannot compel other government bodies to act.

The law entitles individuals and organizations to take religious freedom cases to the European Court of Human Rights (ECHR) in Strasbourg, which rules based on violations of the European Convention on Human Rights. According to the Constitutional Court, "Decisions by the European Court of Human Rights are binding for Russia. The State must pay compensation to a person whose rights were violated as determined by the European Court and ensure his/her rights are restored in as far as possible." The government complies with this ruling and continues to pay compensation in line with ECHR decisions.

There is a universal military draft for men, but the constitution provides for alternative service for those who refuse to bear arms for reasons of conscience. The standard military service period is 12 months, while alternative service in a Ministry of Defense agency is 18 months and alternative service in a non-defense agency is 21 months. A presidential decree that took effect in October makes deferrals for military service available for 150 conscripts who are already priests or deacons.

The government observes Russian Orthodox Christmas as a federal holiday. Several regional governments, including Muslim-majority Chechnya and Tatarstan, celebrate Islamic religious days as official holidays.

## **Government Practices**

There were reports of abuses of religious freedom, including reports of detentions and onerous financial penalties, and the government imposed numerous restrictions that affected members of minority religious groups. The authorities continued to detain and charge with "extremism" Jehovah's Witnesses and adherents of the Islamic theologian Said Nursi, generally referred to as "Nursi readers." The authorities continued to search and seize the property of members of minority religious groups such as Scientologists and Falun Gong. The MOJ's list of "extremist" materials grew to 1,589 titles. The authorities continued to restrict the rights of minority religious groups to meet publicly and continued to limit the ability of religious organizations to register.

In February the authorities detained Nursi reader Amir Abuyev for 48 hours after raiding a private home in Kaliningrad where a group of Nursi readers were beginning prayers. In March and again in May, the Federal Security Service (FSB) sought to have Abuyev forcibly detained for psychiatric testing.

In January the authorities freed Nursi reader Asylzhan Kelmukhambetov after he served seven months of an 18-month sentence for "extremism" and hosting a madrasa for 15 students in his home. The court reduced his punishment to a fine, which does not have to be paid due to changes in the criminal code.

In September authorities fined a bookstore in Tolyatti 50,000 rubles (\$1,629) for stocking an Islamic book that was on the federal list of “extremist” materials entitled *Life of the Prophet*.

According to a recent Jehovah’s Witnesses report, from September 2009 to December 2012, there were 1,511 cases of violations of the rights of Jehovah’s Witnesses. The report also states that law enforcement officials detained 1,425 Witnesses, carried out 151 searches, and disrupted 38 religious services. At year’s end, there were six open criminal cases against Jehovah’s Witnesses for “inciting hatred or enmity” and 12 civil cases regarding “extremist” publications. In May Jehovah’s Witnesses in Taganrog in the Rostov region were indicted for participating in the religious services of a dissolved religious organization. In July authorities in the Chuvash Republic placed four Jehovah’s Witnesses in pre-trial detention for “extremism.” Also in July, the Yoshkar-Ola city court in the Mari-El Republic acquitted Jehovah’s Witnesses member Maksim Kalinin of charges of “inciting religious hatred or enmity.” In October the prosecutor’s office sent a letter of apology to Kalinin for subjecting him to prosecution. The letter stated that he had the right to monetary compensation and the right to demand the publication of his exoneration by media that published information about his criminal trial.

The authorities continued to ban the Nurjular and Tablighi Jamaat organizations. The government maintained that Nurjular was a Muslim religious association of followers of Said Nursi, and banned it after concluding that Nursi’s works were “extremist” and promoted intolerance. Muslim adherents of Nursi stated that there was no Nurjular organization. The general prosecutor asserted that Tablighi Jamaat was a radical group whose goal was to reestablish an Islamic caliphate, but Tablighi Jamaat representatives and some human rights activists stated the organization followed the law and existed solely to educate persons about Islam.

Police across the country participated in raids on minority religious groups, often confiscating religious literature and other property in connection with the raids. In May investigators in Orenburg searched 15 homes and places of worship of Jehovah’s Witnesses. Also in Orenburg, authorities seized Islamic literature. In July officials in Vladivostok searched the homes of four Falun Gong members, detained them, and seized Falun Gong literature. Authorities seized Scientology literature in Kalingrad, Vladivostok, and Novosibirsk, and searched the Scientology premises in Yekaterinburg.

The MOJ’s current list of “extremist” materials includes certain Islamic religious items, 68 Jehovah’s Witnesses items, four Falun Gong items, seven Scientology items, a series of neo-pagan materials deemed intolerant of other religious groups (Christianity in particular), and other media that are explicitly racist or anti-Semitic. Established in 2007, the list increased from 1,066 titles in 2011 to 1,589 at year’s end.

In March a court in Orenburg banned more than 65 Islamic works, the largest such ban of religious literature in a single court case.

Publications declared “extremist” by a court were automatically added to the federal list of “extremist” materials. In some cases, items were not immediately added if an appeals process was underway. In March the Tomsk Regional Court rejected an appeal of a lower court’s ruling that the *Bhagavad Gita as It Is*, a holy book of the Hare Krishnas, was not extremist. The prosecutor’s office had attempted to have the book declared “extremist” after a group of officially designated academic experts, at the request of the FSB, analyzed the text and stated that it incited religious hatred. Although 29 Church of Scientology publications

were removed from the federal list of “extremist” materials in 2011, seven Scientology publications were added to the list during the year. In May Falun Gong practitioners appealed the ban of their literature to the ECHR.

In June the Council of Europe’s Venice Commission expressed serious concern about the anti-extremism law, noting that the vague definition of “extremism” lent itself to broad interpretation and arbitrary application by authorities.

The government continued to decline to comply with an ECHR ruling that the requirement for a religious group to have existed in a community for at least 15 years in order to be registered as an LRO violates the European Convention on Human Rights’ provisions on the freedoms of religion and association.

In May the Russian Orthodox Autonomous Church (ROAC) lost an appeal of a lower court’s decision to award 800-year-old saints’ relics to the plaintiff, the Vladimir Territorial Authority in Suzdal. The plaintiffs argued that the relics were part of a government museum during the Soviet period and alleged the ROAC removed them illegally. Picketers from the Labor and Democratic Party demonstrated against the ROAC in Suzdal for its stance on the relics. The ROAC alleged systematic discrimination by authorities based on its refusal to acknowledge the authority of the Moscow Patriarchate.

On February 19, members of the rock group Pussy Riot staged a punk protest song, “Virgin Mary, Redeem Us of Putin” in Moscow’s Cathedral of Christ the Savior. On August 17, Moscow’s Khamovniki District Court sentenced three of the band members to two years in prison for “hooliganism motivated by religious hatred,” a sentence widely criticized by human rights groups.

Some regional officials used contradictions between federal and local laws and varying interpretations of the law to restrict the activities of minority religious groups. The federal government only occasionally intervened to prevent or reverse discrimination at the local level. Some local authorities broadly interpreted the law prohibiting unsanctioned demonstrations to allow restriction of public worship. Lack of access to adequate places of worship and increased numbers of members meant that many Muslim groups spilled out onto the street during Friday prayers and had to rent special premises for major holidays. Several Muslim groups, including those in Maloyaroslavets (Kaluga Region) on the island of Sakhalin and in Primorye reported government insistence that public worship in spaces not designated for religious purposes required advance clearance under the law.

The struggle with Islamic separatists in some regions led to indiscriminate actions against Muslims on the part of local officials. Following the July 19 attempted assassination of a cleric and murder of his deputy in Kazan, Tatarstan, members of civil society and media reported that authorities conducted approximately 160 to 200 searches without warrants and detained between 400 and 600 Muslim men. Most were held for a few hours and released.

The government continued to use administrative resources to restrict religious freedom, particularly for members of minority religious groups. These restrictions included refusal to register religious organizations, denial of access to places of worship (including land and buildings), and lack of notification of court hearings.

The government continued to refuse to register fully the Church of Scientology and the Jehovah’s Witnesses in Moscow. Although the Church of Scientology was registered with the federal tax office, the MOJ continued to refuse to reregister its charter. And while a total of 407 local religious organizations of Jehovah’s Witnesses are registered in the 72 districts of

the Russian Federation, the MOJ continued to tell the group that there was no legal basis to reregister it in Moscow.

On September 6, in the presence of police, unidentified persons razed the three-story Holy Trinity Pentecostal Church in Moscow. A 2011 Supreme Court ruling upheld a 2010 court order allowing removal of the building, constructed without permission on land given to the church in 1992 by the Moscow city government. Although a court order allowed the demolition, those who demolished the church were reportedly intoxicated and intimidated church members while looting the premises. Mikhail Odintsov, Religious Affairs Director in the office of the Human Rights Ombudsman, publicly called the midnight demolition “barbarism” and “unacceptable.” Shortly after the demolition, police questioned Pastor Vasily Romanyuk for leading an unapproved service among the church’s ruins.

Many “nontraditional” denominations complained they were unable to rent or buy venues for worship from public or private vendors. Officials also denied construction permits. In the greater Moscow region, Muslim groups reported that the authorities limited them to only four official mosques despite the Council of Muftis’ plan to build 12 new mosques. The Moscow mayor stated that two-thirds of mosque attendees were not registered as Muscovites and argued against building more mosques to accommodate non-registered residents. In September city authorities in a Moscow suburb cancelled plans for a new mosque after several thousand people protested against it. The plans were in flux at year’s end.

Muslims outside of Moscow reported persistent difficulties building mosques to meet growing numbers of Muslim worshippers. Sochi, a city in which 20,000 Muslims reside, has no mosque. The deputy mayor of Sochi denied a 2010 request to construct a mosque, stating that a mosque 20 kilometers away was sufficient for the needs of the city’s Muslims. During the year, authorities denied multiple requests for land plots for a future mosque.

Border authorities denied entrance to two Falun Gong members from Ukraine who planned to attend an annual Falun Gong conference.

The authorities denied the requests of several religious groups, including Falun Gong and Jehovah’s Witnesses, to hold public activities. On July 18, authorities in the Chelyabinsk region denied an application from a group of Jehovah’s Witnesses to hold an annual conference involving more than 2,000 individuals on the grounds that the wildfire danger was too high.

On January 18, Kachkanar Buddhists in Sverdlovsk region petitioned federal authorities to protect their monastery from the expansion of an adjacent factory’s operations, approved by local authorities in 2007. The regional government continued to refuse to register the monastery. At year’s end, the federal government had not responded to the Buddhist community.

While neither the constitution nor the law accord explicit privileges or advantages to the four “traditional” religions, in practice the government cooperated more closely with the ROC than with other religious organizations. The ROC had a number of formal and informal agreements with government ministries giving it greater access than other religious organizations to public institutions such as schools, hospitals, prisons, police, and the military forces. Nearly all religious facilities in prisons were Russian Orthodox.

The government provided the Russian Orthodox patriarch with security guards and access to official vehicles, a privilege accorded no other religious organization.

The Slavic Center for Law and Justice and several “nontraditional” religious leaders asserted the government and “traditional” religious organizations increasingly used mass

media, conferences, and public demonstrations to foment opposition to minority religious groups, characterizing them as threats to physical, mental, and spiritual health, and asserting that they threatened national security. State television broadcast programs about “dangerous cults and sects” and implied that these groups included Pentecostals and other proselytizing religious groups.

Religions organizations continued to seek restitution of property. The Russian Orthodox Church noted that the government had acquired many of its pre-revolution structures and sold them to private entities, complicating the restitution process. According to Forum 18, as of June the government had reportedly transferred 22 items of property: 19 to the Russian Orthodox Church (Moscow Patriarchate), two to the Catholic Church, and one to a Muslim organization.

Baptists and Seventh-day Adventists in Vladivostok received a favorable ruling from a higher court regarding a church building city officials had attempted to acquire for use as municipal property. The two churches had occupied the building since 1976 and 2010, respectively. Pursuant to the federal law on restitution, the city had earlier transferred the property to the church organizations.

The Ministry of Justice added numerous anti-Semitic items to its list of “extremist” materials, including a video clip entitled “The Truth about Jews and Hebrews.”

In a meeting with Chief Rabbi Berel Lazar of the Chabad community, President Putin said, “For us, a multi-ethnic and multi-religious country, it is very important that members of even the smallest nation, the smallest ethnic group, feel and perceive Russia as their homeland. This is only possible when every individual, no matter what denomination, no matter what ethnic group he belongs to, feels completely comfortable and protected, and that his rights are protected socially and legally.” President Putin also stated that anti-Semitism has been eliminated at the level of the state but remained a societal problem.

Human Rights Ombudsman Vladimir Lukin and Religious Affairs Director Odintsov made public statements in support of the rights of Jehovah’s Witnesses, readers of Said Nursi, and Hare Krishnas. Odintsov received 2,500 to 3,000 complaints, most of which concerned registration of land, law enforcement, the anti-extremism law, returned religious property, and educational texts on religion in schools. Lukin frequently interceded on behalf of those filing complaints.

In October a United Russia deputy in the Smolensk City Council resigned amid controversy about an anti-Semitic comment recorded during a city council meeting and posted on the Internet. During a debate on whether to allow transport privileges for Holocaust survivors, he reportedly asked, “Why? For the simple reason that they were not finished off?” United Russia officials condemned the comment.

The government supported construction of a new state-of-the-art Museum of Jewish History and Tolerance Center in Moscow. Foreign Minister Sergey Lavrov and Israeli President Shimon Peres opened the museum in November.

### **Section III. Status of Societal Respect for Religious Freedom**

There were reports of societal abuses and discrimination based on religious affiliation, belief, or practice, including physical attacks on individuals and groups because of religious affiliation. Violent extremism in the North Caucasus region and an influx of Central Asian

migrant workers led to negative popular attitudes in many regions toward traditionally Muslim ethnic groups. Hostility toward non-ROC religious groups sparked harassment and occasional physical attacks. Because ethnicity and religion were often inextricably linked, it was difficult to categorize many incidents specifically as ethnic or religious intolerance.

The SOVA Center, a nonprofit organization tracking extremism and racism, reported 94 acts of vandalism motivated by religious, ethnic, or ideological hatred in 39 regions of the country during the year. Acts of vandalism against religious sites included 38 attacks against the Orthodox churches and 12 attacks against Jehovah's Witnesses facilities. In August vandals used chainsaws to cut down four Orthodox wooden crosses in two regions.

According to the TASS news agency, six imams were killed, including four in the North Caucasus region of Dagestan. In August a female suicide bomber in Dagestan reportedly killed renowned Islamic scholar Said Atsayev and six others. Atsayev was working to find common ground among rival Muslim groups. *The Caucasian Knot*, an online news source specializing in the Caucasus, reported that a source from the al-Sunnah scholars of Islam in Dagestan stated the murder was "planned to occur specifically when intra-faith dialogue between different groups of Muslims in Dagestan was gaining strength. This murder benefits the enemies of both Islam and Russia."

Activists claiming ties to the ROC disseminated negative publications and occasionally staged demonstrations throughout the country against Catholics, Protestants, Jehovah's Witnesses, and other minority religious groups. Muslims continued to encounter social discrimination and antagonism in some regions.

In November, the Young Guard, a social organization with ties to the ruling United Russia party, protested in front of Mormon houses of worship throughout the country. In Moscow, protesters held signs with slogans such as "No to Totalitarian Sects." The Young Guard also characterized Hare Krishnas and Jehovah's Witnesses as "totalitarian sects."

In the wake of the Pussy Riot verdict, vigilantes reportedly patrolled the streets of Moscow to defend Orthodox Christian sites and clergy against attack.

Anti-Semitism remained a significant problem. Anti-Semitic literature and publications were widely sold and distributed. At Moscow's International Book Fair in September, anti-Semitic books with titles such as *Notes about the Ritual Murders* and *The War against Jewish Oppressors* were on display.

According to the SOVA Center, the total number of neo-Nazi groups was difficult to track because most had no more than 12 members; the center estimated that there were 15,000 to 20,000 active members of neo-Nazi groups nationwide. Nationalist groups organized an estimated 40 "Russian Marches" throughout the country on National Unity Day on November 4. At the Russian March in Moscow, the approximately 5,500 attendees displayed banners with Nazi and Hitler Youth emblems and anti-Semitic slogans such as "Down with the Jewish Masonic Elite." Marchers gave the Nazi salute. Police arrested 25 men wearing swastikas.

Vandals desecrated Jewish synagogues and cemeteries and defaced Jewish religious and cultural facilities. In May vandals painted a swastika on a St. Petersburg synagogue's fence and in July vandals painted a swastika on a synagogue wall in Irkutsk. In October vandals painted graffiti on the walls along Kostroma's main street which read "no ZOG" (which stands for Zionist Occupation Government) and also "Death to the Regime" with one of the letters replaced by a Star of David.

Through the Interreligious Council of the Russian Federation, the Russian Orthodox Church maintained a cordial relationship with representatives of Islam, Buddhism, and

Judaism, the other “traditional” religions. The Christian Consultative Committee facilitated dialogue among religious organizations and with the government.

#### **Section IV. U.S. Government Policy**

The U.S. government engaged government officials, religious groups and organizations, NGOs, and religious freedom advocates in regular discussions on religious freedom. The ambassador and embassy officers met with a range of government officials, including the human rights ombudsman and his religious affairs director, to discuss adherence to international standards of religious freedom. Embassy officials raised questions about the separation of church and state during deliberations about a proposed law that would criminalize offenses to the “religious feelings” of believers. Embassy officials also expressed concern about alleged abuses of the anti-extremism law. The embassy discussed religious freedom with the leaders of both “traditional” and minority religious groups.

A visiting Department of State official spoke with the government’s special envoy for human rights, democracy, and the rule of law about promoting religious tolerance and interfaith dialogue.

Embassy staff conducted public outreach, advocacy, and training, and sponsored events, such as a conference on racial and religious tolerance, to encourage the government to protect religious freedom, particularly for members of minority and vulnerable religious groups.

Consular officers routinely assisted U.S. citizens involved in criminal, customs, and immigration cases. Officers were sensitive to any indications that these cases involved possible violations of religious freedom. U.S. officials raised such issues with the Ministry of Foreign Affairs, and met with representatives of the MOJ to discuss the law on extremism, registration of religious organizations, and the contents of the Federal List of Extremist Material.

Because U.S. missionaries and religious workers constituted a significant component of the local U.S. citizen population, the embassy conducted a vigorous outreach program to provide consular services, maintained contact for emergency planning purposes, and inquired about the missionaries’ experiences with immigration, registration, and police authorities as a gauge of religious freedom.

The ambassador met with ROC Patriarch Kirill in March and Metropolitan Hilarion, head of the Department of External Relations, in October to discuss ways to promote religious tolerance, interfaith dialogue, and bilateral relations.

The ambassador visited the Choral Synagogue and discussed religious freedom with Chief Rabbi of Moscow Pinchas Goldschmidt. In February the ambassador delivered a speech at a candle-lighting ceremony in remembrance of Holocaust survivors at the Jewish Community Center. In November the ambassador visited the Jewish Museum and Center of Tolerance and met with the president of the Federation of Jewish Communities, Rabbi Aleksandr Boroda.

In April the ambassador met with Mufti Ravil Gainutdin, Chairman of the Council of Muftis of the Russian Federation.

Embassy representatives attended the annual Russian National Prayer Breakfast, an interfaith gathering, in March. Embassy representatives as well as representatives from the consulates in St. Petersburg, Yekaterinburg, and Vladivostok met with rabbis and leaders of

the Jewish community, muftis and other Islamic leaders, Protestant pastors, Catholic priests, Jehovah's Witnesses, Scientologists, Falun Gong adherents, and Buddhists.

Embassy officers also met with civil society and human rights leaders regarding freedom of religion, including Forum 18, Portal-Credo, the Slavic Center for Law and Justice, the Institute of Europe, and the SOVA Center for Information and Analysis.



*Chapter 21*

**ANNUAL REPORT OF THE U.S. COMMISSION ON  
INTERNATIONAL RELIGIOUS FREEDOM: RUSSIA\***

*U.S. Commission on International Religious Freedom*



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\* This report is the chapter on Russia found in the Annual Report of the U.S. Commission on International Religious Freedom released April 2013.

**USCIRF STATUS:****Tier 2<sup>2</sup>****BOTTOM LINE:**

In the context of growing human rights abuses, religious freedom conditions in Russia suffered serious setbacks. The Russian government's application of its extremism law violates the rights of members of certain Muslim groups and allegedly "non-traditional" religious communities, particularly Jehovah's Witnesses, through raids, detentions, and imprisonment. Various laws and practices increasingly grant preferential status to the Moscow Patriarchate of the Russian Orthodox Church.

During the reporting period, religious freedom conditions in Russia deteriorated further and major problems discussed in previous USCIRF reports continue. These include the application of laws on religious and non-governmental organizations to violate the rights of allegedly "non-traditional" religious groups and Muslims; the use of the extremism law against religious groups and individuals not known to use or advocate violence, particularly Jehovah's Witnesses and readers of Turkish Muslim theologian Said Nursi; official favoritism of the Moscow Patriarchate of the Russian Orthodox Church and intolerance of religious groups deemed "alien" to Russian culture; and the government's failure to adequately address xenophobia, including anti-Semitism, which results in sometimes lethal hate crimes.

In addition, an arsenal of restrictive new laws against civil society was passed in 2012, and a draft blasphemy bill before the Duma, would, if passed, further curtail the freedoms of religion, belief, and expression.

Based on these concerns, USCIRF places Russia on Tier 2 in 2013. USCIRF has reported on Russia in every annual report, and Russia has been on USCIRF's Watch List since 2009. A USCIRF delegation traveled to Russia in September 2012.

<sup>2</sup> Tier 1 countries are those that USCIRF recommends the United States designate as "countries of particular concern" (CPCs) under the IRFA (International Religious Freedom Act) for their governments' engagement in or toleration of particularly severe violations of religious freedom. Tier 1 countries include countries already officially designated as CPCs by the U.S. government and additional countries USCIRF has concluded meet the CPC threshold and should be so designated.

The Tier 2 category replaces the Watch List designation used by USCIRF in previous years. Neither Tier 2 nor the Watch List are required by IRFA, but USCIRF created them to highlight situations where religious persecution and other violations of religious freedom engaged in or tolerated by the governments are increasing. To be placed on Tier 2, USCIRF must find that the country is on the threshold of CPC status—that the violations engaged in or tolerated by the government are particularly severe and that at least one, but not all three, of the elements of IRFA's "systematic, ongoing, egregious" standard is met (e.g., the violations are egregious but not systematic or ongoing).

## BACKGROUND

Russia's 1997 religion law, the Law on Freedom of Conscience, defines three categories of religious communities with varying requirements, legal status, and privileges. The preface to the religion law singles out Islam, Judaism, Buddhism, and Orthodox Christianity as the country's four "traditional" faiths, despite Russian constitutional guarantees of a secular state and equal legal status for all religions. This preface lacks legal standing, but its mention of four "traditional faiths" sets an official tone.

The Moscow Patriarchate Russian Orthodox Church (MPROC)—which claims adherents among 60 percent of Russians and has a special role in Russian history and culture—has *de facto* favored status. The MPROC has special arrangements with state agencies and bodies to conduct religious education and spiritual counseling. Most religious facilities in prisons are Russian Orthodox. While the MPROC receives most Russian state support, Islam, Buddhism, and Judaism also benefit, as have Old Believers in Moscow. Protestants and other minority religious communities do not receive state subsidies.

The 2006 NGO law granted the Ministry of Justice major oversight functions of non-governmental organizations (NGOs) and religious organizations, but reporting requirements for religious organizations were eased in 2007 after MPROC lobbying. In 2009, an Expert Religious Studies Council, headed by an "anti-cult" activist, was created to advise the Ministry on investigations of religious groups, but there are reports that its activities have since been curtailed.

Other new laws relevant to religious freedom include a 2012 requirement that public school children select from among four courses on religion or ethics and the setting of legal procedures in 2010 for the return of state-held religious property, mostly MPROC, confiscated under the Soviets.

Russia's Constitutional Court in December 2012 ruled that organizers of religious events are not required to ask for advance official permission. The court did note, however, that religious events outside of houses of worship, designated places, or private homes, might obstruct the normal functioning of transport and therefore might require a license.

## RELIGIOUS FREEDOM CONDITIONS

*Application of the Extremism Law:* A serious threat to religious freedom has emerged in the Russian government's application of its much-amended anti-extremism law. The June 2002 Extremism Law defines extremism in a religious context as "propaganda of the exclusivity, superiority or inferiority of citizens according to their attitude towards religion or religious affiliation." In 2007, the definition was expanded to include "obstruction of the lawful activity (è) of social, religious or other organizations" without requiring the threat or use of violence.

Russia's Muslim representatives have said that the extremism law has resulted in "blatant cases of persecution of Muslims" and Russian human rights groups have reported numerous prosecutions of nonviolent Muslims for extremism or terrorism. These included dozens of cases of individuals detained for possession of religious literature, such as the Qur'an, or on the basis of evidence—including banned literature, drugs, weapons, or explosives—allegedly

planted by the police. Russian human rights groups claim that many, if not most, of the accused are denied proper due process in these trials and are maltreated in detention. There also have been numerous extremism cases against Jehovah's Witnesses.

According to the Memorial Human Rights Center (MHRC), at least 100 individuals, allegedly connected with Islamic groups deemed extremist by the Russian authorities, were detained in police raids in Moscow and Bashkortistan in the fall of 2012. Two imams in Novosibirsk, Ilhom Merazhov and Komil Odilov, were arrested in September 2012 for allegedly organizing a banned Nursi group and could face a maximum four-year prison term, Forum 18 reported. The imams claim they reject violence. The trial is ongoing as of this writing.

In Kazan, Tatarstan, five suspects were held in connection with a July 2012 attack on the republic's Chief Mufti Ildus Faizov and the murder of its Deputy Mufti Valiulla Yakupov, but dozens of Muslims not linked to these attacks were arrested, according to Russian human rights groups. Moreover, several publicized cases of police torture in Tatarstan reveal an allegedly widespread issue.

In August 2012, a Chuvash Republic court ordered the arrest of five Jehovah's Witnesses for alleged extremism; two were held in pre-trial detention for six weeks. Reportedly, this is the first court-ordered detention in contemporary Russia solely for belonging to a Jehovah's Witness community.

A Russian court at any level may rule a work of literature extremist, which then places it on the Justice Ministry's Federal List of Extremist Materials that are banned throughout Russia. By February 2013, 1700 titles were banned as extremist, the SOVA Center reported, and texts continue to be added to the list. Most religious texts are Islamic materials, including texts printed by Russia's official-sanctioned Islamic publishers and approved by the Council of Muftis, as well as Russian translations of 15 texts by Turkish Muslim theologian Said Nursi. In addition, 68 Jehovah's Witnesses texts have been banned, as well as Falun Gong literature. Once literature is banned, preparing, possessing, or distributing it can result in criminal penalty of up to 4 years or administrative charges. Jehovah's Witnesses told Forum 18 that they have faced 56 such prosecutions since early 2010, although fewer than 18 resulted in convictions. Muslims, particularly readers of Said Nursi, have also faced such prosecutions. After the reporting period, 23 homes of Nursi readers in Kazan were raided by police; Inur Khafizov and Nakiya Sharifullina were arrested for alleged extremism.

In 2009, the Ministry of Justice set up a Scientific Advisory Board to check religious materials for extremism. Reportedly, by 2012 the Russian state no longer refers cases to the board after most of its members voted that texts of Turkish theologian Fetullah Gulen are not extremist.

In 2008, the Russian Supreme Court liquidated the Jehovah's Witness group in Taganrog, partly because a court ruled its texts extremist. In November 2012 criminal charges were again brought against 16 Jehovah's Witnesses for belonging to an allegedly extremist organization. Hundreds of raids, detentions, and literature seizures occurred since early 2009 against Jehovah's Witnesses. Russian police harassment against them may be declining, Forum 18 noted in early 2013, but that might also be due to fewer reports.

Forum 18 has reported on the results of the extremism-related trials of 18 Nursi readers and Jehovah's Witnesses across Russia. Of these, five Nursi readers received prison terms of up to 18 months and have since been released, five other Nursi readers received suspended sentences, two Jehovah's Witnesses were given required community service, and two

Jehovah's Witnesses were acquitted. The trial of four Nursi readers ran out of time before a verdict was reached. Police raids and trials continue; since 2010 Nursi reader Ramil Latipov has faced a series of trials for alleged extremism in Orenburg. On another issue, a trial began in the Nizhny Novgorod Region in December 2012 to declare the book "International Tribunal for Chechnya" extremist and its authors—Stanislav Dmitrievsky, Oksana Chelysheva and Bogdan Guareli—will face criminal charges.

*Legal Status Issues:* During its September 2012 trip, USCIRF heard reports of Ministry of Justice officials requiring certain Protestant churches and new religious groups to submit extra registration data or refusing to register such groups. Officials can bring court cases to ban religious groups found in violation of Russian law. While the Salvation Army was re-registered in Moscow in 2009, it had to litigate to the European Court of Human Rights (ECtHR) to get that result. Its re-registration was the first Russian remedial action in response to an ECtHR ruling, but the Jehovah's Witnesses were not reregistered after a similar 2010 ruling. Despite a 2009 ECtHR finding that the 15-year existence rule for registration violated the European Convention on Human Rights, the Church of Scientology continues to be denied registration, and that rule was cited in a 2010 refusal to register an Armenian Catholic parish in Moscow.

Lack of registration can have dire consequences. In September 2012, police presided over the demolition of the unregistered Holy Trinity Pentecostal Church near Moscow. According to Forum 18, the Pentecostal community had tried to register this church unsuccessfully for over 15 years. A Moscow city spokesperson defended the destruction as due to a court order.

Government officials continue to obstruct the building or rental of buildings for worship, particularly for allegedly "non-traditional" groups such as Jehovah's Witnesses, the Church of Jesus Christ of Latter-day Saints (Mormons), Pentecostals, the Evangelical Christian Missionary Union, as well as non-MPROC Orthodox congregations and Old Believers. In Kaliningrad, a Catholic church was handed to the Russian Orthodox Church in 2010, although local Catholics had tried for 20 years to regain title to the church.

Muslims, particularly where they are in the minority, often face hurdles in gaining permits to open mosques. St. Petersburg Muslims have faced difficulty in opening worship space. There are five mosques in Moscow, but they cannot serve some two million Muslims, including many Central Asian migrants. Muslim representatives told USCIRF that although the Moscow mayor told them that each city district should have at least one mosque, they were denied a permit for a sixth mosque. In Sochi, the 2014 Olympic Games site, officials have denied for 15 years a mosque building permit for the city's 20,000 Muslims. The ECtHR is still considering a Russian Supreme Court ruling that an Astrakhan mosque community should demolish its own building.

*Issues in the North Caucasus:* Europe's largest violent internal armed conflict is in the North Caucasus between the Russian government and insurgents seeking a regional Shari'ah-based political unit. Since the fall of the USSR, observers report that the Salafist form of Islam has been spreading in the North Caucasus. Its growth is influenced by the negative official treatment of conservative Muslims, local traditions of religion and ethnicity, ties to the Chechen conflict, and the roles of local religious leaders, the International Crisis Group noted in October 2012. Most local Salafis are peaceful but face difficult integration into local societies and economies. In Dagestan, the North Caucasus' most violent region, Salafi communities are banned, but the local government has initiated an effort to build social consensus on Islam. That initiative, however, may have been hindered by the August 2012

murder of Said Afandi Atsayev, a key local Sufi leader. Three individuals were arrested in December 2012 for their alleged assistance to the female suicide attacker.

Chechnya's Kremlin-appointed president, Ramzan Kadyrov, oversees mass human rights violations, including of religious freedom. He distorts Chechen Sufi traditions to justify his rule, instituted a repressive state based on his personal religious *diktat*, and has ordered the wearing of the Islamic headscarf in public buildings. Kadyrov has praised the murders of at least nine women for "immodest behavior" since 2008; the killers have not stood trial. Kadyrov and his men stand accused of murders, tortures, and disappearances of opponents and human rights activists in Russia and abroad. By early 2013, Human Rights Watch reports, the ECtHR issued over 210 rulings against Russia for human rights violations in its counter-insurgency campaign in Chechnya. Since the start of the conflict, some 160,000 Chechens have received refugee status in Europe, according to the Jamestown Foundation.

Another North Caucasus republic, Kabardino-Balkaria, was the site of popular conflict in 2005, partly because of the closure of all mosques in its capital, Nalchik. USCIRF has recently received reports of maltreatment of prisoners sentenced for their alleged role in those events. Rustam Matsev, a lawyer who has defended the Nalchik prisoners, allegedly received death threats in June 2012, according to Amnesty International.

*Discrimination, Intolerance and Anti-Semitism:* Russian officials and police often refer negatively to certain religious groups, particularly Protestants, Hare Krishnas, and Jehovah's Witnesses, thereby contributing to a climate of discrimination, vandalism, and sometimes violence. For example, in the autumn of 2012 President Putin called for action against what he termed "totalitarian sects." The "Young Guard"—the youth wing of Putin's political party—has staged protests outside Church of the Latter Day Saints' buildings.

Russian chauvinist groups also have stepped up their campaign, including death threats, against those who defend the rights of religious and ethnic minorities and migrants. Russian police, particularly in Moscow, have increased efforts to combat violent hate crimes and, according to the SOVA Center, violence has decreased three-fold since 2008. Local authorities often fail to investigate crimes and "skinhead" attacks, mainly against Muslim Central Asians and migrants. Jewish community leaders told USCIRF that although anti-Semitism still exists in Russia, the Russian government no longer supports it. President Putin donated one month's salary towards Moscow's Jewish Museum of History and Tolerance Center, which opened in November 2012.

*2012 Repressive Laws and Restrictive Bills:* In June, July, and November 2012 the Kremlin passed five sweeping new legal restrictions on civil society. These laws: increased fines for taking part in unauthorized public meetings that violate "public order;" criminalized foreign-funded NGOs involved in political activity that did not register as "foreign agents;" increased state control of the internet; re-criminalized libel, especially against state officials; and vastly expanded the definition of treason to include participation in international meetings.

According to Forum 18, the new law on unauthorized public meetings was used in September 2012 against religious communities: A Pentecostal pastor was fined for holding a religious service; in the north Caucasus republic of Adygea, a Muslim prayer room was closed; and Muslims in two locations were told that Eid al-Fitr ceremonies in rented premises must conform to the new law.

In September 2012 the lower house of the Russian parliament was considering a bill to levy heavy fines, community service, or possible three to five-year prison terms for "offenses against

religion and religious sentiment” or affronts to the rites of religions that are an integral part of Russia’s heritage. However, President Putin announced in November 2012 that its consideration would be postponed until the spring of 2013.

In November 2012, the Russian parliament passed in its first reading amendments to the education and 1997 religion laws that would allow, at the request of parents and students, religious buildings and chapels inside Russian public schools and higher education institutes. The MPROC welcomed these proposals, but Muslim and Jewish representatives have not.

Existing Russian law has already been used to punish expression deemed to be blasphemous. In October 2012, a Russian appeals court confirmed the two-year prison terms for Maria Alyokhina and Nadezhda Tolokonnikova. These two members of the group Pussy Riot were convicted of “hooliganism motivated by religious hatred” for their February punk art performance in Moscow’s main MPROC cathedral. A third defendant received a suspended sentence because guards had blocked her from participating. The defense argued that the group’s actions were not anti-church but to protest the close ties of Russian political and religious elites. Although the group received positive support outside Russia, in Moscow USCIRF heard largely negative views about the punk protest, although only MPROC representatives supported their prison sentences.

## RECOMMENDATIONS FOR U.S. POLICY

In response to continuing violations of religious freedom in Russia, the U.S. government should:

- urge the Russian government, in public and at high political levels, to amend the extremism law to ensure respect for international norms on freedom of religion or belief;
- make freedom of religion or belief a key human rights and security concern in the U.S.-Russia relationship, such as by creating in the U.S.-Russia Bilateral Presidential Commission a working group comprised of legal experts on international norms on freedom of religion or belief;
- press the Russian government to reform the extremism law by adding criteria related to advocacy or use of violence to ensure the law is not used against peaceful religious communities, and to amend the process for banning books by either removing that power or giving it only to the Supreme Court;
- recommend Chechen President Ramzan Kadyrov for inclusion in the Politically Exposed Persons list of government officials whose bank assets should be frozen due to their corrupt practices and gross human rights violations;
- include in U.S.-funded exchange programs participants from Russian regions with sizeable Muslim and other religious minority populations and initiate an International Visitor’s Program for Russian officials on the prevention and prosecution of hate crimes; and
- reprogram funding from the \$50 million slated for the now defunct USAID Russia program to other programs benefitting Russian civil society, including a new Internet program to address issues relating to post-Soviet historical and cultural issues and practical programs on tolerance and on freedom of religion or belief.





*Chapter 22*

## **RUSSIA - UNRULY STATE OF LAW: FINDINGS FROM A VISIT OF THE U.S. COMMISSION ON INTERNATIONAL RELIGIOUS FREEDOM (USCIRF)\***

### *U.S. Commission on International Religious Freedom*

Russia is now a police state, Russian civil society activists told USCIRF Chair, Dr Katrina Lantos Swett, during her Moscow visit in late September 2012. The Kremlin has not just passed a set of bad new laws in 2012, it has changed the Russian political system. One activist observed that while the previous “sovereign democracy” model had some minimal rule-of-law standards, now even that pretense is gone. Russia’s sweeping 2007 extremism law revealed the Kremlin’s propensity to outlaw dissenting views, and since there is no check on human rights abuses, the Russian government is now free to favor approved Russian groups and opinions. Russian activists also expressed their support for the Magnitsky Bill, a measure that would deny Russian human rights violators entry into the United States and freeze their U.S.-linked assets, as the most effective way for the United States to influence the Russian government to improve its human rights record. Chechen President Ramzan Kadyrov is on the list of Russian officials to be sanctioned, as USCIRF recommended.

The Magnitsky Bill passed Congress as part of a measure (H.R. 6156) that would normalize U.S. trade relations with Russia. The President signed this measure into law (P.L. 112- 208) on December 14, 2012.

Overall, religious freedom conditions in Russia continue to deteriorate. Chronic serious problems highlighted in previous USCIRF reports remain, including the application of the religion law and the use of the anti-extremism law against peaceful religious groups and individuals. USCIRF is concerned by the arsenal of new laws against civil society passed by

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\* This Policy Brief was released January 2013 by the U.S. Commission on International Religious Freedom (USCIRF).

the Putin administration in 2012. Moreover, there are increasing signs of an official policy of “selective secularism” that favors the Moscow Patriarchate of the Russian Orthodox Church (MPROC) over other religious communities. The draft blasphemy bill before the Duma, if passed in the spring of 2013, would further curtail the freedoms of religion, belief and expression.

## **LAWS AFFECTING RUSSIA’S RELIGIOUS COMMUNITIES**

Russia’s 1997 religion law, the Law on Freedom of Conscience, defines three categories of religious communities, with each having varying legal status and privileges. With each category, the law requires that religious organizations exist for different periods and have a certain number of founding members. Moreover, the preface to the religion law singles out Islam, Judaism, Buddhism, and especially Orthodox Christianity as the country’s four “traditional” faiths, despite Russian constitutional provisions guaranteeing a secular state and equal legal status for all religions. Although the religion law’s preface lacks legal standing, its references to four “traditional faiths” set an official tone for state relations with Russia’s religious communities that is often prejudicial towards other religious communities.

During its September 2012 trip, USCIRF heard reports of Ministry of Justice officials requiring certain Protestant churches and new religious organizations to submit more detailed registration data than required for legal status or refusing to register such groups. Officials can bring court cases which may result in the banning of religious communities found to have violated Russian law. For instance, while the Salvation Army was re-registered in Moscow in 2009, it had to litigate all the way to the European Court of Human Rights (ECtHR) to achieve re-registration. Its re-registration was the first Russian remedial action in response to an ECtHR ruling, but the Jehovah’s Witnesses have not been re-registered after a similar ruling in 2010. Despite a 2009 ECtHR finding that the 15-year existence rule for registration violated the European Convention on Human Rights, the Church of Scientology is still denied registration, and the existence rule was cited in a 2010 refusal to register an Armenian Catholic parish in Moscow.

The lack of registration can have dire consequences. In September 2012, police presided over the destruction of the unregistered Holy Trinity Pentecostal Church near Moscow. According to Forum 18, the Pentecostal community had tried to register this church unsuccessfully for over 15 years. A Moscow city spokesperson defended the destruction as due to a court order.

Other laws also affect religious communities. Russia’s 2006 NGO law, which also applies to religious groups, mandates that the Ministry of Justice examine documents on foreign donations and data on executive boards and other internal matters.

Under a law passed in November 2010, federal, regional, and municipal authorities must return no later than 2012 any property claimed by a religious community if it has a supporting court decision, either for rent-free use or full ownership of worship buildings, hospitals, or schools. The MPROC stands to gain by far the most property under this law, and its implementation thus far has negatively affected other religious communities. Russian officials turned over Catholic and Protestant churches in 2010 to the Russian Orthodox Church in the Kaliningrad exclave, despite that region’s historic Catholic and Lutheran majorities. While

some minority communities have lost property, a Jewish community representative told USCIRF that several synagogues had been returned under the law. USCIRF also was told that building or renting worship space is difficult for Jehovah's Witnesses, Mormons, Pentecostals, non-Moscow Patriarchate Orthodox, Molokans, and Old Believers.

## VIOLATIONS OF THE RIGHTS OF MUSLIMS

Muslims, particularly where they are in the minority, often face hurdles in gaining permits to open mosques. The St. Petersburg Muslim community has faced difficulty in opening worship space. While there are four mosques in Moscow, they are not enough to serve an estimated two million Muslims. Muslim representatives told USCIRF that although the Moscow mayor told them that every region of the city should have at least one mosque, they have been denied permission to build a fifth mosque. In Sochi, site of the 2014 Olympic Games, its 20,000 Muslims have applied for 15 years for a mosque building permit, but its mayor refuses to allow an official mosque. The ECtHR continues to consider a Russian Supreme Court ruling that an Astrakhan mosque community should demolish its own building.

Between January and August 2012, according to the Memorial Human Rights Center (MHRC), six individuals – most of them Salafis in the North Caucasus and other areas of Russia viewed as “overly observant” -- reportedly were arrested, disappeared, or even killed for alleged religious extremism. Some individuals suspected of links to Muslim extremist groups have been jailed, reportedly on the basis of planted evidence; they were later tortured in detention, prisons, and camps. MHRC reports that at least 100 individuals, allegedly connected with Islamic groups deemed extremist by the Russian authorities, were detained in police raids in Moscow and Bashkortistan in the fall of 2012.

Russia's most severe human rights abuses occur in the North Caucasus, where violators operate with almost total impunity. Chechnya's Kremlin-appointed president, Ramzan Kadyrov, condones or oversees mass violations of human rights, including religious freedom. He distorts Chechen Sufi traditions to justify his rule, instituted a repressive state based on his religious views, and ordered the wearing of the *hijab*. At least nine women were killed for “immodest behavior” since 2008, with Kadyrov praising the murders; the killers did not stand trial. Kadyrov also stands accused of involvement in murders, torture, and disappearances of political opponents and human rights activists in Russia and abroad. To date, Human Rights Watch (HRW) reports that the ECtHR has issued over 210 rulings against Russia for major human rights violations during its armed counterinsurgency campaign in Chechnya.

In the North Caucasus' most violent region, Dagestan, HRW reported Salafi individuals being targeted as suspected members or supporters of the insurgency. Observers noted to USCIRF that the 2012 murder of a Sufi leader, however, will likely undermine the Dagestani government's attempts at building social consensus on religious issues.

In Kazan, Tatarstan, five suspects were held in connection with a July 2012 attack on the republic's Chief Mufti and the murder of its Deputy Mufti, but dozens of independent Muslims not linked to these attacks were also arrested, according to Russian human rights organizations. Several recently publicized cases of police torture in Tatarstan have highlighted an allegedly widespread problem.

President Putin, speaking in October about the expulsion of five school girls for wearing the *hijab* in the Stavropol region, advocated that Russian students wear uniforms. By December 2012, Russia's multiethnic region of Stavropol – which borders the North Caucasus – will introduce a compulsory dress code that bans religion-related clothing in schools.

## EXTREMISM LAW AND BANS ON RELIGIOUS MATERIALS

The Russian government uses its extremism law against religious individuals and groups and other activists who are viewed, often unjustifiably, as security threats. Russia's 2002 Extremism Law defines extremist activity in a religious context as "propaganda of the exclusivity, superiority or inferiority of citizens according to their attitude towards religion," and after 2007 amendments, no longer requires the threat or the use of violence. Russian officials have equated the practice of Islam outside of government-approved structures with extremism and even terrorism.

In the past several years, extremism charges have been brought against Jehovah's Witnesses and readers of the works of Turkish Muslim theologian, Said Nursi. According to Forum 18, internal Russian government documents indicate high-level coordination and close police surveillance against suspected members of these two groups. In 2007, a Russian court banned Nursi's work as extremist, allegedly for advocating the exclusivity of the Islamic religious faith. In 2008, the Russian Supreme Court deemed Said Nursi's followers members of an extremist group, although experts doubt that they constitute a formal group. Suspected Nursi groups have been raided and those suspected of reading Nursi's works have been charged and sentenced for extremism.

If a Russian court's ruling of a text as extremist is upheld, it is banned throughout Russia. Individuals who prepare, store, or distribute banned texts may be criminally prosecuted for "incitement of ethnic, racial or religious hatred," with penalties ranging from a fine to five years in prison. Under December 2011 criminal code amendments, starting in 2013 individuals accused of organizing or participating in a banned group will face prison terms of up to three years. As of November 2012, 1502 titles have been banned as extremist, the SOVA Center reported to USCIRF. Islamic materials constitute most of the banned religious texts, including Russian translations of 15 texts by Nursi. As of 2012, 68 Jehovah's Witnesses texts were deemed extremist. A positive decision to delist a Scientology religious text is on appeal. Two bans on Scientology materials were overturned, as was a ban on the "Bhagavad Gita-As It Is."

In Russia's largest-ever ban of religious texts, an Orenburg court in March 2012 declared 65 Islamic texts "extremist," including books printed by all of Russia's officially-sanctioned Islamic publishers. A Muslim representative told USCIRF that several texts approved by the Council of Muftis were banned, including a book by Ravil Gainutdin, its Chairman. The Council of Muslims condemned these bans as "an attempt to revive total ideological control," and noted that such issues should be left up to the religious communities.

A Muslim representative told USCIRF that his organization would send lawyers to Orenburg for the appeal, which is underway at this writing. However, the Orenburg appeals court has retained the previous evaluation team of "experts" that does not include any Muslim

representatives or experts on Islam. On June 18, Tatar human rights lawyer Rustem Valiullin appealed this ban on behalf of the Moscow-based Umma publishing house; he drowned six days later.

The Jehovah's Witnesses repeatedly have been targeted under this law. In 2008, the Russian Supreme Court liquidated the Jehovah's Witness congregation in Taganrog, partly due to a court designation of its texts as extremist. Raids, detentions, and literature seizures have continued during 2012 against Jehovah's Witnesses. In addition, Jehovah's Witnesses have been charged with "incitement of hatred or enmity" for distributing their religious literature. A court in the Chuvash Republic ordered two Jehovah's Witnesses arrested in July to remain in pre-trial detention until late September. Reportedly, this is the first court-ordered detention in contemporary Russia of a Jehovah's Witness solely due to membership in that community.

According to observers, of the 18 Nursi readers and Jehovah's Witnesses whose "extremism"-related trials are known to have ended, five (all Nursi readers) received prison terms, five (all Nursi readers) ended with suspended sentences, two (both Jehovah's Witnesses) resulted in required community service, and two (both Jehovah's Witnesses) were acquitted. The trial of four (all Nursi readers) ran out of time before any verdict was reached. Trials and investigations against others continue.

The book, "International Tribunal for Chechnya -- Prospects of Bringing to Justice Individuals Suspected of War Crimes and Crimes Against Humanity During the Armed Conflict in the Chechen Republic" was issued in Moscow on July 15, 2009, the day of the murder of Russian human rights activist Natalya Estemirova. On December 6, 2012, a court in the Nizhny Novgorod Region began a trial to declare this 1,200-page book extremist. If there is such a ruling, the book's authors - Stanislav Dmitrievsky, Oksana Chelysheva and Bogdan Guareli - will face criminal charges. Human rights activists have argued the trial is an attempt to punish Dmitrievsky for his human rights work.

## **DISCRIMINATION AND VIOLENT CRIMES**

Russian officials and police often refer negatively to certain religious groups, particularly Protestants, Hare Krishnas, and Jehovah's Witnesses, thereby contributing to a climate of discrimination, vandalism, and sometimes violence against members of these groups. For example, in the autumn of 2012 President Putin called for action against what he termed "totalitarian sects." The "Young Guard" - the youth wing of Putin's political party -- has staged protests outside Church of the Latter Day Saints' buildings. Russian chauvinist groups also have stepped up their campaign, including death threats, against individuals, groups, and officials who defend the rights of religious and ethnic minorities and migrants.

Russian police, particularly in Moscow, have increased efforts to combat violent hate crimes and, according to the SOVA Center, there has been a three-fold decrease in violence since 2008. Local authorities, however, often fail to investigate crimes against members of ethnic and religious minorities, leading to impunity for "skinhead" attacks, mainly against Muslim Central Asians and migrants. Leaders of the Jewish community told USCIRF that although anti-Semitism still exists in Russia, the Russian government no longer supports it.

Indeed, President Putin donated one month's salary towards building Moscow's state-of-the-art Jewish Museum of History and Tolerance Center, which opened in November 2012.

## **ARSENAL OF NEW LAWS AGAINST CIVIL SOCIETY**

In response to major demonstrations against Vladimir Putin's return to the Russian presidency, in 2012 the Putin administration passed a raft of new legal restrictions against civil society, including religious communities.

In June, Putin signed a law that imposed new administrative fines, which could amount to more than the average annual salary, on individuals taking part in unauthorized public gatherings that violate "public order." In September 2012, Forum 18 reported that this new law had already been used against several religious communities. A Pentecostal pastor was fined under the law for holding a religious service. In addition, in the north Caucasus republic of Adygea, the security service ordered the closure of a Muslim prayer room and Muslims in two other locations were warned that their Eid-ul-Fitr ceremonies in rented premises must conform to the new law.

In July, Putin signed a law requiring foreign-funded non-governmental groups (NGOs) involved in political activity to register as "foreign agents." In a discussion with USCIRF, Konstantin Dolgov, Ministry of Foreign Affairs Special Human Rights Representative, claimed that the Russian NGO law was modeled on the U.S. "foreign lobbyist" law. The Russian law requires the phrase "foreign agents" - with its negative Soviet-era connotations -- to be included in all materials produced by such NGOs. Failure to comply will be punishable by heavy fines or even a two-year prison sentence.

Russia's leading human rights NGOs have said that they will not register as "foreign agents." On November 21 -- the day the new NGO law came into force -- some human rights groups found the phrase "foreign agent" spray-painted across their office buildings. While Russian human rights groups that publicize religious freedom violations are not exempt from the new law, religious groups are exempt. The new NGO law also penalizes groups alleged to have harmed public health -- a charge sometimes brought against Protestant health charities. Russian human rights activists with whom USCIRF met indicated that an NGO coalition will challenge the new law in the ECtHR.

Also in July, a new law increased government control of the internet. The law creates a federal website blacklist and requires site owners and internet operators to shut down any listed site. In theory, authorities will only be allowed to shut down sites that contain child pornography or promote drugs or suicide; all other sites would require a court order. Nevertheless, RFE/RL reported that 181 internet sites had been closed by November. Even before the new law, access to certain websites had been restricted. For example, for years the independent Moscow-based website Portal-credo.ru, which discusses religious freedom, has been subjected to blocking. In addition, internet providers in Russian regions such as Chechnya, Volgograd and Omsk have blocked access to the YouTube site hosting the controversial "Innocence of Muslims" video. According to the SOVA Center, internet advocacy of the superiority of non-violent religious views accounted for half of the convictions for alleged extremism in 2012.

July saw the passage of a new law criminalizing certain types of libel, particularly against officials such as the police. Unlike the criminal libel law overturned by then-President Medvedev, the new law introduces harsh administrative fines. Media libel is now subject to a fine of up to 2 million rubles (USD 61,000), while a person who is convicted of libel by false accusations of a major crime will be fined up to 5 million rubles (USD 153,000). One likely goal of the new law is to limit criticism of public officials, including those who may have acted in an arbitrary way towards religious communities.

On November 13, President Putin signed amendments to the treason bill into law - the same day that Putin told the new Presidential Human Rights Council that he might not sign it in its current form. According to the Law Library of Congress, the new law amends the Criminal Code with a new article prosecuting illegal access to information considered state secrets; amends three current articles, on state treason, espionage, and disclosure of state secrets; and amends the Code of Criminal Procedure so that all cases under the new criminal code article now come under Federal Security Service jurisdiction. The legal definition of high treason was expanded from acts that endanger state security to include those that undermine Russia's "constitutional order, sovereignty, and territorial and state integrity." Moreover, Russian citizens who furnish financial, material, technical, consultative or other help to a foreign state or an international or foreign organization now face possible 20-year prison terms. Under the new law, Russian citizens who participate in international human rights conferences or supply information on religious rights violations to international organizations potentially are liable for criminal prosecution as traitors.

### **ACTIONS AGAINST "BLASPHEMY"**

All four political parties in the lower house of the Russian parliament supported a bill introduced on September 26 to levy fines and penalties for "offenses against religion and religious sentiment." This so-called blasphemy bill, however, has not passed the first reading in the parliament. According to press reports, Putin announced on November 28 that its consideration would be postponed until the spring of 2013.

The bill seeks to amend current Russian law to include legal penalties against individuals found specifically to have affronted the rites and ceremonies of groups whose religions are an integral part of the historical heritage of Russia. Under the bill, those found to have engaged in "public insults to the faith and humiliation during liturgical services" would be subject to a fine of up to 300 thousand rubles (USD 10,000), 200 hours of community service, or a three-year prison term. For the desecration and destruction of religious objects, places of worship and pilgrimage sites, fines range from 100 to 500 thousand rubles, 400 hours mandatory community service, or up to five years in prison.

Russia's Public Chamber - which has no legislative authority - held an October hearing on the bill. Most speakers agreed that it should be redrafted and requested that it be withdrawn because it could fuel ethnic hatred. They also pointed out that the 1997 religion law does not include the concept of a religion constituting part of Russia's historical heritage and that the proposed law would lead to discrimination. Moreover, the bill includes the legally undefined terms of "religious beliefs and feelings of citizens." In its written assessment of the bill, the Russian Supreme Court observed that it would be difficult to

implement unless terms like "worship" and "religious traditions and ceremonies" were clarified.

According to a public opinion survey, 82% of Russians favor heavier penalties against blasphemy. Archpriest Vsevolod Chaplin, head of the Moscow Patriarch's Synodal Department for Relations between State and Society, told USCIRF that the blasphemy bill has wide societal support and that Russia has the right to choose to support specific religious traditions. Jewish representatives told USCIRF that the blasphemy amendment is "over the top," but also that "law in Russia is almost irrelevant."

Even without these proposed changes, current Russian law has been used to punish expression deemed to be blasphemous. In October, a Russian appeals court confirmed the two-year prison sentences of two members of the group Pussy Riot for "hooliganism motivated by religious hatred" for their February punk art performance in Moscow's main MPROC cathedral. A third defendant was given a suspended sentence because guards had blocked her from participating. The defense argued that the group's actions were not anti-church but were meant to protest the close ties between Russian political and religious elites. Although the group received largely positive support outside Russia, in Moscow USCIRF heard largely negative views about their punk protest, although only MPROC representatives supported the prison sentence.

## OTHER RELEVANT ISSUES

As of the 2012 school year, a new law requires that public school children must choose between courses on Orthodox Christianity, Islam, Judaism, or Buddhism; world religion; or (the most popular selection) secular ethics. Atheists and agnostics have objected to these compulsory courses, while minority religious groups view them as divisive and have expressed concern about biased or uninformed teachers and textbooks. According to the Federation of Jewish Communities of Russia (FEOR), the new course on the "Foundations of religious cultures and secular ethics," is "ineffective" due to poor teaching and may lead to "religious strife and xenophobia and sometimes even to aversion to religious organizations."

In 2009, the Russian government established state-funded military chaplains. As of early 2010, 200 MPROC clergy, but no known Muslim, Jewish, or Buddhist chaplains, had been appointed to Russian military units. Various Russian military units have adopted Russian Orthodox saints in official insignia and there are MPROC chapels on army bases. Reportedly, Russian authorities rarely allow Islamic services in the military and often deny Muslim conscripts time for daily prayers or alternatives to pork-based meals.

## A NEW STATE POLICY OF "SELECTIVE SECULARISM?"

The MPROC – which claims adherents among 60 percent of Russians and has a special role in Russian history and culture – receives *de facto* favored status among the four listed faiths. The MPROC has special arrangements with numerous government agencies and bodies, including with the Ministries of Education, Defense, Health, Internal Affairs, and Emergency Situations, to conduct religious education and provide spiritual counseling. The



vast majority of religious facilities in prisons are Russian Orthodox. But while the MPROC receives most Russian state support for religious groups, Islam, Buddhism, and Judaism can also benefit from government funding, as can other groups, including Old Believers in Moscow. Protestants and other minority religious communities do not receive state subsidies.

There are widely divergent views on the current official status of the MPROC. A Russian government official observed to USCIRF that although Russian society seems to support the MPROC in effect as the state church, he fears that this trend will lead to social conflict. A Jewish representative told USCIRF that the MPROC is “too close to the government and is losing parishioners.” A Russian religious rights activist told USCIRF that the Alternative Autonomous Orthodox Church has had property confiscated and faced numerous law suits. A Muslim leader noted to USCIRF that often the MPROC is the sole religious community represented in government agencies.

Vsevolod Chaplin, Chairman of the MPROC Department for Church and Society, told USCIRF that the 1997 religion law defines the religions of Christianity, Islam, Buddhism, and Judaism as an integral part of the historical heritage of the peoples of Russia. In his view, the equality of basic rights of religious organizations does not exclude “varying degrees of respect for religious traditions and different degrees of public support and protection.”

The Russian government has numerous institutions for liaison with religious communities, but many religious minorities are not included in these official bodies. For example, the Inter-Religious Council, which deals with the return of confiscated religious properties, tax issues, state subsidies and various social problems, only includes representatives of the four so-called “traditional religions.” In November 2012, the Inter-Religious Council issued a statement calling on the Russian government to provide better protection for religious leaders who have been the targets of slander and of violent attacks.

Another such body is the Justice Ministry’s Expert Council for State Religious Studies, chaired by Russian Orthodox priest Aleksandr Dvorkin, which assesses whether groups qualify for registration as religious communities. However, a Protestant activist told USCIRF that this council became largely inactive after protests from his and other religious groups. A similar agency under the Justice Ministry, the Council for Expert Analysis of Religious Literature with Regard to Extremism, reportedly is no longer called upon by the Russian government after the majority of its members voted that the works of Turkish theologian Fetullah Gulen did not express extremist views.

In mid-November 2012, the Russian parliament passed in its first reading amendments to the education and 1997 religion laws that would allow, at the request of parents and students, religious buildings and chapels inside Russian schools and higher education institutes. The MPROC welcomed these proposals, but Muslim and Jewish representatives have not.

## **RECOMMENDATIONS FOR U.S. POLICY**

In response to continuing violations of religious freedom in Russia, the U.S. government should:

- Urge the Russian government, in public and at high political levels, to undertake programs and adopt legal reforms to ensure respect for international norms on freedom of religion or belief;
- Make freedom of religion or belief a key human rights and security concern in the U.S.-Russia relationship, such as by creating in the U.S.-Russia Bilateral Presidential Commission a working group comprised of legal experts on international norms on freedom of religion or belief;
- Press the Russian government to reform the extremism law by adding criteria related to advocacy or use of violence to ensure the law is not used against peaceful religious communities, and to amend the process for banning books by either removing that power or giving it only to the Supreme Court;
- Recommend Chechen President Ramzan Kadyrov for inclusion in the Politically Exposed Persons list of government officials whose bank assets should be frozen due to their corrupt practices and gross human rights violations;
- Include in U.S.-funded exchange programs participants from Russian regions with sizeable Muslim and other religious minority populations and initiate an International Visitor's Program for Russian officials on the prevention and prosecution of hate crimes; and
- Reprogram funding from the \$50 million slated for the now defunct USAID Russia program to other programs benefitting Russian civil society, including a new Internet program to address issues relating to post-Soviet historical and cultural issues and practical programs on tolerance and on freedom of religion or belief.

*Chapter 23*

## **POLITICS AND ECONOMICS IN PUTIN'S RUSSIA\***

*Stephen J. Blank, Steven Rosefielde, Stefan Hedlund,  
Harley Balzer and Janusz Bugajski*

### **FOREWORD**

The papers included here, except for the editor's introduction, all come from the Strategic Studies Institute's annual conference on Russia in May 2012. In one way or another, they all point to the internal pathologies that render Russian security a precarious affair, at the best of times. As the editor suggests, the very fact of this precariousness makes Russia an inherently unpredictable and even potentially dangerous actor, not necessarily because it will actively attack its neighbors, though we certainly cannot exclude that possibility, but rather because it may come apart trying to play the role of a great power in Eurasia or elsewhere. As we all know, that outcome happened in 1917 and in 1989-91, with profound implications for international security and U.S. interests.

The strategic point at issue here goes beyond merely cataloguing Russia's deficiencies, many of which are well-known. These indicators should give early warning to analysts within the Army, the U.S. Government, and the broader society, if not abroad, about the fundamental problems of instability that lie at the foundation of Russian governance and security. Precisely because Russia is so important an actor in so many theaters and issue areas, any manifestation of that inherent unpredictability and instability should set alarm bells ringing. As we are now, according to many analysts, in a "risk society," it becomes incumbent upon us, if we are not to be unduly surprised, to diversify our risks and to develop greater understanding of the potential challenges that those risks could trigger.

For these reasons, these essays are a unique value. That value is not because they are provocative, which they are, but, as noted earlier, because they function as a kind of early warning to the U.S. Army and the U.S. Government that future scenarios may well involve contingencies that we do not wish to imagine at present but which we may be obliged to confront. Therefore, we must think about preventing them from growing into full-blown

military contingencies while we can. If that effort ensures and owes something to these essays, then they will have served their purpose.

DOUGLAS C. LOVELACE, JR.

Director

Strategic Studies Institute and U.S. Army War College Press

## **SECTION 1. INTRODUCTION: POLITICS AND ECONOMICS IN PUTIN'S RUSSIA: WHAT DO THEY MEAN FOR THE U.S. ARMY?**

The five diverse Sections herein are papers presented at the Strategic Studies Institute's (SSI) IV Annual Conference on Russia that took place in Carlisle, PA, on May 15-16, 2012. They represent the first two panels of that conference, which examined politics and economics in Vladimir Putin's Russia. Despite their diversity of assessments and the varied subjects upon which they touch, the conclusions that they present are rather uniform in their pessimism concerning current and future trends in Putin's Russia. Readers will encounter here an immobilized political system that is essentially an archaic, neo-Tsarist, patrimonial, insular, even criminalized system where there is no rule of law, sanctity of contract, or guaranteed right of property, not to mention the civil and human rights we take for granted.

Moreover, the present leadership has already shown that it will not hearken to increasing public demands from below for reform. Instead, President Putin, in his new term, has shown an increasing willingness to engage in repression and actions that cannot even be called cosmetic reforms. These repressions, show trials, and farcically staged exhibitions of Putin's masculinity, new laws that are essentially decrees passed by what was once called an aggressively obedient Duma, uncannily duplicate the same methods and procedures used by the Tsars after 1860 and the Soviet regime under Brezhnev from 1964 to 1982 when, in the wake of the great reforms, Russian society began to awake and demand still more reforms, and some brave souls even demanded revolution. The ruling regimes after 1860 were never able or willing to meet these demands and, for the most part, refused to make the necessary adjustments and reforms to survive and preserve Russia as a competitive great power. Ultimately, due to their failure to adapt to the requirements of a modernizing society and modernity in general, not only in terms of domestic political or economic progress, but also strategic competitiveness, these regimes found themselves increasingly deprived of internal legitimacy and authority and prone to enter into a series of wars, none of which they won, and some that were catastrophic, that led to their ultimate destruction in 1917 and again in 1991. Moreover, the Tsarist and then the Brezhnev regimes responded in much the same way as does the current government. Essentially, they all resorted to show trials, police repressions, occasional murders, incarceration of dissidents, and mounting corruption, while the engine of economic development and growth broke down. More recently, the Duma, with its aggressively obedient majority, is redefining the laws of treason that would criminalize any dissent. In a sense, this calls to mind Joseph Stalin's 1950 formal reintroduction (in anticipation of another great purge) of capital punishment, allegedly in response to the wishes of

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the Soviet intelligentsia. Or, they revive the earlier Stalinist practice of the 1920s and 1930s of drafting draconian and seeping decrees and laws to criminalize any behavior that the regime felt like attacking at any given moment.<sup>1</sup> These same ploys characterize the resemblance of the current regime's policies to classic Tsarist, Soviet, and even Stalinist tactics and policies.<sup>2</sup>

Apart from the neopatrimonial and neo-Tsarist political system, with some important accretions from the Soviet period, we find an economy that also does not work and is becoming ever less competitive. By officials' own admissions, Russia today depends far too much on a cash crop (in this case, energy), again a resemblance to the Tsarist system that depended on agricultural exports and collapsed when they were either not possible, as in World War I, or when there was a global decline in the price of wheat. But the economy is inhibited not only by this structural backwardness, but also by the burden of enormous corruption. Russia is probably by far the most corrupt economy of the G20<sup>3</sup> and, in July 2010, the Association of Russian Attorneys for Human Rights issued a report saying that about 50 percent of Russia's \$1.2 trillion gross domestic product (GDP) involves corrupt transactions.<sup>4</sup> This corruption has, if anything, worsened since then.

The pervasiveness and scale of such corruption affects the country's defense spending, where at least 20 percent of annual defense spending (if not 40-50 percent) is routinely stolen, misappropriated, lost, or just wasted.

According to the Russian Statistical Committee, the volume of the shadow economy in Russia was 15% [of GDP] in 2012, whereas in [the] 1990s it was 22-23% of [the] (much smaller-SJB) overall economy. At the same time the Ministry of Economic Development estimated that the shadow economy contributed more than 50% of the population's income in 2011. The Federation of Independent Trade Unions stated that more than half of 2011 salaries paid in Russia were paid outside legal channels. Viktor Zubkov, then Deputy Prime Minister, said that about a trillion rubles were taken out of Russia illegally in 2011 that corresponds to 4% of GDP and represents almost half of all money taken out of the country; it is almost equal the entire budget of the MVD (this would amount approximately \$70 billion and the disparity with other reported figures show that officialdom has no exact idea how much is leaving the country except for the fact that the sums are enormous-SJB). Zubkov also estimated that about a trillion rubles was laundered in Russia in 2011.<sup>5</sup>

As one would imagine, such corruption has several profound consequences. It adds to the widespread preexisting disregard and contempt for the law and the culture of due process that is equally pervasive and reinforces arbitrary rule or what Russians call *Proizvol*. Second, it renders the country inhospitable to large-scale foreign and direct investment or even to investment by wealthy Russians who routinely ship money off shore before it comes back to Russia. Thus, estimated capital outflows in 2011 amounted to \$85 billion.<sup>6</sup> Third, it demoralizes many potential younger elites who are already voting with their feet and leaving Russia. Fourth, in the defense sphere, it corrupts much of the country's overall national security policy, not least because it is clear that high officials are for sale, even to foreign interests.<sup>7</sup> Personal pecuniary interest, therefore, often trumps national interest, e.g., in key areas like arms sales or in the energy market. As a result, the temptation for these officials to engage in what might be called black operations, like running weapons to Iran, ultimately

undermines the vital security interests of Russia itself.<sup>8</sup> Fifth, it deprives the economy of the capital needed for technological and military recapitalization, investment, and modernization, and thus consigns the country and millions of its citizens to greater poverty and incompetent or suboptimal goods and services than would otherwise be the case. Thus, even as Putin *et al.*, regularly state, in true Soviet and Stalinist style, that the defense industrial sector is the locomotive of technological progress, this sector cannot meet the military's needs, forcing Russia to buy weapons abroad from France, Germany, Italy, Finland, and even Israel. Worse yet, there are cases where the armed forces have refused to accept weapons produced for them by that sector, e.g., the Pantsir air defense system that Moscow also exports!<sup>9</sup>

Meanwhile, the state sector has grown voraciously at the expense of the overall economy's growth potential, a fact that is not surprising, given the opportunities for personal enrichment through corruption with impunity. Thus, *The Economist* reported that during the past decade, the number of bureaucrats has risen by 66 percent from 527,000 to 878,000. The cost of maintaining this structure has risen to 20 percent of GDP.<sup>10</sup> Naturally, this phenomenon is accompanied by ongoing decay of infrastructure. In the late Soviet period, the government invested 31 percent of GDP; however, in the last 10 years, it invested only 21.3 percent, compared to China's 41 percent. Whereas the Union of Soviet Socialist Republics (USSR) built 700 kilometers (km) of railways a year, the present government only built 60 km in 2009. Similarly, the total length of paved roads in Russia in 2008 was less than in 1997, a sure sign of governance failure and misallocation of resources. As Zbigniew Brzezinski wrote:

Informed Russian observers are also increasingly concerned that Russia's reliance on capital inflow in return for Russia's oil and gas is breeding a decline in the country's capacity to sustain technological innovation and industrial dynamism on the global competition for economic preeminence. The renewal of Russia's industrial infrastructure, which in Soviet times was being replaced at an annual rate of 8 percent, has declined to 1-2 percent, in contrast to the 12 percent of the developed world. No wonder that the World Bank reported in 2005 that fuels, mining products, and agriculture accounted for 74 percent of Russia's total exports, while manufactures accounted for 80 percent of Russia's total imports.<sup>11</sup>

Consequently, Russia has recovered more slowly from the 2008 economic crisis than did the other BRIC countries (Brazil, India, and China). Since foreign direct investment (FDI) in Russia is a fraction of the total for the other BRIC members, 4.1 percent for 2007, that pace of recovery will probably not change anytime soon. Reportedly about 20 years behind the developed countries in industrial technology, Russia develops 20 times fewer innovative technologies than does China and devotes considerably less money to research and development than China does.

Prime Minister Wen Jiabao of China, when visiting Russia in 2007, noted with satisfaction that Chinese-Russian trade in machinery products reached an annual level of \$6.33 Billion. Out of politeness, however, he refrained from adding that \$6.1 Billion of that sum involved Chinese machinery exports to Russia, leaving only \$230 million of Russian machinery exports to China. Making matters worse, projections by the Organization for Economic Cooperation and Development for the year 2020 envisage not only China's gross domestic product as approximately four times larger than Russia's, but with India ahead of Russia as well.<sup>12</sup>

But the papers do not stop here. As Harley Balzer points out in Section 4, Russia's epistemic communities, i.e., communities of people who work with their minds like scientists, professionals, etc., remain trapped in a mentality that precludes learning from others and doing things differently than they have done for years, if not decades. This insular, corrupt, and self-perpetuating approach to research, development, science, technology, and education is a powerful factor in reinforcing the fetters that bind Russia and hold the country back. As Judy Holiday memorably stated in the movie, *Born Yesterday*, "This country and the institutions that govern it belong to the people who inhibit it." The insular, chauvinistic political system (ours is better, or in Russian, *nashe luchshe*) reinforces this proclivity to believe that there is no other way to do things other than what has always been done before, that Russia is uniquely endowed with a superior cultural-religious heritage, etc. Furthermore, these trends, as manifested in socio-political and economic action, only reinforce the tendency to repeat the same mistakes of the past in the misconceived notion that doing the same thing without meaningful reform will yield the desired results, if we only do it better this time. These pathologies, for that is what they represent, are no less present in the defense and defense spending sphere, as Stephen Blank demonstrates and as noted previously. Indeed, the huge spending increases on procurement allocated till 2020 are one reason why Finance Minister Alexei Kudrin broke with the government and warned about its policies.

The defense and security implications of this dysfunctional and archaic system are equally negative. Currently, there is a huge defense buildup that aims to spend \$716 billion between now and 2020 to make the Russian armed forces a competitive high-tech armed force, with 70 percent of its weapons being modern (whatever that category means to Moscow). Yet this system already has shown repeatedly that it cannot deliver the goods and that the attempt to remilitarize at this relatively breakneck speed (relative to other comparable powers) is failing to produce the weapons Moscow wants. Consequently, it is clear not only that nuclear weapons will remain the mainstay of Russian military might through 2020, but it is also equally likely, from the current vantage point, that this nuclear preeminence will remain well into the decade 2020-30 as well. This means that, for a whole range of contingencies, Moscow will have to rely more than any other comparable power on nuclear threats and deterrence, and deterrence presupposes a hostile relationship with the targets of that strategy. Apart from issues of democracy promotion and regional security in Eurasia, this conclusion has sobering implications for U.S. defense policy as a whole because it will place limits on what can be achieved through arms control treaties, obstruct the Barack Obama administration's declared ambition to move on to a zero nuclear weapons trajectory, and inhibit a genuine military and political partnership with Russia.

Furthermore, given the postulate presented here of a deteriorating domestic situation due to an increasingly sclerotic economic-political formation, we could well encounter a situation where a revolutionary situation inside Russia due to the blockage of progress intersects with a massive security crisis that could, as in 1991, involve a coup and the danger of seizure of nuclear weapons and potential wars across Eurasia. Or, we could see a diversionary war as the Russo-Japanese war was launched in part in order to busy "giddy minds with foreign wars." Arguably, we are witnessing the first signs in today's Russia of the advent of a long-term crisis culminating in such a domestic and then international crisis. This crisis would combine mounting disaffection, if not protest, and continuing subpar economic performance in a situation that approximates Vladimir Lenin's 1915 definition of a revolutionary situation. According to Lenin's oft-quoted definition:

What, generally speaking, are the symptoms of a revolutionary situation? We shall certainly not be mistaken if we indicate the following three major symptoms: (1) when it is impossible for the ruling classes to maintain their rule without any change; when there is a crisis, in one form or another, among the “upper classes,” a crisis in the policy of the ruling class, leading to a fissure through which the discontent and indignation of the oppressed classes burst forth. For a revolution to take place, it is usually insufficient for “the lower classes not to want” to live in the old way; it is also necessary that “the upper classes should be unable” to live in the old way; (2) when the suffering and want of the oppressed classes have grown more acute than usual; (3) when, as a consequence of the above causes, there is a considerable increase in the activity of the masses, who uncomplainingly allow themselves to be robbed in “peace time,” but, in turbulent times, are drawn both by all the circumstances of the crisis *and by the “upper classes” themselves* into independent historical action.<sup>13</sup> (*italics in original*)

To be sure, none of this suggests the imminence of a revolution. Rather, it suggests the imminence of a structural crisis leading to the situation defined here by Lenin and which evermore characterized Tsarist Russia after the great reforms of the 1860s and the Soviet state after Leonid Brezhnev. Neither we, nor any other reputable observer, expect an imminent collapse of the Putin system. But Russia already appears to be visibly bearing the seeds of its own entropy and ultimate collapse. Distinguished Russian scholars like Lilia Shevtsova and Olga Kryshchanovskaya openly state that Russia has slipped into a revolutionary situation.<sup>14</sup> That process took some 50 years in Tsarist Russia and a generation in Soviet Russia, suggesting the acceleration of large-scale socio-political change and its growing department, even if we are talking about a long-gestating process. But if this assessment has merit, then we are only at its inception, not its conclusion, and many more negative phenomena and Russian behaviors can be expected before the advent of a crisis that could occur, if this acceleration of protest trends and institutional entropy occur by 2030. Potential contingencies could even possibly entail the use of force either at home (and not just in a counterinsurgency mode against jihadi rebels as in the North Caucasus) or beyond Russia’s borders as in the Russo-Georgian war of 2008. Indeed, as the regime moves further along its current trajectory, such belligerent behavior increasingly appears to be the norm. As Andrei Illarionov, a former economic advisor to Putin, has observed:

Since its outset, the Siloviki regime has been aggressive. At first it focused on actively destroying centers of independent political, civil, and economic life within Russia. Upon achieving those goals, the regime’s aggressive behavior turned outward beyond Russia’s borders. At least since the assassination of the former Chechen President Zelimkhan Yandarbiyev in Doha, Qatar, on 14 February 2004, aggressive behavior by SI (Siloviki-men of the structures of force-author) in the international arena has become the rule rather than the exception. Over the last five years the regime has waged ten different “wars” (most of them involving propaganda, intelligence operations, and economic coercion rather than open military force) against neighbors and other foreign nations. The most recent targets have included Ukraine (subjected to a “second gas war” in early 2009), the United States (subjected to a years-long campaign to rouse anti-American sentiment), and, most notoriously, Georgia (actually bombed and invaded in 2008). In addition to their internal psychological need to wage aggressive wars, a rational motive is also driving the Siloviki to resort to conflict. War furnishes the best opportunities to distract domestic public opinion and destroy the remnants of the political and intellectual opposition within Russia itself. An undemocratic regime worried about the prospect of domestic economic social and political crises—such as those



that now haunt Russia amid recession and falling oil prices – is likely to be pondering further acts of aggression. The note I end on, therefore, is a gloomy one: To me the probability that Siloviki Incorporated will be launching new wars seems alarmingly high.<sup>15</sup>

Accordingly, even though no observer expects a comparable revolution anytime soon, the signs of crisis are also quite visible for anyone who cares to look for them. At the same time, the advent of social and information technologies, as well as Russia's partial integration into the global economy, suggests that any repeat performance will take even less time than this, so it is not inconceivable that within 10-20 years, we could see a Russia openly enmeshed in a structural crisis from which there is no way out other than large-scale transformation, if not revolution.

Given Russia's strategic weight and military capability, this prognosis poses immense questions, if not problems, for the U.S. Government as a whole as it seeks to grapple with the realities of Russian policy. Were this a monograph on the subject of U.S.-Russian relations, it would take a long report to work through all those issues. But here, we must content ourselves with recommendations for the U.S. Army in its activities. To do that, we must view the Army in its current strategic context.

## **Assessments and Recommendations for the U.S. Army**

Any potential Russian crisis within the next generation will inevitably reverberate throughout the global system and with special force in Europe, Eurasia (the former Soviet Union), and East Asia. Moreover, that crisis will similarly and equally inevitably interact with indigenous crisis phenomena and trends, mainly in what used to be the Soviet south, i.e., the Caucasus and Central Asia (and potentially Ukraine and Belarus), if not in Europe. Indeed, a crisis in the former Soviet Union could ignite one in Russia. Central Asia and the Caucasus are already enmeshed in several actual or potential security challenges that can materially affect U.S. interests and partners, if not allies, for their own reasons—whether or not a crisis occurs in Russia. Furthermore, the advent of these crises in the Caucasus and Central Asia, or elsewhere, could, of their own accord, embroil the U.S. military and government (not just the Army) in their resolution. If they coincide with, trigger, or are the result of a crisis in Russia proper, the challenges to the U.S. Government and Armed Forces will be magnified commensurately, especially if nuclear contingencies come into play.

Unfortunately, these prospects, which are more likely than many believe, will catch the U.S. Army, the Armed Forces, and the government as a whole in the throes of a serious and possibly unprecedented strategic quandary. As many observers have noted, today the U.S. Army faces a situation where it has no declared enemy, no priority mission, and no clear concept of operations for any particular contingency that may occur. Whereas the Navy and the Air Force do have a concept of operations (but not a strategy) for overcoming enemy forces' anti-access and area denial strategies (A2/AD), namely air-sea battle, the Army has no such concept.

Moreover, and many commentators have missed this point, the air-sea battle concept is not exclusively reserved for an Asian-Pacific threat originating from China but could be employed, e.g., against Iran in the Straits of Hormuz. Or, in the event of a Russian attempt to take over one or more Baltic states, the United States and the North Atlantic Treaty Organiza-

tion (NATO) would then have to resort to a European version of this concept of operations for the initial counterattack against such a Russian thrust. Neither is such a contingency purely notional, even though it remains a remote possibility for the immediate future. Moscow launched the first cyber strike ever attempted against a sitting government against Estonia in 2007 after a year of covert preparation, and Central European governments, particularly in the Baltic region, remain apprehensive about Russian intentions and capabilities in this region, which are rapidly being increased.<sup>16</sup> Neither can we take European or Eurasian security for granted. Russia has also admitted that it planned the Russo-Georgian war of 2008 beginning in 2006, thus publicly undermining all the pious statements about it having been attacked and was thus able to surprise key international actors, including the Georgian government.<sup>17</sup> Since Russian efforts to subvert European governments through “asymmetric” means, the linkage of energy, organized crime, intelligence penetration, political subversion, and military threats, specifically recurring nuclear and missile threats against all of Eastern Europe from the Baltic to the Black Sea states, are constant and unremitting. Since Moscow has shown its continuing addiction to aggressive actions in its neighborhood, complacency about European contingencies in the future is clearly unwarranted.<sup>18</sup> Such concerns must engage the strategic planner, especially one who is looking to events a decade or more from now.

But such observations about the European theater, not to mention the ever volatile greater Middle East or the increasingly volatile East Asian theaters, underscore the Army’s and the U.S. Government’s abiding strategic dilemma, which holds true whether or not Russia implodes or explodes a decade or so from now. That dilemma has two aspects. First, there is no visible strategy for either the Army or the other Armed Forces (merely listing missions and concepts of operations cannot, in this context, substitute for a true strategy). Second, as innumerable analyses and the current domestic crisis indicate, we are on the brink of strategic insolvency, with a defense establishment that cannot be maintained in its present form or size without radical and unpopular (to many constituencies) reforms.

While any Russian crisis greatly magnifies the challenges to U.S. power and interests, essentially, the Army finds itself obliged to say that no matter what kind of war ensues, it will go wherever the President orders it to fight (as if any other conclusion was thinkable) with whatever forces it has at the time. But it has no current or preexisting idea what the nature of that war is or an *a priori* concept of what goals it hopes to obtain in any particular theater.<sup>19</sup> It has no idea of what its strategic objectives are or should be, and neither do the other Services. All we have is a tactical or operational concept for the initial operation of gaining access to the contested theater. That hardly answers the requirement for strategy. This situation represents the antithesis of strategy and confirms the critical posture of many analysts, e.g., Colin Gray, that “All too often, there is a black hole where American strategy ought to reside.”<sup>20</sup> As a result, critics have charged that the Army, in seeking to define for itself a strategic role, is “grasping for scenarios.”<sup>21</sup> These scenarios comprise missions generally regarded as the core capability of the Marines or elite special operations forces like seabasing (operations that can be conducted without relying on infrastructure ashore) and counterproliferation missions.<sup>22</sup> To compound the Army’s dilemma, there is a conspicuous lack of enthusiasm among political leaders in both parties, despite overblown campaign rhetoric, for sending it into another war anytime soon.<sup>23</sup> So, lacking a mission or a compelling strategic rationale or narrative, the Army starts from a disadvantage relative to the other Services, who have at least a concept of operations. But the Army’s and the other Services’ problems do not end here. Indeed, at the strategic level, they only begin here.

In the context of the larger framework of U.S. national security strategy, the air-sea battle concept comfortably fits with the concept of deterrence of major theater war that has stood at the forefront of U.S. strategy and policy since 1945. It is compatible either with the idea of deterrence by denial, i.e., deterring an enemy by making it clear that we will deny him a victory or with the alternative view of deterrence by punishment, namely raining down upon him so destructive a military force that, even if some sort of victory was temporarily achieved, the destruction wreaked upon him would far outweigh any such temporary or local gain. But that makes air-sea battle a concept that is optimally shaped for deterrence and for replying to a breakdown of deterrence. In other words, it is a concept of operations that is admirably shaped for the initial phase of a war. But being nothing more than a concept of operations, air-sea battle, as publicly described, suffers from serious defects. Given what we know about Russian nuclear strategy, the attempt to use air and sea power to rain down long-range strikes on Russian targets in, around, and immediately beyond the Baltic littoral almost certainly invites a retaliatory nuclear first strike by Moscow that will have an immediate and profound strategic effect, and not necessarily the one that Moscow counts on, namely its attainment of control over the ladder of intrawar escalation and a search for negotiations to forestall any further nuclear use. It is not too likely that Moscow would, however, opt for such a contingency, knowing that it would face this immense destruction for what are ultimately marginal gains.

In East Asia, as Ambassador Charles Freeman similarly observes:

The evolving U.S. battle plan presupposes that, from the outset, any war that occurred (involving China in an offensive role—author) would involve U.S. strikes on forces and facilities on Chinese territory or immediately adjacent to it. This does not address the obvious difficulties of escalation control in these circumstances. Given China's possession of nuclear weapons, this plan is simply unrealistic.<sup>24</sup>

Likewise, Thomas Christensen and Richard Betts wrote several years ago that:

Thinking over the long term, however, it is hard to imagine how the United States could “win” a war to preserve Taiwan's independence against a resolute China. . . . Sinking the Chinese navy and defeating an invasion attempt against the island would not be the end of the story. Unless the U.S. Air Force were to mount a massive and sustained assault against mainland targets, the PRC would maintain the capability to disrupt commerce, squeeze Taiwan, and keep U.S. personnel at risk. As one American naval officer put it, “China is a cruise missile sponge.” This will be doubly true once China builds more road-mobile solid-fuel missiles and learns better ways to hide its military assets.<sup>25</sup>

Thus air-sea battle could easily conceivably lead to an unpalatable strategic dead end but in the form of a much wider, prolonged, and desperate struggle with enormous stakes, where we will have fallen into that war with vastly insufficient forethought. The Napoleonic maxim, “*On s'engage et puis on voit*” (One commits himself and then looks around), hardly suffices as a guidance for contemporary strategic action. But the Army's lack of a viable concept of operations or mission for a breakdown of deterrence leaves it in precisely this situation, where it has a concept in search of a mission and a theater. Therefore, it cannot bring anything to the “table” concerning strategic missions, operations, or its enduring contributions to grand strategy, and the Navy's and Air Force's situation in this regard is hardly much better.

Neither do U.S. strategic dilemmas end here, for we are clearly confronting the overall problem of strategic insolvency, a dilemma that would undermine all existing strategic formulations, not to mention operational concepts like air-sea battle. We are already confronting this dilemma, even if there is no sequestration process as is possible as of October 2012.<sup>26</sup> Recent assessments of the new Asia-Pacific strategy pull no punches and state outright that the force structure being readied to implement that strategy is simply not sufficient to accomplish the mission. Congressman J. Randy Forbes (R-Va), Chairman of the House Armed Services Readiness Subcommittee, openly states that:

The ‘pivot’ toward the Asia-Pacific region is a lofty objective, but maritime assets available to execute it—existing and planned—are simply not enough.<sup>27</sup>

Rear Admiral David Johnson, who supervises the Navy’s submarine construction program, recently admitted that if “the price tag for building the newest vessels remains where it is today, there will have to be cutbacks to the *Virginia*-class (submarine) program,” even though the Navy has already brought down those costs and is doubling its production from one to two subs annually.<sup>28</sup> Michael Auslin similarly argues that the Air Force’s current budget is insufficient, given the range of missions and capabilities it needs to execute its strategic missions.<sup>29</sup> Likewise, a recent article observes that in Korea, we are unprepared for the real possibility of having to execute missions connected not just with a war there, but with a potential unification scenario. Although former Secretary of Defense Robert Gates stated that besides the capability to break down the door and win the air-sea battle, we must be able to restore a functioning government and society in war zones “and rebuild the house after war.” The Army and overall U.S. military force required to do that mission is not the force that is either currently deployed in South Korea or that the United States has trained and ready to deploy, despite all our previous experiences in having to confront such requirements.<sup>30</sup> Finally, the recent study by the Center for Strategic and International Studies in Washington, DC, of the rebalancing of U.S. forces to the Asia-Pacific theater also pointed to substantial funding problems with regard to the new rebalancing.<sup>31</sup> These are only a few recent indicators of this insolvency in an ocean of commentary on this point.

Neither would all our problems be resolved if funding magically appeared. Our problems are as much, if not more than, strategic as economic. Arguably, the announcement of air-sea battle has ignited a new round in the Asian arms race. One can already see Japan, South Korea, and India substantially upgrading and modernizing their military capability and ambition to become major defense producers and even exporters. Russia, too, is already well into a huge modernization program of some \$716 billion to reshape its entire force and develop a substantial conventional high-tech capability by 2020, and its apprehensions about China are poorly concealed.<sup>32</sup> Thus, it is entirely possible that continuing as we have been doing, assuming funding remains available, could bring about a continent-wide Asian arms race in conventional, and possibly nuclear as well, weapons that would merely aggravate the already high level of tensions in Asia and do nothing to stabilize the area or reduce the likelihood of military conflict. That is assuming funding is available. If it is not available, we may achieve a comparable effect but deprive ourselves of the means of dealing effectively with any violent contingency, if and when it occurred.

Beyond that, the Army, if not the other Services, also face deep cognitive challenges to their plans. This is a particular dilemma for the Army because many writers and authorities

here and abroad believe that the main centers of future military operations will be in the aerospace, cyber, and naval—i.e., long-range strike—“theaters” and not land and traditional sea forces. Thus General Nikolai Makarov, Chief of the Russian General Staff, recently stated that:

As you see, warfare center has moved to aerospace and information spheres, including cyber security, from traditional war theatres on land and sea. Concepts of network-centric war have made great progress.<sup>33</sup>

Makarov is hardly alone, either in Russia or here or elsewhere. Accordingly, the mantra of boots on the ground will hardly be convincing, even though the purveyors of short decisive victory through long-range strikes and high-tech have little to show for their many promises. Indeed, some adherents of better warfighting through technology have begun to realize that “our understanding of nonkinetic effects in cyberspace is immature.”<sup>34</sup> In that case, a war with a large cyber dimension, or even with a significant though not preponderant one, could easily become quite unpredictable and even uncontrollable, not unlike the fears of what a nuclear war could become. So reliance on air, aerospace, naval, and cyber operations can hardly provide the basis for a reliable or reassuring warfighting strategy. Indeed, this brings us back to the dilemma postulated previously, namely, that current threat assessments fail to capture the highly complex future operational environment. Such a void leaves the Army (and to be accurate, the other Services, too) bereft of viable strategies for prosecuting war. Neither can the Army take refuge, as some have thought, in the idea that its future wars (whatever happens to the other Services) will be “murky irregular conflicts.”<sup>35</sup> This is not just because the future is inherently unknowable. It also is true that it is a great fallacy to assume that the next war, even if it is an irregular one, will look like the current or last war. The Army, like it or not, must be ready for everything. Yet the pace of change is so swift and deep that the military is finding it difficult to understand what future advances in biotechnology and other weapons of mass destruction (WMD) scenarios might look like.<sup>36</sup> Undoubtedly, the same will be true for “murky irregular wars.”

As one recent article observed, there is a wide range of actual or easily conceivable contingencies for which we cannot rely on Special Forces:

Douglas Ollivant has also soundly observed that we cannot assume that special operations forces will be a salve for every security challenge we face. Some scenarios will simply be too big for SOF to handle alone. Even if the US does not seek to reconstruct collapsing states, securing weapons of mass destruction, and leadership targets in the aftermath of an implosion of Syria, North Korea, Libya, or any number of other states would be demanding tasks that special operations would have difficulty handling by themselves. Some sanctuary-raiding missions would require larger ground forces. Others may simply lend themselves better to general purpose forces. Recent African success waging combined land-amphibious operations in Somalia suggests that land forces executing amphibious raiding in Africa could inflict substantial damage on pirates and other foes. In other situations we may not be able to rely on proxies to do the job for us, either because of a principal-agent mismatch or lack of capability. Finally, SOF and airpower in recent conflicts also depend implicitly on the enemy lacking the ability to threaten the bases and supply networks that sustain them with ground power, commando forces, or long-range weapons. Should Afghanistan's government lose substantial

amounts of territory or collapse outright after US withdrawal, the basing arrangements upon which we base our proxy warfighting would be threatened.<sup>37</sup>

Moreover, even if the Army and the other Services accept the need for comprehensive readiness across the spectrum of conflict, it is still quite unclear how the Army will operate in WMD contingencies, even if it acknowledges their likelihood in the future.<sup>38</sup> At the same time, the Army must be ready for all manner of combat operations ranging from contingencies, where smaller units with fewer but better and better-equipped army and joint forces engage the enemy, up to and including large land battles of battalion or brigade size, if not larger. Therefore, the Army must formulate a compelling strategic argument that is not just a service argument for more appropriations (as one might suspect air-sea battle is) and that offers a compelling enhancement of U.S. and allied security in Europe and Asia, if not elsewhere.

## **Toward an Army Strategy for Eurasia**

The Army concept is one where the Army works actively in peacetime with allies and partners to reshape their militaries and as part of overall U.S. policy to reshape the strategic environment in Europe, Asia, Africa, etc., to prevent wars from breaking out. While this concept of shaping the theater during peacetime to preclude or prevent war and build up allied and partner capacity fully comports with deterrence by denial, as we saw in Georgia in 2008, it does not necessarily preclude a breakdown in deterrence or ensure that host country forces will be prepared for actual war that is imposed upon them. The Army and the U.S. military as a whole now recognize the need for more effective responses to the challenges of partnering with other militaries, including those in the former Soviet Union, to shape the environment and provide the basis for meeting contemporary global strategic requirements, as the characteristics of war change rapidly and assume a highly protean and dynamic profile. In the recent *Capstone Concept for Joint Operations: Joint Force 2020*, Chairman of the Joint Chiefs Army General Martin Dempsey observed that one of the eight key elements of anticipated global integrated operations is:

*Fourth, globally integrated operations place a premium on partnering.* This allows expertise and resources existing outside the U.S. military to be better integrated in a variety of operational contexts. The complex security challenges of the future almost invariably will require more than the military instrument of national power. Joint Forces must be able to integrate effectively with U.S. governmental agencies, partner militaries, and indigenous, and regional stakeholders. This integration must be scalable, ranging from the ability of an individual unit to enroll the expertise of a nongovernmental partner to multi-nation coalition operations.<sup>39</sup>

This requirement, coupled with the other seven requirements for jointly integrated forces that are capable of conducting scalable operations involving multiple stakeholders listed there, comprise a major challenge to the Army under stretched budgetary conditions. Nevertheless, crisis denotes both challenge and opportunity. In the concept of the contingencies outlined here of a renewed crisis in Eurasia, if not elsewhere, due to a potential

or even likely crisis, if not collapse, of Putinist Russia in the future, strategic contingency might open the way for an alert Army and other military leadership to see a way out the Army's present quandary.

What the Army and U.S. governmental elites must understand is that the argument presented in this Section provides early warning of an impending, if not imminent, geopolitical crisis that could well morph into major strategic challenges. Indeed, Russian analysts themselves know well how precarious security is, particularly in the Caucasus and/or Central Asia, especially in view of upcoming U.S. and NATO withdrawal from Afghanistan in 2014. For example, the Valdai Club, a leading Russian think tank, recently wrote that:

The entire Belavezha Accords system of state and territorial structure, which took shape as a result of the 1991 national disaster (the collapse of the Soviet Union in 1991), is illegitimate, random, unstable, and therefore fraught with conflict. The entire post-Soviet Eurasian space is an area with a complex combination of integration, separatist, and irredentist tendencies. The system has been in a state of permanent crisis for almost all of the 20 years since the collapse of the Soviet Union, and it is safe to say that in the future it is doomed to more or less conflict-ridden transformation.<sup>40</sup>

Such conflicts would almost certainly entail direct Russian military intervention, and the most threatened areas are those where the United States has now developed serious interests and partners, namely Central Asia and the South Caucasus. This analysis also naturally highlights the ongoing jihadi insurgency in the North Caucasus, for which Moscow has no credible strategy at present, not to mention the possibility of a "Falklands" scenario against Japan in the Kurile Islands, China's growing military power and contingencies associated with that trend, and the ever present pressure of the United States and NATO.<sup>41</sup> Neither is this just an unofficial think tank report. In 2010, the joint staff of the Russian-led Collective Security Treaty Organization (CSTO) stated that:

The likelihood of conflicts arising on the basis of political, religious, ethnic, and other contradictions [in the former Soviet Union] is high, and it is impossible to resolve them without peacekeeping technologies.<sup>42</sup>

Western writers observe, too, that the peripheries of Eurasia like the South Caucasus remain regions at risk.<sup>43</sup> Given what we know of Russian military policy, it is quite unlikely that the CSTO or the Russian Army has yet acquired the relevant "peacekeeping technologies." Thus a crisis could break out here irrespective of what happens in Russia, and certainly Central Asian governments believe that such an outbreak is all too plausible after the International Security Assistance Force withdrawal from Afghanistan.<sup>44</sup>

There are further complicating factors in these peripheries, too. First, due to geopolitical and geoeconomic shifts and the continuing, if not rising, criticality of energy and other raw materials, regions like Central Asia are increasing in geopolitical and geoeconomic importance.<sup>45</sup> Second, in keeping with those trends, the peripheries are areas of visible, complex, but never ending great power contestation, not the least of which is Sino-Russian rivalry and collusion in constant probes against U.S. power, partners, values, and interests.<sup>46</sup> These probes continue in an effort to determine the scope and limits of U.S. power to defend partners and interests in the peripheries, and, if we fail to respond to these challenges, we and

the targets of these probes pay the price. Thus Russian probes against Georgia in 2008 that met no U.S. resistance led to more threats, as did encroachments from the Chinese probes against U.S. naval vessels in the Pacific Ocean and South China Sea in 2009.<sup>47</sup> In addition, many of these probes or threats are not, at least initially, capable of resolution by means of U.S. conventional, let alone nuclear, weapons. As General James Cartwright, U.S. Marine Corps, then Commander in Chief of the U.S. Strategic Command, testified to Congress in 2007:

While America possesses conventional capabilities second-to-none, we lack the capability to respond promptly to globally dispersed or fleeting threats without resorting to nuclear weapons. As good as they are, we simply cannot be everywhere with our general-purpose conventional forces and use of a nuclear weapons system in prompt response may be no choice at all.<sup>48</sup>

Since many of these actual or likely probes or crises that are expected in Eurasia regardless of events in Russia cannot and will not simply be met by U.S. forces for multiple reasons, we need to understand that we have now been given early warning and need to act accordingly. Meanwhile, if this is the situation in the peripheries as seen by both Russian and foreign authorities and experts, Moscow's own view of its domestic security situation (apart from the unresolved insurgency in the North Caucasus) is hardly one to inspire confidence. Clearly, the regime has good grounds for anxiety, as its own behavior shows. Russia's government labors under an enormous and constantly growing apprehension about domestic security that can only grow more, as does domestic opposition to it. Since 2005, the Russian Ministry of Defence formed Special Designation Forces from Spetsnaz brigades under the minister's direct control. They have air, marine, and ground components, and conduct peace support and counterterrorist operations.<sup>49</sup> Since the minister answers only to the president, essentially this also means putting all Russia under threat of counterterrorist or other so-called operations without any parliamentary accountability or scrutiny.

Since then, matters have, if anything, grown worse. An April 2009 report outlined quite clearly the threat perceived by the authorities. Specifically, it stated that:

The Russian intelligence community is seriously worried about latent social processes capable of leading to the beginning of civil wars and conflicts on RF territory that can end up in a disruption of territorial integrity and the appearance of a large number of new sovereign powers. Data of an information "leak," the statistics and massive number of antigovernment actions, and official statements and appeals of the opposition attest to this.<sup>50</sup>

This report proceeded to say that these agencies expected massive protests in the Moscow area, industrial areas of the South Urals and Western Siberia, and in the Far East, while ethnic tension among the Muslims of the North Caucasus and Volga-Ural areas is not excluded. The author also invoked the specter of enraged former Army officers and soldiers who are now being demobilized because of the reforms might also take to the streets with their weapons. But despite the threat of this unrest, the government is characteristically resorting to strong-arm methods to meet this threat. In other words, it is repeating past regimes (not least Boris Yeltsin's) in strengthening the Internal Forces of the Ministry of Interior (VVMVD), and now other paramilitary forces as well.<sup>51</sup>



More soberly, this report, along with other articles, outlines the ways in which the internal armed forces are being strengthened. Special intelligence and commando subunits to conduct preventive elimination of opposition leaders are being established in the VVMVD. These forces are also receiving new models of weapons and equipment, to include armored, artillery, naval, and air defense systems. In 2008, 5.5 billion rubles were allocated for these forces' modernization. Apart from the already permitted "corporate forces" of Gazprom and Transneft that monitor pipeline safety, the VVMVD is also now discussing an *Olimpstroi* (Olympics Construction) Army, and even the fisheries inspectorate is going to create a special armed subunit called Piranha.<sup>52</sup>

Since then, even more information about the extent of the domestic reconstruction of the VVMVD into a force intended to suppress any manifestation of dissent have emerged. As of 2003, there were 98 special-purpose police detachments (OMONs) in Russia. By comparison, during the 1998 crisis of the regime and its elites under Mikhail Gorbachev, 19 OMONs were created in 14 Russian regions and three union republics. By 2007, there were already 121 OMON units comprising 20,000 men operating in Russia. Moreover, by 2007, there were another 87 police special designation detachments (OMSNs) with permanent staffing of over 5,200 people operating with the internal affairs organs, making a total of 208 special purpose or designated units with 25,000 well-trained and drilled soldiers. These forces, known as OMSNs, have grown from an anti-crime and anti-terrorist force to a force charged with stopping "extremist" criminal activity. All these units train together and have been centralized within the VVMVD to fight "organized crime, terrorism, and extremism." From 2005 to 2006, the financing of these units was almost doubled. By 2009, they were also working with aircraft assets, specifically the VVMVD own aviation center, with nine special purpose air detachments throughout Russia. Seven more such units are to be created. Furthermore, the VVMVD has developed a concept for rapidly airlifting these forces to troubled areas from other regions when necessary. These forces are also receiving large-scale deliveries of new armored vehicles with computers, in some cases, and command, control, and communications capabilities. Since these are forces apart from the regular VVMVD:

On a parallel basis with the OMON empire, a multi-level internal security troop machine is being developed-with its own special forces, aircraft, armored equipment, situational-crisis centers, and so forth.<sup>53</sup>

When one considers this huge expansion of the domestic *silovye struktury* (power organs), it becomes clear why, in 2008, Russia announced that it would increase funding for the Ministry of Interior by 50 percent in 2010, and it becomes clear where the government's estimation of the true threat to Russian security lies.<sup>54</sup> If anything, things have gotten worse, and there also is now a spreading jihadist insurgency in the North Caucasus that is out of control and has recently launched operations in Russia's heartland, i.e., Tatarstan.<sup>55</sup> Therefore, neither the Russian government nor anyone else should take the durability of the current state for granted.

What, then, can be done under conditions of economic stringency and a true strategic fog?

## SECTION 2. RUSSIAN ECONOMIC REFORM 2012: “DÈJÀ VU ALL OVER AGAIN”

### Introduction

Russian economic reform is a perennial favorite, “a tale of two cities,”<sup>56</sup> where some see only past accomplishment and future glory, and others a “treadmill of Muscovite reform.”<sup>57</sup> Therefore, no one should be astonished that discussions of contemporary Russian economic reform are “dèjà vu all over again.”<sup>58</sup> This does not mean that the two views are equally meritorious interpretations of Russia’s economy and its prospects. There is only one correct view, and it is the “treadmill of Muscovite reform.” The importance of the double vision lies elsewhere in the implacable political will in the Kremlin and segments of the west not only to deny the obvious, but also to depict tomorrow’s Russian economy as the bluebird of happiness.

### Bluebird of Happiness

Official Soviet and Russian characterizations of economic performance and potential are persistently optimistic and used by some Western observers to paint rosy assessments of past accomplishments and future prospects. A single example will suffice. During the 1980s, official Soviet data (*goskomstat*) indicated that the Union of Soviet Socialist Russia’s (USSR) gross domestic product (GDP) was growing more rapidly than America’s, even though Mikhail Gorbachev acknowledged that the Soviet economy had been stagnant since 1978!<sup>59</sup>

After Gorbachev decided to dissolve the Soviet Union on December 25, 1991, his successor, Russian President Boris Yeltsin, immediately launched a campaign for rapid democratization and economic transition (*demokratizatsia* and *perekhod*) aimed at transforming Kremlin rule from Communist party autocracy to democracy, and Russia’s economy from central planning to free enterprise. Neither happened, but it became politically correct to say that they did.<sup>60</sup> Anders Aslund declared that Russia was on the express lane to capitalism in 1993,<sup>61</sup> to have become a “market economy” in 1995<sup>62</sup> and a “capitalist” system in 2007.<sup>63</sup> In 2004, Andrei Shleifer and Daniel Treisman congratulated Russia for becoming a “normal” developing country, including having made substantial democratic progress.<sup>64</sup> Their judgment was seemingly confirmed on December 16, 2011, when Russia agreed to join the World Trade Organization (WTO), pending formal Kremlin treaty ratification.<sup>65</sup>

The World Bank today portrays Russia as a democracy,<sup>66</sup> despite the objections of Anders Aslund<sup>67</sup> and Michael McFaul,<sup>68</sup> American Ambassador to Russia, and categorizes it as a MIC, that is, a “normal” middle income market country.<sup>69</sup> In its view, Russia weathered the global financial crisis of 2008 admirably,<sup>70</sup> and its prospects are favorable due to the Kremlin’s “partnership” with the World Bank Group (including the International Bank for Reconstruction and Development, International Finance Corporation, and the Multilateral Investment Guarantee Agency).<sup>71</sup> Nonetheless, despite all these accomplishments, Russia’s economy is said to be at risk.<sup>72</sup> It is vulnerable to budgetary constraints (nonoil fiscal deficit connected with expected declines in petroleum revenues) and long-standing structural issues, including the need to improve the investment climate significantly,<sup>73</sup> close large infrastructure

gaps; diversify its export, tax, and broader economic base; improve governance; and strengthen institutions.<sup>74</sup> The World Bank contends that Russia's investment climate is poor, its infrastructure is laggard, its exports are excessively concentrated in natural resources, its tax and economic bases are too narrow, and its governance and institutions are weak.<sup>75</sup>

The World Bank asserts that Russia's leaders recognize these shortcomings and have responded by devising four broad economic reform initiatives to address: "Growth and Diversification, Skills and Social Services, Russia's Global and Regional Role, Governance and Transparency."

1. **Growth and Diversification.** Russia's economy is dominated by natural resource extraction undertaken by a few large corporations, a concentration reflected in its output and export structures and its fiscal dependence.<sup>76</sup> Recognizing this, the Kremlin has launched economic reforms to encourage "nonstrategic" small- and medium-sized enterprises,<sup>77</sup> and to increase the size of and modernize Russia's high-tech (e.g., the Skolkovo "innovation city")<sup>78</sup> and financial sectors.<sup>79</sup> This diversification not only will improve the structural balance, but also is intended to spur growth through the curtailment of state-owned enterprises and the rapid modernization of underdeveloped activities,<sup>80</sup> including innovation ("innovative Russia-2020").<sup>81</sup> These goals will be facilitated further by regional diversification ("Strategic Projects"),<sup>82</sup> improved public management,<sup>83</sup> enhanced business competition (achieved through better government regulation),<sup>84</sup> better financial management,<sup>85</sup> and infrastructural investment.<sup>86</sup>
2. **Skills and Social Services.** This is the second major category of the Putin regime's economic reform agenda.<sup>87</sup> The World Bank contends that Russia has made immense strides in the areas of universal primary education, equality for women, eradication of extreme poverty and malnutrition, lowering child and maternal mortality, and reaching very high levels of higher education enrollment. Putin's reforms will build on these accomplishments. Russia will strengthen its social safety net,<sup>88</sup> improve demographics and public health,<sup>89</sup> adjust education to provide a better mix of labor skills,<sup>90</sup> ameliorate inequality and social exclusion,<sup>91</sup> and soften interregional disparities.<sup>92</sup>
3. **Global and Regional Role.** The third major component of Moscow's economic reform agenda<sup>93</sup> includes initiatives facilitating economic integration in the Commonwealth of Independent States' (CIS)<sup>94</sup> ecological and environmental defense, especially in the Arctic. Globally, Russia is intensifying its international partnerships everywhere.<sup>95</sup>
4. **Governance and Transparency.** The fourth major element of Moscow's economic reform agenda<sup>96</sup> is important, especially improving self-government,<sup>97</sup> fighting corruption,<sup>98</sup> and achieving judicial efficiency.<sup>99</sup>

This survey reveals that Russian economic reform from the World Bank's perspective is mostly about routine policy and state regulation that are generically appropriate for any MIC, not market economic transformation. There is no core strategy, just a programmatic vision and promise that the government will do everything better. The World Bank's report, which parallels the Organization for Economic Cooperation and Development's (OECD) counterpart 2006 study, provides a valuable inventory of these initiatives<sup>100</sup> and makes the

case for the proposition that Russia is on the fast track to becoming a normal country like America from a position of being a normal MIC with a fledgling democracy and rapidly maturing markets. It forecasts that Russia's GDP will grow at 3.5 percent per annum between 2012 and 2015.<sup>101</sup> Others holding similar views press this or that aspect of Russia's reform agenda reflecting diverse parochial interests but nonetheless adopt the position that the Vladimir Putin administration is moving forward with a progressive state regulatory and pro-competitive market agenda.

## Reality Check

The World Bank's inventory of Russian governmental economic reform programs and policies, although descriptively accurate, provides a misleading impression of the character and intent of the Kremlin's post-communist regime. Russia's government is anti-democratic, and its economy is organized for the benefit of privileged insiders, not the Russian people. The federation is no longer Communist, but this should not be construed as a radical break from Russia's hoary tradition. Its autocratic Muscovite rent-granting system has been in force continuously since the reign of Ivan III (The Great), Grand Prince of Moscow and Grand Prince of all Rus', in one form or another, since the 15th century.

The cornerstone of the paradigm is a particular type of autocracy, where the ruler is explicitly or implicitly owner of realm. The Tsar, General Secretary of the Communist Party, and now President (like the French absolute monarch Louis XIV), "is the law," with the power to act as he chooses, regardless of what he says. The autocrat can promulgate a constitution and impose administrative law (Catherine the Great), create a parliament (Nicholas II), install central planning (Joseph Stalin), and rule diversely with a unitary economic governance mechanism like rent-granting, the market, central planning, and regulation, or with a mixed regime.

Just before the Bolshevik *coup d'état* in November 7, 1917, Russia had a tripartite economic governance system combining "rent-granting," (where the nobility and village communes oversaw agriculture, natural resources, and some industry in return for service, crop sharing, and taxes), state enterprise (tsar's estates, government enterprises, including weapons and luxury goods), and markets (based primarily on freehold ownership in low tech activities dominated by locals, and high-tech industries dominated by foreign direct investors).

The Soviets appeared to overthrow this order by criminalizing private property business and entrepreneurship (nationalization of the means of production and monopolizing state economic control)<sup>102</sup> and introducing central planning. However, rent-granting remained a powerful force, allowing "red directors" of all types to maintain the authority to use state resources with considerable discretion. On paper, the Soviet system seemed to be comprehensively directive, but, in practice, red directors were granted the privilege of operating the red Tsar's assets with munificent fringe benefits in return for service and a share of the usufruct, profits, and taxes.

Mikhail Gorbachev began the process of reverting to Nicholas II's mixed Muscovite model with his famous "perestroika" reform of 1987 (radical economic reform of the command planning system), which allowed leasehold proprietorships, markets, and entrepreneurship. Boris Yeltsin accelerated the process with his *perekhod* (transition) initiative,

restoring freehold property ownership. This was promptly heralded as the beginning of a transition from communist authoritarian central planning to democratic free enterprise, but the judgment was premature. It was a post-royalist reversion to Nicholas II's Muscovite market assisted autocratic rent-granting, with a large dollop of state ownership in the military and natural resource sectors. Oligarchs became the new servitors.

Putin's government today, like Yeltsin's earlier, is a Muscovite autocracy organized for the benefit of privileged insiders, not the Russian people. The "people's assets" from the Soviet period were granted by Yeltsin to his favorites through various subterfuges,<sup>103</sup> creating the social foundations for the new post-Soviet Muscovy. The regime's predominant features are one-man rule and rent-granting, not democracy and market competition. This makes the regime intrinsically inefficient compared with the popular and consumer sovereign (neoclassical democratic competitive) model ascribed to Russia by the World Bank and radically alters real economic reform potential. The policies and reforms undertaken by the Kremlin and enumerated by the World Bank are merely efforts to enhance the efficiency of the Muscovite paradigm, not to move beyond it to democratic free enterprise. As a consequence, these endeavors can streamline and modernize a retrograde economic governance mechanism (including the public sector) but cannot Westernize it. They cannot make public programs responsive to the electorate or prevent the supply of goods in the private sector being primarily responsive to the demands of Putin and his "servitors" (oligarchs).

This judgment is confirmed by Russia's wretched economic performance from 1989 to 2012. Although, the way the World Bank casts the statistics, Russia's GDP doubled from 2005 to 2008 (18.9 percent per annum),<sup>104</sup> in reality, by using OECD data, the federation's per capita GDP was virtually flat for more than 2 decades (there was a hyperdepression during the interval).<sup>105</sup> This dismal assessment is easily confirmed by comparing the Central Intelligence Agency's (CIA) estimate of Russian per capita income in 1989 of \$23,546 (adjusted to a 2011 dollar price base), which should be more or less the same today because there was little or no real growth point to point during 1989-2011, with the World Bank's contemporary figure of \$10,500.<sup>106</sup> Obviously, the World Bank's picture of post-Communist Russian economic progress is amiss. If the CIA was right in 1989, Russian living standards have declined substantially since then, using the World Bank's contemporary estimate. Most of the discrepancy between the \$23,546 and \$10,500 figures is attributable to the CIA's exaggerated 1991 purchasing power parity estimates, but the point remains. Russia has not converged toward the developed Western standard of living under Yeltsin and Putin from the 1989 benchmark; it has diverged, falling further behind.

## Muscovy and the Washington Consensus

Muscovite rent-granting is a governance strategy used by Kremlin autocrats to create a cadre of loyal supporters by privileging the few to exploit the many. Muscovite rulers are primarily concerned with defending their realm and acquiring sufficient revenues to support the court and the power services (secret police and armed forces). They do not care if their servitors (contemporary oligarchs and other insiders), those subordinated to them, and peripheral players are inefficient as long as revenues are adequate, even though everyone is urged to do better. They do not care if servitors are overpaid, and everyone else is underremunerated (Gini coefficient 42).<sup>107</sup> Servitors, for their part, are more concerned with

obtaining additional rents from the autocrat than competitively maximizing profits. Like their liege, they prefer to enrich themselves through insider channels than competitively cost minimize and revenue maximize (profit maximization) in accordance with the neoclassical paradigm. Rulers and servitors often appreciate that democracy and free enterprise are better for the many but place their own well-being above the people's desires. This makes Muscovy intrinsically anti-democratic and anti-competitive, disclaimers to the contrary notwithstanding. History has demonstrated that autocratic rent-granting can be combined with state ownership, markets, central planning, and economic regulation without ceding sovereignty to the people or consumers, and this is the way that Putin has chosen to play the game. The approach is the antithesis of the Washington Consensus.<sup>108</sup> The programs, regulations, and reforms of the Russian government are primarily for the autocrat, not the *demos*, and improved competitiveness insofar as it is permitted serves the same purpose.

### **Treadmill of Muscovite Reform**

The policies and reforms undertaken by the Kremlin in partnership with the World Bank Group can have positive results. Technology transfer and modernization in the public and private sectors, together with an expanded role for competitive markets, can improve productivity. The Tsarist, Soviet, and post-Soviet experiences, however, reveal that benefits are not automatic. The liberalization of Nicholas II's economy, including high tech foreign direct investment (FDI), had mixed results, mostly negative, as the Bolshevik revolution attests. The Soviet Union tried most of the World Bank Group's economic reform recommendations, including technology transfer and leasehold marketization. The result was stagnation and collapse. Yeltsin adopted the G7 transition strategy and immediately precipitated a decade-long hyperdepression. This time, of course, outcomes may be different.<sup>109</sup> Let us therefore provisionally accept the World Bank's forecast that Russia's GDP will grow 3.5 percent during the time frame from 2012 to 2015, a lackluster rate of advance given the country's relative economic backwardness. What precisely is there about Muscovite rent-granting that makes it productively inferior, unjust, and impervious to energizing reform?

The answer is simple. The Muscovite paradigm encourages rent-grantees to concentrate their attention on acquiring unearned incomes rather than creating value-added products or services, and it protects the privileged from competitive forces that might mitigate the harm rent-grant generates. Rent-granting is intrinsically underproductive, immoral, and corrupt from a neoclassical perspective, because it allows the privileged to receive income and wealth without earning them. Today's Russian "petrogarchs'" fortunes are tied more to currying favor with the Kremlin than efficiently managing companies and adding value. Other insiders receive state contracts without any obligation to perform, creating the semblance, but not the substance, of value-added (rent-fabrication).<sup>110</sup> The Muscovite system in this way offers an illusion of progress that masks its inefficiency and underproductivity. Corruption (privilege granting) in the Kremlin's scheme of things is not merely a matter of moral failure; it is the system's life blood.

None of this precludes Russia's privileged from trying to enrich themselves doubly by acquiring rents and maximizing profits; however, the regime's culture of corruption inhibits

constructive impulses. The rent-seeking mentality keeps servitors' attention riveted on state handouts, with profit maximizing little more than an afterthought.

Adam Smith famously claimed that the potential losses caused by corruption, including conspiracies in restraint of trade, were less severe than might be anticipated due to the positive effects of moral self-restraint<sup>111</sup> and free competition (the invisible hand).<sup>112</sup> It is easily supposed that the defects of rent-granting are self-correcting, too; however, this does not follow because the Muscovite ethic is predatory, and the Kremlin is committed to creating privilege by deliberately suppressing competition. Putin has no objection to ordinary people competing among themselves and supplying services to the privileged at least cost, but any business that is lucrative can be or is taken over by the privileged and absorbed into the protected sphere. The same tactics are used in the Kremlin's dealings with foreign companies at home and abroad. Russia's Muscovite economy, consequently, is woefully inefficient. Labor is miseducated, misallocated, and underincentivized. Privileged companies do not profit maximize. They underinvest and misinvest, a problem exacerbated by the financial sector's misallocation of loanable funds. Foreign direct investors like British Petroleum (BP) operate in treacherous waters and are routinely bilked.<sup>113</sup> Government regulation and programs are rent-granting activities, not handmaidens to market competition. The people's will is irrelevant, and consumers merely have limited market choice, not consumer sovereignty (their demand does not govern competitive supply).

The problem, of course, can be solved by the Kremlin voluntarily repudiating Muscovy or being forced to do so by a popular awakening, as many today seem to anticipate, but not otherwise. Better plans and regulations of the sort recommended by World Bank Group cannot compensate for the inefficiencies imposed by rent-granting, and, as the Soviet experience proved, they are inferior substitutes for markets.<sup>114</sup> Expanding the scope and competitiveness of ancillary markets should be beneficial, but this is precisely what Muscovy opposes to the extent that it leashes privilege. This is why Gertrude Schroeder's dictum holds undiminished. Russia is still on a treadmill of fundamentally futile reform.<sup>115</sup> Both the Kremlin's and the World Bank Group's nostrums are "Déjà vu All Over Again."

### **SECTION 3. ECONOMIC REFORM UNDER PUTIN 2.0: WILL PETRODOLLARS SUFFICE TO KEEP THE SHIP AFLOAT?**

During his brief stint as caretaker of the Kremlin, Dmitry Medvedev succeeded in inspiring a great deal of hope about a different future for Russia. He went on record saying most of the right things, and he demonstrated his modernity by doing so in the country's new-fangled social media. If nothing else, Medvedev will surely be remembered as Russia's first genuine Twitter president.

With Vladimir Putin back in the Kremlin, however, a distinct sense of familiarity is again beginning to spread. Medvedev is fading into the background and may soon have dissolved completely, akin to a lump of sugar thrown into a cup of coffee. It is tempting to suggest that the impact of his one-term presidency will turn out to have been no more profound than that of his Twitter postings. But would that be correct?

The true test of the quality of Medvedev's legacy will rest in whether the dreams and visions that were associated with his modernizing rhetoric have left a mark or will evaporate

together with their originator. More specifically, we may ask if Russia under Putin 2.0 will turn out to be a different place from that of Putin 1.0. Many of those who took part in the wave of open protests that followed in the wake of the rigged December 2011 Duma election certainly hoped and perhaps still believe so.

One of the most eloquent exponents of a belief in the possibility of change is Aleksei Navalnyi. Having emerged as a crusading young lawyer, he morphed from ubiquitous anti-corruption blogger to opposition leader and to a public relations nightmare for the Kremlin. His famed branding of United Russia, Putin's erstwhile "party of power," as a "party of crooks and thieves" quickly went viral and may have utterly destroyed the brand as such.<sup>116</sup> Navalnyi was arrested on December 5, the day after the Duma election. When subsequently released from a Moscow police station, he told a waiting crowd of supporters that, "We were arrested for 15 days in one country and released in another one."<sup>117</sup>

Cynics may smile and adopt a condescending attitude. They may admit that the uproar that followed in the wake of the election was real enough. It was novel, both in its reliance on social media, such as Twitter and Live Journal, and in bringing large sections of the country's urban elites into the streets. There can be little doubt that it did send shockwaves through the country's ruling elite. But can this really be construed as change, or even as a trigger for change, in any sense that would entail a revival of much-needed economic and political reform?

At a casual glance, the answer to this question will have to be negative. For all their fervent cyber activity and for all their loud claims that Putin must leave, the protesters in the end could not prevent him from winning a landslide first-round election victory. Although the initial wave of calls for honest elections did result in demotion and reassignment for Vladislav Surkov, the grey cardinal of the Kremlin, his creation of the brand and practice of "managed democracy" did prove its resilience.

Putin's return to the Kremlin may not have been accompanied by the anticipated fanfare. But it did provide yet another firm demonstration that supreme power in Russia will be undivided and unaccountable. With Medvedev humiliated, previously heated speculation over who was really in charge within the "tandem" came to an abrupt halt. Fearful of consequences for their own positions and for their associated revenue streams, members of the praetorian guards scrambled to adjust accordingly.

The bottom line is that predictability has returned. The next scheduled Duma election will not be held until 2016, and Vladimir Putin may be expected to remain as president at least until 2018. The prospects for a return any time soon to the path of radical reform that marked Putin's first term as president, in consequence, do not look good.

At the height of the rallies, members of the liberal opposition voiced hopes for early elections to a new Duma, which might re-energize the reform process. But it is hard to see how that can be arranged, within the rules of the constitution. The president does have a right to dissolve the Duma, but only in cases where his nominee for prime minister has been rejected three times by a majority of the deputies or where there has been a vote of no confidence in the government.<sup>118</sup> In either case, this would require Duma deputies to vote for an outcome where many presumably would lose their seats and associated perks. This does not seem very likely to occur. An alternative could be to simply invalidate the results of the December election. But since this would require admission by the president that widespread fraud had, indeed, taken place, it would seem to be even less likely. Assuming that all have



been aware of these basic realities, the clamoring for early elections may be reduced to simple posturing and publicity seeking.

All of this is certainly true, and the tentative conclusions, as just mentioned, are not encouraging. A return to much-prized political stability may well turn out to entail stagnation, perhaps even to the point of fossilization, recalling the latter part of Leonid Brezhnev's rule. The reason why this must be taken so seriously derives from the fact that, in today's globalized economy, even standing still is tantamount to sinking.

A continued inflow of massive earnings from energy exports may keep the federal budget in order and Russia free of sovereign debt, but this constitutes little more than artificial life support. The sheer weight of evidence regarding what needs to be done in order to breathe new life into the Russian economy is simply overwhelming. If the price of oil should take another steep nosedive, then the consequences would be dire, indeed. The sharp decline that began in March 2012 provided a warning of what may come.

This said, we cannot ignore that something has snapped and that the regime will have to adapt. The immediate response by then President Medvedev to the initial outburst of anger from below was to announce that important political reform was in the making. Specific items on the list concerned legislation to facilitate registration of political parties and a return to direct elections of governors.<sup>119</sup> (These promises have since been acted upon, albeit with varying speed, determination, and dilution.) The question is what the implications of such changes in the formal rules of the game may be.

Will this turn out to have been no more than new twists in a familiar old game with predictable outcomes? Or, may it be construed as evidence that Putin 2.0 will, indeed, represent something qualitatively different from Putin 1.0? The Kremlin may certainly be suspected of being less than sincere in its proclaimed ambition to allow more political freedom. Yet the genie has now been let out of the bottle, and it may prove hard to get back in again. So, are we then looking at prospects for change that may be of consequence for the quality of governance and thus for the performance of the Russian economy?

This question goes to the very heart of what theories on institutional change are designed to capture, namely, the contrast between changes in formal rules and changes in informal norms. While the former may be achieved by direct agency, the latter will come about only indirectly, and the interplay is of core importance. Changes in values, beliefs, and expectations may trigger changes in the formal rules and be triggered by such changes. For a good outcome to occur, there must be mutual support and reinforcement. If rules are made that deviate too far from underlying norms, then a counter reaction will follow. The same will hold if values, beliefs, and expectations evolve away from existing systems of formal rules. It is against this analytical background that we shall proceed to look at the prospects for Russian economic development under Putin 2.0. The argument will be built in five consecutive steps.

The first will take a closer look at the Medvedev interlude, probing for changes in underlying systems of informal norms that may turn out to have lasting importance. More specifically, we shall look at responses to the nature and sudden termination of the ruling tandem, at the possible emergence of elements of civil society in Russia, and at effects of the high-profile campaign against corruption. This will set the stage for questioning the inherent stability of the regime.

The second step aims to show just how vulnerable the Russian economy is to swings in hydrocarbon prices. It will focus on how mounting fears of discontent from below have caused the Russian government to engage in lavish fiscal spending and, in consequence, to

abstain from using the recent period of high energy export revenues to rebuild precautionary reserve funds. This will be shown to have aggravated the inherent vulnerability of the country's fiscal policy and foreign debt exposure to changes in energy prices.

The third step will approach the much-discussed question of imperative needs to undertake modernization of the Russian economy. It will outline why the challenge is so crucially important, discuss what it would take for a working solution to be found, and argue that, for all the huff and puff that emanated from the Medvedev Kremlin, the campaign in the end boiled down to little more than empty talk. This will provide important input for our concluding discussion on where the Russian economy may be headed.

The fourth step will argue that an important obstacle to change rests in the fact that the Russian economy has been made hostage to the fortunes of the energy complex. It will address the counterintuitive suggestion that resource-rich countries may be somehow "cursed" by those riches. It will show how the Putin regime has benefited both from an inflow of petrodollars, which has helped reduce debt and prop up the federal budget, and from being provided with an "energy weapon," which may be wielded in support of claims to regain respect as a great power.

The fifth and final step will expand on the negative impact that the energy riches have had on the Russian economy. This discussion will move beyond the academic debate on the possible presence of a "resource curse" and focus instead on how inherent institutional problems have combined to produce a form of "Russian curse," which is deeply rooted and rather distinctive. It will be seen to cast a long shadow over the prospects for serious reform to be implemented that may improve governance and thus promote both efficiency and much-needed modernization. Let us proceed now to look at the Medvedev interlude.

## **The Medvedev Interlude**

The main importance of the Medvedev presidency lies not so much in what was actually achieved, which was precious little, but rather in what was revealed. In retrospect, it may be tempting to conclude that it was all no more than a ruse. It was, arguably, a ploy devised by Putin to ensure that he could have his cake and eat it, too. Within the tandem, he could hold on to power while respecting the letter of the law, which prevented him from serving more than two consecutive terms as president. If we look simply at intentions, there would be an element of truth in this write-off. But if we turn to look also at consequences, matters are not so simple.

The cohabitation of two political leaders at the highest level of power at first seemed to belie the deeply-rooted belief that power in Russia must be undivided and unaccountable. The country was suddenly ruled by two men with very different agendas and personalities. It appeared for a time to be an open question as who was really in charge. Those who so preferred could pin their hopes on pending changes in the direction of increased legality, decreased corruption, a more cooperative foreign policy, and a more favorable investment climate. Others could look to Putin for reassurance that nothing much would change.

An important consequence of this deliberately introduced confusion was that widely different expectations were being formed. In some quarters, such expectations caused underlying liberal values and beliefs to be re-energized, in support of a hoped-for movement towards legality and accountability. It was the deep frustration of people who subsequently

felt—justifiably so—that they had been simply deluded that triggered the protest movement against Putin. The chickens were, quite simply, coming home to roost.

By far the most important single lesson to be learned from the Medvedev interlude concerns how a political system in general approaches questions of succession at the top. The essence of a democratic system is that incumbents may face the prospect of loss of office without fear. The mantra of the transitology literature has been that we may speak of consolidated democracy only after elections that have brought peaceful and orderly changes in government. In Russia, none of this has much, if any, relevance. The potential consequences of being voted out of high office have remained dire, ranging from loss of income and assets, to prosecution and incarceration, or even worse. Problems concerning succession at the top have consequently not been taken lightly.

Towards the end of Boris Yeltsin's second term in office, health reasons alone made it clear that no amount of further manipulation could prolong his time in power. It also became obvious just how keen he was on finding a successor who could ensure his security. Having appointed and fired a number of prime ministers, who were deemed either to be too weak or not to be trusted, he finally settled on Putin. In keeping with the agreement, one of the latter's very first acts in power was to provide his benefactor with immunity against prosecution.<sup>120</sup>

As Putin's second term in power was, in turn, drawing to a close, considerations of security again came to the fore. Handing over the reins of power would be something of a gamble. There were distinct risks that new men in power might move to prosecute for alleged malfeasance during Putin's time in St. Petersburg.<sup>121</sup> There was also the question of his alleged personal fortune of maybe \$40 billion, to which he has no formal (official) ownership title.<sup>122</sup> A successor would have to be strong enough to provide protection but also loyal enough not to get ambitious on his own account.

There were two leading candidates for the post of successor: Dmitry Medvedev and Sergei Ivanov. The former had served with Putin in St. Petersburg, had no power base of his own, and could be relied upon to remain loyal. The other was well connected within the power structures and could clearly be trusted to remain strong. But would he also be able to resist the temptation of usurping power for himself? Putin's choice of Medvedev turned out to be a good one. He did remain loyal, allowing his patron to ensure his own protection from behind the scenes.

The bottom line is that, during his first two terms in power, Putin was successful in ensuring that all such formal institutions that might have served to provide accountability in government were drained of all real content. By the time he opted to retreat into the tandem, power had been made entirely personal. He could, in consequence, hand over the keys to the Kremlin without running the risk of either prosecution or expropriation. There was, however, also a price to be paid.

What Putin had achieved may be usefully contrasted against what James Madison once wrote about political factions, in his perhaps most classic contribution to *The Federalist*: "There are two methods of curing the mischiefs of faction: the one, by removing its causes; the other, by controlling its effects." Noting that "liberty is to faction what air is to fire," Madison clearly rules out the former option. All men cannot be made the same, nor would it be wise to suppress their right to express different points of view. The solution was seen to lie in the creation of a republican form of government that allows factions to be organized and to compete within the framework of established constitutional rules.<sup>123</sup>

Turning to Russia under Putin, factional struggles during the 1990s had threatened to literally tear the state apart. But the solution when Putin assumed power was not seen to lie in working to improve institutions, whereby passions and interests might have been articulated and vetted against each other in an orderly manner. The essence of Putinism instead would be a *de facto* suppression of all such **formal** mechanisms whereby discontent may be channeled and whereby conflicts may find an open and orderly resolution. In the absence of such mechanisms, mounting pressures of discontent, which will build up in any type of political system, will have to find other outlets. Open street protests such as the mass rallies that began shaking Moscow towards the end of 2011 constitute the most visible illustration. But, as we shall argue here, the threat of a hostile takeover of power from within is of greater concern.

The second lesson to be drawn from the one-term Medvedev presidency concerns the associated question of the existence of civil society in Russia. By the time Medvedev moved into the Kremlin, conventional wisdom held that, during the first two terms of the Putin presidency, civil society had been simply beaten into submission. Subjects had been offered to engage in material self-enrichment, at the price of abstaining from any and all such forms of activity that are normally associated with a vibrant civil society.

During Medvedev's time in office, there were growing indications that some form of civil society might be returning to life. Yet, few, if any, were prepared for the mass mobilization that was to follow. The watershed arrived on September 24, 2011, when President Medvedev told a United Russia congress that he and Prime Minister Putin had agreed to simply swap jobs. Medvedev would step down, and Putin would run for the presidency. Accepting the nomination, Putin added insult to injury by saying that this was a decision the two had reached in 2007 but kept a secret.<sup>124</sup> The sheer arrogance of it all apparently was too much for many to stomach.

What made the ensuing wave of protests so difficult for the elite to "manage" was that this time, the protesters were neither pensioners nor other vulnerable groups complaining about hardship. Those who took to the streets were those that had stood to gain the most from the economic upturn under Putin. They were the winners, and they were not showing due gratitude. They were, on the contrary, making demands for public goods, such as honest elections, that the elite simply could not deliver. They conducted their protests in a peaceful, nonprovocative manner. They could not be appeased with additional fiscal spending. Ordering the riot police to beat the capital's cultural and entrepreneurial elite into pulp would have looked bad indeed.

The bewilderment of those in power was clearly manifested in Putin's initial reactions, which ranged from attempting to blame then U.S. Secretary of State Hilary Clinton for having inspired the protests, to denigrating the protesters as "Bandar-logs," the chattering monkey people in Rudyard Kipling's *Jungle Book*, whose incoherent behavior causes them to be scorned by the rest of the jungle.<sup>125</sup>

These reactions were quite in line with Putin's established way of badmouthing both foreign leaders and domestic opponents. But this time round, his demeanor was no longer viewed as a sign of strength. He was viewed instead as being utterly disconnected from reality. When Putin ran for re-election in 2004, his refusal to take part in public debates could be construed as the arrogance of power, of not condescending to even talk to his opponents. Now it was viewed as simple fear of having to answer pointed questions and perhaps even of being booted.<sup>126</sup>

It may certainly be argued that the Kremlin does not have any serious grounds for worry about the large protest rallies, or indeed about the vibrant activities that are taking place in various social media. There is little to indicate that Russia will experience rebellions from below that are similar in kind to the famed "Arab Spring" or even to the "color revolutions" that transformed Georgia in 2003 and Ukraine in 2004. As mentioned, the real cause for concern lies in a different direction: in a threat that emerges from within the elite.

In a comment on his own role as officially approved presidential candidate, billionaire Mikhail Prokhorov claimed that he abhorred the prospect of a revolution from below and remained hopeful that divisions within the elite would force the regime to accommodate at least some demands for reform: "I think that the liberal part of the elite is bigger and bigger from day to day, because I have a lot of calls from different levels, and they really express their support for my candidacy."<sup>127</sup>

The importance of this observation lies in the fact that there may, indeed, be support from within the elite for proceeding with cautious reform. Some, like Russian political commentator Stanislav Belkovsky, have even suggested the advent of a second "perestroika."<sup>128</sup> The presumed reasons vary. Some may have developed genuine sympathies for the need to reform. Others may view reform as a simple necessity to avoid being swept away by a tidal wave of discontent from below. The bottom line is that formal changes in the rules may be expected. The challenge to the regime will be similar to that encountered during Putin's first term as president: to allow some formal changes in the rules of the game to proceed while ensuring that such changes will not in any fundamental way alter the game as such.

The third, and by far the most striking, lesson to be drawn from the Medvedev interlude is a direct corollary of the president's ambition to appear as a champion of legality. By projecting an image of himself as a crusader against corruption, he provided an implicit *carte blanche* from the very top for striking revelations. With the president taking the lead in castigating corruption, hard line officials were unable to crack down against people like Aleksei Navalnyi, who made a name for himself as a fearless anti-corruption blogger. Nor was it possible to prevent other members of officialdom from speaking out of school. On the contrary, doing so may even have been perceived by some as a sign of loyalty. Under a different president, one would, for example, not have expected to hear Russia's top military prosecutor, Sergei Fridinsky, tell the *Rossiyskaya Gazeta* that at least 20 percent of the defense budget is being siphoned off every year via various forms of fraud.<sup>129</sup>

The main importance of these revelations lies not so much in the revelations as such, as in what they say about the political system that Putin has built. His regime has often been accused of being authoritarian, and parallels have been drawn both to the Soviet order and to the autocracy of the Russian imperial order. This is at least partly misleading. It is true that the Kremlin does project an authoritarian image and that there have been cases of conduct that recall memories out of Russia's dark past. One need only mention here the destruction of Yukos; the kangaroo trials against its Chief Executive Officer Mikhail Khodorkovsky; the spate of unresolved killings of journalists, notably but not exclusively Anna Politkovskaya; and the beating to death in a prison cell of the promising young lawyer, Sergei Magnitsky.

Yet, if Putin's regime had, indeed, been truly authoritarian, it would have had little trouble dealing with at least the most egregious forms of self-enrichment and diversion of funds that are so clearly detrimental to the interests of the state. To be specific, it is hard to

see how an authoritarian agenda of rearmament and force projection can be made to agree, with allowing a fifth and possibly more of the defense budget to be simply stolen every year.

There has to be a reason, and that reason, we shall argue, goes to the very heart of the political order of Putinism. Assuming that the Kremlin remains in firm control of the security services, it should have little problem tracking down the main culprits that have been robbing the state blind. It is, indeed, very likely that extensive documentation has already been collected. But no serious action is taken, and for good reason. Allowing members of the elite to tap into the resources of the state and to move the loot into safe havens abroad has become the linchpin of the implicit contract between the ruler and his boyars. Cracking down might trigger a veritable civil war within and among the elites, and, in the end, perhaps even a hostile takeover of power.

We shall have reason to return to the systemic implications of these observations in our concluding discussion on the prospects for reform. Here we shall proceed to look at how Russia was affected by and emerged out of the global financial crisis. This is done in order to emphasize the crucial role of hydrocarbon prices and the inherent weakness of the nonenergy sectors of the Russian economy.

## Global Financial Crisis

The global financial crisis struck Russia hard, albeit with some delay. During the fall of 2008, when the subprime mortgage crisis was sending shock waves through the global economy, Russia remained outwardly unperturbed. It was held, or at least pretended, that the crisis was U.S.-made and would have little impact on Russia. As late as at the World Economic Forum in Davos in early 2009, Minister of Finance Alexei Kudrin could still famously claim that Russia was “an island of stability.”<sup>130</sup> Reality, however, was about to catch up.

Over the first two terms of the Putin presidency, the Russian economy had grown by on average 7 percent per annum, and the federal budget had been kept solidly in the black. In 2008, Russian gross domestic product (GDP) was still growing at 5.2 percent, and the federal budget still turned in a surplus, corresponding to 4.1 percent of GDP. In 2009, Russian GDP contracted by 7.9 percent, and the federal budget recorded a deficit corresponding to 5.9 percent of GDP.<sup>131</sup> The drastic nature of this transformation calls for three important observations to be made.

The first brings home just how prudent the Russian government had been in accumulating precautionary reserves while the going was still good. Central Bank foreign currency reserves peaked on August 8, 2008, at \$598.1 billion; and on September 1, the “rainy day” Reserve Fund reached its peak of \$142.6 billion.<sup>132</sup> When the budget swung into deficit and when calls were made on the Central Bank to provide crisis support, there was ample room for such intervention.

The second observation concerns how the crisis measures were formulated. There is broad consensus that the government implemented an anti-crisis program which, in the words of Pekka Sutela, “rightly earned accolades” from several international organizations: one “has to agree with the IMF [International Monetary Fund] and the World Bank’s assessment now that Russia’s anti-crisis policy was a major success overall: timely, consistent, and effective.”<sup>133</sup> Closer inspection, however, will reveal that the authorities placed a heavy

premium on measures that were clearly designed to preserve systemic stability. The main priority was to bail out the country's highly leveraged oligarchs. This was done by the government, offering an immediate credit line allowing debts coming due to foreign banks to be paid. It was done by the Central Bank, spending about \$100 billion of its reserves on market interventions to ensure a gradual devaluation of the ruble. While the first move offered well-connected oligarchs to escape immediate margin calls, which might have pushed them into bankruptcy, the latter offered them ample time to convert rubles into dollars at favorable rates of exchange.

As Sutela puts it, the latter was tantamount to a *de facto* privatization of a good part of the nation's foreign currency reserves.<sup>134</sup> It was, however, also quite consistent with what Clifford Gaddy and Barry Ickes have presented as Putin's "protection racket."<sup>135</sup> While the going was good, the oligarchs acted as loyal clients of Putin. When they fell on hard times, the patron had to live up to his part of the bargain, which was to offer protection. Although there was blatant favoritism involved, it cannot be denied that by saving banks and oligarchs, the regime also prevented a slide into mass unemployment and possible social unrest.

Our third, and by far most important, observation concerns the impact of the crisis on Russian prestige. During Yeltsin's time in power, the Kremlin was becoming ever more insistent that Russia must be granted access to all those international "clubs" where other great powers regularly meet. A case in point was the G7 group of leading industrialized nations.<sup>136</sup> Although Russia was far, indeed, from qualifying for membership on its economic merits, political considerations caused the others to occasionally grant Russia informal membership in an expanded G8.<sup>137</sup> In effect, it meant that Russian delegates were welcome at cocktails and photo ops but not at closed discussions on matters of global economic policy.

At the outset of the first Putin presidency, there emerged another, and to the Russian elite, far more palatable frame of reference: the BRICs. Introduced by Goldman Sachs analyst Jim O'Neill in 2001, this catchy acronym denoted a group of fast-growing economies that included Brazil, Russia, India, and China. At their first formal summit meeting, held in the Russian city of Yekaterinburg on June 16, 2009, the leaders of the four BRIC economies had much to say about the importance of their group as a whole, as an emerging challenge to the established world economic order, and about their prospects to take a joint lead in achieving global economic recovery.

Remaining within the world of finance, it was striking to note how quickly Russia's financial markets rebounded. Investors could derive pleasure from the fact that, over 2009, the Russian Trading System (RTS) index of the Moscow Stock Exchange rose from 632 to 1,445, with market capitalization rising from \$55.3 to \$146.7 billion. The rise would continue over 2010, albeit at a slower pace, with the index ending the year at 1,770 and market capitalization at \$186.6 billion.<sup>138</sup>

Having looked set for extinction "as a class" in 2009, in 2010, Russia's famed oligarchs would be back in the game. Or, at least most of them would. According to Forbes, in 2010, the number of Russian billionaires had risen to 62 from merely 32 in 2009, and their joint worth had more than doubled, from \$142 billion to \$297 billion.<sup>139</sup> The market rebound was clearly driven by a rapid rise in the price of oil. Over 2009, the price of Urals crude, which is Russia's main export blend, increased from \$34.20 to \$72.08 per barrel, and it continued climbing in 2010, ending the year at \$90.94 per barrel.<sup>140</sup> The immediate impact was felt on the current account, where hydrocarbon revenues are of paramount importance in generating a much-needed surplus. Having dropped from \$103.5 billion in 2008 to a mere \$48.6 billion

in 2009, the surplus rose to \$70.6 billion in 2010.<sup>141</sup> Given that every \$1 change in the price per barrel is generally estimated to translate into a change of about \$2 billion in federal budget revenue, the rebound also had a profound impact on federal budget performance.

All told, we may conclude that what rode to the rescue for the Russian economy was a broad recovery on global energy markets. The surprising speed of the turnaround would be reflected also in a drastic transformation of Russian moods, from a deep sense of crisis in the midst of 2009 to renewed complacency by the end of 2010. It may be useful to recollect just how deep it was believed at the time that Russia would sink.

During the first half of 2009, the Reserve Fund was being depleted at such a rate that in April, Finance Minister Kudrin predicted that it would be “practically exhausted” in 2010.<sup>142</sup> By the end of July, the government announced that it was expecting federal budget deficits corresponding to 9.4 percent of GDP for 2009, to 7.5 percent for 2010, and to 4.3 percent for 2011.<sup>143</sup> In order to cover the shortfall, sales of Eurobonds of up to \$20 billion was envisioned for 2010 alone, and more was expected to follow.<sup>144</sup>

As it turned out, the budget deficit for 2009 stopped at 5.9 percent of GDP. For 2010, the number was kept to 4.1 percent, and the federal budget actually ended with a surplus of 0.8 percent for 2011.<sup>145</sup> In tandem with this improvement in budget performance, reserves also stabilized and began rising again. From a low point of \$383.8 billion at the end of April 2009, by the end of August 2011, Central Bank reserves had reached \$545.0 billion, closing in on the record high of \$598.1 billion that was achieved on August 8, 2008. The number has since remained at or slightly above \$500 billion.<sup>146</sup> The Reserve Fund, meanwhile, continued to shrink, but at an orderly pace, from \$60.5 billion at the outset of 2010, to \$25.4 billion at the outset of 2011. In February 2012, a large one-time deposit out of 2011 energy earnings caused it to rise again, to \$61.4 billion.<sup>147</sup> As the crisis in the euro zone deepened, the world of finance came up with another suggestive acronym: PIIGS, denoting the crisis-ridden euro economies of Portugal, Ireland, Italy, Greece, and Spain. If compared to the members of this sordid group, Russia looked positively inspiring. With a debt-to-GDP ratio of less than 10 percent, Russia looked good, even if compared to the northern group of less crisis-ridden European Union (EU) member states.

Following the downgrade of U.S. sovereign debt in August 2011, which was triggered by congressional gridlock over the debt ceiling, it was even becoming questionable how much longer the EU and the United States would remain as global economic leaders and role models. It was surely tempting to join O’Neill in wondering how long it would take investors to “accept that the growth markets are actually fiscally more prudent and financially in better shape than in the Western world.”<sup>148</sup>

If, however, Russia were to be compared to the other members of what is now known as the BRICS following the April 2011 inclusion into the group of South Africa, then a completely different picture emerges. During 2009, the main year of the crisis, both China and India maintained solid growth, with GDP increasing by, respectively, 9.1 and 5.7 percent, and Brazil just barely managed to hold the line, with a drop of merely 0.2 percent.<sup>149</sup> In a provocative commentary, Dmitry Trenin concluded that:

Moscow ought to forget about trying to undermine America’s global hegemony and concentrate instead on retaining its place in the ‘top league’ of world powers. China, India, and Brazil are candidates for membership in it. Russia is a candidate for exit.<sup>150</sup>



In a speech at a Global Policy Forum in the Russian city Yaroslavl in early September 2011, economist Paul Krugman, winner of the 2008 Nobel Prize in economics, had even harsher words to offer: "Russia really doesn't belong in the group. It's a petro-economy in terms of world trade." While Krugman notes that Russia does have potential to **become** a part of the group, at the moment it is not even close. India and China come across as labor-abundant, rapid-growth economies, and although Brazil relies on raw-materials oriented exports, it does have a strong manufacturing sector: "Russia doesn't fit at all."<sup>151</sup>

Keeping in mind Krugman's observation that Russia does at least have the potential to become a high-growth economy based on drivers other than energy exports, let us proceed now to look at how that potential has been mismanaged, at how empty talk of modernization has come to serve as a substitute for serious action.

### **Empty Talk of Modernization**

Looking beyond financial markets and macroeconomic stabilization, we may ask what lessons the Russian leadership was ready and able to learn from the financial crisis. Did it absorb the implications of depending so heavily on the global market for hydrocarbons? Did it realize the imperative need to diversify away from this dependence and to build precautionary reserves while the flow of petrodollars remained high? Or, was it, on the contrary, bent on simply digging in, on reaping the benefits while possible and deferring any type of change that might threaten systemic stability? The latter would very clearly turn out to be the case, much to the detriment of the future development of the Russian economy and of Russian society at large.

The main challenge to Russian economic policymaking surely remains that of securing global economic competitiveness. Given the tremendous brain power that was housed in the old Soviet "military industrial complex" and the fact that Russia on the whole has a highly skilled and educated work force, it is rather sad to note that the country presently has an almost zero presence on global high-tech markets. The contrast against China and India in this regard is highly sobering.<sup>152</sup>

There can be little question that those in power are well aware of the problem. While there has been considerable complacency about swings in capital flows, the very real risk of being relegated to the rather ignominious status as a mere raw materials appendix to the developed nations, notably including China, has been taken very seriously. The need to modernize was, in consequence, to become something of a mantra or a hallmark of the Medvedev presidency.

In a much cited article titled "Go, Russia!" published in September 2009, President Medvedev was quite frank: "Should a primitive economy based on raw materials and endemic corruption accompany us into the future?" Making his case for the need to modernize, he spoke about a "humiliating dependence on raw materials," about how "finished goods produced in Russia are largely plagued by their extremely low competitiveness," and about the need to stamp out "bribery, theft, intellectual and spiritual laziness, and drunkenness."<sup>153</sup>

It was a powerful statement, which did inspire hope for serious action to follow. There also did seem to be an awareness of what would need to be done. In a major speech just before he was elected president, Medvedev had outlined what would become the main

priorities of his presidency. Advancing a long list of priorities, he emphasized that the road to modernity must be paved with the “four I’s” of innovation, institutions, infrastructure, and investment.<sup>154</sup> If we ignore for the moment the rather obvious need to upgrade the country’s seriously dilapidated infrastructure, the key to understanding Russia’s future may be seen to lie in the interplay between the remaining three.

At the face of it, it may all seem so very simple. Good institutions will promote increased investment, which in turn will promote innovation and global integration. But the chain works equally well in the opposite direction: bad institutions will depress investment which in turn will hamper innovation and lead to isolation. The question of modernization must be viewed against precisely this background. It is not sufficient that Russia has come to **look** like a modern society. It is true that the townscapes of major cities like Moscow and St. Petersburg are presently very similar to those of other big cities around the world. The sheer density of very up-market shopping gallerias may be as high as in any other big metropolis. But this is all largely deceptive.

The core question concerns how decisions are made **behind** the modern façades. Are decisionmakers confident that legal and economic institutions are of sufficient quality to ensure that investment will yield adequate return? Do they feel safe from predation by interests protected by the government, or indeed by the government itself? If we look at how little is being achieved despite the massive inflow of revenues from hydrocarbon exports, the answer to the latter questions must be firmly negative.

For lack of a better measure, we shall argue that the share of fixed capital investment in GDP constitutes a good predictor of the prospects for future growth and technological change. According to World Bank numbers for 2010, that share was 45 percent (and rising) for China and 22 percent (stagnant) for Russia.<sup>155</sup> If, moreover, we were to take into account that investment goods in the Russian economy are predominantly bought from monopoly producers charging inflated prices, the share of investment in Russian GDP, measured at world market prices, would drop to below 10 percent.<sup>156</sup> The reasons are as simple as they are troublesome.

In the context of an economy where contracts and property rights are shaky at best, where government is unaccountable and prone to discretionary imposition of what Clifford Gaddy and Barry Ickes have referred to as “informal taxes,”<sup>157</sup> and where members of the bureaucracy are always on the prowl for extortionary bribes, the rational strategy will be one of short-term spot-market trading and of ensuring that profits and capital flows are kept well below the radar screens of predatory government agencies. In addition to depressing the overall level of fixed capital investment, this environment will also give rise to what has come to be known as “round tripping,” i.e., that a substantial share of capital flowing into and out of Russia is made up of Russian capital leaving and returning, following a brief stay in some foreign account.

The importance of this latter phenomenon may be reflected in the fact that Cyprus tends to be among the top foreign investors in the Russian economy.<sup>158</sup> It is also significant that single events of a mainly political nature have left big marks in the charts, such as when Rosneft and Gazprom purchased Yukos assets in the first half of 2007 by allegedly securing foreign credits of, respectively, \$25.1 billion and \$5.8 billion.<sup>159</sup> Much of the heavy inflow of capital that was recorded in 2007 could also be explained by Gazprom Netherlands investing to buy out Shell from Sakhalin. From a perspective of modernization and global integration, the latter should probably be counted with a negative sign.

The reason why all of this is so important rests in highlighting the bogus nature of capital flows to and from Russia. Given that “round tripping” capital will be logged as capital flight on departure and as foreign direct investment (FDI) on arrival, it follows that both these flows will be greatly inflated in importance. While the numbers as such may be correct, they will generate a warped understanding of Russia's integration into the global economy. What the Russian economy so desperately needs is technology and management skills that may promote serious modernization. The hallmark of “true” FDI is that it embodies precisely these contributions. Returning Russian money does not.

Numerous reasons may be advanced to explain why Russian actors engage in the practice of “round tripping.” Ranging from tax evasion to money laundering and to outright criminal activity, they all have one feature in common: investors prefer to keep their activities out of sight of potential predators. This may be taken as firm evidence in support of the general understanding that the “climate” for productive investment in the Russian economy has come to be so widely perceived as being simply appalling.

Financial market analysts have routinely advanced numbers on what the capitalization of the Moscow Stock Exchange **would** have been if Russia had been judged on its purely economic merits. An excellent illustration is that of Gazprom. In 2000, it had a market value of \$13.8 billion, which was tiny compared to ExxonMobil (\$299 billion), Shell (\$121 billion) or even Texaco (\$38 billion). In a suggestive comparison from the time by Bill Browder of Hermitage Capital Management, if Gazprom had been optimistically valued at the same level as Exxon per barrel of hydrocarbon reserves, it would have been worth \$1.8 trillion, or 132 times the current market price. The government's stake would then have been worth \$698 billion, or 4.6 times the entire Russian national debt.<sup>160</sup>

In addition to the discount applied by markets to Russian stock, simply because it is Russian, we may add that the role of the stock market in the Russian economy has been set in decline. In the run-up to the 2012 presidential election, Dmitry Pankin, head of the Federal Service for Financial Markets, bemoaned the poverty of financial markets in Russia. The market capitalization of the stock market, which used to be 100 percent of GDP, had fallen to less than 50 percent of GDP. Domestic initial public offerings in 2010 were minuscule at 0.1 percent of GDP, and the volume of corporate bonds was extremely small, amounting to only 6 percent of GDP. Mutual funds, which are so important in mature economies, barely existed at 0.3 percent of GDP. The causes of this dearth of financial markets are, according to Pankin, to be found in poor law enforcement and judicial services. His verdict is not a happy one: “The road to render Moscow a financial center is very long.”<sup>161</sup>

What makes it so hard to inspire confidence in investors is that the Russian government routinely engages in forms of behavior that cause investors to demand a very large discount. Although admittedly extreme, the campaign to destroy Yukos Oil has often been advanced as an illustration of the price that Russia is forced to pay for the behavior of its government. A more recent illustration of the same concerns the tragic case of Sergei Magnitsky, a promising young Russian lawyer who was employed by Browder's Hermitage Investment fund. In November 2009, he was battered to death in police custody. His gruesome fate has become an international issue of major proportions, and his friends, led by Browder, have even succeeded in persuading President Barack Obama to impose restrictions on a number of officials implicated in his death.<sup>162</sup> At the 2012 World Economic Forum in Davos, Browder took the opportunity to ask why the guilty parties were not being prosecuted.

In the pointed words of journalist Gideon Rachman, blogging from the event for the *Financial Times*, the response from Russian Deputy Prime Minister Igor Shuvalov was (presumably) meant to sound reasonable and reassuring: “He described the case as ‘horrendous’ and said that some people had already lost their jobs and been charged over it.” But it was very difficult to get to the bottom of the case, “because the ‘system’ was protecting some guilty people.” The clear implication was that nothing would happen. Most importantly, Rachman reports having been told by one participant that based on Shuvalov’s answer alone, he had decided not to proceed with a big potential investment in Russia.<sup>163</sup> It was somehow symptomatic of this general atmosphere of “untouchables” that, towards the end of 2010, while Judge Victor Danilikin was busy reading the 250-page verdict in the second “kangaroo” trial of Mikhail Khodorkovsky, Medvedev was addressing a business council on modernization, bemoaning the fact that so few Russian companies had opted to issue equity during the year: “Part of the problem, of course, is our investment climate, which is bad. Very bad.”<sup>164</sup>

The only tangible measure that was taken during Medvedev’s time in the Kremlin, in an effort to make up for Russia’s lagging position in the sphere of global high-tech development, was the creation of a techno-park in the Moscow region town of Skolkovo. Designed to become a Russian version of the American Silicon Valley, the hype around this project has been intense. Substantial efforts have been made to attract companies, foreign as well as domestic, and many have responded, at least in name. President Medvedev also made a point of being filmed visiting the real Silicon Valley, where he could tout his new iPad and meet all those brilliant young Russians who prefer to pursue their ventures outside Russia.

For all its rhetorical efforts, it remains questionable if the Russian regime is capable of understanding that the real Silicon Valley is not about geography. It is about a state of mind, one, moreover, that is anathema to everything that Putinism has stood for. Talented young Russians are responding to this realization by voting with their feet. According to numbers released by the Federal Audit Chamber in February 2011, about 1.25 million Russians, many of whom likely were young entrepreneurs, had emigrated over the past 3 years.<sup>165</sup>

An oft-cited case in point is that of Andre Geim, a brilliant young Russian-born scientist, now residing in Manchester, England, with a Dutch passport. Following the announcement that he and his collaborator Konstantin Novoselov had won the Nobel Prize in Physics for 2010, it was immediately announced that the two would be invited by the Skolkovo leadership to join the venture. This was an offer they had little problem refusing, claiming that:

the Kremlin could throw money at science, but research would still be stymied by corruption, red tape and a lack of the vital international teams and facilities needed to engage in groundbreaking work.

When asked specifically by a Russian journalist what it would take for him to return, Geim responded curtly: “Reincarnation.”<sup>166</sup>

Let us turn now to the core question of how it can be that a country that is simply awash in theoretically investable funds, and that has such an impressive pool of talent to draw on, succeeds in achieving so little. The first part of the answer calls for a closer look at the source of the financial wealth, i.e., the country’s energy complex.

## Hostage to the Energy Complex

The rise to power of Putin was intimately intertwined with a spectacular rise in income from hydrocarbon exports. In the wake of the meltdown on the country's financial markets in August 1998, the prevailing sentiment was doom and gloom. Most of 1999 was marked by expectations that it would take a very long time for Russia to recover. But behind the scenes, a powerful recovery was under way. A massive devaluation of the ruble had caused imports to plummet, making room for domestic producers with spare capacity to respond rapidly. During the second half of 1999, the Russian economy was already expanding at double digits.<sup>167</sup>

When Putin moved into the Kremlin following his landslide election victory in March 2000, the general sentiments about the Russian economy remained grim. Then the hydrocarbon cavalry rode to the rescue, helping boost the image of Putin as an efficient economic manager. The price of Urals crude had bottomed at \$8.73 per barrel on December 4, 1998. When Yeltsin resigned at the end of 1999, it was still at \$24.71. By the time of Medvedev's inauguration in May 2008, it had risen to \$120.01.<sup>168</sup> It was still a couple of months shy of its peak. The spike in the price of oil, moreover, was only part of the story. Putin's image was further enhanced by the fact that both prices and volumes were rising in tandem, which is unusual indeed.

Due to the general dislocation of the 1990s, Russian oil production had slumped from a high of 11.48 million barrels per day (bpd) in 1987 to an annual average of around 6 million bpd. In 2000, it was still at no more than 6.54 million bpd. Then output began to climb, driven by improved efficiency in operations by the privatized Russian oil companies. Much was for short-term gain, "creaming" reservoirs that had been neglected during the Yeltsin era. But it did bring a rise in output. By 2008, when Putin moved out of the Kremlin, Russian oil production had risen by more than half, to 9.88 million bpd.<sup>169</sup> In the latter year, Russia was tied with Saudi Arabia for the role as the largest producer of oil in the world.

It was the combination of these two trends that drove the transformation of the Russian economy. As outlined previously, it generated a huge current account surplus, allowed foreign debt to be almost eliminated, and made room for precautionary reserves to be built within the federal budget. By the time the global financial crisis struck, Russia had a most inspiring track record of successful fiscal conservatism. But the hydrocarbon bonanza also had a dark side, one that would taint the image of Russia as a reliable partner.

As the Russian energy complex began rising in prominence, accounting for about two-thirds of exports and half of federal budget revenue, the Kremlin found that it could be of use not only in achieving macroeconomic stability. The export of gas in particular offered the opportunity of wielding an "energy weapon." At the outset of Putin's presidency, Russia was generally viewed as an economic basket case and as politically irrelevant. As the energy riches caused Russian confidence to rise, foreign imagery was also being transformed. Pictures of an emerging "energy superpower" were projected.<sup>170</sup> Harkening back to the days of Ronald Reagan and the Cold War, warnings were again issued to European nations about the dangers inherent in becoming reliant on Russian gas.<sup>171</sup> Even the specter of a resumption of the Cold War itself was brought back.<sup>172</sup>

Barring the Cold War rhetoric, which is so wide of the mark as to be simply ludicrous, there were serious grounds for worry. The reasons related mainly, if not exclusively, to Russian pipeline policy and to the export of gas. Oil has been important to Russia as a reve-

nue source, but oil is fungible. It can be transported in many different ways, and it can be bought and sold on spot markets around the world. As amply evidenced by the flamboyant but essentially empty rhetoric of Venezuelan President Hugo Chavez, threats of ceasing oil deliveries carry little weight unless backed by a large cartel.

Gas is very different. To the extent that gas is transported via pipeline, which has long been the predominant mode, the two sides will be locked into mutual dependence, and there can be no serious talk of a global market for gas. The arrival of liquid natural gas (LNG) and shale gas is transforming this picture, but it has had very little impact on Russian policymaking to date. Close to 100 percent of Russian export of gas goes to Europe and to neighboring Commonwealth of Independent States (CIS), and it is all via pipeline. There is some gas being exported from Sakhalin as LNG, but, for the present purpose, it may be safely ignored. The evolution of Russian gas export policy during the first two terms of the Putin presidency was marked by three important features, all of which gave rise to serious conflict.

The first concern is that undertaking a transition from central economic planning to market economy entailed a drastic break with the old practice of heavily subsidized prices on domestic energy consumption. For political reasons, the Russian government made sure that harmonizing domestic gas prices would proceed slowly—so slowly, in fact, that the process still remains to be completed. For national gas giant Gazprom, this implied that losses on the domestic market had to be compensated via profits on foreign markets. It offered a great deal of leeway in discriminating between different foreign customers. While countries that were deemed as friendly to the Kremlin would see their prices rise slowly, those considered less friendly could be slapped with drastic increases. Conflicts over such price hikes could also be laced with supply shutoffs, all of which combined to give the Kremlin an image as an energy bully.

The **second** and equally contentious area of conflict derives from the fact that Russia inherited a gas pipeline infrastructure that transports gas to Europe across territories that are now independent states, mainly Ukraine and Belarus. As Gazprom got locked into pricing conflicts with such transit states, it rapidly discovered that its own highly lucrative export to the EU could be held hostage. Deliveries of gas to Ukraine could, for example, not be shut down without also shutting down deliveries to EU member states. The conclusion that the transit states must be sidelined was done by building bypass pipelines such as the Nord Stream, which already transports gas directly from Vyborg in Russia to Greifswald in Germany, and the South Stream, which is to transport gas from the Caspian Basin via the Black Sea to southeastern Europe. Both Poland and the Baltic states responded vehemently to what they viewed as a project designed to shut down their energy supplies without disrupting the flow to Germany.

The third and potentially most serious area of conflict is a form of collateral damage. When pricing conflicts between Gazprom and Ukraine led to major supply shutoffs in 2006 and again in 2009, several EU member states found that their supplies were also shut off, causing them to freeze in the dead of winter. Although ambitions were not to take sides on who was mainly to blame, Moscow or Kiev, it was inevitable that the reputation of Gazprom, and by implication that of the Kremlin, as a reliable partner and supplier suffered a great deal of damage. This fed into ongoing European ambitions to formulate a common energy policy based on competition and diversification of the sources of EU energy imports. The “third energy package” introduced explicit demands for ownership “unbundling,” i.e., that Gazprom must divest itself of its pipeline assets.

As Russia began to profit from the rapid increase in earnings from hydrocarbon exports, another and more academically slanted issue came to the fore: “Dutch disease” or a possible “resource curse.” The “Dutch disease” is a standard term in economics, once coined by *The Economist* to describe the consequences for the Dutch economy of opening up the Groningen gas field in the North Sea. In short, it says that a rapid rise in commodity exports causes upward pressure on the exchange rate, which in turn stimulates imports and makes life harder for noncommodity exporters. As domestic resources are drawn into the commodity sector, other sectors suffer compounded damage, and the final outcome will be a seriously warped economic structure. The Netherlands in the end did not fall prey to this disease, nor are there any signs that Russia has suffered more than mild symptoms of the same.

A more complex set of consequences of the broader “resource curse” hold that economies with a dominant resource sector will tend to be less democratic and will suffer lower rates of growth than more diversified economies. The latter are features that we shall return to, in a qualified form, in our concluding discussion. First, however, we shall round off the portrayal of Moscow as hostage to its own energy complex by looking at the question of sustainability. Again, this shall be focused more on gas than on oil.

As the Russian economy emerged out of the global financial crisis, the reasons why gas is so important were made plain. It is true that recovery was greatly assisted by a rise in the price of oil. The annual average price of Urals crude, received from non-CIS states, peaked at \$95.27 in 2008. During the crisis year 2009, it dropped by 40 percent to \$57.47. It then began to rise to \$76.24 in 2010 and \$107.30 in 2011.<sup>173</sup> With some delay, this also fed into rising prices for gas.

The problem for Moscow is that relying on a steady growth in prices will be fraught with danger. There will come a point where the price grows so high that it triggers another global recession, the implication of which would be another massive “correction” for Russia. Sustainability must be sought in increased output and in making more room for export by promoting domestic energy efficiency. Neither presently offers much inspiration.

The Russian oil sector is stagnating, and its reserves are being depleted. Its glory days were associated with the discovery of a number of supergiant fields in Western Siberia, such as the Samotlor, all of which have long since passed their peak. It is true that the post-crisis years have seen further expansion in Russian oil production. In 2009, it rose to 10.04 million bpd. This allowed Russia to actually bypass Saudi Arabia, which had cut back its production from 10.84 to 9.89 million bpd. But in 2010 and 2011, Russian production leveled off at about 10.3 million bpd.<sup>174</sup>

The substantial additions to output that were recorded during Putin's first two terms were chiefly due to better management of existing fields. That low hanging fruit has now been plucked, and exploration for new fields will take place in less accessible and geologically less favorable areas. When announcements are made of new record levels having been reached, the added volumes are measured not in millions, but rather in tens of thousands of bpd.

At the end of 2009, the total proven reserves of oil in the Russian Federation were 74.2 billion barrels, or 5.6 percent of the global total. The reserves-to-production ratio, which defines the number of years the remaining reserves will last at current levels of production, was no more than 20.3 years. In comparison, the total proven reserves for Saudi Arabia stood at 264.6 billion barrels, and its reserves-to-production ratio was 74.6 years.<sup>175</sup> The much publicized fact that Russia has overtaken Saudi Arabia as the largest producer in the world must be viewed against this background.

Natural gas offers a completely different and potentially more inspiring picture. At the end of 2009, Russia had proven reserves of 44.38 trillion cubic meters (tcm), or 23.7 percent of the global total. Its reserves-to-production ratio was 84.1 years. Iran and Qatar, by contrast, had proven reserves of, respectively, 29.61 tcm and 25.37 tcm. Russian production of natural gas also far outstripped that of its rivals. In 2009, Russia produced 527.5 billion cubic meters (bcm). Iran was second, at 131.2 bcm, and Qatar was third, at 89.3 bcm.<sup>176</sup>

The problem here is that despite, or perhaps due to, its dominant position, Gazprom has not been managing its reserves very well. Its output over the past decade has been essentially flat. In 2001, it produced 512.0 bcm of gas (excluding gas condensate). In 2006, output had risen to 556.0 bcm; but during the crisis year 2009, it fell back to 461.5 bcm. In 2010, it recovered to 508.6 bcm.<sup>177</sup> Estimates for 2011 show a further rise to 513.2 bcm, which is about the same as in 2001.<sup>178</sup>

Part of the reason is that Gazprom has an equally poor track record in exploration. It has long depended on a handful of supergiant fields in Western Siberia, all of which have long since passed their peak. It has also been slow in developing existing finds, such as the giant offshore Shtokman field and the Kovytko field in Eastern Siberia that it wrested from TNK-BP in 2007 and then placed on hold. Pressure from the Kremlin has caused the company to step up its exploration efforts, and 2011 saw a record 686.4 bcm gas reserve increment.<sup>179</sup> But there is much past neglect to make up.

Gazprom's legal monopoly on exports, and its control over the country's huge "Unified Gas Supply System," has also been holding back more efficient independent producers such as Itera and Novatek. Again, pressure from the Kremlin is forcing change. Gazprom was slapped with a major tax increase in 2011, and parts of its assets have been taken over by the independents. The hands of "friends of Putin" have clearly been at work behind the scenes.<sup>180</sup>

But by far the greatest challenge both to Gazprom and to Russia is the arrival of "unconventional gas," notably shale gas, which has caused a complete change of scenes. In November 2011, the International Energy Association (IEA) prophesied that we may now be entering a "Golden Age of Gas." Under this scenario, gas demand grows by 2 percent a year between 2009 and 2035. Even in a less upbeat scenario, the IEA sees annual gas demand rise by 1.7 percent, or by 55 percent for the period as a whole.<sup>181</sup> In its latest Energy Outlook, BP similarly anticipates that by 2030, gas may have come to rival coal and oil as a primary energy source.<sup>182</sup> Since gas is cleaner than other fossil fuels, this is positive news for the environment, and it should be positive news for Moscow. But is this really the case?

At the end of 2009, the United States had no more than 6.93 trillion centimeters (cm) in proven reserves of natural gas. But in that same year, it still bypassed Russia to become the largest gas producer in the world, with an output of 593.4 bcm.<sup>183</sup> While Moscow could delight in having replaced Saudi Arabia as the largest oil producer in the world, it had to accept being bypassed by the United States as the largest gas producer in the world. In 2010, U.S. output rose further, to reach 611 bcm, compared to 589.9 bcm for Russia.<sup>184</sup>

Both Gazprom and the Kremlin are poorly positioned to respond to this new challenge. The Russian understanding of energy security has long been marked by a perceived need to control energy flows and to lock in its customers. This has generated an obsession with pipeline construction, to the detriment of investment in LNG. Russia's first terminal for LNG was built by Shell on Sakhalin and came on line in 2009. It was long thought that the supergiant Shtokman field had been earmarked for LNG, to be transported to the United



States. But now Gazprom has wrested control over Sakhalin from Shell, and Shtokman no longer is destined for LNG.

Gazprom may have thought that LNG could be safely ignored. It is expensive and does not offer control to the extent that pipelines do. The shale gas revolution, or simply the “shale gale,” changed all that. Following years of massive investment by Qatar, in particular in export terminals for LNG, and by the United States in import terminals for the same, the United States suddenly was no longer in need of imported gas. With its import terminals standing idle, LNG was instead rerouted to Europe, where a gas glut emerged. Gazprom suffered doubly, both from a loss of market shares to the cheaper LNG and from having to agree to demands from its customers that oil-price linkage must give way to spot-market pricing.

Although the Kremlin remains obsessed with building pipelines, the wisdom of this policy is coming under serious doubt. Its aggressive pipeline diplomacy has already antagonized China, which may no longer have much interest in piped Russian gas, and it has caused a scramble by other actors ranging from China to Turkey and the EU to build rival pipelines that bypass Russia. If the combination of LNG and exploration for shale gas resources in other places, including Poland, Ukraine, and China, should lead to the emergence of a global market for gas, then Russia will be faced with a whole new ball game, one where it will no longer be the unquestioned lead player.

The EU and other outside observers have long been harping on the need for diversification of the Russian economy. There is presently very little in the Russian economy that is worth sinking serious money and effort into, outside the energy complex. But this does not mean that Russia should rest content with pumping and piping.

The way forward should proceed via a wager on high-tech development inside the energy sector. Russian operators should invest heavily in acquiring advanced drilling technology that may unlock offshore riches in the Arctic. They should invest in mastering LNG and thus be in position for the arrival of a global market for gas. They should be thinking seriously about unconventional gas. But none of this is high on the agenda.

Nor do we see any serious efforts to promote efficiency and conservation in domestic energy use, which could make room for expanded exports even at constant levels of production. A case in point is hybrid technology and fuel-efficient cars. China is investing heavily in high-tech battery development for electrical cars; Russia is not. Also, huge amounts of gas are being flared by Russian operators every year simply due to poor coordination between oil and gas producers. According to a report from the World Bank, the amount flared in 2008 was 40 bcm, causing losses to the state of \$13 billion and exceeding the total volume of gas flared by Nigeria, Iran, Saudi Arabia, Algeria, and Indonesia combined.<sup>185</sup>

In conclusion, Russian energy policy would seem to leave quite some room for improvement. Retaining our understanding of energy as critical to the future development of Russia, let us look at how a “Russian curse” is hanging over the prospects for serious reform to be undertaken under Putin 2.0.

## The Future of Economic Reform

The main question for the future concerns not only what **needs** to be done, but also and more importantly what can be realistically expected to **be** done. The answer to the former part of the question has been so often repeated that it has taken on an air of mere cliché. The core of the problem is that fixed capital investment is way too low, and the reason given, as indicated previously, is that the investment climate is simply abysmal. Unless there is a change for the better, investors will not commit their money, and enterprises will stand little to no chance of succeeding in the global marketplace. Russia will then be reduced to the ignominious role of a raw materials appendix to the more developed economies, notably so to China.

There are eminent grounds for such worry. The times when export of raw materials could serve as a driver for economic growth are long gone. The same can be said for the classic belief that the mere presence of a development gap in relation to the more highly industrialized economies could serve to drive catch-up growth. If Russia is to achieve true integration into the global economy, its rulers need to realize that sustainable economic growth and technological progress must be driven by endogenous factors. A whole set of what Mancur Olson once referred to as “market-augmenting” institutions must be put into place and be secured.<sup>186</sup> These include not only credible enforcement of contracts and property rights, but also incentives for human capital development.

The main reason why both the United States and the EU have good reasons indeed to worry about competition from countries like China and India lies in an ongoing narrowing of the educational gap. European governments in particular have long cherished a belief that European economies may continue thriving in the face of competition from low cost manufacturing countries, simply because of the superiority of their human capital. There is a strong element of denial here. Following decades of heavy human capital investment in India, China, and elsewhere, it is becoming increasingly debatable to what extent European knowledge-intensive production may be kept safe from outside competition. As President Putin moves back into his old digs inside the Kremlin, he needs to ponder this trend. What seems threatening to the Europeans should be simply frightening to Russia.

The magnitude of the challenge that lies before Putin 2.0 may be brought home via a comparison of the respective growth records of Russia and China. Over the nearly 2 decades from 1989 until 2007, the former being the last year of positive economic growth in the Union of Soviet Socialist Republics, Russia recorded about zero average annual growth. The high rates of growth that made so much media noise during Putin 1.0 actually achieved little more than make up for the hyperdepression during the Yeltsin era. In sharp contrast, China had meanwhile been chalking up close to 10 percent annual growth since 1978.

The most obvious reason behind this stark difference in performance is that investment intensity in the respective cases has been so very different. As we have noted, China invests well over 40 percent of GDP and Russia less than half of that. The core reason why fixed capital investment in Russia remains so low may be explained by the frequent reference to the country’s appalling investment climate, which, in turn, is little more than shorthand for the presence of massive corruption. Perhaps the most discouraging lesson from the 4 years of the Medvedev presidency is that, despite much talk about campaigns to root out corruption, this scourge has actually gotten worse, even much worse.

Towards the end of January 2012, the Russian Interior Ministry's economic security department reported that the size of the average bribe in Russia had more than tripled in 2011: "The size of the average bribe and commercial payoff in reported crimes increased more than 250 percent to 236,000 rubles (\$7,866)."<sup>187</sup> A couple of weeks later, Interior Minister Rashid Nurgaliyev told a Ministry board meeting that "The average size of a bribe and commercial palm greasing in identified crimes almost quadrupled and reached 236,000 rubles."<sup>188</sup>

At about the same time, the Russian Central Bank reported that net private sector capital outflow for 2011 had reached \$84.2 billion. This must have come as something of a shock to the Kremlin, which in July had predicted capital outflow for the year as a whole at \$35 billion. Capital flight had peaked at \$133.7 billion in 2008, when the global financial crisis erupted, and dropped to \$56.1 billion in 2009, when Russia was coming out of the crisis. In 2010, it had been reduced further, to \$33.6 billion, and hopes had been that 2011 would stay at about the same level.<sup>189</sup>

The sharp deterioration provided a clear indication of the sensitivity of investors to political uncertainty. Close to half of the total outflow for 2011, or \$37.8 billion, left in the fourth quarter, following the announcement that Putin would return to the Kremlin.<sup>190</sup> The outflow continued in the new year, with \$35 billion leaving in the first quarter and an additional \$8 billion in April.<sup>191</sup> Although the Russian economy is fundamentally very healthy, with positive growth and an insignificant debt burden, markets clearly remain wary of political risk.

Compared to Russia's GDP of close to \$1.5 trillion, the numbers, as such, are not very large. It may be argued that capital outflow is positive in the sense of relieving inflationary pressures. But if the Russian current account should turn negative in 2013, as many expect, then something will have to be done in earnest to ensure that capital remains and is invested within the country. The question is what should be done.

The most immediate needs for action are felt in the realm of fiscal policy. Over the short term, a policy of cautious borrowing, careful spending cuts, and increased taxes may serve to postpone an inevitable return to fiscal prudence. But all are fraught with danger. Given Russia's low ratio of debt to GDP, markets will be only too happy to lend even substantial sums. But a return to mounting debt will also bring increased political dependence, which is clearly not to Putin's liking. Spending cuts would also be welcomed by markets but carry the risk of antagonizing important groups that voted for Putin, who may need their support again before too long. Increasing taxes is clearly in the cards, especially given what Putin has said about a pending "tax maneuver."<sup>192</sup> As noted earlier, Gazprom has already been targeted, and more may follow for the energy sector at large. Yet, raised taxes carry the risk of choking off badly needed growth and must hence be approached with caution.

While undoubtedly important, the question of getting Russia's fiscal house in order is only part of the greater picture. If more money is going to be invested in the Russian economy, by Russians as well as by outside investors, and if entrepreneurial young Russians are to remain in their native country, serious measures need to be taken to achieve improved governance. This is where we need to return to Olson's call for "market-augmenting" government and to ask what it would take for serious change to result.

The good news from an institutional perspective is that the recent wave of protests from below has created yet another window of opportunity. Important elements of civil society have openly emerged, emboldened by new means of communication that are entailed in various social media. The old social contract between Putin and the emerging middle class

has broken down, and demands for formal changes in the rules of the game are being met. The core question concerns whether this may be viewed as the beginning of successful collective action, demanding public goods that go beyond material self-enrichment. The answer is not a promising one.

As so many have already pointed out, the opposition is fragmented. It lacks a both a common cause and a common leader. The remnants of the liberal movement from the Yeltsin era—people like Boris Nemtsov and Grigory Yavlinsky—no longer have the credibility needed. There is a strong risk that when, and if, truly charismatic leaders emerge, they will be driven by a strongly nationalist message. It is true that demands for change in a liberal direction have emerged and will have to be met by the regime. While this is necessary for true change in the nature of the game to result, it is clearly not also sufficient.

Belkovsky may well be right in his claim that we are at the beginning of a new “perestroika,” but we should not forget how the old one ended. The main message of institutional analysis is that changes in the formal rules will be successful only when backed up by a corresponding transformation of informal norms—and of enforcement mechanisms. The latter is crucial. The core of the challenge to prospective Russian reformers remains linked to improving economic governance, which in essence boils down to ensuring that there is credible enforcement of the rules of the game.

An important part of the reason the track record to date has been so poor may go back to the beliefs of the early reformers in the role of deregulation as a panacea that would bring about a rapid transition to a high-growth market economy. By focusing so one-sidedly on **government failure**, on getting the “grabbing hand of government” into the “velvet glove of privatization,” the reformers blinded themselves to the fact that inattention to the broader challenges of sweeping institutional transformation would produce serious cases of **market failure**. In the absence of a government that may credibly commit to upholding contracts and property rights, it will make little sense to even talk about “market economy.” Self-interest seeking, which is the core of the market mechanism, will then be decidedly short-term, often value detracting rather than value adding, and, on the whole, detrimental rather than supportive of the common good.

The persistent failure of the Russian government to appear as a credible third-party enforcer of contracts and of property rights is deeply rooted in Russian tradition. There is no predetermination here, indicating that this will always have to remain the case. But the prominent role of the country’s energy complex has served to activate rather than phase out deeply ingrained patterns of behaviour.

In a high-performance market economy, the overwhelming share of all transactions will crucially depend on impartial enforcement of contracts and property rights. In the Russian economy, transactions within the energy complex, and within the raw materials sector more generally, have assumed a clearly hierarchical nature, where enforcement is informal and basically devoid of transparency. What is known in Russia as “authoritarian market economy” has thus evolved into little demand for accountability in government, or indeed for the rule of law.

A central feature of governance in this “market” economy rests in its inability to actually enforce what it dictates. The true test of economic authoritarianism lies in whether the rulers are able to produce by command from above what liberal market forces produce by horizontal coordination. In this crucial test, the Putin regime has proven to be woefully inadequate, and for good reason.

In a political culture where the bureaucracy has wide latitude to obstruct and evade any and all types of proposals for change that go against its own vested interests, the only serious impetus for change can come from heavy government priority and attention. Since the government is not able to credibly maintain more than one priority at the time, the overwhelming focus on the energy complex by the government has entailed a complete lack of attention to other and arguably more important tasks.

The Putin regime has surely been quite happy with its rapid accumulation of wealth from hydrocarbon exports. It may have derived even greater satisfaction from the sense of power and prestige that has been associated with its status as an emerging “energy superpower.” But these achievements have not come without a price.

The main conclusion to be drawn here is that pervasive corruption has assumed the role of a veritable linchpin for the system of power. Despite all the authoritarian rhetoric, Russia is not ruled by a strong man, or even by a strong regime. It is ruled by a conglomerate of rent seekers, whose members place short-term personal enrichment above any form of longer-term interest of the state. In a long-term Russian perspective, this is something essentially new, and it may turn out to be deeply destructive.

The role model for the “vertical of power” that Putin has been so fond of was housed in the Communist Party of the Soviet Union (CPSU). It ensured that commands from the center would be acted upon and prevented corruption from developing into a serious threat against the main priorities of the system. The “party of power” that Putin built is none of this. In contrast to the CPSU, which was feared by all, “United Russia” has been subjected to so much public ridicule that, in the end, it had to be kept out of Putin’s presidential election campaign. The very absurdity of the thought of publicly branding the CPSU as a “party of crooks and thieves,” and getting away with it, may serve to drive the message home. Fake authoritarianism will, in the end, come up short, as will all substitutes.<sup>193</sup>

The essence of the Kremlin conglomerate is that it may be kept together only for as long as the appointed rent manager succeeds in maintaining the balance among and within the predatory elites. This is where we arrive at what some have referred to as a “Russian curse.” The role of the country’s energy complex has not been to **introduce** a “resource curse.” The problems of Russian authoritarianism, corruption, and poor economic governance were well entrenched long before the arrival of the hydrocarbon bonanza. It would also seem hard to argue that Russia today is poorer than it would have been without its energy riches.

The reason the hydrocarbon wealth may yet be viewed as a nemesis of sorts is that the immense riches that have been up for grabs have not only aggravated the inherent forces of greed but promoted rent-seeking behavior that is often value detracting. In important ways, it has also constrained the regime. Despite the low rate of domestic investment and the high rate of capital outflow, the Russian government cannot close borders or even restrict capital flows. This would cause a rebellion within the elite. Despite the sheer size of energy incomes that are diverted into private pockets, the Russian government is equally unable to enforce the state interest in cracking down on corruption. In these senses, the regime is arguably more fragile today than ever before.

The ills are well known, and continued harping on what **should** be done in terms of formal changes in the rules of the game will be of little value. Some of these changes may indeed be introduced, but likely to little avail. A serious economic improvement will require a new agreement between the country’s ruling and entrepreneurial elites, and that is presently not in the cards. Although the main demand during the big Moscow rallies was for honest

elections, what really galvanized the opposition was anger over the brazen way in which the elites have been feathering their own nests. But meeting the call for a serious crackdown on corruption would entail a head-on confrontation, which could trigger a hostile takeover of power.

Returning to the question of what likely **will** be done, we may, in consequence, not realistically expect that there will be much change at all beyond cosmetic redesign. For as long as the price of oil remains high, or even very high, and for as long as the “shale gale” does not rise in force to sweep aside Gazprom, then the Kremlin conglomerate may be kept alive and well. The price to the Russian economy will be measured in increasing “primitivization” and marginalization from global markets. Even the hitherto so important production and export of armaments will soon peak and be eclipsed by other countries, again notably so by China.

Perhaps this is where we may view at least a ray of hope for change. If key members of the elite begin to worry that their own sources of wealth and revenue are under threat, then demands for change may perhaps emerge from within. It was in this light that some preferred to view the presidential candidacy of Mikhail Prokhorov—as a way of championing the case for better governance without radically altering the configuration of power. China may perhaps serve as a role model here.

The key to the economic successes of China lies in having found a way of combining an expanded role for the market with retaining a pervasive role for the state. Corruption in China is in every bit as deeply rooted in history as it is in Russia, and it is certainly not to be taken lightly. Yet, the Chinese form of cohabitation between party, state, and private entrepreneurship has clearly prevented corruption and predatory instincts from eroding the prospects for economic growth and technological change. While self-enrichment has been allowed, the state has kept the predators in line and made sure that the common good of the country’s economic development is kept in focus. Rent seeking on the whole has been successfully combined with value adding rather than value detracting behavior.

The pronounced Russian ideology of neoliberal deregulation and hard core individualism has been the very opposite of the Chinese way. By allowing a free rein for the predators, it has sacrificed the interests of the state and placed the economic future of the country in jeopardy. The highly short-term nature of the games that are played in Russia, and the essential lack of cohesion both within and among different segments of the elites, combine to lock the Russian economy into a downward spiral. The fundamental lack of security that so clearly marks the regime is manifested not only in reckless fiscal spending but also in a fear of embarking on any form of much-needed change that might trigger counter reactions.

Perhaps the more business oriented members of the ruling elite will, indeed, come to a realization that even their own revenue streams may soon come under threat. Perhaps this will cause them to lobby for action to be taken, and perhaps this may result in a working cohabitation of private interest in self-enrichment with the state or collective interest in value-added longer-term sustainability. But it will all depend crucially on Putin’s acquiescence, and there is little to indicate that he is contemplating anything but to stay the course and to hope for continued life support from world energy demand.

If it does not happen, then the real crunch will come when and if the price of oil takes another steep nosedive. This time round, the magnitude of the fall would be far greater than in 2008-09. There would be little to no reserves available and consequently no room for bailouts from the Russian state. The result would be a scramble for safe havens, to save whatever

personal assets can still be kept out of the hands of creditors. With the elites in serious turmoil, this could be the trigger for yet another “time of trouble,” at the other end of which we would find a hard core nationalist revival.

## **SECTION 4. AUTHORITARIANISM AND MODERNIZATION IN RUSSIA: IS RUSSIA KA-PUTIN?**

Russia's leaders have repeatedly proclaimed the importance of modernizing the nation's economy and stimulating innovation. Yet, despite a dozen years of laudable rhetoric and, more recently, significant increases in spending for education and science, Russia's economy still overwhelmingly depends on commodity exports. While other BRIC (Brazil, Russia, India, and China) countries have introduced global brands reflecting their growing participation in the global knowledge economy, Russia's global brands are in the natural resources sector. The Soviet Union's highly uneven achievements in education, science, and technology are being dissipated, and it will be exceptionally difficult to reverse the decline. Intensifying global competition in education and science means that Russia's academic community will have to exert a tremendous effort merely to avoid falling further behind. Invoking the reminder that “We launched Sputnik” rings quite hollow after more than 6 decades.

Inside Russia, blame for the decline in education and science is placed squarely on the chaos of the 1990s, inadequate funding from the government, and the difficulty of reforming the Soviet system. The achievements of the Yeltsin era—a modest shift to competitive grant funding, programs to integrate higher education and research, and far greater freedom to travel and interact with foreign colleagues—are dismissed as insignificant.

The argument here is that the problems are due far more to political failures and corruption that reinforce the intransigence and self-interest of Russia's epistemic communities than to the Soviet legacy or the difficulties of the transition. Comparison with China and with the former communist countries of Central Europe undermines the Soviet legacy argument: Having begun with a nearly identical system—in the 1950s, the Chinese copied the Soviet Union's education and science institutions quite closely. Yet in just 3 decades, the Chinese have overtaken Germany and Japan to rank second to the United States in publishing articles in international peer-reviewed scientific journals. Russian scientists in 2010 published about the same number of articles in international journals as they did in 1990. China's experience also demonstrates the important effects of openness and internationalization. Chinese who have spent considerable time abroad and then return to China have begun to exert a positive influence on the nation's scientific community, demanding international standards and competition in hiring, promotion, and publishing. In Russia, resistance to internationalization remains fierce.

The organizer of the conference asked us to address three questions: What must be done? What are the obstacles? What will be done, and with what consequences?

The overwhelming priority among a plethora of things that must be done is to diversify the economy. After 12 years of the Vladimir Putin-Dmitry Medvedev tandem, Russia's economy depends more on hydrocarbons than it did in 1999. Russia now needs a price of somewhere between \$110 and \$130 per barrel of oil to balance its budget.<sup>194</sup> If the price of oil

were to drop to \$80 per barrel, the Reserve Fund would last 1 year. Diversifying the economy requires changes to the political system (incentives and term limits), reforming educational institutions and research organizations to promote more competition and greater internationalization, and changing the incentive structure for epistemic communities in ways that promote greater competition and internationalization.

The most serious obstacles are corruption and self-interest in the political system, educational and research institutions, and Russia's epistemic communities. Change is almost always demonic, and professionals who achieved secure careers before 1991 have little desire to alter the basic elements of their model. Many of those who wished to live under a different system have left the country. The Chinese experience, and that of most Central European countries, demonstrates that reorienting a Soviet-style system is challenging but not impossible. Russia demonstrates that unless political leaders alter the incentive structures, epistemic communities will continue to do what they are used to doing.

The record of the past 12 years suggests that not much will be done to impose significant reforms on the system but that an enormous amount of money will be spent in the name of reform. Much of this money will be stolen or wasted. Creative people will continue to leave Russia to work elsewhere. Russia will continue to decline as a center of education and research and development (R&D). There will be some notable exceptions, but, overall, the picture is bleak.

This section discusses some of the important differences between the authoritarian regimes in China and Russia. It then turns to the knowledge economy prospects of both countries, focusing on higher education, scientific research, and innovation. The conclusion contrasts Chinese accomplishments in education and science with the continuing decline in Russia. Even if Putin's return as President produces meaningful change in the Russian performance, intense global competition means that modest improvements will not alter Russia's relative position. The changes that are most needed—competition, internationalization, and integration—will require both political change and reorientation of Russia's epistemic communities.

## **Authoritarianisms**

While Russia and China both remain authoritarian regimes, the character of the authoritarianism differs significantly. Russia's system is highly personalized, with Putin now occupying the sort of position Deng Xiaoping achieved in China in the 1980s and early 1990s. While Deng never codified his status with a corresponding title, Putin has been dubbed Russia's "national leader." Neither system is transparent, but the Chinese system obscures how decisions are reached among a collective leadership,<sup>195</sup> while Russia's system obscures how the top leader determines policy.<sup>196</sup>

The political science community has generated a large body of work on authoritarianism and recently on "upgrading" authoritarianism. The two major conclusions from comparative studies of authoritarian regimes are that 1) single-party regimes perform better and last longer when well institutionalized; and 2) a unified opposition is more likely to defeat incumbents in an electoral democracy.<sup>197</sup> Neither finding is a surprise. But these findings do help explain why incumbents devote significant resources to co-opting a "loyal opposition" and fostering conflict among opponents.<sup>198</sup>



The literature on “authoritarian upgrading” examines in detail the various ways nondemocratic regimes have sought to perpetuate their rule. Much of this literature has been generated by scholars focusing on the Middle East and North Africa,<sup>199</sup> but scholars of China have made significant contributions,<sup>200</sup> as have analysts examining other regions.<sup>201</sup> The menu of policies adopted by these regimes includes:

- containing or crowding out civil society,<sup>202</sup>
- managing political contestation,
- **selective** economic reforms,
- controlling new media and communication technology
- diversifying international linkages, in particular relying on China as both a model and patron, that provide an alternative to Europe, America, or international financial institutions that impose various forms of conditionality.

A paired comparison<sup>203</sup> of Russia and China allows us to examine differences in authoritarian regimes more closely. The comparison is particularly valuable because 1) China modeled so much of its original political and economic system on Soviet institutions; and 2) China is now performing better in the political realm, in economic development, and in education, R&D, and innovation. China's epistemic communities are integrating with their international peers to a far greater extent than those in Russia.<sup>204</sup>

Relative economic performance can be seen in a comparison of economic output growth in the past 5 years (see Table 4-1).

China has conducted a major evaluation of the causes of Soviet implosion and examined authoritarian regimes elsewhere.<sup>205</sup> This stunning example of a regime learning how to improve its authoritarian institutions has resulted in significant changes, including:

- A form of “market-preserving federalism that has allowed enormous leeway for (at least some) regions to find their own paths to successful economic development.<sup>206</sup>
- Term and age limits constraining how long political leaders may serve.
- Expansion and improvements in education, with a major emphasis on internationalization.<sup>207</sup> When the new Central Committee is announced in 2012, some 20 percent of the members will have foreign higher education credentials (overwhelmingly advanced degrees, though this will change over time to increase the proportion with foreign bachelor of arts degrees.)<sup>208</sup>
- Merit plays growing role in cadre selection. It is not the sole criterion, and family and *guanxi* relationships continue to be extremely important. But the Chinese appear to have established a “floor” of basic competence for officials, with intense competition forcing them to produce results.<sup>209</sup>
- Party discipline continues to play a role, providing a way to keep corruption within a poorly defined but nevertheless enforced set of limits.<sup>210</sup>
- Finally, the leadership is not only aware of the major challenges facing the regime (regional and sectoral economic imbalances, demography, information society, and corruption), but has been adopting specific measures to confront these difficulties. The process has been slow and uneven, with tremendous resistance from those

reaping benefits from the existing system. Much will depend on the willingness of the new leadership to push for needed changes.<sup>211</sup>

In contrast, Russia's leaders have done little to institutionalize the post-Boris Yeltsin system. Rather, Putin (like his Soviet and Tsarist forebears) seems to have determined that institutional strictures impose limits on his political power. While abiding by the letter of Russia's laws, he rejects their spirit. The system is reminiscent of Fyodor Dostoyevskii's Grand Inquisitor dream sequence, which suggested that people would always exchange freedom for bread, miracle, mystery, and authority. It is codified in Vladislav Surkov's (Putin's so-called grey cardinal and the architect of much of the regime's ideology and domestic policy in 2000-08) writings about "sovereign democracy." Those writings state that Russia must never be in a position where other countries could dictate what sort of political, social, or economic system the country would have.<sup>212</sup> Hence, any time sovereignty is limited, the country could not possibly be a democracy. One of many major problems with the concept of sovereign democracy is that it was developed with no public input. It reflects one individual's assessment of what the country needs or wants.

Putin's system may be described as increasingly managed pluralism.<sup>213</sup> In various realms, the government endeavors to keep up (technology and the Internet); crowd out (civil society); and blame "others" ("democrats," Yeltsin, the West). This approach came close to failing during the 2011-12 election cycle and is now undergoing some revision, mostly in the direction of legislative changes that limit freedoms, changes in electoral laws that are designed to maintain the advantages enjoyed by the "party of power," new and repressive police measures and laws against dissidents, and new controls over the media, including new media.

One way in which the relative success of Chinese "upgrading" may be measured is by comparing the perceived legitimacy of the two regimes. Both societies experience significant amounts of protest. But in China, blame is focused overwhelmingly on local officials, **NOT on the Chinese Communist Party (CCP) or the regime.** The Chinese version of authoritarian upgrading has managed some degree of both capitalism and accountability without democracy. In contrast, Russia's "power vertical" creates a situation where it is nearly impossible to shift blame to others: Moscow makes all the significant decisions and controls the distribution of rents. It is difficult to blame others when the "national leader" is a self-proclaimed control freak. The system produces rigidity but not accountability.

Russia was the worst-performing member of the G20 during the economic crisis after 2008. By 2011, the problems were clear, and more serious difficulties were avoided only by a modest (and perhaps temporary) recovery in oil prices. Meanwhile, other associated symptoms of decay are visibly manifesting themselves:

- Food prices are rising.
- Agriculture is suffering.
- The natural resource model of economic development is viewed as defunct.
- The Putin-Medvedev "tandem" is considered to have been just a show.
- There are tangible signs of real elite concern.<sup>214</sup>

**Table 4-1. Economic Output Growth**

	<b>Russia</b>	<b>China</b>
2008	5.6	9.6
2009	-9	8.7
2010	3.6	10
2011	3.4	9.7
2012 (projected)	3.5	7.5

However, it is not clear that differences among Russia's elites are genuine:

- A popular joke in Moscow during Medvedev's Presidency was that each leader had a strong team of advisors, that these advisors had both personal and substantive differences of opinion, and that the differences could translate into quite different policies. The one thing that was not clear was to which team Medvedev belonged.
- The alleged difference of opinion between Putin and Medvedev over Libyan policy could have been staged, allowing Russia to keep lines open to both sides.
- The tandem appears to have been designed to appeal to different audiences both inside and outside Russia: Medvedev to the educated and the new middle class; Putin to nationalists and blue collar workers. Medvedev developed a good relationship with Obama; Putin focused on the near abroad and China.
- The difficulties and protests provoked some splits in the elite, but serious questions remain regarding how independent "opposition" figures like Alexei Kudrin and Mikhail Prokhorov really are.

It is evident that at least some portions of the elite view Putin's economic model as having reached a dead end. The broader public has been less motivated or mobilized, but even before the election campaign began, the regime was subjected to increasing criticism and satirized with growing sharpness. Corruption, in particular, has been a target. Opposition blogger Aleksei Navalnyi's characterization of United Russia as the "Party of Thieves and Scoundrels" acquired a life of its own. Groups within the elite generated a number of reports critical of the political and economic system.

For example, Medvedev's own think tank, INSOR, issued a report that, not surprisingly, called for Medvedev to remain in the presidency. The Center for Strategic Development produced a document covering many of the same concerns and ended by invoking the need for a "third man" to assume the nation's leadership. Vladimir Milov, Boris Nemtsov, and Mikhail Kasyanov published a report called "Putin. Corruption," demanding change at the top. What is striking about all of these critiques is that they focus on personalities rather than institutions.<sup>215</sup>

Lilia Shevtsova is correct that only pressure from below will force real change.<sup>216</sup> But pressure from below alone is more likely to produce violent/revolutionary change. A peaceful transition to democracy requires a balance of supply and demand: pressure from below must demand democracy, and some effective portion of the elite must be willing to supply it. This is why consolidated, as opposed to electoral or illiberal democracy, remains the exception among political regimes. Michael McFaul got it badly wrong when he wrote about democrats creating democracies and authoritarians establishing authoritarian regimes.<sup>217</sup> The key is

devising institutional structures that force even “sham” democrats to continue to behave according to democratic rules. This requires both an institutional structure that precludes absolute power and an opposition willing to enforce the rules.

The Russian protests in late 2011 and early 2012 were a surprise to just about everyone. But there were warnings that the population had become less complacent. Most observers missed or dismissed these warnings. This was easy to do when Putin’s regime consistently emphasized the absence of alternatives, and the protests that occurred remained focused on specific issues rather than more general political demands. This changed on September 24, 2011, when Putin let it be known that he was returning to the Presidency. Even if he could claim that he would win an election against any possible opponent (and, of course, serious opponents were barred from becoming candidates), the manner in which this was done made it clear that a “selectorate” of one had taken the decision. To many Russians, this was an insult. Putin’s behavior was ill-advised, given the changes in Russia’s political landscape over the previous 8 years.

Studies of the 2003-04 election cycle generally have emphasized the greater margin of victory for both United Russia and Putin.<sup>218</sup> United Russia did, indeed, increase its majority in the Duma in 2003, and in March 2004, Putin won by a far more comfortable margin than in 2000. But turnout declined when compared to the 1999-2000 electoral cycle, and the vote “against all” was notably greater in both December 2003 and March 2004.<sup>219</sup> This induced the regime to change the electoral rules, abolishing minimum turnout requirements and removing the “against all” option from ballots.

Monetization of social benefits produced protests in 80 of Russia’s then 89 regions during January to March 2005. Russian motorists staged protests in Vladivostok over limits on auto imports. After a speeding car carrying the governor of Altai rammed another vehicle and killed the governor, the driver of the car that was struck was put on trial, provoking protests in Altai and many other regions. Similar incidents elsewhere of cars using official blue lights to evade traffic jams and causing accidents generated the “*migalki*” (blue bucket) protests, with people wearing buckets on their heads.

In late-2010, protests in Samara, Irkutsk, and Kaliningrad demanded removal of governors and local governments. The protest in Kaliningrad by “*Spravedlivost*” on January 30, 2010, was the largest public demonstration in Russia since 1991. In Moscow, Strategy 31 activists staged protests on the 31st day of each month with a “31st” to protest violations of Article 31 of the Russian Constitution guaranteeing freedom of assembly.<sup>220</sup>

One of the most direct warnings about popular dissatisfaction came in two reports from Mikhail Dmitriev’s Center for Strategic Research, the first in March and the second in November 2011.<sup>221</sup> Based on focus groups, Dmitriev and his colleagues found significant resentment of both personalities and policies. Dmitriev’s claims for the superiority of focus groups over survey research are rejected by many behavioral sociologists, and his team did not recruit focus groups outside major cities. Nevertheless, he did sound an important warning.

Survey data from the Levada Center also should have provided a warning regarding any effort to manipulate the legislative elections. Its poll in August of 2011 found that 64 percent of Russians wanted to see “significant” or “complete” turnover in the Duma. (See Figure 4-1.)

Given the spread of dissatisfaction, it is legitimate to ask why and how the regime has managed to remain intact through the economic crisis that began in 2008. Analysts have pointed to Putin’s popularity, oil rents, and the overwhelming weight of regions and popula-

tion groups that depend on the government's redistribution policies. Natalia Zubarevich's discussion of multiple Russias has become extremely popular.<sup>222</sup> My concern with this analysis is that it treats regions and population groups as monolithic, rather than exploring their diversity. Even in the company towns that depend most on the government, some individuals have expressed alternative opinions. Mayoral elections in four cities in early 2012 produced outcomes that rejected the United Russia incumbents.<sup>223</sup> Even if many smaller towns are overwhelmingly pro-Putin and inclined to seek support from Moscow rather than challenge the government, not everyone adheres to this view. The Levada Center data showing that nearly two-thirds of Russians wanted to see "significant" or "complete" turnover in the Duma should give us pause in assuming that the overwhelming majority of Russians accept the status quo.

A second prevalent myth is that protest is entirely rooted in economic conditions.<sup>224</sup> This makes oil prices the key to regime survival. This view, rooted in Soviet-era materialism, ignores the impact of at least four other factors: dignity, fatigue, ideology, and specific policies.

The Arab Spring began in Tunisia not because of bread riots or price shocks, but because Mohammed Bouazizi immolated himself after being humiliated by a female police officer. People who feel that their basic dignity has been assaulted may, at times, behave in ways that political scientists or sociologists would consider irrational. Dignity is one of the crucial common elements in both the Arab Spring and the protests over Russia's elections.

Fatigue with long-serving leaders is another important trigger. Hosni Mubarak lasted 3 decades before Egyptians decided that they had had enough. Putin was less fortunate: a significant share of the Russian population did not welcome his return to the Kremlin. Ideology got a bad name from the Union of Soviet Socialist Republic's (USSR) use and abuse of Marxism, and liberalism suffered from the economic decline in the 1990s. Nevertheless, human rights remain a powerful mobilizing force. Some Russians have learned enough about the world to demand legality, an end to corruption, and, in some cases, even democracy.

Russians across the country have shown a willingness to protest against specific policies. If leaders emerge who are able to connect these specific grievances to more general issues of the political system, the chemistry could be combustible. *Khimki*, *migalki*, *l'goty*, and other protests could ignite a wider fire. If the case is made that each of these represents not an isolated instance, but rather is the product of a system that does not permit adequate societal input regarding important policy decisions, the system itself could be called into question.

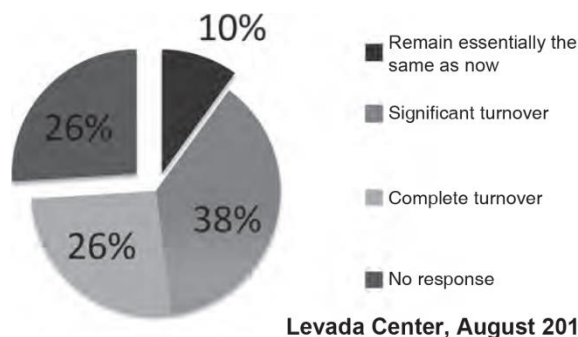


Figure 4-1. Percentages of Desired Turnover in Russian DUMA.

### *Epistemic Communities*

In addition to lack of leadership, an important reason why the local protests have not (yet?) generated effective demands for change in the political system involves the role of Russia's epistemic communities. While criticism and attention have focused on political and economic policies and top-level leaders, many of the most intractable problems in Russia involve professional groups and individual professionals that, for reasons of self-interest and investment in Soviet practices, continue to reject genuine internationalization. This can be seen in demography, education, science and medicine, and innovation/R&D.<sup>225</sup>

Professional demographers have long warned that Russia faces a serious population decline. Yet Putin's regime continues to rely on the projections of critics of "Western" demography, who assert that the government's combination of propaganda and "maternity capital" payments has successfully reversed Russia's population decline.<sup>226</sup> A more sober analysis of the situation notes that the increase in births over the past 5 years is due to an increase in the number of women aged 20-29, the cohort most likely to have children. The maternity capital program appears to have encouraged women to have children sooner, to make sure they can take advantage of the program before economic conditions change, but has not had a significant impact on the total fertility rate (TFR), the indicator that is key to reversing population decline. In one of his election campaign articles, Putin stated that his regime would raise the TFR to 1.73 by 2015. It is not clear just how this will be accomplished, and offering a number to three decimal places raises eyebrows.

The majority of Russian professionals, or at least their leadership, continue to adhere to belief systems and incentive systems inherited from the Soviet era. The result is a growing divorce from international professional communities. It is not total separation. Many Russian specialists keep up with global developments and collaborate with foreign colleagues. But a significant share of the professionals prefer the comfort and apparent security of doing things the way they have done them for decades. This is particularly the case for leaders of "legacy" organizations carried over from the Soviet era.

The consequences of Russia's "thin" internationalization are apparent in education, science and technology, and innovation/R&D. The situation is thrown into particularly stark relief if Russia's performance since 1991 is compared to China's since 1978. In the 1950s, China adopted the Soviet systems of education, science, and technology almost completely, and received significant assistance from the USSR in doing so.<sup>227</sup> If China, starting from a much lower base, has succeeded in reorienting the components of its knowledge economy to become a major player in global science and education, while Russia continues to dissipate the Soviet legacy in education and science, this suggests that policy, rather than the systemic legacy or path dependency, is the key factor. The epistemic communities in both countries continue to play an important role in the policies that have been adopted.

Starting points of reform, rather than history, mentality, or institutions, may be the key factor explaining the difference. China began "reform and openness" following the disastrous decade of the Cultural Revolution. Epistemic communities were fragmented, with many individuals "sent down" to the countryside. Professional groups in China were not in a position to assert claims to expertise when Deng initiated reform. In contrast, Mikhail Gorbachev introduced perestroika when the USSR could claim to be a co-equal superpower. Soviet/Russian professionals believed that their practices, knowledge base, and skills were as good as (or better than) any in the world. Where Chinese specialists sought to learn as much as possible from the developed countries, with the goal of eventually learning enough to

become leaders, many Russian professionals felt that there was little the foreigners could teach them. Many who did value foreign models have left the country, a trend Putin continues to encourage. While the Chinese embraced globalization as a way to catch up and overtake the developed countries, many Russians view globalization as an American project designed to inhibit their development. The result is that China has internationalized in stunning ways, while Russia has resisted international integration in equally stunning ways.<sup>228</sup>

### ***Education***

In creating a modern knowledge economy, Russia is stymied by myths about its Soviet past. All the rhetoric about the “scientific-technical revolution” obscured serious problems in education, science and technology, and innovation. In education, Soviet achievements in a few fields produced complacency rather than a sense that the world is highly competitive and requires constant effort just to avoid falling further behind. Since the demise of the USSR, Russia has become a world leader in the proportion of the population enrolled in higher education. Unfortunately, the quality of that education remains uneven, and the standards for awarding degrees have been seriously compromised.<sup>229</sup>

Both Russia and China have significantly increased the number of students receiving higher education. Growth in China has been tremendous, though starting from a much lower base. Russia now has a larger share of its population receiving higher education than any other country in the world. Annual admissions to higher education exceed the number of high school graduates.<sup>230</sup> However, about half of the students are enrolled in correspondence divisions of higher education institutions, and another 10 percent are in evening divisions. Less than half study full time. (See Table 4-2.)

Russia has probably reached the peak of higher education enrollments, given that the number of high school graduates will decline each year until 2017. China announced a target of 30,000,000 students to be enrolled in higher education by 2010, though this figure undoubtedly includes secondary specialized as well as higher education institutions.

Rapid expansion in any education system raises questions of quality, and this is a serious concern in both countries. One significant issue is that in both systems, the number of faculty has not kept pace with the increases in enrollments. As Table 4-3 shows, the number of faculty has grown by 66 percent, while student enrollments have increased by 165 percent. (The faculty data includes *sovmetitelstvo*, the practice of individuals teaching at more than one institution. This was a common practice in Tsarist Russia, due to low salaries. Stalin banned it. It returned after 1991, again due to low salaries.)

In both the Chinese and Russian systems, the response to concerns about quality and poor performance in an environment of finite resources has been to focus on a limited number of “elite” institutions. China’s 211 program has identified 106 higher education institutions, with nine of them receiving top priority. In Russia, the government has chosen 29 research universities through competitions and selected an additional 10 federal universities. The Research University project began with two pilot institutions, and the government then conducted two open competitions, selecting 27 more universities. The Federal University program also began with two pilot projects, one in Krasnoyarsk and one in the Southern Federal District. The Russian government subsequently named an additional six institutions. Moscow State University and St. Petersburg State University have maintained their special status, bringing the number of federal universities to 10.<sup>231</sup>

**Table 4-2. Higher Education Enrollments**

Russia		China	
1990	2,824,500 (2 percent)	1997	1,000,000
2008	7,513,000 (5 percent)	2006	5,500,000

**Table 4-3. Russian Higher Education Faculty Resources**

Year	State	Private
1993-94	239,800	3,800
1995-96	240,200	13,000
2000-01	262,200	42,200
2005-06	322,100	65,200
2007-08	340,400	78,800
2008-09	341,100	63,400
2009-10	342,700	54,800

Source: *Rossia v tsifrakh*, 2010.

The difference in the selection process for the two types of institutions reflects an effort to balance competing priorities. In selecting the research universities, quality was supposed to be the main consideration. However, the author's personal experience participating in several rounds of competitions for special status and funding for universities indicates that it is nearly impossible to eliminate the issue of regional distribution from consideration.<sup>232</sup> The federal universities were selected on the basis of regional needs. The absence of any competition, or even a requirement that the institutions provide a plan for what they would do differently with their new status, raises concerns that reform is not on the agenda. Even if some administrators have thoughts about significant change, the process of amalgamating several previously independent institutions with their own physical plant, faculty, administration, and traditions will occupy their attention for several years.

A great deal of money is being spent, but much of it for construction, equipment, and other infrastructure. In Russia, this process rarely involves competitive bidding, and opportunities for corruption and waste are widespread. Inefficiency in using the new funding also derives from rigid bureaucratic controls over how money is allocated and what it may be used for. Often, funds are provided late in the fiscal year but must be spent before the year's end. In one case, a rector of a university sent practically every member of the university faculty on a business trip (*komandirovka*) to use funds that arrived late in the calendar year. This probably did more to help Aeroflot and Russian Railways than to improve higher education.

Among the most striking differences between Russian and Chinese higher education is the character of internationalization. The Chinese have embraced educational globalization; Russia's academic community remains more wary. Russian concerns were clearly visible in discussions about the Bologna Process (a series of ministerial meetings and agreements between European countries designed to ensure comparability in the standards and quality of higher education qualifications) in the late 1990s and early 2000s. The rector of Moscow University, Viktor Antonovich Sadovnichy, initially stated that Russia had the best universities in the world and therefore should eschew involvement in Bologna. Liudmila



Alekseevna Verbitskaia, rector of St. Petersburg University, shared the evaluation of Russia's world leadership, but her interpretation of its meaning was that Russia should participate in the Bologna process in order to have maximum influence over the project. Press accounts in the 2000s and several dozen personal interviews with university administrators suggest that Sadovnichy's opinion is widely shared, though he has altered his view over time.

Results of the Chinese embracing internationalization, while the Russians remain hesitant, may be seen in international rankings, treatment of faculty with foreign degrees, and the role of returnees. Russian higher education has nearly vanished from international rankings. In 2009, *The Times of London* included five institutions from Hong Kong (ranked 24, 35, 46, 124, and 195) and six from mainland China (ranked 49, 52, 103, 153, 154, and 168) in its ranking of the world's top 200 higher education institutions. Russia placed only two on the list, Moscow State University (155) and St. Petersburg State University (168). After *The Times* altered its criteria to accord less weight to reputation beginning in 2010, Russian institutions vanished from the top 200. In 2012, Moscow University had dropped into a tie with 25 other institutions at 276; St. Petersburg University was tied with 49 other institutions at 351.<sup>233</sup>

One response has been for Russians to produce their own rankings. A first effort in this direction produced much more satisfactory results for Russian institutions: Moscow and St. Petersburg ranked in the top 100 (Moscow at 5); no Chinese institutions ranked in the top 100; the second 100 included two Russian, two Chinese, and two Hong Kong institutions. The truly stunning data came in the ranking of numbers 300-430. Here, 45 Russian higher education institutions were included among the 130 on the list. Overall, the Russian ranking system included 52 Russian institutions among the world's top 430, or 12 percent. These results reflect the criteria used for the rankings, which included the number of specialties, number of students, and number of alumni. Small, specialized, or liberal arts institutions were clearly not going to rank well in this system.

The Russian government has announced plans to establish an "official" ranking system, using its own criteria. This fits a pattern of Russia reacting to globalization by insisting on different rules, rather than endeavoring to mesh with the global trends. Scholars at the Moscow State Institute for International Relations developed an alternative to the Davos rankings. Russia's Finance Ministry has its own criteria for identifying global financial centers. The Russian Academy of Sciences insists on its own methodology for determining scientific productivity.

The Chinese, too, have begun to publish their own rankings. In contrast to Russia, they downplay their own institutions. While Moscow University ranked in the top 100 higher education institutions in the Chinese Jiao Tong rankings, no Chinese institutions were included. In interviews, Chinese academics have offered contradictory explanations for downplaying the quality of Chinese higher education institutions. Some have stated that it is a budget game, permitting administrators to demand more funds to raise the quality of Chinese institutions. Others say that it is a combination of modesty and a desire to show results over a longer period of time: if in 5-10 years their institutions begin to rise in the Chinese global rankings, this will be evidence of their good performance.<sup>234</sup>

Another measure of internationalization is the number of foreign-trained faculty teaching at universities and institutes. Chinese higher education institutions welcome both Chinese and foreigners with post-graduate degrees from foreign institutions. In Russia, it has been difficult to overcome a legacy of not recognizing foreign degrees. Russian rules prohibited anyone

from teaching for more than 3 years unless the person earned a Russian credential (*Kandidat* or *Doktor Nauk-DR. of Sciences*). These rules have been relaxed for scholars chosen in the two recent competitions for “mega grants” at Russian universities, but resistance to recognizing foreign degrees remains strong. It is one of the intensely debated issues in Russia’s participation in the Bologna process.

A large number of students from both China and Russia go abroad. Deng insisted that China had to allow students to go abroad, even if some of them would never return. Despite consistently over-estimating the proportion that would return, he did not waver from the policy. Estimates of the number of Chinese who went abroad for higher education vary, since many paid their own way and were not involved in official Chinese study abroad programs. Beginning around 2005, there was a shift from the dominant group being graduate students to a larger number of undergraduates, reflecting interest in foreign training and the greater capacity of Chinese families to fund the education.<sup>235</sup>

The majority of Chinese students who have studied abroad have not returned. Estimates suggest that perhaps 20-30 percent have opted to work in China. Even that relative small proportion of returnees had exerted a significant impact on the Chinese education and research systems. The process has not been free of problems. China has encountered conflicts between the “sea turtles” who go abroad and the “land turtles” who remain in China.<sup>236</sup> Yet a growing body of evidence suggests that the returnees have exerted a significant positive effect on Chinese institutional development, standards, and internationalization. Koen Jonkers describes a “virtuous circle” in the life sciences,<sup>237</sup> and Dan Brenitz and Michael Murphree note positive contributions in the information technology (IT) sector (even if this has not yet generated new product innovation).<sup>238</sup>

In Russia, the returnees have thus far exerted little impact. A new program to offer mega grants to about 200 leading Russian and international scholars has conducted two rounds of competition and a third round in 2012. Thus far, the program has made fewer than 100 awards. For the first time, Russian higher education institutions (VUZy) are allowing leading specialists to copy the model of China’s “swallows,” spending 4 months in Russia and the rest of their time in their home countries. How much impact these 200 scholars will be able to have remains an important open question. Once again, a large amount of money is being spent with little guarantee of measurable results.

Foreign student enrollments are another indication of the degree of educational internationalization. Russia enrolls about 100,000 foreign students. About 40 percent come from former Soviet republics (half from Kazakhstan), and another 40 percent from Asia (the majority from China). China enrolls more than three times as many foreign students, with the top sending countries being South Korea, Japan, the United States, Vietnam, and Thailand.

China is not only sending more students abroad, but is also reaping greater benefits from those who return. In 2001, neither Russia nor China ranked as a major donor nation in the number of students studying abroad (defined by the Institute for International Education as those on official programs that implied eventual return to the home country). By 2006, China was ranked 6th in the world in the number of students studying abroad, with 6 percent of the total global flow, behind Australia with 7 percent and Germany with 8 percent but ahead of Canada and Japan (both with 4 percent). Russia continued to be absent from the list of top sending nations. A growing number of Russian young people studying abroad enroll directly in foreign institutions, rather than participating in official exchange programs.

The shift to mass tertiary education in Russia has placed a growing burden on students. About two-thirds of the students enrolled at state institutions now pay tuition.<sup>239</sup> Competition for the “budget” places that offer free tuition and a stipend has become so thoroughly corrupted at some VUZy that parents question whether it might be less expensive for their children to enroll in the “commercial” division and pay the tuition rather than spending even more money on tutors and side payments to gain a “budget” place (personal communications). While educational services have become marketized, there is not yet much price competition among VUZy.<sup>240</sup> This may change in the coming decade, as the number of potential applicants continues to decline. The cost of tuition is increasing, due to inflation and also due to a formula that ties the amount a VUZ may charge for tuition to the amount spent on budget students. As the government has increased the funding for state VUZy, this raises the amount of spending per student and therefore the price for those paying tuition. Greater monetization inevitably generates more corruption and fraudulent behavior. Data indicate that Russian families spend even more on side payments for education than for medical care.<sup>241</sup>

The new economics of higher education in Russia is not sustainable. The demographic situation means that VUZy will increasingly need to compete for students. Weaker institutions will have difficulty as the applicant pool shrinks. The key question is whether all institutions will try to survive with a smaller enrollment, which means less funding from tuition, or whether the number of institutions will contract.<sup>242</sup>

Decline in the education system, despite (or because of) the greater number of students presages continuing difficulties in science and technology (S&T), and in R&D. These challenges, in turn, will make it difficult for Russia to play a role in global systems of production and innovation.

### ***Science and Technology***

One of the most stunning changes of the past 2 decades has been the rapid and unexpected loss of scientific capacity in Russia.<sup>243</sup> The Soviet Union's achievements in science and technology may have been overstated, but there is no question that, in some fields, the USSR made major contributions to world science.<sup>244</sup> This has changed markedly since the 1980s. In part, it reflects the disruptions and lack of funding in the 1990s—the explanations that leaders of Russia's scientific community prefer to emphasize. But it also stems from significant losses of personnel and a failure to reorient the Soviet system to function in the global knowledge economy competition that dominates education and S&T in the 21st century. The two factors are related: an exodus of many of the best younger scholars in the 1990s removed people who were both the rising stars of Russian science and a major force for greater international integration. Those who remained in Russia were those who were less able to compete in the global market for science talent or those who genuinely preferred the Soviet system. Certainly not all the talented scientists emigrated. But enough of the “best and the brightest” did depart to cede control over science to researchers and administrators with less interest in changing the system.

In the global competition in education and S&T, Russia confronts many challenges that are similar to other nations: these include the costs of mass tertiary education, demands of the knowledge economy, and constraints on available resources to fund competing priorities. But Russia is also an outlier in important ways: the demographic crisis; the continuing role of the Academy of Sciences; bureaucratic obstacles; failure to confront fraud and corruption; and, most striking, resisting internationalization. In many of these areas, and particularly in

resisting international norms, epistemic communities play a crucial and often detrimental role. The combination of the Soviet knowledge base and self-interest (institutional, career, and financial) induces many Russian scientists and science administrators to resist a Russian version of “reform and openness.”

Other former socialist countries have encountered similar dilemmas. In Hungary, Poland, and other Eastern members of the European Union (EU), the Academies of Science continue to play a major and sometimes disruptive role. But each of these countries has managed to move toward a greater role in global innovation processes.<sup>245</sup> In China, the battle has been long and difficult. But in most of the other former communist countries, a combination of government policy, professional self-interest, and international influences have produced a shift to competition and internationalization. In Russia, the process has been halted and, in many places, reversed.

The data on Russian decline is overwhelming. Whether in terms of peer-reviewed scientific publications, number of researchers, number of advanced degrees, patent filings, or the related realms of utility model and industrial design applications, Russia’s performance has stagnated or declined since 1990. China’s rankings have shot up to the point where China now ranks second to the United States in scientific publications in international peer-reviewed journals.<sup>246</sup> When presented with these data, the president of Russia’s Academy of Sciences responded by stating that Russia publishes many good journals and suggested foreign researchers should learn Russian so that they could read this valuable literature (personal communication). In early 2012, Russian science officials announced that they were developing their own version of a science citation index that would include the in-house publications favored by Russian institutes and the summaries of reports given at professional meetings (*tezisy dokladov*—*Thesis Report*).

Peer review, which increased in prevalence in the 1990s, has become less used and is not a factor in the new index. (In 1993, when the author directed George Soros’s International Science Foundation, several rounds of grant competition based on peer review were conducted. At the time, Boris Saltykov, Minister of Science of the Russian Federation, mandated that peer review would be the way to distribute any new funds that became available to his Ministry. The Academy of Science has resisted the switch from administrative allocation to competition, and in the 2000s has been successful at cutting back on peer-reviewed competitions as a way to award research support.)

### ***Innovation***

The weakening Russian capacity in education and research is exacerbating a serious innovation deficit inherited from the Soviet era. Despite incessant invocation of *vnedrenie* (innovation), the Soviet system performed poorly in developing new technology. The widely heralded success in launching Sputnik was, we now know, neither a major technological breakthrough nor a result of a long-term state.<sup>247</sup> Accounts of Soviet technology demonstrate two important lessons. First, the military did perform better, but it accomplished this due to priority rather than overseeing a separate, more advanced R&D complex.<sup>248</sup> Some highly talented individuals did seek the rewards of working for the Soviet military industrial complex; other highly talented individuals consciously sought to avoid the security restrictions and constraints military work involved, knowing that secrecy would cut them off from their international colleagues. Second, the Soviet Union did export technology, but what it exported consisted overwhelmingly of basic instruments. In machine tools, for example, the

USSR exported a much larger number of units than it imported, but the value of the imports far exceeded that of the exports. Exports consisted of first and second generation basic metal cutting and grinding equipment; imports were expensive, sophisticated, numerically-controlled tools (e.g., the famous case of the Toshiba machines and submarine propellers that allowed the Soviets to manufacture quiet propellers).

Many now assert that Russia has switched from being one gigantic military industrial complex to being a petrostate. Innovation in resource-producing countries is most successful when it begins in the natural resource sectors.<sup>249</sup> While there is some evidence that this is beginning to happen in a few Russian regions, the government's emphasis has been overwhelmingly on the high-technology realms that Putin mistakenly believes were the Soviet Union's crown jewels.<sup>250</sup> To focus on IT, high technology, and nanotechnology in a country that never achieved serial production of a personal computer is a tall order.

The Soviet Union had three separate systems of R&D: the Academy of Sciences, higher education, and industrial facilities. There was little integration among them. The industrial R&D system has largely vanished, as most enterprises either do not make a profit or earn too little to be able to support R&D activities. In data regarding spending on science, Russia does not rank badly in terms of government support (29th in world in share of gross domestic product [GDP]), but Russian industry lags seriously in what it contributes. In Organization for Economic Cooperation and Development (OECD) countries, about two-thirds of R&D is funded by industry; in Russia, the figure is just 27 percent.<sup>251</sup> One relative bright spot has been a significant increase in support for research at higher educational institutions, but the new equipment and grant programs have not yet produced significant returns.

The Academy of Sciences remains in a serious crisis. In the Soviet Union, science is viewed as "a system for generating knowledge," rather than as a realm with serious real-world applications. The purview of "science policy" did not include technology or innovation.<sup>252</sup>

Personnel have become a significant problem in the Academy and in academia, with a rapidly aging scientific community. Due to emigration, scientists in the 40-59 age group are a far smaller cohort than would normally be expected (one-half the proportion in the United States, while those over 60 are three times the share among American scientists). The extensive and continuing brain drain, both internal and external, remains a serious problem. Stifling bureaucracy and rampant corruption are major reasons for this exodus and have a significant impact on those who remain in Russia. Here again, the processes are mutually reinforcing: the scientists most likely to demand better management, competition, and honesty in attributing work to authors are often the ones most inclined to leave the country.

Russia is hardly the only country to experience a significant brain drain, but it reaps far less of a "brain gain" than most other developing or developed economies and participates less in global "brain circulation." The vast majority of Russian scientists who have left the country are not inclined to return (recent Nobels). Compared to China, the programs to attract talent from abroad, whether returnees or foreigners, are modest and insulated. Russia has generally resisted the "swallow" model of researchers spending a few months each year in the country, something the Chinese regard as unavoidable.

The new competitive grants that have been introduced are small. The funds often are paid late in the fiscal year. Some scientists who have returned to Russia describe having had to pay their staffs out of their own bank accounts because federal funds were held up for half a year or more. Grant funding still has an ambiguous legal status. The federal programs to support

R&D are not transparent, and the criteria often are vague. A plethora of administrative regulations limit the size of awards and the purposes for which funds may be used. Research projects are evaluated on the basis of their cost and length rather than the quality of such outputs as publications and patents.<sup>253</sup>

A host of restrictions limit flexibility in carrying out projects. Customs officials routinely delay the delivery of equipment, including basic necessities like petri dishes or reagents. Holding these supplies for half a year to extort bribes for releasing them may result in expiration of their useful life. Competitive bidding is rarely used in acquiring equipment. (Basic research and higher education [BRHE] did implement this, and the reaction of university administrators and researchers was astonishment.) The cost effectiveness of funds spent for R&D in Russia is about 10-15 percent of what it is in Europe or the United States.<sup>254</sup> In part, this is because administrators emphasize travel, equipment, and large infrastructure projects. These categories are the ones acceptable to the Ministry of Finance and are also the realms most susceptible to kickbacks, side payments, and other forms of corruption. Resistance to competition is thus both a professional and financial advantage.<sup>255</sup>

One way to encourage cost efficiency is by setting clear priorities. Russia consistently has too many priorities. One government study identified Russian priority sectors (to 2020) as: information and telecommunications, nanotechnology, life sciences, biotechnology, transportation and space; clean energy; security and counterterrorism; and advanced weapons. In November 2011, then President Medvedev identified five priority sectors: medical technology, energy and energy efficiency, information technology, space and space science, and telecommunications.

Nanotechnology emerged as one of Putin's top priority programs. The reasons for this remain something of a mystery. In 2008, a group of physicists at one of our BRHE conferences joked that it is an Emperor's New Clothes analogy: when officials come to inspect results, the nano-products will be too small for them to see. While it is a major focus of science worldwide, nanotechnology does not play to Russia's traditional strengths. Much of the work in nanotechnology is done at the intersection of different disciplines: biotechnology and physics, biochemistry and medical devices, etc. The Soviet system "stovepiped" scientific work in individual disciplines, with research across disciplines being much harder to accomplish. Not only is Russia's effort dwarfed by U.S. spending, but China has a significant program that was introduced with little fanfare. In 2004-06, the United States was the clear leader in nanotechnology development, garnering 43 percent of world nanotechnology patents. China received 1 percent of the world's nanotech patents, to rank 13th; Russia, with less than one-half of 1 percent, ranked 22nd.<sup>256</sup>

China has developed a strikingly successful model of production innovation and reworking technology for the domestic market, while thus far doing little in new product innovation.<sup>257</sup> Beijing has been the focal point of the IT industry, a somewhat surprising development. In most countries, the high-technology corridor/center is not in the political capital. Adam Segal attributes Beijing's success to the relative weakness of the local government in the national capital. Not having the power to dominate technology businesses, the Beijing government adopted a relatively liberal approach to networks, while providing some financial support. Segal describes this as "the good mother-in-law" model.<sup>258</sup> Lacking the power to control standard operating environments (SOEs) or their spin-offs, the local officials established supportive, nonhierarchical relationships. Over time, Beijing's IT sector outperformed Shanghai, Xian, and Guangzhou, all regions with stronger production sectors.

Both Segal and Brenitz and Murphee emphasize that China's indigenous companies learned from multinational corporations (MNCs) but focused their efforts on China's domestic market.<sup>259</sup> These studies also reinforce David Zweig's emphasis on the key role played by returnees. Recent analyses of MNCs in the two countries illustrate the differences in their approaches: Chinese firms have sought to learn and integrate; Russian firms focus on reaping profits, gaining control of enterprises in neighboring countries, and continuing to play by Russian rules at home.<sup>260</sup> Why has Russia performed less well than China in reorienting a Soviet-style system from autarky to global competition? The existing literature provides a number of misleading answers:

- The Soviet system was overrated. This is correct but does not help us understand why some countries were able to overcome the obstacles more rapidly.
- Money. As we have seen, Russia now spends quite a bit on research, with surprisingly poor returns on the investment.
- The resource curse. Hydrocarbons create dangers of Dutch disease, crowd out domestic industry, and create excessive dependence on world prices for oil and gas. With the development of shale gas, hydrocarbon producers appear increasingly vulnerable to changes in technology. However, rather than precluding the diversification of an economy, income from natural resources should make it possible to invest more in the diversification effort. When this fails to happen, it suggests that funds were either misallocated or misappropriated.
- Flawed privatization. The Russian variant of privatization was certainly a problem, but it did not preclude R&D.
- Poor policy advice. Russian officials generally blame the bad advice offered by foreigners for many of their difficulties. But countries like Poland, Slovenia, and Slovakia that implemented the foreign-designed programs more quickly and completely have achieved results that make it difficult to attribute Russia's economic performance to flawed policies forced upon them by foreign advisors. Failure to follow through with reforms on the part of "winners" is a more convincing explanation.
- "Mentality" is another favorite culprit: if only Russians thought differently, it would be possible to implement reforms more effectively. Again, the experience of other nations renders this argument questionable. It is hard to think of two nations with more "unique" orientations than Japan or China. Yet, both have managed to retain their unique attributes (everything seems to come with "Chinese characteristics") while participating in global economic and technological systems.
- A favorite explanation among Russian officials is that China's success represents the achievements of state programs implemented by an authoritarian regime. This explanation ignores the story of the first 2 decades of China's economic rise, when success came in sectors outside state control (technical and vocational education and special economic zones with foreign investment). The SOEs were long the dead weight holding back economic development. It was only after major reforms in state enterprises in the late 1990s that some of them began to perform less poorly. Some continue to attribute their success to a continuing soft budget constraint, underwritten by state-owned banks.<sup>261</sup>

More promising answers focus on incentive structures and competition, epistemic communities, and institutions (including corruption). This is good news for Russia: None of these is a genetic trait or an irreversible condition. Rather, all of them can be altered by a package of wise government policies that offer adequate incentives, foster institutional development and competition, and punish malfeasance.

The truly important lessons from China are that embracing competition and globalization both reflects and reinforces economic and social interests. When reforms are successful, self-interested actors allied with supporters of reform oppose retrenchment. As Zweig emphasizes, the key is partial loss of control: the government has to be weakened/limited enough that it cannot be a major obstacle, while still retaining sufficient capacity to provide basic public goods like education, patent and Internet protocol protection, medical care, and security.<sup>262</sup>

Epistemic communities play a crucial role, but they must be encouraged to reform and to compete by a combination of incentives and sanctions: rewards for compliance, salary and career trajectory penalties for resistance. Peer pressure can help enormously in encouraging positive behavior patterns, with returnees in a position to play a unique role.<sup>263</sup> When scientists and educators have the option of receiving state subsidies and support, many find this preferable to competition in the free market.

The relationship between Russian academics and officials is complicated by an extreme variant of what might be called “the Scott Thompson factor.”<sup>264</sup> Beginning in the Soviet era, it became common practice for government officials to receive academic credentials, and, in some instances, to gain election to the Academy of Sciences on dubious grounds. In the Putin era, about one-third of top Russian government officials hold *kandidat* of science or doctoral degrees that were purchased. Putin, Igor Sechin, and Viktor Zubkov all defended *kandidat* dissertations at the Mining Institute in St. Petersburg from 1997 to 1999. Some 18 pages of Putin’s thesis, the core of his Section on “Scientific Planning,” were plagiarized from an economics textbook written by two University of Pittsburgh Business School professors and subsequently issued in a Russian translation by Mir publishing house.<sup>265</sup>

Following the wave of protests against Putin’s return to the presidency and fraudulent elections, some observers thought there might be significant changes in the Russian political system. However, indications in the first months of Putin’s third term as President make it difficult to be optimistic about reform. Putin has been weakened by the protests and the massive wave of satirical images produced by his opponents. Ironically, his weaker position may make it more difficult for him to introduce reforms that would be detrimental to Russian elites and epistemic communities. The changes promised in December have been skewed in ways that make them appear to have little impact: governors will be elected, but the choice of candidates will involve filters that preclude real opposition figures from running; rules for registering political parties have been relaxed, but in ways that are producing a plethora of competing parties that are likely to divide the opposition vote so that none of them reach the 5 percent threshold required for representation; nongovernmental organizations that receive foreign support will be required to register as foreign agents; and limits on the Internet, introduced as a way to preclude child pornography, open the door to censorship.

The protests have not ceased, though organizers did announce a pause for the summer. The next major demonstrations were scheduled for September 15, 2012. The mayoral, gubernatorial, and regional legislative elections in October were quite interesting. If plans to reduce subsidies for gas and other key commodities in July were carried through, higher heating costs will not be noticeable during the summer. By October, however, the higher



payments would add economic issues to the political grievances of Putin's self-appointed candidacy and electoral fraud. The changes that have been adopted for the electoral system thus far appear to be largely cosmetic. Restoring elections for governors removes the Kremlin's responsibility for both selecting and answering for the behavior of regional chief executives. At the same time, the process of approving candidates promises to guarantee that real opponents of United Russia will have a difficult time getting on the ballot.

Scientific research and innovation are not likely to experience a renaissance without more serious reform of educational and research institutions. The epistemic communities continue to resist reform, and a weakened government is not in a position to push them harder. Without greater social demand, and especially demand on the part of the academic community, the ongoing decline is likely to continue.

## Conclusion

Return to the three questions posed by our conference organizers:

1. What must be done is diversification of the economy, which will generate demand and financial support for innovation. This also requires substantial changes to the political system (incentives, term limits, and feedback mechanisms); educational and research institutions (internationalize and foster competition); and epistemic communities (incentives and competition, which are preferable to sanctions).
2. What are the obstacles? Change is demonic, and therefore never easy. But beyond the common difficulties in altering any established system, in Russia, the most serious obstacles to accomplishing needed changes involve corruption and self-interest on the part of the agents involved. The problem is the winners, not the losers. China demonstrates that reorienting a Soviet-style system is challenging but not impossible. Russia demonstrates that, unless political leaders alter the incentive structures, epistemic communities will continue to do what they are used to doing.
3. What will be done, and with what consequences? Without a significant change in the signals and policies from the top, little will change. However, as long as oil rents supply adequate budget funding, a great deal of money will be spent. The most tragic result is that a large number of creative people will leave Russia. In terms of economic development and security issues, Russia will continue to be a declining power able to influence global affairs primarily through negative rather than positive actions.

## SECTION 5. RUSSIA AS A POLE OF POWER: PUTIN'S REGIONAL INTEGRATION AGENDA

With the return of Vladimir Putin to Russia's Presidency, the Kremlin is reinvigorating its regional assertiveness, and several former Soviet republics are under increasing pressure to participate in Moscow's integrationist initiatives. No longer a credible global superpower, Russia aims to become the preeminent Eurasian power and not simply a junior partner of the

United States or any other large state. Even before his re-election in March 2012, Putin underscored the Kremlin's ambitions in Russia's immediate neighborhood and outlined the concept of a Russian-led Eurasian Union (EurU) that will evidently remain central in his efforts to forge a legacy as a gatherer of post-Soviet lands.<sup>266</sup>

Among the top priorities that Putin set for his third presidential term is the reintegration of the former Soviet republics, based on tighter economic links and culminating in a political and security pact with Russia at its center. Moscow is evidently fearful lest the territory of the former Soviet Union permanently divides and drifts into European and Asian "spheres of influence."<sup>267</sup> Hence, Putin seeks to create a new Eurasian bloc that will balance the European Union (EU) in the West and China in the East. Economic linkages will create political ties and mesh with interstate security structures, thus making it less likely that Russia's neighbors can join alternative military, economic, and political alliances. Russia would thereby be able to strengthen its geopolitical position as a "pole of power" in a multipolar world.

To achieve its grand ambitions, Moscow needs to assemble around itself a cluster of states that are loyal or subservient to Russian interests, and it has been encouraged in this endeavor by several favorable developments in recent years. First, as a by-product of President Barack Obama's administration "reset" policy toward Moscow launched in early 2009, Washington has curtailed, if not completely discarded, its campaign to enlarge the North Atlantic Treaty Organization (NATO) and secure the post-Soviet neighborhood within Western structures. This has left the East European states bordering Russia more exposed and vulnerable to Moscow's pressures and integrationist maneuvers. Moreover, Belarus, Moldova, and Ukraine are not priority interests for the current American administration, whether in terms of democratic development, national sovereignty, or their strategic location.

Second, the financial crunch, economic downturns, and political stresses within the EU have diminished Brussels, Belgium's outreach toward the post-Soviet countries. This has decreased the momentum of the EU's Eastern Partnership (EaP), an initiative launched in May 2009 and designed to harmonize the European post-Soviet states with EU standards. Moscow has concluded that the EU is in serious disarray and decline and will be preoccupied with its internal problems for several years, if, indeed, it does not actually fracture.

Third, there is visible disillusionment with the EU in many of the post-Soviet capitals. They do not possess the roadmap, direction, or commitment to full integration with the West, unlike the vision and promise that was given to the Central Europeans after they liberated themselves from Moscow in the early 1990s or to the Western Balkan countries through the EU's Stabilization and Association Agreements after the collapse of Yugoslavia. Conversely, in the case of Belarus and Ukraine, there is tangible frustration in several EU capitals over their ongoing political regression, human rights abuses, and stilted economic reforms.

Fourth, the return of Vladimir Putin to the Kremlin is re-energizing Russia's neoimperial ambitions through such comprehensive geostrategic objectives as the formation of a EurU. As an added bonus, an assertive foreign policy helps distract attention from domestic opposition and the convulsions inside the Russian Federation. Putin's renewed presidency has been presented as vital to Russia's national security in two ways. It will allegedly protect Russia from internal turmoil generated by disruptive public protests, and it can rebuild Eurasia under Russia's management and remove unwanted Western influences that purportedly challenge the security of the Russian Federation.

## Multipolar Goals

A principal objective of Moscow's foreign policy is to restore Russia as a major regional power.<sup>268</sup> In this equation, the Kremlin's overarching goal toward the West is to reverse U.S. global predominance by transforming "unipolarity" into "multipolarity," in which Russia exerts increasing international leverage through its Eurasian centrality. Kremlin officials believe that the world should be organized around a new global version of the 19th century "Concert of Europe" in which great powers balance their interests and smaller countries orbit around them, essentially as satellites or dependencies. Moscow favors multipolarity over multilateralism. In the latter, its voice becomes diluted in various multinational formats; in the former, its role is raised as an important global player.

Moscow's "multipolar" concept is based on two geopolitical premises—the decline of the United States and the emergence of new "poles" or centers of international power, among which Russia becomes a significant player. Conventional wisdom presupposes that the world has entered the era of multipolarity, in which regional influence is maintained by a few select powers. In reality, the future will be much more irregular and unpredictable. There are at least three conceptual problems with the notion of multipolarity. First, it assumes that a large country has substantial attractive influence to become a legitimate magnetic force vis-à-vis its neighbors. Instead, an ambitious government may simply cajole and pressure its neighbors to grudgingly recognize its temporary dominance. However, such a pole of power will generate little loyalty; on the contrary, it may become inherently unstable by increasing regional resentments and stoking interstate tensions. Russia presents a stark example of such a destabilizing pole of power aspiring to regional dominance.

Second, the concept of multipolarity underestimates the interests and aspirations of smaller and medium-sized countries by placing them within the confines of the ambitions of larger regional powers. It can thereby be used as a smokescreen and even a justification for neoimperial dominance that places limitations on the national independence of numerous subordinated states, including Ukraine, Belarus, and Moldova.

Third, nonpolarity, the converse of multipolarity, does not automatically presuppose international chaos as the multipolar proponents claim. The idea of chaos assumes that we would witness a life and death struggle for survival between and within competing states. Although this could be the case in some specific regions, such as parts of the Middle East or Central Africa, the self-appointed polar powers may themselves be the source of conflict, either with each other or by following a policy of "divide and rule" toward their numerous neighbors.

In other regions, the absence of a regional hegemon could actually encourage countries to cooperate around common interests to avoid both chaos and outside dominance. As a result, instead of ensuring stability and security, the struggle for multipolarity can itself engender conflict, especially where two or more powers compete for predominant influence, while smaller states resist their pressures or actively seek to embroil them in conflicts in order to gain various national advantages. More than likely, over the coming decade, we will witness a mixed picture of polarities. The United States will remain the single strongest power but is not capable of always acting unilaterally or deploying its forces globally. Meanwhile, several multipolar aspirants will compete for regional influence with varying degrees of success in attracting neighbors into their orbit.

In seeking to more rapidly diminish American power, Russia's leaders support the creation of a "counter-hegemonic bloc."<sup>269</sup> This is a modernized version of the anti-American or anti-Western alliance that was pursued by the Soviet Union throughout the Cold War and ultimately failed. As the Russian case has demonstrated, expressions of strategic opposition to the West are driven largely by political leaders fearful of losing domestic power and international influence. However, no constructive or all-encompassing ideology has emerged that can unite and mobilize disparate states, which often possess contrary ambitions in overlapping regions. Moreover, such a strategy faces three core problems: it will stimulate new conflicts with the West, including the EU and NATO; it is unlikely to lead to meaningful or durable cooperation between such diverse countries and competitors as China, India, and Russia; and it will be resisted by states and governments that either aspire to be part of the West, look to the West for protection, or admire the liberal democratic model.

Future geopolitical configurations will not be neatly "multipolar," a concept that Moscow supports as it divides the world into regions where specific countries dominate and their influence is considered legitimate. Much more likely, we will witness a continuing struggle for zones of influence by larger states, together with resistance by smaller powers against subservience to larger and assertive neighbors. In sum, any theory of international relations, such as the multipolar concept, needs to account for a complex and changeable reality; if it cannot explain that reality, then it should be defined primarily as a tool of foreign policy pursued by particular capitals.

### **Interests, Ambitions, and Strategies**

In assessing Putin's integrationist agenda, it is useful to distinguish between Russia's realistic national interests and its grander state ambitions. For instance, Moscow's security is not challenged by the NATO accession of neighboring states. However, its ability to control the security and foreign policy orientations of its post-Soviet neighbors is certainly undermined by their accession to NATO and through allied protection of their national independence.

While its goals are imperial through its multipolar orientation, Kremlin strategies are pragmatic, and its tactics are elastic. The authorities employ flexible methods, including enticements, threats, incentives, and pressures, where Russia's national ambitions are seen as predominating over those of neighbors. Moscow engages in asymmetric offensives by injecting itself in neighbor's decisionmaking, capturing important sectors of local economies, subverting vulnerable political systems, and corrupting or discrediting national leaders. Russia's neoimperial project no longer relies on Soviet-era instruments, such as ideological allegiance, military control, or the implanting of proxy governments. Instead, the primary goal is to exert predominant influence over the foreign and security policies of immediate neighbors so they will either remain neutral or support Russia's international agenda.

The word "pragmatic" has been loosely applied in describing Russia's foreign policy by implying moderation and cooperation, and by counterposing it to an ideologized imperial policy characteristic of the Cold War. Paradoxically, "pragmatic imperialism" is a useful way to describe Russia's foreign policy, particularly in the strategies and tactics employed to realize specific state ambitions. These ambitions are two-fold with regard to Russia's neighbors: foreign policy subservience to Russia and integration in Moscow-directed security and

economic organizations. The major multinational organizations promoted by Moscow to enhance integration and centralization include the Commonwealth of Independent States (CIS), the Collective Security Treaty Organization (CSTO), the Eurasian Economic Community (EEC), the Customs Union (CU), the Common Economic Space (CES), and the recently announced EurU.<sup>270</sup>

Created in December 1991, the CIS has had limited impact, and several former republics joined primarily to ensure Moscow's economic assistance or, in the case of Armenia, permanent military protection. Several post-Soviet countries have maintained their distance from Russia despite their CIS membership. Ukraine, Moldova, Georgia, and Azerbaijan are focused on maintaining their independence and have viewed the CIS as a potential threat. Georgia joined the CIS in 1993 and left in August 2008 after its short war with Russia. Uzbekistan maintains a distance from Russia, although it joined the EEC and the CSTO briefly between 2006 and 2008, while Turkmenistan has been fully isolationist. Ukraine and Turkmenistan never ratified the CIS statutes and consider themselves only observers or participants.

The CSTO, a military alliance that includes Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, Tajikistan, and Uzbekistan, is designed to counter NATO aspirations in Eurasia. Its main charters are currently being revised, specifically in the arena of decisionmaking, for possible deployments.<sup>271</sup> The current charter requires unanimity to pass a decision, but under the planned revisions, only states with an interest in a given decision would be allowed a vote, thus curtailing any potential opposition to Kremlin policy in case a military mission is deemed necessary by Moscow.

The EEC was created in October 2000 at a summit in Astana, Kazakhstan, from the prior CU and is viewed in Moscow as a stepping-stone toward the proposed EurU. It includes Russia, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. In July 2011, Russia, Belarus, and Kazakhstan launched a CU to remove all trade barriers between the three states. In practice, Belarus and Kazakhstan have been forced to adopt the higher Russian import tariffs, and both capitals have demanded direct payments from Russia as compensation. Joining the Russia-focused CU may also preclude involvement in a free trade zone with the EU for the East European countries.

In October 2011, Putin hosted a meeting of prime ministers from Armenia, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, and Ukraine in St. Petersburg and announced an agreement to form a free trade zone after years of fruitless negotiations. On January 1, 2012, a formal agreement was signed to create the CES, an undivided common market embracing the three CU economies, together with Ukraine and open to other post-Soviet countries. On the eve of accession to the CES, the Presidents of Belarus, Russia, and Kazakhstan also signed the Declaration of Eurasian Economic Integration. President Dmitry Medvedev invited all other EEC members to join the CES, including the three EEC observer states of Armenia, Moldova, and Ukraine.

Business entities of the three CES countries are guaranteed freedom of movement of goods, services, capital, and labor. Thus far, Kiev has resisted these enticements, fearful that they would subvert Ukrainian sovereignty. All these plans called for the ultimate establishment of a euro-like single currency system. The transition to the EurU has been described as the final goal of economic integration. It envisaged a free trade regime; unified customs and nontariff regulation measures; common access to internal markets; a unified transportation system; a common energy market; and a single currency. The Moscow summit

of the EEC on March 19, 2012, charted a detailed integration strategy, with a view to having the EEC reshaped into a fully-fledged economic union by 2015.<sup>272</sup> These integrative economic measures would also become undergirded by a tighter political alliance.

Within the first 2 weeks of his renewed presidency in May 2012, Putin hosted an informal CIS summit with most of the former Soviet states, as well as a CSTO extraordinary session with Armenia, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. In all these meetings, the goal of the EurU has featured prominently. Putin's notion of a EurU is of a powerful supranational association capable of becoming one of the poles in the modern world and of serving as an efficient bridge between Europe and the dynamic Asia-Pacific region.<sup>273</sup>

Putin believes that the EurU should be built on the inheritance of the Soviet Union, including: infrastructure, a developed system of regional production specialization, and a common space of language, science, and culture.

How successful any of these integrationist projects will prove in practice remains debatable. For instance, some analysts believe that the EurU is likely to be costly and unsuccessful and will result in trade disruption.<sup>274</sup> Nevertheless, the pursuit of supranational integration is itself damaging to the security and independence of states neighboring the Russian Federation, as they will be prevented from fully expressing their sovereignty by freely choosing their international alliances. In calculating the impact of Russia's pressure politics revolving around its integrationist projects, it is useful to examine in more detail Moscow's policies toward its immediate European targets—Ukraine, Belarus, and Moldova—and then to assess the impact on the broader Central-Eastern European region.

## Target Ukraine

Few Russian politicians accept the permanent independence of Ukraine, a country viewed as the historic origin of Russian statehood.<sup>275</sup> Russian elites deny Ukraine a separate history and view its national independence as a temporary aberration. Their ideal scenario for Ukraine is a close political, economic, and military alliance. The internal characteristics of the Ukrainian government have been of lesser interest as long as Kiev follows Russia's foreign and security policies and does not succeed in gaining NATO membership.

Throughout the January 2010 presidential election campaign in Ukraine, the Kremlin did not overtly favor any specific candidate in case the candidate was defeated. It also calculated that growing public frustration with political infighting would lead to disillusionment with liberal democracy and growing support for a more authoritarian leader close to Moscow. Indeed, Ukrainian citizens became increasingly embittered with the results of the 2004 Orange Revolution, particularly with the political battles between former Orange coalition partners and subsequently elected Victor Yanukovych, the anti-Orange leader, as President.

Although Ukraine was one of the founding members of the CIS, which was styled as a loose multinational association among the newly independent states, it raised reservations on issues such as a single currency, military affairs, and foreign policy in order to prevent the new structure from becoming a Soviet replica. Kiev proved successful in thwarting Kremlin designs to construct a unified economic and security policy. However, power struggles between political interest groups and industrial lobbies in Ukraine have provided ample opportunities for Moscow to pursue its agenda of reintegration.

In order to return Kiev more firmly under its control, Moscow has engaged in various forms of pressure and subterfuge. These include energy blackmail, economic buyouts, media propaganda, the discrediting of pro-Western politicians, the manipulation of ethnic and regional grievances, and lingering territorial claims. Russia's new military doctrine also bestows Moscow with the right to intervene in neighboring states containing large Russian populations.

The Russian or Russophone minority, constituting about a third of the Ukrainian population, has been exploited by Moscow to apply political pressures on Kiev. Russian officials have demanded dual citizenship for co-ethnics in Ukraine and initially used this as a pretext to delay signing a bilateral state treaty. Kiev rejected such proposals, as they would allow Moscow to claim informal jurisdiction over regions where Russian-speakers predominated. Moscow also raised the specter of creeping "Ukrainianization" allegedly directed against Russian ethnics, implying attempts by West Ukrainian nationalists to oust the Russian language from official communications, thwart Russian cultural influences, and limit the role of the Russian Orthodox Church.

Moscow registered success in its external language policy on June 5, 2012, when Ukraine's parliament approved, in a preliminary reading, a law that would allow the use of Russian as a second official language in 11 Ukrainian regions where over 10 percent of inhabitants use Russian as their first language, together with the cities of Kiev and Sevastopol.<sup>276</sup> The law needs to be approved in two more readings and signed by President Yanukovich to take effect. The governing Party of Regions sought to consolidate its voting base among Russian speakers before the October 2012 parliamentary elections and succumbed to persistent pressures from Moscow. Once approved, the "regional language" law will affect schooling and citizens' interactions with local authorities. Observers fear that it will discourage Russian-speakers from learning the official state language and decrease their loyalty to the Ukrainian state. It could also increase ethnic tensions and aggravate social and regional divisions.<sup>277</sup>

Kiev remains concerned about possible Kremlin support for separatism on the Crimean Peninsula and in eastern areas of the country. Until now, it has not served Russia's interests to provoke a full-scale separatist conflict, as this would have a destabilizing impact along Russia's borders. However, the Crimean issue has been manipulated by Russian nationalists to prevent the Ukrainian government from moving in a pro-Western direction. Officials repeatedly refer to Crimea as "ancient Russian land." This autonomous region remains a potential flashpoint of separatism if relations between Ukraine and Russia seriously deteriorate.

Control over Ukraine's internal security is also an important component of Russia's oversight. In March 2012, President Yanukovich agreed to the introduction of Russian advisers in the Security Service (SBU) and joint consultation with Moscow over future government appointments.<sup>278</sup> Russian influence over Ukraine's security forces is evident in the appointment of Russian citizens Igor Kalinin and Dmitri Salamatina as SBU Chairman and Minister of Defense, respectively. Kalinin maintains close ties to Russia and headed the Directorate on State Protection (UDO), the former Soviet KGB 9th Directorate. His appointment will also lead to enhanced cooperation between the SBU and Federal Security Service (FSB).

Energy supplies have been persistently manipulated as economic tools of Russian policy. Ukraine depends on Russia for more than 70 percent of its oil and gas needs and is heavily

indebted to Russia's energy monopolies. Moscow's ability to injure Ukraine's economy through energy blackmail, the raising of prices, or calling in debts challenges the country's independence. Russia has periodically engaged in "energy wars" with Ukraine, during which cuts in energy deliveries crippled sizable parts of the economy. The gas war of 2005-06 highlighted the use of energy to apply political pressure on a government seeking to move permanently out of Russia's orbit.

Moscow has focused on acquiring Ukraine's energy infrastructure, as this ties the country into state-controlled Russian interests. Gazprom has sought a majority stake in pipelines crossing Ukraine. Its schemes were initially blocked, as the Ukrainian parliament prohibited the privatization of the oil and gas industries. Prime Minister Putin pushed for a merger between Gazprom and Naftogaz of Ukraine. Naftogaz controls the natural gas system and retail market in Ukraine. Russia uses the pipeline network to transport about 80 percent of its gas to the EU, or approximately 20 percent of the EU's total gas needs. Although Kiev may resist a full Gazprom takeover of Naftogaz pipelines and storage facilities, it could eventually accede to a joint venture between the two companies.<sup>279</sup>

Russia and Ukraine are also embroiled in a dispute over the price and volume of Russian gas. Kiev insists the current price is too high and wants to renegotiate the 2009 gas deal, while Moscow is pushing for control of Ukraine's gas transit system to Europe as part of a deal to cut prices.<sup>280</sup> Three elements of the agreement are problematic: the price Ukraine pays for gas, the volume of Russian gas that Ukraine is obliged to buy annually, and the fee Russia pays to use Ukraine's gas transit system.<sup>281</sup> Kiev feels that the first two figures should decrease dramatically, while the third should increase. At over \$400 per thousand cubic meters, Ukraine pays one of the highest prices for Russian gas in Europe, while the transit fees Russia pays to Ukraine are low in comparison to other transit countries.

Moscow has supported and exploited political disputes in leaders, as they weaken Kiev's Western aspirations and reinforce "Ukraine fatigue" in the West. The election victory of Viktor Yanukovich in February 2010 signaled that Ukraine remained divided on the question of Western integration as the new President favored state neutrality. On July 1, 2010, Ukraine's parliament ratified a new law on "The Fundamentals of Domestic and Foreign Policy" that dropped the goal of acquiring NATO membership. This has also suited several NATO and EU leaders who remain hesitant in bringing Ukraine into either organization.

Moscow has induced Kiev to integrate more closely with Russia and into its multinational formats. In April 2010, a new deal was signed by Medvedev and Yanukovich and ratified by the two parliaments, extending the lease on Russia's Black Sea Fleet by 25 years until 2043. The presence of the Black Sea Fleet restricts Ukrainian sovereignty and can be used as a pressure point if intergovernmental relations deteriorate. Both Ukraine and Moldova are now in a similar position of having declared their neutrality while Russian troops remain on their territories.

Since assuming the presidency, Yanukovich has initiated policies to speed up security cooperation with Russia, while downgrading the importance of Kiev's ties with NATO.<sup>282</sup> Ukrainian-Russian security cooperation has developed in three areas. First, Moscow and Kiev have reduced their rivalry in the international arms market. Yanukovich has established a new arms export agency, Ukroboronprom, which increased presidential control over arms export policies and tightened integration with the Russian military-industrial complex.

Second, joint ventures between Ukrainian and Russian companies have grown, especially in aircraft and shipbuilding. The Russian Navy's stationing along Ukraine's Black Sea coast



is being extended, and Moscow plans to supply new vessels to the Black Sea Fleet. Third, Ukraine and Russia have increased their cooperation in countries that were traditional markets for Soviet arms, such as India, and new Russian markets, such as Iran.

Russia's Deputy Prime Minister Igor Shuvalov has asserted that Ukraine needs to economically integrate with Russia. The chairman of Russia's parliamentary Committee on Economic Policy, Yevgeny Fyodorov, proposed that Ukraine join the Russia-Belarus Union, and Putin himself has invited Ukraine into the Russia-centered CU. Medvedev also invited Kiev into the CSTO, despite its declaration of nonbloc status. Kiev has thus far ruled out CSTO membership and was not prepared to alter its CIS status from observer to full member. Membership in the CU or any of the other economic initiatives has also been resisted, as it would curtail Kiev's control over the country's trade and economic policy.

Some analysts believe that Ukraine's choice is not between Russia and the West, but whether Ukraine joins the European mainstream or is relegated to the European periphery. It may not be Ukraine's preference to move closer to Russia, but Moscow's choice will prevail if Ukraine fails in its gradual integration with the EU. The ultimate choice facing Kiev is between the "shared sovereignty" model of the EU and the "surrendered sovereignty" model of the Eurasian bloc. Ukraine is unlikely to devise and survive an effective "third way" through its self-declared nonbloc status.

In the long term, the Kremlin seeks to permanently alter Ukraine's foreign policy, guarantee a Russia-friendly regime, stifle the country's aspirations to join Western institutions, and ensure Ukraine's permanent neutrality. Putin may be satisfied with the Belarusianization of Ukraine as long as this does not precipitate a destabilizing social upheaval. But unlike with Belarus, in Ukraine public opinion, anti-authoritarianism and counter-Kremlin sentiments are more visible, and a tightening Russian corset is likely to provoke a strong reaction against President Yanukovich and against Moscow, whether through elections or extra-parliamentary revolt.

## **Target Belarus**

The tug of war between Russia and the West over the future of Belarus appears to be reaching a climax. Instead of performing a balancing act between Russia and the West, President Alyaksandr Lukashenka has been slipping from the tightrope and heading toward a hard landing in the Russian net. While the West demands democracy and does not guarantee Lukashenka the levers of power, Moscow pursues control over key sectors of the economy and tolerates his remaining in power. As EU sanctions have intensified because of political repression, Minsk depends even more on Russian loans and purchases.

Russia's economic buy-out of Belarus has been accelerating during the past year. The sale of state assets was a key condition of a bailout package that helped Belarus avoid economic collapse after the 2011 currency crisis. In return for subsidized gas, the cheapest in Europe (\$164 per 1,000 cubic meters in 2012), Minsk has lost full control over the country's pipeline to Russia. Belarusian authorities have sold industrial assets worth \$2.5 billion in order to receive the third tranche of the \$3 billion stabilization loan issued by the EEC in June 2011. Moscow and Minsk have also signed deals for approximately \$20 billion in Russian purchases, price concessions, and credits between 2012 and 2015, a figure that amounts to nearly half of Belarus' gross domestic product (GDP).

The privatization plan entails a complete or partial selling of key Belarusian companies to Russian tycoons, even though Minsk continues to resist major acquisitions of its prized assets.<sup>283</sup> Nonetheless, Europe's largest refinery, Belarus's Naftan, may soon be sold to Russia's Lukoil. Minsk has been offered full-scale Russian support in the event of tighter Western sanctions, while Lukashenka has called for intensifying military-political cooperation within the CSTO.<sup>284</sup> Such developments may actually suit Brussels and Washington, which prefer that Belarus become a Russian concern and no longer a Western problem.

Moscow, especially with the triumphal return of Putin to the Kremlin and his vision of a EurU, will certainly not want Lukashenka replaced with an unpredictable and unruly democrat. Ideally, the Kremlin would welcome a more amenable and less abrasive government in Minsk that can help Putin, while providing lucrative benefits for Russia's FSB tycoons. But short of that, Moscow will tacitly support a Lukashenka presidency if Putin continues to keep the West at a firm distance.

At the same time, the military union between the two capitals is being consolidated.<sup>285</sup> In February 2009, Moscow and Minsk signed an agreement on the joint protection of the Russia-Belarus Union State's airspace and the creation of an integrated regional air defense network. The network is expected to comprise five air force units, 10 air defense units, five technical service and support units, and one electronic warfare unit.

Political planners in Moscow are fearful of Arab-type revolutions anywhere in their neighborhood, as they could prove contagious in Russia. In claiming an "area of responsibility" that coincides with the defunct Soviet Union, Moscow is developing several contingencies where military intervention would be warranted. For instance, the organization may become directly involved if the head of the state is cornered by the domestic opposition and requests CSTO assistance. In such a scenario, the CSTO could intervene to protect the "constitutional order," in other words, to help subdue social or ethnic unrest. The Russian General Staff is reportedly accelerating preparations for creating CSTO forces on standby for possible intervention, and such missions would not require approval by the United Nations (UN) Security Council.

Belarus would be an obvious target of Moscow's plans and may welcome a brotherly CSTO intervention if President Lukashenka's position is endangered. Even more troublesome, some EU members may actually favor CSTO involvement and a Russian-led peacekeeping force to stabilize Belarus. Additionally, the replacement of Lukashenka by a more pliable pro-Russian leader could be acceptable in Brussels, and Moscow is unlikely to be ostracized for replacing the often-described "last dictator in Europe."

## Target Moldova

While the overriding priority of the current Moldovan government is European integration, Moscow wants to keep the country outside both NATO and the EU and to enroll it in its own integrationist structures. The Kremlin uses several factors to maintain pressure on Chisinau; above all, it manipulates the separatist Transnistrian conflict.

International negotiations over Transnistria recently restarted after almost 6 years. However, Russia's Foreign Minister Sergei Lavrov made it clear that any reunification of Moldova would be conditional.<sup>286</sup> Any "federal" setup would require Russian arbitration,

agreement, and troop presence, with a guaranteed special status for Transnistria, enabling it to veto Chisinau's foreign and security policymaking. According to Lavrov, Moldova's foreign policy decisions should reflect its permanent neutrality as inscribed in its constitution. Moldova's EU integration is allegedly incompatible with the country's permanent neutrality and its close relations with Russia. Indeed, such interpretations of neutrality are the major condition for any resolution of Transnistrian separatism.

Yevgeny Shevchuk's election as President of Transnistria in December 2011 may actually strengthen Moscow's hand during a new cycle of international negotiations over the territory. Shevchuk believes that Transnistria is a separate state and favors its integration with the Russian Federation. During Russia's presidential elections, Shevchuk urged Transnistria's residents with Russian citizenship to vote for Putin and supported his idea to create a EurU. Additionally, Russia has issued an estimated 150,000 passports to residents of Transnistria.

Russia seeks to legitimize Transnistria's leadership, while Shevchuk's track record is one of consistent loyalty to Russia, the country of his citizenship.<sup>287</sup> Although he has been hailed in Brussels as a potential reformer, Moscow's approach will leave Shevchuk with little room to maneuver. On March 21, 2012, Medvedev appointed Russia's former envoy to NATO, Dmitry Rogozin, as Special Representative of the Russian President for Transnistria.<sup>288</sup> Meanwhile, Prime Minister Putin also appointed Rogozin as chairman of the Russian side of the Russia-Moldova intergovernmental cooperation commission. Rogozin's assignment will cover both local issues and the international negotiating process; he will apparently be reporting to Putin on Transnistria and to Russia's new Prime Minister Medvedev on Russia-Moldova issues.

Rogozin's dual appointment seems designed to treat the two parts of Moldova separately and contribute to legitimizing and institutionalizing the country's division and heighten its dependence on Russia. Rogozin has revealed that Moscow is not only planning to keep its peacekeeping forces in Transnistria, but it also intends to rearm and upgrade them.<sup>289</sup> It may also deploy a radar system in Transnistria, establish a military base, and position Iskander missiles as an alleged response to U.S. missile defense plans and the creation of U.S. bases in Romania.<sup>290</sup> Moldova will thereby become more closely entwined in Russia's integrationist agenda.

## **Impact on Central-Eastern Europe**

Since the collapse of the Soviet bloc, Russian leaders envisaged post-communist Central-Eastern Europe (CEE) as a string of neutral and weak states, regardless of their internal political structure and economic makeup. A primary Kremlin objective was to prevent these countries from moving into NATO and further diminishing Moscow's strategic maneuverability. The Kremlin sought the region's demilitarization and neutralization so that it would form a buffer between NATO and the CIS. Once Moscow understood that it could not prevent NATO's absorption of the CEE countries, it embarked on a three-pronged approach: containment, division, and marginalization.

First, Russia's administration focused on building a firewall around the former Soviet republics of Ukraine, Belarus, and Moldova to restrict CEE influence and undercut any aspirations among the three capitals to join Western institutions. Second, the Kremlin sought a role in alliance decisionmaking by influencing governments in key states and promoting

divisions to weaken NATO's effectiveness. Third, Russia's leaders endeavored to marginalize the CEE states by creating bilateral disputes and depicting them as disruptive "Russophobes" within both NATO and the EU.

In recent years, Moscow has courted Poland as a regional partner, and Warsaw has reciprocated for several reasons. For the Polish government, cordial ties with Moscow boost Poland's stature inside the EU, whose major states such as Germany and France seek closer relations with Russia regardless of its poor human rights record, democratic reversals, and imperial approach toward post-Soviet neighbors. Poland no longer wants to be perceived as a "Russophobic" troublemaker, an image that reduces its influence within the EU. Lessened U.S. involvement with NATO enlargement and with European affairs more generally under the Obama presidency has also contributed to convincing Polish policymakers that Warsaw needs to primarily strengthen its position within the EU. Russia is also seen a sizable market for growing Polish exports and a potential destination for Polish investments.

Moscow views Poland as a rising power within the EU and has therefore offered closer business and energy connections to increase Russia's influence. The Kremlin calculates that improved contacts will prevent Warsaw from blocking EU-Russian initiatives as it has in the past. It would also constrain Warsaw in pushing for the incorporation of the post-Soviet states in Western institutions. Additionally, the prospective importance of Poland as a shale gas producer may transform it into a potential energy competitor with Russia. Hence, Moscow seeks to be part of the development process for new sources of energy and to more closely tie Warsaw into its energy exporting networks.

Paradoxically, Poland's aspirations to become a major EU player and to develop ties with Russia have created an appearance of detachment toward smaller neighbors. Critics of Poland's foreign policy perceive the government of Prime Minister Donald Tusk as intent on placating Russia, Germany, and France to the detriment of other neighborhood relations. If Warsaw significantly reduces its attention toward bordering states, this could prove strategically counterproductive and would serve Moscow's interests.<sup>291</sup> For instance, the ongoing dispute between Warsaw and Vilnius over the linguistic and educational rights of the Polish minority in Lithuania clearly benefits Moscow's regional "divide and rule" strategy.

In addition, the EU's EaP program toward the European post-Soviet states has lost momentum during the past 2 years. Partnership countries complain that the funds allocated by the EU have not been serious and fail to focus on specific and practical projects. The EaP is in danger of losing the attention of political elites, despite Warsaw's attempts to raise it to the top of the EU agenda and to involve a broad array of EU capitals.

Unresigned to full Baltic sovereignty, Russia's leaders have sought to place Estonia, Latvia, and Lithuania in an undefined "neutral zone" between NATO and the CIS and between Central Europe and Russia. In this way, NATO influences would be minimized, and Russia's expansive national interests safeguarded. During the past 20 years, Moscow has experienced several disappointments in its Baltic policy. It failed to draw the three independent states into a Russian security orbit, and it proved unable to prevent them from moving westward politically and establishing close relations with the United States. The Kremlin was left with a defensive policy of curtailing the influence of the Baltic States on other former Soviet republics. The Kremlin's policy of marginalization and isolation continues. Numerous forms of pressure within Russia's foreign policy arsenal have been applied against the three Baltic countries.

As the major energy supplier to the region, Moscow has periodically sought to disrupt the Baltic economies in order to apply direct pressure and gain political advantage. As a result, each government has tried to limit its dependence on Russia and its susceptibility to blackmail. Moscow also endeavors to control energy transit routes, as this is both financially and politically profitable. Energy supplies are used as leverage to purchase shares in local refining and transportation systems. Periodic threats to reduce or halt supplies are a means of extracting concessions to allow for Russian investments in the local economies.

Moscow aims to convert overwhelming dependence on Russian energy supplies and economic investments into long-term intergovernmental influence. This can provide Moscow with substantial involvement in a targeted country's financial, trade, and investment policies. Russian enterprise officials also gain political influence through engagement with government officials, political parties, interest groups, and media outlets in targeted states.

Russia's officials periodically threaten the Baltic countries, claiming that Estonia, Latvia, and Lithuania were positioning themselves as alleged launching pads for NATO aggression against Russia.<sup>292</sup> Frequent unauthorized military overflight over Baltic airspace indicates that the Kremlin seeks to intimidate its neighbors and to demonstrate that NATO will not ultimately defend their interests in an armed confrontation with Russia. However, in the past 2 years, NATO has drawn up more concrete defense plans for Poland, Estonia, Latvia, and Lithuania, including guarantees of a NATO military response in case of outside attack. The Baltic governments have also gained more regular NATO military exercises in the region. Deliberations have also intensified over the potential hosting of U.S. and NATO military infrastructure, following the Polish, Romanian, and Czech acceptance of components of the new U.S. missile defense system. Some capitals have also proposed NATO army, air force, and naval bases, together with the reorientation of force structures, to cope with conventional threats.

There have been several reported cases of political subversion in the Baltic region, in which influence has been purchased by Russian businessmen tied to the Kremlin's intelligence services. This policy unseated Lithuania's President Rolandas Paksas in April 2004 and placed other officials under suspicion of collaboration. In Latvia's September 2011 elections, the Kremlin supported the Russian ethnic Harmony Party, calculating that, by entering government, it could sway Latvia's policies in a more pro-Moscow direction. However, although Harmony gained a majority of votes among the Russian-speaking minority, it was left out of the new governing coalition by a combination of ethnic Latvian parties because of fears that it could veer Latvia away from its Western orbit. Russian organizations in Latvia also gathered enough signatures to initiate a referendum on making Russian an official second language, but the initiative was defeated on February 18, 2012, by over 74 percent of Latvian voters.<sup>293</sup>

Moscow has tried to benefit from local political, ethnic, subregional religious, and social turbulence in order to keep each Baltic country off balance. It has exploited the Russian minority question to depict the Baltic governments as failing to meet European standards for minority protection and human rights. The Kremlin claims the right to represent and defend the interests not only of Russian ethnics, but also all "Russian speakers" in order to raise the number of alleged victims of Baltic repression. Claims by officials that the Baltic governments actively discriminated against Russians, despite the conclusions of international human rights organizations, contribute to heightening international tensions. Moscow continues to manipulate the ethnic issue at convenient venues, including UN Human Rights

Commission sessions. This raises concerns that a more expansionist regime in Moscow could employ aggressive means to support secessionist movements in all three Baltic states.

CEE also provides opportunities for Russian inroads toward the pan-European and transatlantic institutions through economic, political, and intelligence penetration. Russian officials focus on influencing political decisions in these capitals through a combination of diplomatic pressure, personal and professional contacts, economic enticements, energy blackmail, and outright bribery. Reports regularly surface in Slovakia, Hungary, Bulgaria, and other CEE states that “old comrade” networks continue to operate, based on financial and friendship connections rather than on any steadfast ideological or political convictions. Some socialist and social democrat parties in the CEE, where many of the ex-communists have gravitated, have provided the most beneficial opportunities for Russian penetration. Lucrative business contracts, donations to political campaigns, and the purchase of media outlets enable Moscow to exert political influence and convince key politicians to favor Russian business investments and strategic interests.

During the unfolding Putin presidency, one can expect that an aggressive integrationist approach by Moscow toward the post-Soviet states will be mirrored by a more assertive policy toward the CEE countries based around economic entrapment and political neutralization. Any successes registered in reintegrating the European post-Soviet countries within a Eurasian economic, political, and security alliance will also encourage Moscow to pursue a more intrusive policy toward its former CEE satellites in seeking to maneuver them closer to a Russian orbit. This will, in turn, heighten tensions and exacerbate conflicts between Moscow and several Central European capitals.

## End Notes

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IT WAS the best of times, it was the worst of times, it was the age of wisdom, it was the age of foolishness, it was the epoch of belief, it was the epoch of incredulity, it was the season of Light, it was the season of Darkness, it was the spring of hope, it was the winter of despair, we had everything before us, we had nothing before us, we were all going direct to Heaven, we were all going direct the other way—in short, the period was so far like the present period, that some of its noisiest authorities insisted on its being received, for good or for evil, in the superlative degree of comparison only.
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According to the 1993 Constitution, Russia is a democratic federal law-governed state with a republican form of government, comprising 83 federal subjects.  
The next parliamentary elections will be held on December 4, 2011, to be followed by presidential elections on March 4, 2012. President Dmitry Medvedev came to power in March 2008 and appointed Prime Minister Vladimir Putin. This ruling tandem has operated well since then. According to recent



polls, the approval ratings for both the president and prime minister remain high, albeit lower than in 2010. The ruling party, United Russia, dominates the State Duma by holding 315 seats. The 2011 parliamentary elections will be the sixth in the history of modern-day Russia. Vladimir Putin announced that he will run for president. According to latest public opinion polls, the political situation is not likely to change significantly after the elections, with the four leading parties retaining their dominance in the Duma.

<sup>67</sup> Anders Aslund, group email, December 12, 2011. Nonetheless, Aslund remains hopeful that democracy will triumph soon.

Yet, I think Putin and his regime were effectively finished on December 10. I do not think it possible for Putin to serve as the next president, and I also think that Medvedev has no future role to play. Common slogans are directed against Putin: 'Russia without Putin,' 'Putin is a thief,' 'Putin to prison,' and 'out with Putin!' Both the Russian people and authorities have shown that Russia is ready for a new democratic breakthrough.

<sup>68</sup> Obama administration's Ambassador to Russia, Michael McFaul, expressed his view that Putin's authoritarianism soon would give way to democracy. See Michael McFaul and Kathryn Stoner-Weiss, "Mission to Moscow: Why Authoritarian Stability is a Myth," *Foreign Affairs*, January/February 2008. McFaul worked for the U.S. National Security Council as Special Assistant to the President and Senior Director of Russian and Eurasian Affairs. McFaul is one of the architects of the "reset." See Leon Aron, "A Tormenting in Moscow," Washington, DC: American Enterprise Institute, April 12, 2012.

<sup>69</sup> World Bank, *Country Partnership Strategy (CPS) for the Russian Federation*.

<sup>70</sup> *Ibid.*

Russia has weathered the global crisis well despite the massive oil and capital account shocks. This was mainly because of the large pre-crisis fiscal reserves and fiscal surpluses that allowed the Government to mount a large countercyclical stimulus package in support of the financial system, enterprises, and households. Despite a large drop in real GDP in 2009 (-7.8 percent), an acute liquidity crisis, and a sharp increase in unemployment, the crisis was managed without systemic bank failures, and the economic and labor market conditions began to improve during 2009 in line with the rise in oil prices and the recovery in domestic demand and credit. Large increases in public sector wages and pensions cushioned the impact on the middle class and the poor, making the social impact less severe than it would otherwise have been. With the cyclical demand recovery in the global and Russian economies as well as energy commodities, Russia's real GDP grew 4 percent, and unemployment fell 2 percentage points from its peak during the crisis to 7.2 percent at the end of 2010.

<sup>71</sup> *Ibid.*

Following a cyclical recovery of oil prices, economic activity, and employment during 2010, Russia's current macroeconomic situation remains favorable. After a 4 percent growth in 2010, the Russian economy continues to expand in an environment of declining unemployment (6.5 percent in July 2011) and inflation, rising domestic consumption, and still high oil prices. All sectors of the economy are growing, and domestic consumption—while less buoyant than anticipated—increasingly acts as an engine of demand growth. With good harvest and favorable food price outlook, annual inflation is expected to end at around 7.5 percent in 2011, somewhat higher than the Government's target of 6-7 percent but lower than at any time in recent years. The federal budget was anticipated to be in near-balance in 2011. A large current account surplus of almost U.S.\$70 billion significantly exceeds the deficit in the capital account, which will allow the Central Bank to accumulate additional reserves.

<sup>72</sup> *Ibid.*

Yet the risks to the global economy are growing and so are risks to Russia's growth. Reflecting the slowdown in major developed economies, and rising risks associated with the European debt crisis during the summer of 2011, the WBG's outlook for Russia's real GDP growth was revised to 4 percent in 2011 (down from 4.4 percent earlier in the year), and to 3.8 percent in 2012. This is predicated on the lower oil price outlook for Russia (Figure 2) [see original] and the global economy growing at more moderate rates, especially high income countries.

<sup>73</sup> "Economic Policy Reforms 2012: Going for Growth," Paris, France: Organization for Economic Cooperation and Development (OECD), 2012.

The narrowing in March 2011 of the list of activities of strategic importance performed by non-state-owned banks removed the need for prior government approval for foreign acquisitions in this sector. Tariffs for selected agricultural products were reduced in response to the food price shock resulting from the drought in the summer 2011.

<sup>74</sup> World Bank, *Country Partnership Strategy (CPS) for the Russian Federation*.

Beyond this favorable short-term picture lie heightened vulnerabilities of the Russian budget and long-standing structural issues. First, there is the large non-oil fiscal deficit of about 11 percent of GDP, compared with the sustainable 4.5 percent level. Second, with much smaller fiscal reserves than before 2008, Russia's budget is now more vulnerable to a new, sustained drop in oil prices. Third, Russia faces major structural problems in the medium term, including the need to significantly improve the investment

climate, close large infrastructure gaps, diversify its export, tax, and broader economic base, improve governance, and strengthen institutions.

<sup>75</sup> Finally, on the structural reform front, the Russian economy is facing multiple, long-term challenges. These include, first and foremost, improving the investment climate, addressing the large infrastructure gaps, diversifying Russia's tax, export, and broader economic base, and strengthening governance and institutions. In each of these areas, Russia scores comparatively low on many measures of performance, especially for a very large middle-income country aspiring to achieve high-income status within the next decade. These challenges underpin the Government's broader modernization agenda and the ongoing broad consultative discussions about the country's revised *Strategy 2020*. The extent to which these long-term challenges are met will determine the longer-term dynamics of the Russian economy, its catch-up with developed countries, and its ability to improve the living standards of its citizens.

<sup>76</sup> World Bank, *Country Partnership Strategy (CPS) for the Russian Federation*.

The dominant concern for Russia's economic model remains the dependency on fossil fuel production and exports and the associated challenge of using hydrocarbon revenues effectively and efficiently. Russia is a global energy powerhouse. It is the world's largest exporter of natural gas and the second largest oil exporter. Energy resources combined with stronger social and economic policies have resulted in rapid social and economic progress during 2002-2008 and allowed it to weather the global crisis well. At the same time, however, as in many other major hydrocarbon producers, these resources are also the source of many of its development challenges. Relative to its structural endowments and trade potential, Russia appears to be under-exporting. Only approximately 9 percent of total exports in 2009 were accounted for by high-tech exports, mainly from the defense industry. There has been some shift to services over the years but the economic structure is dominated by large corporations with concentration in natural resources and low value added industries, while contributions from the SME sector are limited. The financial sector remains underdeveloped in terms of its capacity to mobilize and intermediate savings and is vulnerable to fluctuations in commodity prices and capital flows. Capital markets are inadequately developed and gaps exist in the oversight of the banking system.

<sup>77</sup> Russia has a lengthy list of "strategic" enterprises, both military and key suppliers to the military, that prohibit foreign participation. Military industrial enterprises are all nationalized. "Strategic" enterprises essentially are state controlled. The number of strategic enterprises has not been reduced, nor is there any officially stated intention to do so. See OECD, "Economic Policy Reforms 2012: Going for Growth."

<sup>78</sup> *Ibid.*

<sup>79</sup> *Ibid.* "An April 2011 legislative act requires that all draft legislation be subject to regulatory impact analysis in order to identify the provisions that create unjustified obstacles to investment."

<sup>80</sup> World Bank, *Country Partnership Strategy (CPS) for the Russian Federation*:

Russian businesses are often inefficient and tend to operate at low levels of technology and knowledge. Russia's product base has narrowed considerably over the past decade. In manufacturing, value-added per worker is similar to that of workers in China and India, but when labor costs are accounted for, overall productivity is lower. State-owned enterprises are present in more sectors of the economy than in any OECD country bar Poland. These enterprises also account for around 17 percent of total employment. Competition and the institutional and policy framework provide insufficient pressure or incentives to stimulate innovation. A difficult environment for the financial system leads to deficiencies in new company formation. External know-how transfers are limited with gross FDI inflows from 2005-2010 averaging a low 1.5 percent of GDP, with only 21 percent of these funds going to non-energy manufacturing.

<sup>81</sup> OECD, "Economic Policy Reforms 2012: Going for Growth."

The Government's new innovation strategy "innovative Russia-2020" emphasizes the importance of private sector innovation activity. The creation of the Kolkovo "innovation city" may facilitate innovation, but its special legal and tax regimes go against the principles of universally applied rules and incentives.

<sup>82</sup> World Bank, *Country Partnership Strategy (CPS) for the Russian Federation*.

Russia, as the largest country in the world by land area, faces significant challenges in development of its regions as average numbers for the country mask huge regional variations. Large and dynamic cities with high growth rates such as Moscow and St. Petersburg are highly congested and create substantial problems for urban transport management, while outside these cities poverty levels and unemployment can reach significantly high levels. According to Rosstat, the average level of unemployment from November 2010 to January 2011 varied from only 1.4 percent in Moscow to 47.5 percent in the Republic of Ingushetia. Headcount poverty rates (2008) ranged from 38 percent in Kalmykia (in the south) to 7.4 percent in oil-rich Khanty-Mansiysk.

Providing access to infrastructure of comparable quality is a principal development objective of the Federation, yet is also a significant challenge given its huge size.

Three strategic projects, including a Pacific oil pipeline, a drilling rig and an auto plant have been launched in the Far East.

See "Strategic Projects to Boost Russia's Far Eastern Economy," January 5, 2010, available from [www.chinaview.cn](http://www.chinaview.cn).

<sup>83</sup> World Bank, *Country Partnership Strategy (CPS) for the Russian Federation*."

Russia has a strong interest in continuing to improve efficiency and effectiveness of public financial management. Among other measures, the Government already introduced a three year budget framework, implemented legal and institutional mechanisms for monitoring sub-national public finance and Treasury principles of budget execution, created budget authority at the municipal level, and adopted legislation on insolvency of budgets of the regions. In late 2010 and 2011, Russia experienced large oil windfalls. Rising public expenditure commitments—including on the military, public sector wages, and pensions—are threatening to undermine fiscal and overall macroeconomic stability. The Government needs to substantially improve its long-term fiscal position by rationalizing public expenditures, managing the effects on public finances of an aging population, creating fiscal space for productive infrastructure spending, returning to an explicit fiscal rule, and broadening the tax base.

<sup>84</sup> *Ibid.*

The Government has renewed and stepped up efforts to improve the business environment. Over the past few years these efforts have included the reduction of the burden of regulatory compliance on business, particularly in dealing with licensing and inspections at the subnational level, systematic monitoring of business environment indicators at the level of the regions, strengthening the enforcement of competition regulations, automating key administrative processes concerning business (e-filing of taxes), and stemming the proliferation of new regulations through the introduction of regulatory impact assessments. Despite the promising recent initiatives aiming at improving the business climate, perception indicators of the business environment remain poor. Russia ranks 120th among 183 economies in the 2012 Doing Business report. Government efforts now focus on streamlining key regulatory processes (e.g., issuance of licenses and permits) and monitoring administrative corruption affecting business at the level of the regions, where most regulatory processes occur. See further details in Annex 3.

<sup>85</sup> *Ibid.*

The Russian Government is prepared to address existing weaknesses in the financial system. Prudential and non-prudential supervision requires strengthening through an improved regulatory framework in line with the G20 objectives. In particular, the Central Bank of Russia needs supervisory powers for several areas to mitigate banking sector risks. Also, financial system assets are concentrated in the banking sector where loan quality may be overestimated and the level of provisions is still lower than it should be. The breadth and depth of the equity, bond and investment fund markets remain well below capacity. Russia's capital markets also face deficiencies in market infrastructure (clearing and settlement) and a small institutional and retail investor base. The issues in the banking system and capital markets mean that there are problems in access to finance. The lack of access to finance is an obstacle for micro, small and medium firms, but is a particularly significant obstacle for medium and large firms. Structural obstacles to an enhanced access to finance remain to be addressed.

<sup>86</sup> *Ibid.*

The Government regards infrastructure as a key development constraint with estimates for necessary investments at about US\$1 trillion until 2020. According to a joint Bank/IFC study, Russia's potential energy savings are roughly equal to the annual primary energy consumption of France. Russia's transport infrastructure is generally poor and has been declining because of underinvestment in maintenance and rehabilitation. Major weaknesses are evident in the quantity, quality and institutions of several large infrastructure sectors. Upgrading Russia's infrastructure would require not only significant investments but also a strengthening of the country's institutional framework. Russia's environmental management suffers from poor governance and sometimes obsolete management practices. Environmental quality and control are poor for a majority of Russians living in the country's population centers. This has detrimental effects not only for those peoples' well-being but also a significant negative impact on Russia's economy.

<sup>87</sup> *Ibid.*

The Russian Federation has made significant achievements in social and human capital development. The most notable achievements are in the areas of universal primary education, equality for women, eradication of extreme poverty and malnutrition, lowering child and maternal mortality, and reaching very high levels of higher education enrollment. With these achievements, the Russian Government is increasingly focusing its strategies on moving Russia closer to the level of achievements of other G8/OECD countries. In light of these ambitious goals, despite the impressive achievements to date, Russia is facing new challenges that will be critical to address if the government goals under the updated Strategy 2020 are to be achieved.

<sup>88</sup> *Ibid.*

While general poverty levels have fallen sharply since the early 2000s, vulnerability to poverty remains a concern. Poverty rates are declining but remain significant with more than 18.5 million Russians living in poverty in 2010. Chronic poverty is now at about 7 percent, but the relatively high vulnerability to poverty affects about a quarter of the population (some 37 million people) 3. Efficiency in social spending, better targeting of social programs, as well as new transfers will be of critical importance in the future, especially

with Russia's efforts to reduce the fiscal deficit and its exposure to changes in oil prices. Social protection is the largest budget item (55 percent) within the social expenditures<sup>4</sup>. Up to one quarter of social support beneficiaries are not poor. Furthermore, some of the social programs are suffering from low quality and weak integration with active policies that will bring people into jobs and out of poverty or social care. As Russia continues to develop, social transfers and programs will take up an increasing share of the national budget as in other OECD countries. Thus, enhancing its efficiency will be paramount as will be improving the quality of care and social programs.

<sup>89</sup> "Since January 2011, citizens have got the right to choose a primary care doctor and an insurance company within the mandatory health insurance system," OECD, "Economic Policy Reforms 2012: Going for Growth; World Bank, *Country Partnership Strategy (CPS) for the Russian Federation*:

Demographic and health trends are characterized by low fertility, high adult mortality and morbidity rates, and inefficient health spending, in addition to a rising pressure on pensions. The demographic profile of the Russian Federation shows a shrinking and aging population. Average male life expectancy in Russia is only 62.8 years (13.8 years less than the EU average), as opposed to 74.7 for women (7.9 years less than the EU average). The excess mortality is overwhelmingly attributable to cardiovascular diseases, cancer, alcohol poisoning, as well as injuries due to traffic accidents. According to Rosstat estimates, the working age population size will decrease by 10.4 million between 2011 and 2025, which is a major challenge for the Russian economy. Labor force shortages are expected to be compensated through labor immigration. Progress has been made in the fight against AIDS/HIV and TB. Still, Russia is among the 10 countries with the highest multi-drug resistant TB burden in the world. Furthermore, the Russian health system suffers from poor quality and inefficient spending with limited resources flowing to preventive care and an excessive amount of resources going to the hospital sector. Despite these challenges, Russia's total health expenditures is only 5.4 percent of GDP compared to an OECD average of 8.8 percent. Health indicators generally remain low in an international perspective and when compared to countries with similar levels of development. Given the relative low retirement age and the aging population, the fiscal burden arising from pensions will continue to grow.

<sup>90</sup> World Bank, *Country Partnership Strategy (CPS) for the Russian Federation*:

Skill mismatches in the labor market are turning into an increasingly important development constraint. Professional education and the renewal of skills for labor market entrants as well as existing workers are critical for adopting new technologies, diversifying the economy, and improving productivity levels. The latest EBRD-World Bank Business Environment and Enterprise Performance Survey (BEEPS) ranks skills as the number one concern for businesses in Russia. This is further exemplified by the fact that excess labor market capacity appears to have been exhausted. Combined with the changes to the demographics of the Russian population, this indicates a serious and tightening bottleneck in the economy with regard to the provision of skilled workers, the quality of higher education and the renewal of skills within the existing labor force. Labor force shortages resulting from demographic trends make the Russian economy dependent on immigrant labor. The Russian Government is undertaking steps to attract more highly skilled immigrants to the country and is currently developing a scheme of organized recruitment of migrant workers. During 1999-2007, Russian GDP grew by an average of 7 percent annually with labor productivity growing an average of 6 percent per year accounting for 2/3 of the expansion in per capita GDP. Both female and male employment rates are below the EU average. The Russian Government is aware of the challenges which are to be addressed in the updated Strategy 2020. See further details in Annex 4.

<sup>91</sup> *Ibid.*

The country's strong economic recovery and downward poverty trends belie significant challenges of inequality and social exclusion. Since Russia began its transition from a planned economy to a market economy some 20 years ago, economic growth has been steady and GDP per capita has increased threefold. Inequality as measured by the Gini coefficient rose significantly, however, from 28.9 to 42.2 between 1992 and 2009. Social stresses have been similarly magnified. Given that federal spending on social services in 2007-2008 already accounted for about 17 percent of GDP, or half of total federal spending 6, and was further increased by around 1.3 percent of GDP in 2009 and 2.2 percent of GDP in 2010, effectively addressing the issues of inequality and social exclusion will require an alternative preventative approach that can tackle the root causes of these issues.

<sup>92</sup> *Ibid.*

The sharp disparities in development and living standards among Russia's regions require a differentiated policy approach. Russia's achievements conceal huge variations among regions in the level of social spending and poverty rates. For example, 82 percent of preschool education is financed through local government budgets, and therefore poorer regions will be more disadvantaged in their capacity to finance preschool education than richer regions. Substantial differences among Russia's regions are also apparent in per student spending and in the quality of education at the primary and secondary education level. Finally, vulnerable children including those with mental or physical disabilities and those who are infected with HIV suffer from educational exclusion. Addressing these variations among the regions across the human development spectrum will be

critical for maintaining the path of achievements and calls for a more differentiated approach to policies and interventions.

<sup>93</sup> *Ibid.*

Russia's national choices have critical impact on regional and global challenges. Russia is one of ECA's regional engines of growth, both as the major destination of exports and migrant labor from the CIS countries. The Russian Government wants to support economic integration within the CIS, including the creation of a common migration space and common labor market, but also has to grapple with social integration and adaptation of labor immigrants. The Russian territory contains about 22 percent of the world's undisturbed ecosystems. These have global value and significance for biodiversity protection, carbon storage and sequestration, and other critically important environmental functions. Strengthening forestry governance and management is particularly critical. The country's forests are at risk from forest fire, pest and disease outbreaks, and low rates of reforestation. Further strengthening of the national system for weather forecasting, hydro-meteorological services and climate monitoring remains a high priority for the Government as the impact of climate change is expected to increase the frequency of extreme and hazardous weather events. Due to the large-scale economic development and climate warming in recent decades, Russia's remote Arctic areas have become more accessible, resulting in a significant increase in human activities. This has led to more pressures on the pristine but fragile environment in the Arctic zone.

<sup>94</sup> *Ibid.*

At the ECA regional level, Russia has become a prominent emerging donor. Over the last CPS period, it has implemented an ambitious development assistance program with significant contributions. With the approval of 75 percent of the population according to a 2010 WBG-managed opinion survey by the Levada Center, Russia will focus its assistance on LICs and lower-income MICs in ECA where it has many social and economic ties, and will also become active in other LICs. As a member of the Eurasian Economic Community, it initiated the establishment of a regional multilateral mechanism (EurAsEC Anti-Crisis Fund) administered by EDB to help deal with crisis related challenges in affected EurAsEC countries. Russian lead agencies have developed an understanding of the complexity of development aid communications and a sense of urgency for more active work in ensuring adequate information in support of Russian development aid. The Russian Government now plans to create a stronger institutional framework for development aid. It wants to set up a new bilateral development aid agency and enhance capacity within existing public agencies through better staffing, increased staff training, and development of expert potential.

<sup>95</sup> *Ibid.*

At the global level, Russia has made important steps toward deeper integration into the international community. Russia is already a member of the G8, G20, and APEC. It is also making significant progress toward becoming a member of the OECD and the WTO. To reach its full potential as a prominent member of these global institutions, the Russian Government would like to employ the whole array of available policy instruments. Yet, with regard to the area of global public goods, where Russia is showing special interest in decisive issues like financial stability and food security, the Department for International Financial Relations in the Ministry of Finance is understaffed and the Government needs to strengthen the institutional structures and technical expertise necessary to provide effective leadership.

<sup>96</sup> *Ibid.*

In recent years, the Government of Russia has completed or initiated a number of major reforms in the public sector. These efforts were intended to ensure sound management of public resources, create a more favorable business environment, and enhance public service delivery. Still, many challenges remain. Annex 5 analyzes recent developments and their impact, the main challenges, and the Government's current strategies for improving public sector governance.

<sup>97</sup> *Ibid.*

Improving effectiveness and efficiency of public administration has been a high priority for the Russian Government in the last decade. The Government has undertaken a major effort to clarify and delineate functions between levels of executive government and establish local self government. The Government also launched a broad set of public sector reforms in areas such as civil service, budget process, and public administration. Some of these reforms, however, were only partially implemented and are not fully visible to the average citizen. The reforms are yet to translate into tangible and noticeable improvements in the quality and effectiveness of public administration in the eyes of the citizens and businesses. Government functions and civil service staff kept growing between 2004 and 2010. Government regulation is seen as excessive and often ineffective. Public services are heavily embedded in traditional administrative arrangements, which often encourage corruption and are burdensome for citizens and businesses.

<sup>98</sup> *Ibid.*

Corruption has been recognized as one of the major obstacles for investments and growth. In response, the Government has embarked on a comprehensive anti-corruption program. Anti-corruption efforts have received new impetus in recent years under the leadership of President Medvedev. A Federal Anti-corruption Law and National Anticorruption Plan have been adopted and civil servants are required to declare their assets. Surveys of corruption perceptions show that Russia continues to lag relative to the ECA region and in global

terms. The Government has made reform of the state contracting systems a key priority. Reported unofficial payments to obtain public procurement contracts were relatively high (BEEPS 2008), with 30 percent of firms reporting having made such payments, amounting to an average 11.5 percent of the value of the contract. Some improvements have been made, including introducing e-procurement through a single government portal, and according to Rosstat, competition in public procurement tenders has increased (average number of bidders in electronic auctions increased from seven in 2007 to 26 in 2009).

<sup>99</sup> *Ibid.*

The judiciary is viewed as weak despite some improvements in recent years. Some high profile court cases have caused international concern about the full independence of the criminal justice system. However, according to surveys by the Levada Center, citizens' confidence in the courts rose from 45 percent in 2006 to 64 percent in 2010. According to the latest Business Environment and Enterprise Performance Survey (BEEPS), the share of firms using the legal system increased from 27 percent in 2005 to 43 percent in 2008, while only 3 percent of the companies surveyed reported corrupt practices. Two areas stand out for continued state attention in the judicial system: (i) continuing the trend towards greater transparency and efficiency in the functioning of courts (through investments in information technology and disseminating information to citizens on judicial decisions and the functioning of courts), and (ii) strengthening the enforcement of judicial and administrative procedures through the bailiff system, ensuring efficiency, transparency and integrity.

<sup>100</sup> OECD, *Economic Surveys: Russian Federation 2006*, 2006.

<sup>101</sup> World Bank, *Country Partnership Strategy (CPS) for the Russian Federation*, p. 52.

<sup>102</sup> Private freehold property was criminalized throughout the Soviet period. Leasehold property was briefly permitted from 1921 to 1929 under the New Economic Policy for businesses employing 20 or fewer workers, and then reintroduced with few restrictions under Gorbachev after 1986.

<sup>103</sup> Rosefielde and Hedlund, *Russia Since 1980*.

<sup>104</sup> "In the period since 2005, the per capita GDP of Russia doubled to approximately \$10,500 in 2010." The year 2008 is used as the endpoint in the text because Russian per capita GDP was lower in 2010 than 2008. World Bank, *Country Partnership Strategy (CPS) for the Russian Federation*, p. 47.

<sup>105</sup> West Europe includes Austria, Belgium, Denmark, Finland, France, Germany, Italy, Netherlands, Norway, Sweden, Switzerland, and the United Kingdom. GDP for West Europe and Russia is calculated in 1990 international Geary-Khamis dollars. See Angus Maddison, *Historical Statistics*, Groningen, The Netherlands: Groningen Growth and Development Centre, available from [www.ggd.net/maddison/Historical\\_Statistics/horizontal-file\\_03-2009.xls](http://www.ggd.net/maddison/Historical_Statistics/horizontal-file_03-2009.xls).

<sup>106</sup> Steven Rosefielde, *Efficiency and The Economic Recovery Potential of Russia*, Surrey, UK: Ashgate, 1998, Table S1, p. xxii; CIA, *Handbook of International Economic Statistics*, CPAS92-10005, September 1992. Russian per capita income valued in 1991 dollars was 15,631. The inverse of GDP deflator 1991-2011 is 1.5. Russian 1989 GDP in 2011 U.S. dollar prices is \$23,546. See [www.economagic.com/em-gi/data.exe/fedstl/gdpdef+1](http://www.economagic.com/em-gi/data.exe/fedstl/gdpdef+1).

<sup>107</sup> *Russia-CIA World Factbook*, 2012.

<sup>108</sup> John Williamson, "Democracy and the 'Washington Consensus'," *World Development*, Vol. 21, No. 8, 1993, pp. 1329-1336.

<sup>109</sup> Carmen Reinhart and Kenneth Rogoff, *This Time is Different: Eight Centuries of Financial Folly*, Princeton, NJ: Princeton University Press, 2009.

<sup>110</sup> This was an aspect of the notorious phenomenon of hidden inflation during the Soviet era.

<sup>111</sup> Adam Smith, *The Theory of Moral Sentiments*, London, UK: A. Millar, 1759. His attitude reflected the values later called the protestant ethic and an enlightenment reverence for the righteousness of pure reason. Muscovite autocrats would have scoffed.

<sup>112</sup> Adam Smith, *Wealth of Nations*, London, UK: W. Strahan and T. Cadell, 1776.

<sup>113</sup> Stephen Blank, "Is Russia Riding to BP's Rescue?" *Huffington Post*, October 25, 2010.

<sup>114</sup> Steven Rosefielde, *The Impossibility of Russian Economic Reform: Waiting for Godot*, Carlisle, PA: U.S. Army War College, 2012.

<sup>115</sup> Schroeder.

<sup>116</sup> The epithet was first introduced in a February 2011 talk show on the Russian radio station finam.fm, where Navalny engaged in debate with United Russia Duma member Evgeny Federov. The debate is available from [www.youtube.com/watch?v=ccE-zCR1ej4](http://www.youtube.com/watch?v=ccE-zCR1ej4). (In early March 2012, it had received close to a million views.)

<sup>117</sup> Available from [navalny-en.livejournal.com/3401.html](http://navalny-en.livejournal.com/3401.html).

<sup>118</sup> This is laid down in Articles 111 and 177 of the Constitution of the Russian Federation.

<sup>119</sup> Available from [en.rian.ru/russia/20111222/170427189.html](http://en.rian.ru/russia/20111222/170427189.html).

<sup>120</sup> Only hours after being appointed, Putin signed a decree offering Yeltsin immunity from prosecution, a lifetime pension, a government country home, and bodyguards and medical care for him and his family. The wording was formulated to cover "former presidents of the Russian Federation." The Duma subsequently voted to limit the immunity, reintroducing liability for serious crimes committed in office.

<sup>121</sup> Allegations about Putin's corrupt past have resurfaced regularly over the years. In the run-up to the March 2012 presidential election, they again came to the fore. His main accuser, democratic politician Marina Salye, died

- on March 28, 2012, at the age of 77. Her passing caused the issue to take another spin through the global media. See, e.g., [www.guardian.co.uk/world/2012/mar/28/marina-salye](http://www.guardian.co.uk/world/2012/mar/28/marina-salye).
- <sup>122</sup> The claim was originally made by Russian political expert Stanislav Belkovsky in an interview with the German newspaper *Die Welt*. For details, see [www.guardian.co.uk/world/2007/dec/21/russia.topstories3](http://www.guardian.co.uk/world/2007/dec/21/russia.topstories3).
- <sup>123</sup> Quoted from [thomas.loc.gov/home/histdox/fed\\_10.html](http://thomas.loc.gov/home/histdox/fed_10.html).
- <sup>124</sup> Available from [www.reuters.com/article/2011/09/24/us-russia-idUSTRE78N0RH20110924](http://www.reuters.com/article/2011/09/24/us-russia-idUSTRE78N0RH20110924).
- <sup>125</sup> The latter comment was made on December 15, 2011, during Putin's 4.5-hour-long annual televised call-in show, available from [en.rian.ru/russia/20111215/170273019.html?id=](http://en.rian.ru/russia/20111215/170273019.html?id=).
- <sup>126</sup> This happened when he made an appearance at a martial arts event in Moscow on November 21, 2011. It was a harbinger of things to come and left him visibly taken aback. It has been a big hit on YouTube, see [www.youtube.com/watch?v=QzOhEFU2yFw](http://www.youtube.com/watch?v=QzOhEFU2yFw).
- <sup>127</sup> Available from [www.nytimes.com/2012/01/20/world/europe/20iht-letter20.html](http://www.nytimes.com/2012/01/20/world/europe/20iht-letter20.html).
- <sup>128</sup> Available from [www.washingtonpost.com/opinions/a-new-perestroika/2012/01/26/gIQAB4aWYQ\\_story.html](http://www.washingtonpost.com/opinions/a-new-perestroika/2012/01/26/gIQAB4aWYQ_story.html).
- <sup>129</sup> Available from [rt.com/news/prime-time/russia-defense-budget-corruption/](http://rt.com/news/prime-time/russia-defense-budget-corruption/).
- <sup>130</sup> *St. Petersburg Times*, April 17, 2009.
- <sup>131</sup> Available from [www.suomenpankki.fi/bofit\\_en/seuranta/venajatilastot/Pages/default.aspx](http://www.suomenpankki.fi/bofit_en/seuranta/venajatilastot/Pages/default.aspx).
- <sup>132</sup> Numbers are available at the respective websites of the Central Bank, see [www.cbr.ru/eng/hd\\_base/mrrf/](http://www.cbr.ru/eng/hd_base/mrrf/)) and of the Ministry of Finance, see [www1.minfin.ru/en/reservefund/statistics/amount/index.php?id4=5817](http://www1.minfin.ru/en/reservefund/statistics/amount/index.php?id4=5817). Central Bank reserves include funds in the Reserve Fund.
- <sup>133</sup> Pekka Sutela, "Forecasting the Russian Economy for 2010-2012," *Russian Analytical Digest*, No. 88, 2010, p. 1.
- <sup>134</sup> *Ibid.*, p. 3.
- <sup>135</sup> Clifford G. Gaddy and Barry W. Ickes, "Russia after the Global Financial Crisis," *Eurasian Geography and Economics*, Vol. 51, No. 3, 2010.
- <sup>136</sup> Composed of the United States, UK, France, Germany, Italy, Canada, and Japan.
- <sup>137</sup> *Ibid.*
- <sup>138</sup> Available from [www.rts.ru/s618](http://www.rts.ru/s618).
- <sup>139</sup> Available from [www.france24.com/en/20100416-russian-billionaires-double-2010-rich-list](http://www.france24.com/en/20100416-russian-billionaires-double-2010-rich-list). The full list is available from [www.forbes.com/lists/2010/10/billionaires-2010\\_The-Worlds-Billionaires\\_Rank.html](http://www.forbes.com/lists/2010/10/billionaires-2010_The-Worlds-Billionaires_Rank.html).
- <sup>140</sup> Available from [www.eia.doe.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=WEPCURALS&f=W](http://www.eia.doe.gov/dnav/pet/hist/LeafHandler.ashx?n=PET&s=WEPCURALS&f=W).
- <sup>141</sup> Available from [www.cbr.ru/eng/statistics/?Prtid=svs](http://www.cbr.ru/eng/statistics/?Prtid=svs).
- <sup>142</sup> *Moscow Times*, April 23, 2009.
- <sup>143</sup> *Moscow Times*, July 28, 2009.
- <sup>144</sup> *Moscow Times*, July 27, 2009.
- <sup>145</sup> Available from [www.suomenpankki.fi/bofit\\_en/seuranta/vena\\_jatilastot/Pages/default.aspx](http://www.suomenpankki.fi/bofit_en/seuranta/vena_jatilastot/Pages/default.aspx).
- <sup>146</sup> Available from [www.cbr.ru/eng/hd\\_base/mrrf/?C\\_mes=01&C\\_year=2009&To\\_mes=02&To\\_year=2012&mode=&x=31&y=5](http://www.cbr.ru/eng/hd_base/mrrf/?C_mes=01&C_year=2009&To_mes=02&To_year=2012&mode=&x=31&y=5).
- <sup>147</sup> Available from [www1.minfin.ru/en/reservefund/statistics/amount/index.php?id4=5817](http://www1.minfin.ru/en/reservefund/statistics/amount/index.php?id4=5817).
- <sup>148</sup> *Moscow Times*, August 2, 2011.
- <sup>149</sup> Available from [www.imf.org/external/pubs/ft/weo/2010/update/02/index.htm](http://www.imf.org/external/pubs/ft/weo/2010/update/02/index.htm).
- <sup>150</sup> Dmitri Trenin, "Cost of the Matter," *Kommersant*, May 14, 2010.
- <sup>151</sup> *Moscow Times*, September 12, 2001.
- <sup>152</sup> Julian M. Cooper, "Of BRICS and Brains: Comparing Russia with China, India, and Other Populous Emerging Economies," *Eurasian Geography and Economics*, Vol. 47, No. 3, 2006.
- <sup>153</sup> Available from [eng.kremlin.ru/speeches/2009/09/10/1534\\_type104017\\_221527.shtml](http://eng.kremlin.ru/speeches/2009/09/10/1534_type104017_221527.shtml).
- <sup>154</sup> Available from [dimitri-medvedev.com/](http://dimitri-medvedev.com/).
- <sup>155</sup> Available from [data.worldbank.org/indicator/NE.GDI.FTOT.ZS](http://data.worldbank.org/indicator/NE.GDI.FTOT.ZS).
- <sup>156</sup> Clifford G. Gaddy, "The Russian Economy in the Year 2006," *Post-Soviet Affairs*, Vol. 23, No. 1, p. 45, 2006.
- <sup>157</sup> Clifford G. Gaddy and Barry W. Ickes, "Russia's Virtual Economy," *Foreign Affairs*, September/October 1998.
- <sup>158</sup> At the end of 2010, the accumulated stock of direct investment into Russia emanating from Cyprus had reached an outstanding \$179.2 billion. Next in line was Bermuda at \$52.6 billion, and British Virgin Islands at \$51.0 billion. Then followed the Netherlands at \$40.2 billion, Bahamas at \$24.6 billion, and Germany at \$23.1 billion. The pattern of returning Russian capital, as opposed to FDI by major industrialized economies, is rather striking. See [www.cbr.ru/eng/statistics/print.aspx?file=credit\\_statistics/dir-inv\\_in\\_country\\_e.htm&pid=svs&sid=ITM\\_14544](http://www.cbr.ru/eng/statistics/print.aspx?file=credit_statistics/dir-inv_in_country_e.htm&pid=svs&sid=ITM_14544).
- <sup>159</sup> Shinichiro Tabata, "The Influence of High Oil Prices on the Russian Economy: A Comparison with Saudi Arabia," *Eurasian Geography and Economics*, Vol. 50, No. 1, 2009, p. 90, fn. 29.
- <sup>160</sup> Available from [hermitagefund.com/newsandmedia/index.php?ELEMENT\\_ID=65](http://hermitagefund.com/newsandmedia/index.php?ELEMENT_ID=65).
- <sup>161</sup> *Moscow Times*, January 25, 2012.
- <sup>162</sup> Available from [www.nytimes.com/2011/07/27/world/europe/27russia.html](http://www.nytimes.com/2011/07/27/world/europe/27russia.html).
- <sup>163</sup> Available from [blogs.ft.com/beyond-brics/2012/01/27/russia-davos-and-the-rule-of-law/#axzz1p4k4H4oQ](http://blogs.ft.com/beyond-brics/2012/01/27/russia-davos-and-the-rule-of-law/#axzz1p4k4H4oQ).
- <sup>164</sup> Available from [www.csmonitor.com/World/Europe/2010/1229/After-Khodorkovsky-verdict-Russia-s-Medvedev-bemoans-business-climate](http://www.csmonitor.com/World/Europe/2010/1229/After-Khodorkovsky-verdict-Russia-s-Medvedev-bemoans-business-climate).

- <sup>165</sup> Available from [www.rferl.org/content/emigration\\_blues\\_rus-sias\\_sixth\\_brain\\_drain/2294463.html](http://www.rferl.org/content/emigration_blues_rus-sias_sixth_brain_drain/2294463.html).
- <sup>166</sup> *St. Petersburg Times*, October 22, 2010.
- <sup>167</sup> Compared to the same period in the previous year, the third and fourth quarters of 1999 came in at, respectively, 11.4 and 12.0 percent, available from [www.cbr.ru/eng/archive/](http://www.cbr.ru/eng/archive/).
- <sup>168</sup> Available from [large.stanford.edu/publications/coal/references/oilprice/urals/](http://large.stanford.edu/publications/coal/references/oilprice/urals/).
- <sup>169</sup> Available from [www.bp.com/liveassets/bp\\_internet/globalbp/globalbp\\_uk\\_english/reports\\_and\\_publications/statistical\\_energy\\_review\\_2011/STAGING/local\\_assets/pdf/oil\\_section\\_2011.pdf](http://www.bp.com/liveassets/bp_internet/globalbp/globalbp_uk_english/reports_and_publications/statistical_energy_review_2011/STAGING/local_assets/pdf/oil_section_2011.pdf).
- <sup>170</sup> Fiona Hill, "Russia: The 21st Century's Energy Superpower?" *The Brookings Review*, Vol. 20 No. 2, 2002, pp. 28-31.
- <sup>171</sup> Available from [news.bbc.co.uk/2/hi/8090104.stm](http://news.bbc.co.uk/2/hi/8090104.stm).
- <sup>172</sup> Edward Lucas, *The New Cold War: How the Kremlin Menaces both Russia and the West*, London, UK: Bloomsbury, 2008.
- <sup>173</sup> Available from [www.cbr.ru/eng/statistics/print.aspx?file=credit\\_statistics/crude\\_oil\\_e.htm&pid=svs&sid=vt1](http://www.cbr.ru/eng/statistics/print.aspx?file=credit_statistics/crude_oil_e.htm&pid=svs&sid=vt1).
- <sup>174</sup> Available from [www.bp.com/liveassets/bp\\_internet/globalbp/globalbp\\_uk\\_english/reports\\_and\\_publications/statistical\\_energy\\_review\\_2011/STAGING/local\\_assets/pdf/oil\\_section\\_2011.pdf](http://www.bp.com/liveassets/bp_internet/globalbp/globalbp_uk_english/reports_and_publications/statistical_energy_review_2011/STAGING/local_assets/pdf/oil_section_2011.pdf).
- <sup>175</sup> *BP Statistical Review of World Energy*, June 2010, p. 6, available from [www.bp.com/liveassets/bp\\_internet/globalbp/globalbp\\_uk\\_english/reports\\_and\\_publications/statistical\\_energy\\_review\\_2008/STAGING/local\\_assets/2010\\_downloads/statistical\\_review\\_of\\_world\\_energy\\_full\\_report\\_2010.pdf](http://www.bp.com/liveassets/bp_internet/globalbp/globalbp_uk_english/reports_and_publications/statistical_energy_review_2008/STAGING/local_assets/2010_downloads/statistical_review_of_world_energy_full_report_2010.pdf).
- <sup>176</sup> *Ibid.*, pp. 22, 24.
- <sup>177</sup> Available from [www.gazprom.com/about/production/extraction/](http://www.gazprom.com/about/production/extraction/).
- <sup>178</sup> Available from [www.gazprom.com/about/today/](http://www.gazprom.com/about/today/).
- <sup>179</sup> Available from [www.lngworldnews.com/gazprom-added-record-gas-reserves-in-2011-russia/](http://www.lngworldnews.com/gazprom-added-record-gas-reserves-in-2011-russia/).
- <sup>180</sup> Available from [www.osw.waw.pl/en/publikacje/osw-commentary/2012-02-23/gazprom-s-position-russian-gas-market-weakening](http://www.osw.waw.pl/en/publikacje/osw-commentary/2012-02-23/gazprom-s-position-russian-gas-market-weakening).
- <sup>181</sup> Available from [www.iea.org/weo/docs/weo2011/WEO2011\\_GoldenAgeofGasReport.pdf](http://www.iea.org/weo/docs/weo2011/WEO2011_GoldenAgeofGasReport.pdf).
- <sup>182</sup> *BP Energy Outlook 2030*, London, January 2012, available from [www.bp.com/liveassets/bp\\_internet/globalbp/STAGING/global\\_assets/downloads/O/2012\\_2030\\_energy\\_outlook\\_booklet.pdf](http://www.bp.com/liveassets/bp_internet/globalbp/STAGING/global_assets/downloads/O/2012_2030_energy_outlook_booklet.pdf).
- <sup>183</sup> *BP Statistical Review*, pp. 22, 24.
- <sup>184</sup> *BP Statistical Review of World Energy*, June 2011, p. 22, available from [www.bp.com/assets/bp\\_internet/globalbp/globalbp\\_uk\\_english/reports\\_and\\_publications/statistical\\_energy\\_review\\_2011/STAGING/local\\_assets/pdf/statistical\\_review\\_of\\_world\\_energy\\_full\\_report\\_2011.pdf](http://www.bp.com/assets/bp_internet/globalbp/globalbp_uk_english/reports_and_publications/statistical_energy_review_2011/STAGING/local_assets/pdf/statistical_review_of_world_energy_full_report_2011.pdf).
- <sup>185</sup> Available from [www.jamestown.org/single/?no\\_cache=1&tx\\_ttnews%5Btt\\_news%5D=35735](http://www.jamestown.org/single/?no_cache=1&tx_ttnews%5Btt_news%5D=35735).
- <sup>186</sup> Mancur Olson, *Power and Prosperity: Outgrowing Communist and Capitalist Dictatorships*, New York: Basic Books, 2000.
- <sup>187</sup> Available from [en.rian.ru/crime/20120127/170981823.html](http://en.rian.ru/crime/20120127/170981823.html).
- <sup>188</sup> Available from [www.cdi.org/russia/johnson/russia-average-bribe-up-390.cfm](http://www.cdi.org/russia/johnson/russia-average-bribe-up-390.cfm).
- <sup>189</sup> Available from [en.rian.ru/business/20120113/170734989.html](http://en.rian.ru/business/20120113/170734989.html).
- <sup>190</sup> Available from [www.cbr.ru/eng/statistics/print.aspx?file=credit\\_statistics/capital\\_e.htm&pid=svs&sid=cvvk](http://www.cbr.ru/eng/statistics/print.aspx?file=credit_statistics/capital_e.htm&pid=svs&sid=cvvk).
- <sup>191</sup> Available from [www.rferl.org/content/russia\\_capital\\_outflow/24580379.html](http://www.rferl.org/content/russia_capital_outflow/24580379.html).
- <sup>192</sup> Available from [en.rian.ru/business/20120209/171232785.html](http://en.rian.ru/business/20120209/171232785.html).
- <sup>193</sup> Stephen Holmes, "Never Show Weakness: How Faking Autocracy Legitimizes Putin's Hold on Power," Per-Arne Bodin, Stefan Hedlund, and Elena Namli, eds., *Power and Legitimacy—Challenges from Russia*, London, UK: Routledge, 2012.
- <sup>194</sup> At a conference at the Center for Strategic and International Studies (CSIS) in 2012, Alexei Kudrin cited the \$130 figure. In a presentation at a fund-raising meeting at the Hermitage in June 2012, he cited a figure of \$115, which corresponded to what President Putin and others had been giving at the St. Petersburg Economic Forum.
- <sup>195</sup> Richard McGregor, *The Party: The Secret World of China's Communist Rulers*, New York: Harper Collins, 2010; Ezra F. Vogel, *Deng Xiaoping and the Transformation of China*, Cambridge, MA, and London, UK: Harvard University Press, 2011; Kate Zhou, *China's Long March to Freedom: Grassroots Modernization*, New Brunswick, NJ, and London, UK: Transaction Publishers, 2009.
- <sup>196</sup> Edward L. Keenan, "Muscovite Political Folkways," *Russian Review*, Vol. 45, No. 2, April, 1986, pp. 115-181. Russian colleagues have pointed out that we probably know less about who makes decisions in the Putin system than we did in the Brezhnev era, when Central Committee assignments and Politburo responsibilities were relatively clear.
- <sup>197</sup> Barbara Geddes, "What Do We Know About Democratization after Twenty Years," *Annual Review of Political Science*, 1999, Vol. 2, pp. 115-144.
- <sup>198</sup> Andreas Schedler, "The Menu of Manipulation," *Journal of Democracy*, Vol. 13, No. 2, April 2002, pp. 36-50.
- <sup>199</sup> Steven Heydemann, "Upgrading Authoritarianism in the Arab World," Saban Center Analysis Paper, Washington, DC: Brookings Institution, 2007 available from [www.brookings.edu/papers/2007/10arabworld.aspx](http://www.brookings.edu/papers/2007/10arabworld.aspx).



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- <sup>201</sup>Jennifer Gandhi and Adam Przeworski, "Authoritarian Institutions and the Survival of Autocrats," *Comparative Political Studies*, Vol. 40, No. 11, 2007, pp. 1279-1301; Jennifer Gandhi, *Political Institutions Under Dictatorship*, New York: Cambridge University Press, 2008.
- <sup>202</sup>The recently completed doctoral dissertation by Leah Gilbert at Georgetown University provides detailed evidence of the effects of the crowding-out phenomenon. "State Mobilization Strategies and Political Competition in Hybrid Regimes," p. 2, Ph.D. Dissertation, Georgetown University, 2012.
- <sup>203</sup>Sidney Tarrow, "The Strategy of Paired Comparison: Toward a Theory of Practice," *Comparative Political Studies*, Vol. 43 No. 2, 2010, pp. 230-259.
- <sup>204</sup>Jonathan Unger, ed., *Associations and the Chinese State: Contested Spaces*, Armonk, NY: M. E. Sharpe, 2008; Richard Komaiko and Beibei Que, *Lawyers in Modern China*, Amherst, NY: Cambria Press, 2009; Harley Balzer, "Obuchenie Innovatsiiam v Rossii i v Kitae" ("Learning to Innovate in Russia and China"), *Pro et Contra*, Vol. 14, No. 3, May-June 2010, pp. 52-71.
- <sup>205</sup>David Shambaugh, *China's Communist Party: Atrophy and Adaptation*, Berkeley: University of California Press, 2008.
- <sup>206</sup>Gabriella Montinola, Yinyi Qian, and Barry R. Weingast, "Federalism, Chinese Style: The Political Basis for Economic Success in China," *World Politics*, Vol. 48, No. 1, October 1995, pp. 50-81; David Zweig, *Internationalizing China: Domestic Interests and Global Linkages*, Ithaca, NY, and London, UK: Cornell University Press, 2002.
- <sup>207</sup>Balzer, "Obuchenie Innovatsiiam."
- <sup>208</sup>Li Cheng, "China's Fifth Generation: Is Diversity a Source of Strength or Weakness?" *Asia Policy*, No. 6, July 2008, pp. 53-93.
- <sup>209</sup>*Ibid.*, and Shambaugh, *China's Communist Party*.
- <sup>210</sup>McGregor, *The Party: The Secret World of China's Communist Rulers*.
- <sup>211</sup>One of my Georgetown University colleagues presented his book to an audience at the Communist Party School in Beijing in 2012. The presentation provoked an animated discussion among the Chinese analysts about both the imperative for reform and the difficulty of combating entrenched interests.
- <sup>212</sup>Mäkinen Sirke, "Surkovian Narrative on the Future of Russia: Making Russia a World Leader," *Journal of Communist Studies and Transition Politics*, Vol. 27, No. 2, 2011, pp. 143-165.
- <sup>213</sup>Harley Balzer, "Managed Pluralism: Vladimir Putin's Emerging Regime," *Post-Soviet Affairs*, Vol. 19, No. 3, July- August-September 2003, pp. 189-226.
- <sup>214</sup>Some of the best documentation of concerns among the Russian elite has come from Mikhail Dmitriev's Center for Strategic Development. Three reports have documented growing unease with Russia's economic and political trajectory. The most recent is Center for Strategic Development, "Obshchestvo i vlast' v usloviakh politicheskogo krizisa. Doklad ekspertov TsCR Komitetu grazhdanskikh initsiativ" ("Society and Power in Conditions of Crisis: Report of the Experts at the Center for Strategic Development for The Committee for Civic Initiative"), Moscow, Russia: May 2012. Also see Mikhail Dmitriev and Daniel Treisman, "The Other Russia: Discontent Grows in the Hinterlands," *Foreign Affairs*, Vol. 91, No. 5, September/October 2012. Also see Alexei Kudrin and O. Sergienko, "Posledstviia Krizisa i Perspektivy Sotsialno-Ekonomicheskogo Razvitiia Rossii" ("Consequences of the Crisis and Perspective For the Social-Economic Development of Russia"), *Voprosy Ekonomiki*, No. 3, 2011, pp. 4-19.
- <sup>215</sup>INSOR, *Obretenie Budushchego. Strategiiia 2012 (Acquiring the Future: Strategy 2012)*, Moscow, Russia: Institut Sovremennogo Razvitiia (Institute for Contemporary Development) 2011, available from [www.insor-russia.ru/files/Finding\\_of\\_the\\_Future](http://www.insor-russia.ru/files/Finding_of_the_Future); Sergei Balanovskii and Mikhail Dmitriev, *Politicheskii Krizis v Rossii i Vozmozhnye Mekhanizmy Ego Razvitiia (The Political Crisis in Russia and Possible Mechanisms for its Development)*, Washington, DC: Center for Strategic Development, 2011; V. Milov, B. Nemtsov, V. Ryzhkov, and O. Shorina, eds., *X Putin. Korruptiia. Nezavisimi ekspertnyi doklad (Putin. Corruption. Independent Expert Report)*, Moscow, Russia: Partiiia Narodnoi Svobody, 2011, available from [www.putin-itogi.ru/f/Putin-i-korruptsiya-doklad.pdf](http://www.putin-itogi.ru/f/Putin-i-korruptsiya-doklad.pdf).
- <sup>216</sup>Lilia Shevtsova, "Putinism Under Siege: Implosion, Atrophy or Revolution?" *Journal of Democracy*, Vol. 23, No. 3, July 2012, pp. 19-32.
- <sup>217</sup>Michael McFaul, "The Fourth Wave of Democracy and Dictatorship: Noncooperative Transitions in the Postcommunist World," *World Politics*, Vol. 54, No. 2, January 2002, pp. 212-244.
- <sup>218</sup>Henry E. Hale, Michael McFaul, and Timothy J. Colton, "Putin and the 'Delegative Democracy' Trap: Evidence from Russia's 2003-04 Elections," *Post-Soviet Affairs*, Vol. 20, No. 4, October-December 2004, pp. 285-319.
- <sup>219</sup>Derek S. Hutcheson, "Protest and Disengagement in the Russian Federal Elections of 2003-04," *Perspectives on European Politics and Society*, Vol. 5, No. 2, 2004, pp. 305-330.
- <sup>220</sup>Alfred B. Evans, Jr., "The Framing of Discontent by Protest Movements in Russia," Paper Presented at the Association for Slavic, East European, and Eurasian Studies (ASEEES) National Convention, November 17-20, 2011.

- <sup>221</sup> See Endnote 22. All of the reports are available from [www.csr.ru](http://www.csr.ru).
- <sup>222</sup> ZN. V. Zubarevich, *Sotsial'noe razvitiie regionov Rossii: Problemy I Tendentsii Perekhodnogo Perioda (Social Development of Russian Regions: Problems and Tendencies in the Transition Period)*, Moscow, Russia: Knizhnyy dom "Librokom," 2012; and Natalia Zubarevich, "Four Russias: Rethinking the Post-Soviet Map," March 29, 2012, available from [www.opendemocracy.net](http://www.opendemocracy.net).
- <sup>223</sup> In the Chernogolovka Mayoral election, physicist Vladimir Razumov won a majority. The result was overturned; but following protests, this was reversed, and the officials responsible for rejecting the results were dismissed. In Yaroslavl, Yevgeny Urshalov, a candidate running in opposition to United Russia, won with 70 percent of the vote. In Astrakhan, opposition candidate Oleg Shein staged a hunger strike to protest the falsification of election results. Ombudsman Lukin and other Moscow figures expressed support. In Togliatti, Sergei Andreev, known as a liberal, defeated the United Russia candidate General Alexander Shakhov.
- <sup>224</sup> June 4, 2012, available from [www.opendemocracy.net](http://www.opendemocracy.net).
- <sup>225</sup> These topics are discussed in Harley Balzer, "Russia and the Limits of Authoritarian Resilience," Richard Weitz, ed., *Can We Manage a Declining Russia?* Washington, DC: Hudson Institute, November 2011, pp. 85-116.
- <sup>226</sup> At the June 12, 2012, celebration of Russia's National Day at the Russian Embassy in Washington, Ambassador Kislyak repeated the claim that Russia has overcome its demographic decline. Author's personal observation.
- <sup>227</sup> Thomas P. Bernstein and Hua-Yu Li, eds., *China Learns from the Soviet Union, 1949-Present*, Lanham, MD: Lexington Books, 2010.
- <sup>228</sup> Harley Balzer, "Russia and China in the Global Economy," *Demokratizatsiya*, Vol. 16, No. 1, Winter 2008, pp. 37-48. For a good summary of Russian views of globalization, see Andrei P. Tsygankov, "Globalization: A Russian Perspective," Arlene B. Tickner and David L Blaney, eds., *Thinking International Relations Differently*, London, UK: Routledge, 2012, pp. 205-217. Lilia Shevtsova has suggested that members of the Russia elite globalize quite readily in their personal lives, sending their children abroad to study, purchasing real estate, and keeping money in foreign bank accounts. But they do not fully integrate. See Bobo Lo and Lilia Shevtsova, *A 21st Century Myth—Authoritarian Modernization in Russia and China*, Moscow, Russia: Carnegie Moscow Center, 2012.
- <sup>229</sup> This section draws on Harley Balzer, "Obuchenie innovatsiiam v Rossii i v Kitae" ("Learning to Innovate in Russia and China"), *Pro et Contra*, Vol. 14, No. 3, May-June 2010, pp. 52-71.
- <sup>230</sup> The "excess" of higher education enrollees over high school graduates consists primarily of students who attended secondary specialized institutions and then sought higher education.
- <sup>231</sup> Balzer, "Obuchenie innovatsiiam"; Igor Fediukin and Isak Frumin, "Rossiiskie VUZy-Flagmeny" ("Russian Flagship Higher Education Institutions"), *Pro et Contra*, Vol. 14, No. 3, May-June 2010, pp. 19-31.
- <sup>232</sup> From 1998 to 2009, the author was a member of the Governing Council for the Basic Research and Higher Education Program funded by the John D. and Catherine T. MacArthur Foundation, the Carnegie Corporation of New York, and the Russian Ministry of Education and Science. The program established 16 research and education centers at universities across Russia. In each of the four rounds of competition, our Russian colleagues from the Ministry expressed serious concerns about issues of regional distribution.
- <sup>233</sup> See [www.timeshighereducation.co.uk/world-university-rankings](http://www.timeshighereducation.co.uk/world-university-rankings). Other rankings have been kinder to Russian institutions. The Shanghai Jiao Tong Top 100 put Moscow University in 77th place in 2009, but dropped it to 80 in 2012. St. Petersburg fell to a tie with 99 other institutions for 401-500. Information available from [www.shanghairanking.com](http://www.shanghairanking.com).
- <sup>234</sup> In the most recent Shanghai Jiao Tong rankings, for 2011, Moscow University had dropped to 80 from 75 in 2009. St. Petersburg University was in a tie for 401-500. No other Russian institutions made the top 500. In mathematics, Moscow University ranked 35 in 2011, down from 23 in 2009. Information available from [www.shanghairanking.com](http://www.shanghairanking.com). As many expected, Chinese institutions showed substantial progress. Four Chinese institutions were in the 50-way tie for 151-200 (Peiking, Shanghai Jiao Tong, Tsinghua, and Zhejiang). Three Chinese universities were in the tie for 201-300; seven for rank 301-400, and 14 among the 100 rank-ing 401-500. That placed 28 Chinese institutions in the top 500. Somewhat astonishingly, Hong Kong institutions fare almost as poorly as do Russian universities: Two are tied for 151-200, and three more are in the group at 201-300. Whereas *The Times* rankings of Russian institutions are similar to the Shanghai Jiao Tong numbers, *The Times* ranks Hong Kong universities and institutes far higher.
- <sup>235</sup> The Institute of International Education in New York publishes annual figures on the numbers of foreign students. Information available from [www.iae.org/](http://www.iae.org/).
- <sup>236</sup> David Zweig and Donglin Han, "'Sea Turtles' or 'Seaweed'? The Employment of Overseas Returnees in China," France/ILO Symposium, Paris, France, May 2008.
- <sup>237</sup> Koen Jonkers, *Mobility, Migration and the Chinese Scientific Research System*, Abington, UK: Routledge, 2010.
- <sup>238</sup> Dan Breznitz and Michael Murphree, *The Run of the Red Queen: Government, Innovation, Globalization, and Economic Growth in China*, New Haven, CT, and London, UK: Yale University Press, 2011.
- <sup>239</sup> T. L. Kliachko, "Main Tendencies of the System of Education of the Russian Federation in 2007," *Russian Education and Society*, Vol. 51, No. 7, July 2009, pp. 35-57.
- <sup>240</sup> N. V. Popravko and A. Iu. Rykun, *Stanovlenie i Razvitiie Rynka Dopolnitel'nykh Obrazovatel'nykh Uslug na Territorii Tomskogo Regiona. Analiz Povedeniia Potrebitelei. (Creation and Development of the Market for*

- Supplementary Educational Services in the Tomsk Region. Analysis of Consumer Behavior*), Tomsk, Russia: Izdatelstvo Tomskogo Nniversiteta, 2002.
- <sup>241</sup> Georgii Satarov, *Diagnostika Rossiiskoi korruptsii: Sotsiologicheskii Analiz (Otchet Podgotovlen Fondom INDEM (Disgnostics of Russian Corruption: A Sociological Analysis—A Report Prepared by the INDEM Foundation))*, Moscow, Russia: May 2002; Popravko and Rykun.
- <sup>242</sup> In the United States, the response to a much less dramatic demographic shift was to seek a greater number of nontraditional students. While this is possible in Russia, it does not appear likely that the numbers would be adequate. Russia already enrolls nearly 5 percent of the population in higher education, and as the population ages and the number of high school graduates declines, the pressure to augment the labor force will be enormous. Harley Balzer, "Demography and Democracy in Russia: Human Capital Challenges to Democratic Consolidation," *Demokratizatsiya*, Vol. 11, No. 1, Winter 2003, pp. 95-109.
- <sup>243</sup> For more detail on this reversal, see Balzer, "Obuchenie innovatsiiam." An English translation is available as Mortara Working Paper 2011-17, from [www12.georgetown.edu/sfs/docs/mwp\\_2011\\_17.pdf](http://www12.georgetown.edu/sfs/docs/mwp_2011_17.pdf).
- <sup>244</sup> Soviet success was mainly in theoretical fields that required little experimental work, though, of course, there were exceptions in nuclear research, biological weapons, and some other military-related specialties. See Thane Gustafson, "Why Doesn't Soviet Science Do Better than it Does?" Linda Lubrano and Susan Gross Solomon, eds., *The Social Context of Soviet Science*, Boulder, CO: Westview Press, 1980; and Harley Balzer, *Soviet Science on the Edge of Reform*, Boulder, CO: Westview Press 1989.
- <sup>245</sup> Richard Connolly, "Climbing the Ladder? High-Technology Export Performance in Emerging Europe," *Eurasian Geography and Economics*, Vol. 53, No. 3, 2012, pp. 356-379.
- <sup>246</sup> Balzer, "Obuchenie innovatsiiam."
- <sup>247</sup> Asif Siddiqi, *The Red Rockets' Glare: Spaceflight and the Soviet Imagination, 1857-1957*, Cambridge, MA, and New York: Cambridge University Press, 2010. Siddiqi shows that there was no Soviet program to launch a satellite until after Joseph Stalin's death. The interest in space was kept alive by Sergei Korolev and other fanatics. Korolev finally was given the chance to strap together a bunch of relatively simple booster rockets to launch the first Sputnik.
- <sup>248</sup> Balzer, *Soviet Science on the Edge of Reform*.
- <sup>249</sup> Gavin Wright and Jesse Czelusta, "Mineral Resources and Economic Development," MS Paper, Stanford, CA: Stanford University, October 2003.
- <sup>250</sup> The journal *EKO*, No. 1, 2002, published a set of articles on innovation in the Tatarstan oil industry. For Putin's views, see Harley Balzer, "Vladimir Putin's Academic Writings and Russian Natural Resource Policy," *Problems of Post-Communism*, Vol. 53, No. 1, January-February 2006, pp. 48-54.
- <sup>251</sup> Alexey Prazdnichnykh and Kari Liuhto, "Can Russian companies innovate? Views of some 250 Russian CEOs," Turku, Finland: Electronic Publications of Pan-European Institute No. 21, 2010; Irina Dezhina, "Na Liftе, Chrez Platformu—v Klaster: Soedinit' Biznes I Nauku—Poka Nerazreshimaia problema v Rossii" ("On the Elevator, Across the Platform—To the Cluster: Bringing Together Business and Science—Thus Far an Unresolved Problem in Russia"), *Nezavisimaia gazeta*, April 25, 2012.
- <sup>252</sup> Irina G. Dezhina, "Otsenka Mer Gosudarstvennoi Politiki Rossii Oblasti Nauki" ("Evaluating Measures of State Policy in the Sphere of Science"), *EKO*, No. 2, 2012, pp. 145-163.
- <sup>253</sup> These comments have been collected by the author from multiple visits to Russian universities and from the annual conferences convened by the basic research and higher education (BRHE) program.
- <sup>254</sup> Dezhina, "Evaluating Measures of State Policy in the Sphere of Science."
- <sup>255</sup> In 2010, Alexander Blankov of the Interior Ministry Department of Economic Security estimated corruption in Russian education to total \$5.5 Billion. Some \$1.5 billion was spent on the admission process. (*Itar-Tass*, May 25, 2010). The same day, *Itar-Tass* quoted Viktor Panin of the Russian society for the protection of rights of educational services consumers on the prices for specific educational credentials: Secondary school certificates cost \$500; VUZ diplomas cost \$700-\$1,000; Kandidat degrees are priced at \$20,000 to \$50,000, while Nauk credentials cost \$30,000 to \$70,000. Panin estimates that about 5,000 Nauk credentials are sold annually.
- <sup>256</sup> Balzer, "Obuchenie innovatsiiam."
- <sup>257</sup> Harley Balzer, "Russia and China in the Global Economy," pp. 37-48; Breznits and Murphree, *The Run of the Red Queen*.
- <sup>258</sup> Adam Segal, *Digital Dragon: High-Technology Enterprises in China*, Ithaca, NY, and London, UK: Cornell University Press, 2003.
- <sup>259</sup> Segal, *Digital Dragon*; Breznitz and Murphree, *The Run of the Red Queen*; also see Zhou Yu *The Inside Story of China's High-Tech Industry: Making Silicon Valley in Beijing*, Lanham, MD: Rowman & Littlefield, 2008.
- <sup>260</sup> Andrei Panibratov, *Russian Multinationals: From Regional Supremacy to Global Lead*, London, UK, and New York: Routledge Contemporary Russia and Eastern Europe Series, 2012; Jean-Paul Larcon, ed., *Chinese Multinationals*, Singapore and Hackensack, NJ: World Scientific, 2009.
- <sup>261</sup> Huang Yasheng, *Capitalism with Chinese Characteristics: Entrepreneurship and the State*, Cambridge and London, UK: Cambridge University Press, 2008.
- <sup>262</sup> Zweig, *Internationalizing China*.

- <sup>263</sup> David Zweig, "Returnees, Technology Transfer, and China's Economic Development," Hong Kong University of Science and Technology, Center on China's Transnational Relations, Working Paper No. 28, presented June 2009; David Zweig, Chung Siu Fung, and Wilfried Vanhonacker, "Rewards of Technology: Explaining China's Reverse Migration," Center on China's Transnational Relations, Working Paper No. 11, The Hong Kong University of Science and Technology, September 2006.
- <sup>264</sup> Scott Thompson, the CEO of Yahoo, was forced to resign in May 2012 when it became known that he had "padded" his resume. For many years, Thompson had claimed that his undergraduate degree was in both accounting and computer science, when it was only in accounting.
- <sup>265</sup> Harley Balzer, "The Putin Thesis and Russian Energy Policy," *Post-Soviet Affairs*, Vol. 21, No. 3, 2005, pp. 210-225; Allison M. Heinrichs, "Putin Plagiarized from Pitt Professors," *Pittsburgh Tribune-Review*, March 28, 2006.
- <sup>266</sup> Konstantin von Eggert, "Due West: Putin Signals Foreign Policy Shift," *RIA Novosti*, May 18, 2012.
- <sup>267</sup> Nikolas K. Gvosdev, "The New Russian Empire," *The National Interest*, April 16, 2012, available from [nationalinterest.org/commentary/the-new-ussr-6783](http://nationalinterest.org/commentary/the-new-ussr-6783).
- <sup>268</sup> Previous analyses of Russia's neoimperial ambitions during the first two Putin presidencies can be found in Janusz Bugajski, *Georgian Lessons: Conflicting Russian and Western Interests in the Wider Europe*, Washington, DC: Center for Strategic and International Studies (CSIS) Press, 2010; Janusz Bugajski, *Dismantling the West: Russia's Atlantic Agenda*, Herndon, VA: Potomac Books, 2009; Janusz Bugajski, *Expanding Eurasia: Russia's European Ambitions*, Washington, DC: CSIS Press, 2008; and Janusz Bugajski, *Cold Peace: Russia's New Imperialism*, Westport, CT: Praeger/Greenwood, 2004.
- <sup>269</sup> For debates on questions of multipolarity and hegemony, see, among others, the website of Russia's International Eurasian Movement and the author's interview on May 14, 2012, available from [evrazia.org/article/1980](http://evrazia.org/article/1980).
- <sup>270</sup> Available from [telegaf.by/en/2012/04/putin-pogovoril-s-lukashenko-ob-integracii-v-ramkah-eeep](http://telegaf.by/en/2012/04/putin-pogovoril-s-lukashenko-ob-integracii-v-ramkah-eeep).
- <sup>271</sup> "Russia Remakes the CSTO," *Stratfor: Geopolitical Diary*, February 16, 2012, available from [www.stratfor.com/geopolitical-diary/russia-remakes-csto](http://www.stratfor.com/geopolitical-diary/russia-remakes-csto).
- <sup>272</sup> Available from [sudevrazes.org/en/main.aspx?guid=18021&detail=67083](http://sudevrazes.org/en/main.aspx?guid=18021&detail=67083).
- <sup>273</sup> "Does Putin's Return To Kremlin Breathe New Life Into Eurasian Union Project?" Radio Free Europe/Radio Liberty, March 6, 2012, available from [www.rferl.org/content/putin\\_eur-asian\\_union\\_cis/24506282.html](http://www.rferl.org/content/putin_eur-asian_union_cis/24506282.html).
- <sup>274</sup> See Anders Aslund, "Putin's Eurasian Illusion Will Lead to Isolation," *The Moscow Times*, June 21, 2012.
- <sup>275</sup> For a valuable analysis of Russia's imperial mindset toward Ukraine, see Alexander Bogomolov and Oleksandr Lytvynenko, "A Ghost in the Mirror: Russian Soft Power in Ukraine," London, UK: Chatham House, January 2012, available from [www.chathamhouse.org/sites/default/files/public/Research/Russia%20and%20Eurasia/0112bp\\_bogomolov\\_lytvynenko.pdf](http://www.chathamhouse.org/sites/default/files/public/Research/Russia%20and%20Eurasia/0112bp_bogomolov_lytvynenko.pdf).
- <sup>276</sup> Available from [www.bloomberg.com/news/2012-06-05/ukrainian-parliament-approves-language-bill-amid-protests.html](http://www.bloomberg.com/news/2012-06-05/ukrainian-parliament-approves-language-bill-amid-protests.html).
- <sup>277</sup> Oleksandr Kramar, "Russification Redux?" *The Ukrainian Weekly*, International Ed., No. 9, Issue 32, Kiev, Ukraine, June 2012, p. 5. Since this writing, the language law has become accepted as part of Ukrainian law by the Rada.
- <sup>278</sup> Taras Kuzio, "Russia Takes Control of Ukraine's Security Forces," *Eurasia Daily Monitor*, March 19, 2012, Vol. 9, Issue 55. Khoroshkovsky, long regarded as a Russian agent of influence in the Yanukovich administration, moved from the Ukrainian Security Service (SBU) to serve briefly as Finance Minister and to the important position of First Deputy Prime Minister. Khoroshkovsky was believed to be behind numerous scandals in 2010-11, when he headed the SBU that undermined Ukraine's European integration. The appointments have removed the security forces from under the control of the oligarchs and placed them directly under President Yanukovich and Moscow's supervision. Their primary responsibility will be to defend Yanukovich and ensure his re-election. With Yanukovich acquiescing to Russian influence over the security forces, Putin evidently has a personal stake in maintaining Yanukovich in power.
- <sup>279</sup> Kateryna Choursina, "Ukrainian Parliament Backs Bill to Ban Sale of Gas Pipelines," April 13, 2012, available from [www.bloomberg.com/news/print/2012-04-13/ukrainian-parliament-backs-bill-to-ban-sale-of-gas-pipelines.html](http://www.bloomberg.com/news/print/2012-04-13/ukrainian-parliament-backs-bill-to-ban-sale-of-gas-pipelines.html).
- <sup>280</sup> "Ukraine to Reduce Gas Purchases from Russia - Yanukovich," *RIA Novosti*, Kiev, Ukraine, March 6, 2012, available from [en.ria.ru/business/20120306/171791981.html](http://en.ria.ru/business/20120306/171791981.html).
- <sup>281</sup> Olga Shumylo-Tapiola, "Ukraine and Russia: Another Gas War?" February 21, 2012, Washington, DC: Carnegie Endowment, 2012, available from [carnegieendowment.org/2012/02/21/ukraine-and-russia-another-gas-war/9roh](http://carnegieendowment.org/2012/02/21/ukraine-and-russia-another-gas-war/9roh).
- <sup>282</sup> Taras Kuzio, "Growing Ukrainian-Russian Arms Export Cooperation," *Eurasia Daily Monitor*, May 15, 2012, Vol. 9, Issue 92.
- <sup>283</sup> Grigory Ioffe, "Belarus: A Death Penalty, A Standoff With The EU And A Drift Toward Russia," *Eurasia Daily Monitor*, March 21, 2012, Vol. 9, Issue 57. Among the 19 enterprises are BelAZ (which produces heavy trucks for mining operations, controls 30 percent of the world market for these trucks), MAZ (trucks), and MKZT (heavy-duty tractor-trailers to transport ballistic missiles).

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- <sup>284</sup> "Belarus, Russia Need to Step up Military-Technical Cooperation - Lukashenko," *Russia & CIS Military Newswire*, March 1, 2012.
- <sup>285</sup> "Russia to Deliver More Air Defense Systems to Belarus," Minsk, Moscow, April 18, 2012, *RIA Novosti*, available from [en.ria.ru/world/20120418/172899923.html](http://en.ria.ru/world/20120418/172899923.html).
- <sup>286</sup> Vladimir Socor, "Lavrov Squashes Hope For Constructive Restart Of Transnistria Negotiations," *Eurasia Daily Monitor*, November 29, 2011, Vol. 8, Issue 216.
- <sup>287</sup> Vladimir Socor, "Too Early For A Political Investment In Transnistria's Shevchuk," *Eurasia Daily Monitor*, March 9, 2012, Vol. 9, Issue 49. Shevchuk's statements have called for preparing Transnistria's accession to the Commonwealth of Independent States (CIS) Customs Union (CU), and the Eurasian Union (EurU), adopting the Russian ruble for parallel circulation with the Transnistrian "ruble," and pursuing the "Eastern vector of Transnistria's development."
- <sup>288</sup> Vladimir Socor, "Dmitry Rogozin Appointed Special Presidential Representative For Transnistria," *Eurasia Daily Monitor*, March 23, 2012, Vol. 9, Issue 59.
- <sup>289</sup> Dan Peleschuk, "The Patron State," *Russia Profile*, April 17, 2012, available from [russiaprofile.org/international/57617.html](http://russiaprofile.org/international/57617.html). Russia maintains a motorized infantry battalion in Transnistria as part of the Collective Peacekeeping Forces in addition to a number of troops guarding several Soviet-era ammunition depots.
- <sup>290</sup> "Russia to Deploy Missile Defense Radar in Transnistria," *Sofia News Agency*, April 17, 2012, available from [www.novinite.com/view\\_news.php?id=138577](http://www.novinite.com/view_news.php?id=138577).
- <sup>291</sup> See Janusz Bugajski, "Poland's Progress: Where Warsaw Fits in Europe," *Current History: A Journal of Contemporary World Affairs*, Vol. 110, Issue 734, March 2011.
- <sup>292</sup> For an overview of Russia's pressures on the Baltic states, see Bugajski, *Dismantling the West*, pp. 96-99.
- <sup>293</sup> "Latvians Say No in Russian Language Vote," February 19, 2012, available from [www.euronews.net](http://www.euronews.net).



*Chapter 24*

**RUSSIAN POLITICAL, ECONOMIC, AND SECURITY  
ISSUES AND U.S. INTERESTS-  
UPDATED SEPTEMBER 13, 2013\***

*Jim Nichol*

**SUMMARY**

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

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## **Russia's Economy**

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

## **Russia's Armed Forces**

Russia's armed forces now number less than 1 million, down from 4.3 million Soviet troops in 1986. Troop readiness, training, morale, and discipline have suffered, and much of the arms industry has become antiquated. Russia's economic growth during most of the 2000s allowed it to increase defense spending to begin addressing these problems. Stepped-up efforts have begun to restructure the armed forces and improve their quality. Opposition from some in the armed forces, mismanagement, 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.

In late 2012, however, 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 non-proliferation 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. Most recently, 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.

## **MOST RECENT DEVELOPMENTS**

On August 7, 2013, the White House announced that it had “postponed” the planned early September 2013, U.S.-Russia presidential summit 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. 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. A Russian presidential advisor asserted that the United States was not ready for “equal relations” with Russia, and pro-Putin ultranationalist academic Sergey Markov claimed that the cancellation was due to Obama’s weakness *vis-a-vis* the “cold war lobby” in Congress.<sup>1</sup> Despite the cancellation of the summit, the two presidents did meet briefly on the sidelines of the G-20 meeting, and focused on the Syria conflict (see below, “Bilateral Relations and Syria”).

On August 5, 2013, Sergey Markov also claimed that opposition Moscow mayoral candidate and anti-corruption blogger Alexey Navalny (see below) has been financed by Western interests (including those seeking revenge for Sergey Magnitsky’s death; see below) and trained at Yale University in order to carry out a revolution to overthrow President Putin. Markov accused Navalny of being similar to former Russian President Boris Yeltsin, whose policies were an “aggressive virus” responsible for the collapse of the Soviet Union and the “impoverishment” of millions of Russians, and asserted that Navalny’s Western-derived “virus” would be stopped.<sup>2</sup>

## **POST-SOVIET RUSSIA AND ITS SIGNIFICANCE FOR THE UNITED STATES**

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

Russia is a potentially important trading partner. Russia is the only country in the world with a greater range and scope of natural resources than the United States, including oil and gas reserves. It is the world’s second-largest producer and exporter of oil (after Saudi Arabia) and the world’s largest exporter of natural gas. It has a large, well-educated labor force and scientific establishment. Also, many of Russia’s needs—food and food processing, oil and gas extraction technology, computers, communications, transportation, and investment capital—are in areas in which the United States is highly competitive, although bilateral trade remains relatively low.<sup>3</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. During his presidency, Vladimir Putin reversed this trend and rebuilt the strength of the central government vis-à-vis the regions. In coming decades, the percentage of ethnic Russians is expected to decline because of relatively greater birthrates among non-Russian groups and in-migration by non-Russians. In many of Russia's ethnic-based republics and autonomous regions, ethnic Russians are becoming a declining share of the population, resulting in the titular nationalities becoming the majority populations. Implications may include changes in domestic and foreign policies under the influence of previously marginalized ethnic groups, including the revitalization of Yeltsin-era moves toward federal devolution. Alternatively, an authoritarian Russian central government that carries out chauvinist policies could contribute to rising ethnic conflict and even separatism.

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

### RUSSIA: BASIC FACTS

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

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

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

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

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

The bicameral legislature is called the Federal Assembly. The State Duma, the more powerful chamber, has 450 seats. In May 2005, a law was passed that all 450 Duma seats would be filled by party list elections, with a 7% threshold for party representation. The upper chamber, the Federation Council, has 166 seats, two from each of the current 83 regions and republics of the Russian Federation. Deputies are appointed by the regional chief executive and the regional legislature.

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

## **Putin's First Two Presidential Terms: 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 Khodorkovskiy, the head of Yukos, then the world's fourth-largest oil company.

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

In December 2010, Khodorkovskiy was found guilty in a new trial on charges of embezzlement, theft, and money-laundering and sentenced to several additional years in prison. In February 2011, an aide to the trial judge alleged that the conviction was a case of "telephone justice," where the verdict had been dictated to the court by higher authorities. In late May 2011, the Russian Supreme Court upheld the sentence on appeal.<sup>4</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 Khodorkovskiy may be released in August 2014.

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

### **The 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 electoral observers.<sup>5</sup>

Many observers had hoped that President Medvedev would be more democratic than former President Putin. Despite some seemingly liberal statements and decisions by President Medvedev, the main trend was a continuation of the political system honed by Putin, according to most observers. 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 2004). The flip-flop in the percentage was proclaimed to mark advancing democratization.

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

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

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

In late September 2011, at the annual convention of the ruling United Russia Party, then-Prime Minister Putin announced that he would run in the March 2012 presidential election. Then-President Medvedev in turn announced that he would not run for reelection, and endorsed Putin's candidacy. Putin stated that he intended to nominate Medvedev as his prime minister, if elected. The two leaders claimed that they had agreed in late 2007—when they decided that Medvedev would assume the presidency—that Putin could decide to reassume it in 2012. Putin suggested that Medvedev head the party list. In his speech to the compliant delegates, Putin warned that global economic problems posed a severe test for Russia, implying that Russia needed his leadership to solve these problems. The official news service hailed the continuation of the "effective" and "successful" Putin-Medvedev "tandem" as the best assurance of Russia's future modernization, stability, and "dignity."<sup>6</sup>

A United Russia Party convention to formally nominate Putin as its candidate was held in late November 2011. Russian analyst Pavel Baev stated that the legitimacy of Putin's return to the presidency "is seriously compromised because the spirit, if not the letter, of the constitution is clearly violated" (at issue is one word in the constitution, which specifies that

presidents are limited to two *successive* terms in office).<sup>7</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 last years of his leadership.

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

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

According to the OSCE’s final report on the outcome of the election, the close ties between the Russian government and the ruling party, the refusal to register political parties, the pro-government bias of the electoral commissions and most media, and ballot-box stuffing and other government manipulation of the vote marked the election as not free and fair. OSCE observers reported that vote counting was assessed as bad or very bad in terms of transparency and other violations in one-third of polling stations they visited and in up to one-quarter of territorial electoral commissions.<sup>8</sup> Golos has estimated that just by padding the voting rolls, electoral officials delivered 15 million extra votes to United Russia, nearly one-half of its vote total (by this assessment, United Russia only received some 25% of the vote, even after authorities used various means to persuade or coerce individuals to vote for the party).<sup>9</sup> On December 23, 2011, the Presidential Human Rights Council called for the head of the CEC—Vladimir Churov—to resign because he had lost “the people’s trust,” and for new electoral laws to be drawn up in preparation for an early legislative election. Instead, outgoing President Medvedev later gave Churov one of the highest state awards for his service.<sup>10</sup>

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

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

On December 10, large demonstrations under the slogan “For Fair Elections” (a movement with this name was formed by various political groups) were held in Moscow and dozens of other cities. At the Moscow rally, deemed by some observers as the largest in many

years, Boris Nemtsov, the co-head of the unregistered opposition Party of People's Freedom, presented a list of demands that included the ouster of electoral chief Churov, the release of those detained for protesting and other "political prisoners," the registration of previously banned parties, and new Duma elections. Some protesters shouted "Russia without Putin." Local authorities had approved the demonstration and police displayed restraint. Another large demonstration sponsored by the "For Fair Elections" group occurred in Moscow on December 24, 2011.

According to one Russian analyst, although the authorities were alarmed by the December opposition protests, they quickly devised countermeasures, including the rallying of state workers and patriots to hold counter-demonstrations.<sup>11</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 Grigoriy Yavlinskiy (see below) to be permitted to run in the presidential election, the release of "political prisoners" such as Khodorkovskiy, and legal reforms leading to new legislative and presidential elections. In Moscow, a counter-demonstration termed "Anti-Orange Protest" (referring to demonstrations in Ukraine in late 2004 that led to a democratic election) was organized by pro-Kremlin parties and groups, including the Patriots of Russia Party and Deputy Prime Minister Dmitriy Rogozin's ultranationalist Congress of Russian Communities group. Moscow police claimed that 138,000- 150,000 individuals joined this protest. The counter-protesters reportedly accused the "For Fair Election" demonstrators as wishing for the destruction of Russia and alleged that the United States was fomenting "regime change" in Russia. Just before the "Anti-Orange Protest," state television aired a "documentary" about how the United States allegedly had conspired in the late 1980s and 1990s to take over Russia's resources.

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

- Amendments to the law on political parties were signed into law on April 3, 2012, permitting the registration of new parties after they submit 500 signatures from members (a reduction from the previous requirement of 40,000 signatures). However, the retention of strict reporting requirements on party activities and finances and the ban on electoral blocs were viewed by some observers as less progressive, the latter because it would prevent small parties from cooperating in elections. By early 2013, the number of registered parties had increased from seven to more than five dozen.
- A law signed on May 2, 2012, eliminated the need for political parties not represented in the Duma to gather signatures in order to participate in Duma elections. The law also reduced the number of signatures required for these parties to field presidential candidates and the number required for self-nominated candidates. These changes were viewed by many observers as progressive.
- A law reestablishing gubernatorial elections was signed into law on May 2, 2012. It provides for a region's municipal legislators to approve candidates, for a presidential option to nominate candidates, and for a president to remove governors, a hybrid

direct and indirect electoral procedure. At the same time, the law places new conditions on the election of mayors of regional capitals. The provisions on gubernatorial elections were considered only semi-progressive by many observers (see below).

- The establishment of public television appeared progressive, although its freedom of operation appeared to be vitiated by creating it by presidential edict (which could be repealed at any time), and by making its head a presidential appointee.<sup>12</sup>

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

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

According to the final report of the CEC, Putin won 63.6% of 71.8 million votes cast, somewhat less than the 71.3% he had received in his last presidential election in 2004. In their final report, OSCE monitors concluded that the election was well organized, but that there were several problems. Although the report did not state outright that the election was “not free and fair,” some of the monitors at a press conference stated that they had not viewed it as free and fair. According to the report, Putin received an advantage in media coverage, and authorities mobilized local officials and resources to garner support for him. The OSCE monitors witnessed irregularities in vote-counting in nearly one-third of the 98 polling stations visited and in about 15% of 72 higher-level territorial electoral commissions.<sup>13</sup>

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

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

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, has developed cases against these and others alleged involved in the May 6 protests (for further developments, see below, “Other Moves against Oppositionists”).

## President Putin Redux

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

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

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

Several laws were passed after Putin returned to the presidency that appeared to limit or negate the initiatives carried out during Medvedev’s presidency that were viewed as supporting democratization and human rights to some degree.<sup>14</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, including the For Human Rights NGO, headed by Lev Ponomaryev, and the Moscow Helsinki Group, headed by Lyudmila Alekseyeva. Both groups reported that they had requested and received letters from the State Department denying that the U.S. government played any role in the day-to-day affairs of the NGOs. In response to the statements by some groups that they would not register, the legislature enacted amendments to the law in October 2012 imposing fines of up to \$16,000 on NGOs that failed to register.
- In late July 2012, Putin approved a law partly restoring a law changed last year that had de-criminalized defamation. Under the new law, a civil penalty of up to \$155,000 may be levied. The old law, which classified defamation as a felony, had

led to hundreds of convictions each year. Critics viewed the new law as reinstating means to suppress media reporting on or citizens' complaints about official malfeasance.

- In late July 2012, Putin approved a law “protecting children” from Internet content deemed harmful, including child pornography and advocacy of drug use, as well as materials that incite racial, ethnic, or religious hatred. A blacklist of Internet sites was established. Observers have raised concerns about the ambiguity of the law and about the danger that whole websites, rather than individual webpages, might be blocked.
- In late September 2012, the Supreme Court decreed that Russian citizens who received beatings from the police had no right to resist, because the beatings were presumed to be lawful unless they later were challenged in court.
- In early November 2012, Putin signed a law broadening the definition of treason to include divulging a state secret or “providing consulting or other work to a foreign state or international organization” that later is deemed to violate Russian security interests. The office of the High Representative of the European Union for Foreign Affairs and Security Policy issued a statement raising concerns about the ambiguous and broad scope of the legislation, and warned that it and other recent laws “would limit the space for civil society development, and increase the scope for intimidation.”<sup>15</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>16</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, a town in southern Russia.
- At the end of June 2013, Putin signed a law amending a law on the protection of children from harmful information by adding fines for individuals and organizations that propagandize “non-traditional sexual relations,” which Russian policymakers said referred to homosexuality. The law prohibits propaganda presenting the “attractiveness of non-traditional sexual relations, a distorted picture of the social equivalence of traditional and non-traditional sexual relations, or [information] causing interest in such relationships.... ” The law also calls for arresting and deporting foreigners who engage in such information, raising concerns that LGBT individuals and organizations may be banned from attending or participating or ousted during the upcoming 2014 Sochi Olympics. On July 31, 2013, a State Department spokesperson called on Russia to protect the human rights of all people attending or participating in the Olympic Games. Over the next few days, the Russian Minister of Sports warned that LGBT “advocates” would be subject to arrest, and the Foreign Ministry twice denounced international criticism of the LGBT

law. 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.

- 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>17</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 elected 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. Golos also stated that the range of infringements remained the same, and included ballot-stuffing, repeat voting, “family” voting (casting ballots for absent family members), and vote tabulation irregularities. Observers also claimed that the selection of gubernatorial candidates had been substantially controlled by the ruling United Russia party, which facilitated the reelection of the incumbent governors.<sup>18</sup>

In mid-June 2013, Putin assumed the leadership of the Popular Front, in its new incarnation as a civic group, similar to those headed by Central Asian presidents. The organization is composed of some officials and members of the United Russia Party and pro-Putin parties and NGOs, as well as individuals. In his speech at the Popular Front Congress, Putin stated that the organization aimed to provide Russians with the opportunity to create a “Great Russia,” which would be “a center for culture and integration, a magnet to which other countries and other peoples are attracted.” This future Russia would be modern but would uphold traditional values, he stated. According to some speculation, the Popular Front may later become a new political party to supplant the United Russia Party, which is waning in popular appeal.<sup>19</sup>

Local elections will be held in Russia on September 8, 2013. In Ingushetia and Dagestan, candidates for president of the republic have been nominated by parties and approved by the president, after which the regional legislative assemblies will select the republic head. Other regions will hold direct gubernatorial elections, but the requirement that prospective candidates gather signatures from municipal deputies gives the United Russia Party control

over the process, according to most observers. In early July 2013, Vyacheslav Volodin, first deputy presidential chief of staff, called for transparent and open elections, and urged regional heads to facilitate the participation of opposition parties in the elections. Civil Platform Party head Mikhail Prokhorov is 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>20</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 is holding training sessions for election observers and will attempt to monitor as many polling places as possible in September 2013.

## **Human Rights Problems and Issues**

### ***The Magnitsky Case***

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

In August 2011, the Constitutional Court upheld the resumption of criminal proceedings against the dead man, ostensibly on the grounds that Russian law allows for such a case to proceed at the request of the family. The family denied that it formally requested the resumption of the trial. In February 2012, the Moscow Helsinki Committee, a human rights NGO, condemned the ongoing trial of a dead man and persecution of the family as “a new alarming symptom of complete degradation of Russian justice.”<sup>21</sup> The unprecedented trial of the dead man was conducted and he was found guilty of tax evasion on July 11, 2013.

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.

#### *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 have violated the rights of Russian citizens. As amended, the bill also barred designees from investing and freezes their assets in the country. Another provision facilitated the closure of NGOs that receive U.S. funding that are 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>22</sup> The bill was entitled the "Dima Yakovlev Act," in honor of a Russian adoptee who had died in the United States.

While initially silent on the amended legislation, 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>

The “Dima Yakovlev” bill was signed into law by President Putin on December 28, 2012, and went into effect on January 1, 2013. The same day that Putin signed the bill, 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 spankings 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 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 has 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, has indicated that these latter cases will not move forward and has 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 has died.

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

Russia to continue to abide by the bilateral adoption agreement; and calls for Russia to permit adoptions underway to proceed.

A 139-member bipartisan Congressional Coalition on Adoption (CCA), co-chaired by Senators Mary Landrieu and James Inhofe and Representatives Michele Bachmann and Karen Bass, has played a prominent role in protesting the adoption ban. In a letter to President Putin dated December 21, 2012, 16 Senators encouraged President Putin to veto the Yakovlev bill, arguing that the legislation, while harming prospective U.S. parents, mainly harmed Russian orphans.<sup>27</sup> In a strongly worded response, Konstantin Dolgov, the Foreign Ministry's Special Representative on Human Rights, asserted that the law was passed because abuses against Russian adoptees lately had occurred lately "on a regular basis," but U.S. federal and local officials had been "consistently non-constructive" in protecting Russian children and had "sabotaged" the adoption agreement. U.S. courts had often failed to adequately prosecute abusers of Russian children, while giving harsh sentences to abusers of U.S.-born children, he also alleged.<sup>28</sup>

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

Ten U.S. Senators met with Russian Ambassador Sergey Kislyak in late January 2013 to urge the Russian government to reverse the adoption ban and carry through adoptions where the prospective parents already had met with Russian orphans. Ambassador Kislyak stated that the Yakovlev law was unlikely to be reversed and that the law was passed because of "prevailing concerns" in Russia over the fate of adoptees in the United States.<sup>29</sup>

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

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

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

In late June 2013, Russian Child Rights Ombudsman Pavel Astakhov again visited the United States, and reiterated that the pipeline adoptions would not move forward. 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>30</sup>

### *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 Dmitriy Peskov warned that the publication of the “Magnitsky list” by the State Department would lead to a “symmetrical response” by Russia.” Media in Russia reported that Moscow planned to release its own list of U.S. citizens to be barred from entry. Senator Jim McGovern earlier had proposed that 240 Russians associated with the Magnitsky case be listed. On April 12, he raised concerns that the published list was too limited, 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.

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

On August 17, 2012, a Russian court sentenced punk rockers Mariya Alekhina, Yekaterina Samutsevich, and Nadezhda Tolokonnikova (members of the “Pussy Riot” singing group) to two years in prison on charges of hooliganism motivated by religious hatred and feminist extremism. The group briefly had sung anti-Putin songs in the Russian Orthodox Church of Christ the Savior in Moscow in February 2012. The court claimed that the songs were not political in nature so that the prosecution was not political. Many in the international community and in Russia had called for the charges against the singers to be reduced to a misdemeanor or dropped. Russian state media appeared to present the trial as juxtaposing the beliefs and attitudes of a majority of Russians against those of a minority of immoral oppositionists. Commenting on the sentences in early October 2012, President Putin stated that the sentences were appropriate given the fact that the singers were “undermining morality and destroying the country,” and because the case had been publicized internationally.<sup>31</sup> A few days later, the sentence of one of the singers was reduced to two years of probation, but the other two were sent to Siberian work camps.



### ***Other Moves against Oppositionists***

- *The Sobchak case:* In June 2012, police raided the home of “moderate opposition” television personality Kseniya Sobchak, as part of a crackdown on opposition leaders, after which she was fired from her state television job. Perhaps also in retaliation, her mother was replaced as a senator in the Federation Council. In October 2012, Kseniya Sobchak was elected to a leadership position in the newly formed Opposition Coordination Council, which plans to organize protests, foster support for the release of “political prisoners,” and advocate for new elections.
- *The Navalny case:* In mid-2012, The Investigative Committee ruled that a case should proceed against activist Alexey Navalny on charges that in 2009 he illicitly had stolen timber belonging to a state-owned firm. On December 20, 2012, the Investigative Committee additionally charged him with involvement in a scheme to defraud a mail delivery firm. A trial in the city of Kirov on the alleged timber theft began in April 2013. On July 18, 2013, he was found guilty and sentenced to five years in prison. U.S. Ambassador Michael McFaul expressed deep disappointment in the conviction and apparent political motivations in the trial. Although his intent was unclear, President Putin raised concerns that one defendant received a suspended sentence while Navalny received five years. Navalny was released pending appeal—reportedly an unusual judicial procedure, perhaps related to widespread domestic and international criticism of the verdict—and he began campaigning as a candidate in the September 8, 2013, Moscow mayoral election.
- *The Osipova case:* On August 18, 2012, a Russian court sentenced opposition activist Taisiya Osipova to eight years in prison on charges of drug trafficking. She had been arrested in November 2010 and sentenced in late 2011 to 10 years in prison, but the case had been overturned on appeal. The court rejected witness testimony that police had planted the drugs in Osipova’s house. Her supporters suggested that authorities had prosecuted Osipova to pressure her husband, a leader of The Other Russia Party, to withdraw an application to register the party.
- *The Gudkov case:* In September 2012, the State Duma voted to remove the electoral mandate of deputy Gennadiy Gudkov, a member of the Just Russia Party, on the grounds that he was violating legislative rules by carrying out commercial activity incompatible with his status as a deputy. Gudkov and other observers argued that other Duma members had business interests, and that he was ousted because of his participation in opposition protests against the flawed Duma and presidential elections.
- *The Lokshina case:* In early October 2012, the Moscow office of Human Rights Watch, an international NGO, reported that the deputy director of the office, Tanya Lokshina, had received emails threatening her bodily harm. U.S. Ambassador to Russia Michael McFaul and Russian human rights ombudsman Vladimir Lukin were among those calling on the Russian Interior Ministry to investigate the threats. Lokshina left Russia in October 2012, but returned in the spring of 2013.
- *The Razvozhayev case.* Opposition A Just Russia Party activist Leonid Razvozhayev 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. 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.

- *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; a trial remains pending.
- *The Gelendzhik case:* Four human rights activists were given sentences of 10-14 years in high security prisons in early August 2013 for fraud. Before they were arrested, the activists had raised allegations that villas were being illegally constructed in the Black Sea resort town of Gelendzhik, including one for President Putin, and that illegal gambling clubs were operating with the collusion of the police.

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

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

In late March 2013, the State Department raised “deep concerns” that the large number of NGO inspections, which included religious and educational organizations, constituted a “witch hunt” that harmed civil society. It also indicated that funding would be made available for NGOs in Russia through third parties. The Russian Foreign Ministry denounced the concerns as “provocative” and the plan to continue funding as an attempt to circumvent Russia’s laws and as interference in its internal affairs.<sup>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 re-registered as a civic organization). Only one NGO in Russia has registered as a foreign agent, an inter-CIS NGO. In June 2013, a St. Petersburg LGBT NGO was ordered by a local court to register as a foreign agent. The NGO protested that its charity objectives were being judged as being foreign and appealed, and a higher court canceled the ruling pending further review.

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>

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

In January 2010, an existing administrative grouping of southern regions and republics was divided into two districts. A North Caucasus Federal District was formed from more restive areas, including the Chechen, Dagestan, Ingush, Kabardino-Balkar, Karachay-Cherkess, and North Ossetia-Alania Republics and the Stavropol Kray. A Southern Federal District was formed from somewhat more stable areas, including the Astrakhan, Volgograd,

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

A North Caucasus development strategy was promulgated in September 2010. It sets forth goals through 2025, stressing investments in agriculture, tourism, health resorts, energy and mining, and light industry. It also calls for encouraging ethnic Russians to resettle in the area. The strategy sets forth an optimum scenario where average wages increase by 250% and unemployment decreases by 70% by 2025. An inter-agency commission to carry out the strategy was formed with then-Prime Minister Putin as its head. At a 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>34</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 region was “one of the government’s most important priorities.”<sup>35</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). In late July 2013, the Presidential Plenipotentiary Representative in the North Caucasus Federal District, Aleksandr Khloponin, reported to President Putin that the unemployment rate in the district had declined 50% since 2010.

Terrorist attacks in the North Caucasus increased from 2007 through 2010, with a slight decrease in 2011, according to some reports. In 2010-2011, the insurgents appeared to be focusing more on killing and wounding civilians. Terrorist incidents decreased in most of the North Caucasus in 2011 and 2012. The number of killed or captured terrorists also increased, perhaps marking more successful counter-terrorist efforts. An appeal by Umarov in early 2012 that his fighters cease carrying out mass casualty attacks—in solidarity with Russians demonstrating against the flawed Duma election—was another possible contribution to the reduced number of terrorist incidents. In early July 2013, Umarov lifted this appeal (which was only partially obeyed) and warned that attacks would take place against the Sochi Olympics.<sup>36</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>37</sup>

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 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>38</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>39</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 Vilaiyat, 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 Vilaiyat, 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.

U.S. analyst Gordon Hahn has warned that the Caucasus Emirate forms the hub of Islamic terrorism in Russia and receives substantial material and ideological support from the global terrorist network. The Caucasus Emirate provides ideological, financial, and weapons

support, and loose guidance and some coordination for the activities of perhaps up to three dozen republic/regional and local combat jamaats (assemblies or groups of believers) in the North Caucasus and Volga areas, Moscow, and elsewhere. The Caucasus Emirate may take the lead when major terrorist operations are planned. In April 2009, Umarov announced that the former “Riyadus Salikhin” Martyrs’ Battalion—which had taken responsibility for attacking the grade school in Beslan in September 2004 and which appeared defunct after its leader, Shamil Basiyev, was killed in 2006—had been revived and was carrying out suicide bombings across Russia. Hahn reports that major ideologists of the global jihadi movement have praised these bombings and have supported greater material and other aid for the Caucasus Emirate. He also warns that over time, the Caucasus Emirate has expanded its operations globally, with cells being discovered in Belgium, Germany, Czech Republic, France, and Azerbaijan.<sup>40</sup>

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

U.S. policymakers long have emphasized that U.S.-Russian cooperation in combating terrorism in Chechnya and elsewhere is an important U.S. priority. On December 3, 1999, State Department spokesman James Rubin averred that the United States was concerned about the links between Osama bin Ladin 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>41</sup> He warned that sympathizers from abroad were going to Chechnya to train and fight, and that they later could directly threaten U.S. interests.<sup>41</sup>

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

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

In June 2005, the then-chairman of the House Foreign Affairs Committee, Representative Henry Hyde, visited his Duma counterpart, the then-chairman of the International Affairs Committee, Konstantin Kosachev. The two sides signed a joint statement “On Opposition to

International Terrorism and the Illegal Drugs Trade,” that called for developing legislation to combat terrorism.

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

President Obama and then-Russian President Dmitriy Medvedev agreed to enhanced counter- terrorism cooperation at a summit meeting in Deauville, France, in May 2011. At this summit, President Medvedev thanked the United States for its terrorist designation of the Caucasus Emirate (see below).

According to the State Department’s latest *Country Reports on Terrorism 2011*, “starting in November 2011 ... Russia’s Federal Security Service and the FBI began the first of ongoing dialogues to discuss and exchange best practices for countering domestic radicalization and violent extremism; particularly as those issues pertain to ultra-nationalists and white supremacist movements such as the Skinheads and Neo-Nazis.”<sup>42</sup> The State Department also reported that investigative cooperation between these two agencies had improved moderately in 2011.

President Obama and newly reelected 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>43</sup>

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

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, that “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>44</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>45</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 appropriations (P.L. 107-115) that cut some aid to Russia unless the President determined that international non-governmental 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—has consistently taken precedence in Presidential determinations about cutting or reprogramming Russian aid. Among other legislative action, in November 2006, Senator Patrick Leahy urged then-President Bush to intercede with President Putin to end the ongoing human rights abuses by Russian troops in Chechnya and suggested that the U.N. should play a larger role in the demilitarization and political settlement of the conflict.<sup>46</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.

Since FY2005, Congress has allocated humanitarian and other assistance for Chechnya and the North Caucasus, calling for between \$5 and \$9 million in each fiscal year. This aid has been 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. U.S. direct bilateral assistance to the North Caucasus ended with Russia’s ouster of the U.S. Agency for International Development (USAID) at the end of FY2012, but some indirect assistance has continued through allocations to U.N. agencies operating in the region. Continued aid to the region may be provided by the Consolidated and Further Continuing Appropriations Act, FY2013 (P.L. 113-6; signed into law on March 26, 2013), which funds State-Foreign Operations accounts at the same level and under the authority and conditions provided in appropriations for FY2012, with some exceptions. The enacted funding levels also are subject to sequestration cuts under the Budget Control Act of 2011 (P.L. 112-25).



## 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>47</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>48</sup> The passage of legislation in October 2009 providing for the Federation Council to authorize the use of troops abroad to protect its “peacekeepers” and citizens, and to combat piracy at sea, appears to underline that Russia might use military force to reinforce the “lesson” that small countries adjacent to Russia may disregard Moscow’s interests and warnings only at their peril.

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

In early 2007, then-President Putin appointed Anatoliy Serdyukov as defense minister. With a career outside the military establishment, many observers suggest that Serdyukov was chosen to carry out a transformation of the armed forces from a mobilization model—large divisions only partially staffed and dependent upon the mobilization of reserves during emergencies—to permanently staffed smaller brigades. Problems of force composition, training, command and control, equipment, and doctrine were highlighted during the August 2008 Russia-Georgia conflict.<sup>49</sup> Partly in response, a reform plan entitled “The Future Outlook of the Russian Federation Armed Forces and Priorities for its Creation for the period of 2009–2020” was launched in October 2008 that called for accelerating planned cuts in the bloated officer corps, revamping the training of noncommissioned officers, cutting the number of personnel at the Defense Ministry and General Staff, and reducing the number of higher military schools. Also, the four-tier command system of military districts, armies, divisions, and regiments would be altered to a three-tier system of strategic and tactical commands and brigades. The total size of the armed forces would be reduced from 1.2 million to 1 million, according to this plan.

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

In late 2010, the existing six military districts were consolidated into Western, Eastern, Southern and Central military districts. An over \$700 billion weapons modernization plan for

2011-2020 also was launched. Substantial modernization is contingent on rebuilding the largely obsolete defense industrial complex. Policymakers decided to import some weapons and technologies to spur this rebuilding effort.

The policy of legally acquiring some arms technologies from abroad came under scrutiny in 2012, however, after the appointment of former NATO emissary Dmitriy Rogozin as deputy prime minister in charge of arms procurement. He and Putin have appeared to question the continuation of foreign arms technology acquisitions. 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>50</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>51</sup>

On May 7, 2012, immediately following Putin’s inauguration, edicts were signed on greatly boosting military pay, pensions, and housing allowances; on increasing the number of troops under contract; on creating a reserve of troops; and on modernizing defense industries (OPK). One Russian critic pointed out that none of these spending initiatives had been included in the 2012 budget or planned budgets for 2013-2014, and warned that the initiatives would raise military spending as a percentage of GDP to over 4% (and possibly much more, given the opaque nature of much of this spending), approaching the U.S. percentage.<sup>52</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 more simply that the large number of officials and active and retired military officers opposed to Serdyukov’s reforms finally were able to convince Putin to remove him. The governor of the Moscow region and former emergencies minister, Army General Sergey Shoygu, was appointed the new defense minister. Putin also quickly replaced Makarov with Colonel General Valeriy 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 rising 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>53</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>54</sup>

### *U.S. Perspectives*

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

In April 2013, the U.S. and Russian sides signed a Military Cooperation Working Group work plan, and the Administration has stated that seven of the 78 programming events contained within the work plan have already been carried out, including a visit by a delegation from Russia's Military Academy of the General Staff to the U.S. National Defense University, and a visit by officers from the U.S. Pacific Command to Russia's Asia-Pacific Region/Eastern Military District headquarters.<sup>55</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 postponed. 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 last met in March 2011, although the sub-working groups remain active. Most recently, the State Department reported that the Training/Education/Human Resources Sub-Working Group met in Colorado Springs in October 2012, and discussed cadet exchanges and other matters. The Russian co-head, Chief of the Education Directorate of the Defense Ministry Yekaterina Priyetzheva, was ousted a few weeks later. The Enhanced Missile Defense sub-Working Group met for the first time since 2011 in April 2013.

Defense Secretary Chuck Hagel is scheduled to hold a Defense Relations Working Group meeting and hold other security consultations with visiting Defense Minister Shoygu on August 9, 2013.

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

In March 2013, Director of National Intelligence James Clapper presented the intelligence community's annual worldwide threat assessment, which included an appraisal that "the reform and modernization programs will yield improvements that will allow the

Russian military to more rapidly defeat its smaller neighbors and remain the dominant military force in the post-Soviet space, but they will not—and are not intended to—enable Moscow to conduct sustained offensive operations against NATO collectively.” He stated that “funding, bureaucratic, and cultural hurdles,” complicate Russia’s efforts to modernize its conventional, asymmetric, and nuclear capabilities. Nuclear deterrence will remain the focal point of defense planning to offset Russia’s weakness vis-a-vis potential opponents with more capabilities, at least until high-precision conventional arms become operational, he assessed.<sup>56</sup>

## TRADE, ECONOMIC, AND ENERGY ISSUES

### Russian Economic Conditions<sup>57</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>58</sup>

Russia is slowly emerging from its recession. Russian real GDP is estimated to have increased by 4.5% in 2010, 4.3% in 2011, and 3.4% in 2012. Russia is once again benefitting from an increase in world oil prices. Nevertheless, in the long term, unless Russia can reduce its dependence on the production of oil and other commodities and diversify and reform its economy, any recovery will likely remain fragile.<sup>59</sup> On several occasions, former President Medvedev expressed the need for Russia to diversify its economy.<sup>60</sup> Looking ahead, an important issue regarding Russia is whether President Putin will carry through on economic reform or protect the status quo.

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

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

Congress does not have a direct role in Russia's accession to the WTO but has an indirect role in the form of permanent normal trade relations (PNTR) status. "Normal trade relations" (NTR), or "most-favored-nation" (MFN), trade status denotes nondiscriminatory treatment of a trading partner compared to that of other countries.<sup>61</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 "Magnitskiy Act" discussed above.

## **Russian Energy Policy<sup>62</sup>**

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

Some Members of Congress, U.S. officials, and European leaders (particularly those in Central and Eastern Europe) have claimed that European dependence on Russian energy and Russia's growing influence in segments of Europe's energy distribution infrastructure poses a long-term threat to transatlantic relations. Russia accounts for just over one-quarter of the EU's natural gas supplies. Some central and eastern European countries are almost entirely

dependent on Russia for their oil and natural gas. Analysts have noted that Russia views its natural resources as a political tool. Russia's "National Security Strategy to 2020," states that "the resource potential of Russia" is one of the factors that has "expanded the possibilities of the Russian Federation to strengthen its influence on the world arena."<sup>63</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 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>64</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 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. Real progress on the pipeline is expected to start by the end of 2013, with the first deliveries by the

end of 2015. South Stream is supposed to reach its planned capacity of 63 bcm per year in 2019.

In order to build political support in European countries for South Stream, Russia enticed key Western European companies to participate. Russia has expanded its influence in the Balkans through the prospect of South Stream construction deals and transit fees. However, some observers are skeptical about South Stream's prospects, pointing to its escalating cost. Observers also question Russia's ability to substantially expand its gas production to fill current and planned pipelines.

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

Russia has repeatedly rejected Ukraine's demands to renegotiate the current gas supply contract in order to cut the price Kyiv pays for gas. Russia has also demanded that Ukraine renounce its membership in the European Energy Community, which bars Gazprom from owning both the pipelines and the energy supplies, limiting it to only one or the other. This provision, part of the EU's Third Energy Package, also affects other Gazprom-owned pipelines in the region, and has been fiercely opposed by Moscow.

Ukraine is seeking to form a consortium with both Russia and the EU to modernize its pipeline system, but Russia has rejected its proposals. Ukraine's desire to secure lower gas prices could induce it to give to Gazprom alone de facto control over its pipelines in exchange for cheaper gas. However, for now, Ukraine is taking another path—sharply reducing its intake of expensive Russian gas and increasing domestic and other foreign energy sources. Gazprom has responded by demanding a \$7 billion fine from Ukraine, due to its failure to take as much gas as it has contracted under its take-or-pay contract with Gazprom. Ukraine has refused to pay the fine.

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

There are factors that could diminish Russia's leverage over Eurasian natural gas supplies. Previously difficult-to-develop "unconventional" gas deposits, including shale gas, in the United States, Europe and elsewhere could diversify supplies and keep prices down. The rapid growth of the spot market for natural gas and the expansion of liquefied natural gas infrastructure in Europe could also help diversify supplies as well as reduce dependence on Russian-controlled pipelines. Already, European companies have successfully pressured Gazprom into cutting prices, reportedly by about 15%. However, Gazprom is still strongly resisting major changes to its pricing formula (based on the price of oil, not on gas spot market prices) or to reliance on long-term, inflexible "take or pay" contracts.

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>65</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.

## FOREIGN POLICY

### Russia and the West

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

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

According to analyst Dmitri Trenin, 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>66</sup> In February 2007, at the 43<sup>rd</sup> annual Munich Security Conference, President Putin delivered a particularly harsh speech attacking Bush Administration policies and condemning the "unipolar" world he alleged the United States wanted to create.<sup>67</sup>

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 2008-2012 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>68</sup>

### *NATO-Russia Relations*<sup>69</sup>

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

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

Most observers agree that despite having advanced NATO-Russia cooperation in some areas, the NRC has failed to live up to its potential. The NRC's perceived shortcomings are often attributed to Russian suspicion about NATO's long-term intentions. Many in Russia viewed NATO's enlargement in 1999 and 2004 to 10 former Soviet-oppressed states as a serious affront to Russian power and prestige and Russian leaders continue to oppose the idea of NATO enlargement to former eastern bloc countries.<sup>70</sup> The establishment of U.S. and NATO airbases in Central Asia for operations in Afghanistan after the September 11, 2001, terrorist attacks and a United States decision to establish military facilities, albeit nonpermanent, in Bulgaria and Romania after NATO's 2004 enlargement were viewed by some in Moscow as further evidence of an encirclement of Russia by NATO and the United States.

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

aspiring alliance members. Several Central and Eastern European allies also expressed concern about a reported lack of NATO contingency planning in response to the possibility of future Russian action against a NATO ally or partner.

The allies have consistently sought to assure Moscow that NATO does not pose a security threat to Russia. NATO leaders emphasize the two sides' shared interests and have pushed to make these interests the basis for enhanced cooperation. NATO and Russia have developed a Joint Review of 21<sup>st</sup> Century Security Challenges, intended to serve as a platform for future cooperation. Common security challenges identified include ongoing instability in Afghanistan; terrorism; the proliferation of weapons of mass destruction; piracy; and natural and man-made disasters. In December 2012, the NATO-Russia Council agreed to a "program of activities" for 2013 that builds on cooperation in these areas. This includes expanding cooperation to support the Afghan government and promote peace and stability in the region, and enhancing joint counterterrorism efforts and initiatives to combat piracy and armed robbery at sea. Since the 2010 Lisbon Summit, NATO-Russia cooperation has expanded in some of these areas, while NRC working groups have made little or no progress in others.

U.S. and NATO officials highlight several areas of enhanced NATO-Russia cooperation, citing Afghanistan as a key example. Since 2008, Russia has allowed the transit over its territory (via air and land) of cargo for NATO's International Security Assistance Force (ISAF). The transit routes are of particular importance to NATO as ISAF coordinates the withdrawal of forces in line with NATO's goal to transition away from a lead security role in Afghanistan by the end of 2014. Moscow has also been training Afghan, Pakistani, and Central Asian counter-narcotics officers, with a view toward reducing narcotics transit to and through Russia. The program, which has trained upward of 2,000 officers from seven countries, is set to expand in 2013. Finally, Russian helicopters, operated by civilian crews, have been providing transport in Afghanistan, and the NATO Russia Council has established a Helicopter Maintenance Trust Fund (HMTF). The Trust Fund, jointly funded by NATO and Russia, provides maintenance and repair support to the Afghan National Security Forces.

In April 2011, the NRC approved a new Action Plan on Terrorism, designed to improve both sides' capabilities to deter, combat, and manage the consequences of terrorist attacks. Joint activities include exchange of classified information, development of technology to detect explosive devices, and improved protection of critical infrastructure. One aspect of the counter- terrorism cooperation agenda is the Cooperative Airspace Initiative (CAI), aimed at preventing attacks like those of September 11, 2001, through coordinated interception of renegade aircraft. As part of the CAI, NATO and Russian fighter aircraft have conducted joint exercises since 2011. These are expected to continue during 2013 and beyond.<sup>71</sup> Additional joint counterterrorism projects include the so-called STANDEX (Stand-off Detection of Explosives) initiative. Under the initiative, a consortium of Russian and European research institutions has sought to develop technology to detect explosives on potential suicide bombers in mass transport hubs.

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>72</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. Given the experience in Libya, most observers believe Russia would oppose U.N. authorization for military intervention in Syria.

Moscow has expressed its opposition to a NATO military exercise scheduled to take place in early November 2013 in Estonia, Latvia, Lithuania, and Poland. The so-called Steadfast Jazz 2013 exercise—intended to certify command and control elements of the NATO Response Force (NRF)—would be the largest NATO exercise to take place in the region in over ten years. The live exercise will involve Land, Air, Maritime, and Special Forces components. Envisioned scenarios include responding to a possible attack on the territory of a NATO member state. Russian officials have objected to the exercise so close to its border, stating, among other things, that it “is in the spirit of the Cold War.”<sup>73</sup> NATO officials note that they have invited Russian observers to attend the exercise, and have, in turn, accepted a Russian invitation to observe a joint Russian-Belarusian military exercise planned to take place in Belarus and parts of the Barents and Baltic Sea in September 2103. Some NATO member states reportedly view the planned Russian Zapad exercise as a provocation aimed at the alliance.

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

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

Many analysts observe that the European Union (EU) has had difficulty developing a consistent and comprehensive strategic approach to Russia. On the one hand, the EU considers Russia to be a “strategic partner.” The EU and Russia have extensive economic and energy ties, and many Europeans assert that Russian cooperation is important on issues such as energy, Iran, Syria, climate change, and arms control. On the other hand, there are tensions in the relationship related to energy policy, governance and human rights issues, and perceived attempts by Russia to extend its influence over neighboring countries. There are also a number of foreign policy disagreements involving the Middle East, the Balkans, and the Caucasus. A central challenge for European policymakers has been how to balance values

with pragmatism in managing the presentation of disputes and objections alongside a desire to maintain constructive engagement and cooperation. Perceptions and preferences as to the correct weighting of priorities vary between and within the EU institutions and the 28 member states.

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

To a large extent, however, the EU-Russia energy relationship works two ways: while Russia is a crucial energy supplier for Europe, Europe is also a vital energy market for Russia. In terms of trade and investment, the EU is an even more important partner for Russia, accounting for nearly half of Russia’s trade and three-quarters of its foreign direct investment (FDI). Russia, in turn, is the EU’s third-largest trade partner (behind the United States and China); EU-Russia trade totaled €336 billion (approximately \$445 billion) in 2012.<sup>75</sup> Energy accounts for more than three-quarters of Russia’s exports to the EU.

In March 2013, the EU and Russia signed an *Energy Roadmap 2050* that presents the two sides’ joint long-term priorities for cooperation in the energy sector, including open, transparent markets and integrated network infrastructure.<sup>76</sup> The agreement was concluded despite Russia’s unhappiness with a September 2012 decision by the European Commission to launch an investigation into allegations of price fixing and other rules violations by Gazprom in eight eastern EU member states. Russia also continues to object to provisions of the EU’s “third energy package,” legislation that seeks to increase competition in the EU energy market by “unbundling” the ownership of gas production from distribution, and which requires an independent operator of transit and transmission systems. Russian officials have argued that the requirements unfairly target Gazprom and other Russian firms and violate WTO rules.

For its part, the EU filed a complaint with the WTO in July 2013 over Russia’s imposition of a “car recycling fee” on imported vehicles. Although the EU welcomed Russia’s accession to the WTO in August 2012, EU Trade Commissioner Karel de Gucht has long pointed to this fee and Russia’s ban on European live animal imports as examples that Russia is not moving forward to apply WTO rules on market liberalization.<sup>77</sup>

EU leaders have also long expressed concerns about human rights, political pluralism, and rule of law in Russia. Following Russia’s December 2011 parliamentary election, EU High Representative Catherine Ashton observed that “reports of procedural violations, such as lack of media impartiality, lack of separation of party and state, and the harassments of independent monitoring attempts, are ... of serious concern.”<sup>78</sup> At the most recent EU-Russia Summit, in June 2013, the EU “raised issues including the situation of civil society in Russia, notably in light of new laws on foreign-funded NGOs, the independence of the judiciary and the harassment of human rights defenders and opposition leaders. It also deplored the lack of

investigation into several (individual) criminal cases.”<sup>79</sup> In addition to the regular EU-Russia leadership summits, the two sides meet twice a year for human rights consultations.<sup>80</sup>

In July 2013, High Representative Ashton voiced concerns about the posthumous conviction of Sergei Magnitsky “on the basis of unfair procedures and unconvincing evidence, while neither the corruption scandal he helped to uncover nor the circumstances of his death have been clarified.”<sup>81</sup> She issued a similar statement a week later expressing concerns about the conviction of Alexey Navalny.<sup>82</sup> In October 2012, the European Parliament approved a resolution urging the Council of the EU to draw up a list and impose a visa ban and asset freeze on officials implicated in Magnitsky’s death. The Russian Foreign Ministry denounced the passage of the resolution and demanded that the EU instead investigate human rights abuses among its own member states.

The EU and Russia have been negotiating a new framework agreement to replace the EU-Russia Partnership and Cooperation Agreement (PCA) that came into force in 1997.<sup>83</sup> Under that agreement, the EU and Russia launched efforts in 2003 to develop a more open and integrated Common Economic Space (CES) and to establish deeper cooperation on issues such as rule of law, human rights, research, education, crisis management, and nonproliferation.<sup>84</sup> The 2010 EU- Russia Summit launched a “Partnership for Modernization” in which the EU pledged to help develop and diversify the Russian economy while encouraging reforms related to governance and rule of law.<sup>85</sup> Some analysts have asserted that progress on most of these initiatives appears to have stalled, although Russia has voiced satisfaction with some business cooperation under the Partnership for Modernization program.<sup>86</sup>

EU visa liberalization has long been a priority and a topic of frustration for the Russian government, and the June 2013 summit continued the discussion on visa and mobility issues. Negotiations on upgraded visa facilitation appear to be progressing, but EU member states are monitoring the implementation of a set of conditions related to document security, border security, and rule of law issues, before deciding whether to launch negotiations on a visa waiver agreement.

In addition to the topics outlined above, the June 2013 summit also included discussions on the economic situation in the EU and Russia, Russia’s chairmanship of the G-20 in 2013, and various regional and international issues including Syria, Iran, and other developments in North Africa and the Middle East, Central Asia, and the former Soviet countries of the Caucasus.

## **Russia and the Soviet Successor States<sup>87</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>88</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.

In early October 2011, Prime Minister Putin published an article calling for the creation of a “Eurasian Union” of Soviet successor states. This “Eurasian Union” would be integrated economically, politically, and militarily, and would unite the structures and functions of the CIS, the Union State between Belarus and Russia, and the CSTO, as well as the Common Economic Space between Russia, Belarus, and Kazakhstan that was inaugurated at the beginning of 2012. Putin raised the hope that the Soviet successor states would be able to integrate more rapidly than states forming the EU. The “Eurasian Union” would forge close links with the EU, he argued. The argument’s strong presumption appears to be that economic and other contacts between Soviet successor states and the rest of the world (including the EU) would be mediated by Russia. One Russian critic dismissed the article as campaign rhetoric, arguing that in his past elections, Putin had attempted to attract the votes of those nostalgic for the Soviet era.<sup>89</sup> In late July 2012, Putin appointed a Russian ultranationalist as his advisor on Eurasian integration.

The worth of the CSTO (currently composed of CIS members Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan) has been a matter of debate among its members and others, since it has not been efficacious in protecting borders or halting internal disorder. The CSTO was formed in 2002 with a headquarters in Moscow.<sup>90</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>91</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 act in case of aggression by Azerbaijan against Nagorno Karabakh, but raised concerns that the member-states were not voicing support for Armenian foreign policy regarding Azerbaijan.

Belarus is perhaps Russia's most loyal ally. Russian policy toward Belarus has been focused on gaining control of Belarus's key economic assets and ensuring the country remains in Moscow's geopolitical orbit. Moscow forced Belarus to sell full control of its natural gas infrastructure to Russia in 2011 by threatening steep gas price rises if it did not. Moscow has manipulated the supply of inexpensive Russian crude oil to Belarusian refineries, which has been a key de facto subsidy to Belarus's economy. Russia has also provided loans to prop up Belarus's economy, in exchange for a commitment by Belarus to privatize state-owned firms. For its part, Belarus has focused on developing joint ventures between Belarusian and Russian firms, but Russia has been cautious about investing in Belarusian firms that it does not control. Belarus, already member of a Russia-led Customs Union, is further integrating its economy with Russia's in the "Single Economic Space" and the Eurasian Union.

Russia's membership in the World Trade Organization (WTO) has created problems for the competitiveness of Belarusian firms. As a result, Belarus is seeking to accelerate its own efforts to join the WTO. However, current WTO member-states will demand that Lukashenko reduce state control of the country's economy, which he has been reluctant to do so far.

Belarus has shown independence from Moscow on some issues, such as refusing to recognize the independence of Georgia's breakaway regions of Abkhazia and South Ossetia, despite Russian pressure. Belarus is a member of the CSTO, but has distanced itself from the CSTO's rapid reaction force, saying that Belarus would not deploy its forces outside its borders. In other circumstances, Russian economic pressure on Belarus could cause 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 members of the political opposition in Belarus.

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. One 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. Moscow may remain satisfied with the status quo, which could hinder Moldova's European integration prospects.

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 continues to seek further gas price reductions from Russia. This situation may give Moscow more leverage to secure foreign policy and economic concessions from Kyiv.

However, some of Russia's boldest proposals for integration appear to have gone further than Kyiv can support. Ukraine has rebuffed Russian suggestions that it join the CSTO. It has not accepted Russia's proposal that it join the Customs Union, which would conflict with a planned free trade agreement with the European Union. The EU has put off signing the free

trade accord with Kyiv (and the Association Agreement of which it is a part) until November 2013 at the earliest due to the imprisonment of key Ukrainian opposition leader Yuliya Tymoshenko and other shortcomings in Ukraine's democratic development and the rule of law. Moscow hopes that the EU's stance will persuade Ukraine to change its mind and join the Customs Union and other Russian-led integration plans.

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

Russia and Georgia have yet to reestablish diplomatic relations that Georgia broke off following the August 2008 conflict. In 2011, Switzerland mediated talks between Georgia and Russia to address Georgia's calls for customs control along its borders between Russia and the breakaway regions, as a condition for Georgia's consent for Russia's joining the World Trade Organization. Then-President Medvedev stated in November 2011 that Russia would accept some private third-party monitoring of the border and electronic data on trade, resolving this issue blocking Russia's WTO accession. After Bidzina Ivanishvili became prime minister of Georgia in October 2012, his government raised hopes that political and economic relations with Russia could improve. There has been some movement on restoring trade between the two countries, but relations remain cool on the issue of the status of South Ossetia and Abkhazia.

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>92</sup> In the wake of the "reset" in U.S.-Russia relations since 2009, however, there has appeared to be some cooperation from Russia regarding the transit of U.S. and NATO materiel to and from Afghanistan. Despite this cooperation, Russia has strongly supported Kyrgyzstan's declaration that it will close the Manas airbase in 2014.



## U.S.-RUSSIA RELATIONS

The spirit of U.S.-Russian “strategic partnership” of the early 1990s was replaced by increasing tension and mutual recrimination in succeeding years. In the aftermath of the September 11, 2001, attacks, the two nations reshaped their relationship on the basis of cooperation against terrorism and Putin’s goal of integrating Russia economically with the West.<sup>93</sup> However, tensions soon increased on a number of issues that contributed to ever-growing discord in U.S.-Russian relations. Cooperation continued in some areas, and then Presidents Bush and Putin strove to maintain at least the appearance of cordial personal relations. In the wake of the August 2008 Russia-Georgia conflict, however, bilateral ties deteriorated to their lowest point since the Cold War.

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

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

At the July 2009 summit in Moscow, President Obama stated that “the relationship between Russia and the United States has suffered from a sense of drift” in recent years, and that the two presidents had “resolved to re-set U.S.-Russian relations.” He stressed that the United States wanted “to deal as equals” with Russia, since both countries are nuclear superpowers, and that the United States has recognized that its role “is not to dictate policy around the world, but to be a partner with other countries” to solve global problems. Some observers have argued that these statements were aimed at assuaging Russian sensitivities about the country’s status in the world.

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

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

in Europe and Asia. At the same time, the strategy stresses that the United States “will support the sovereignty and territorial integrity of Russia’s neighbors.”<sup>94</sup>

Then-President Medvedev visited the United States on June 22-24, 2010, to focus on business and technology ties between the two countries.<sup>95</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>96</sup> Some observers in the United States and Russia speculated that the quick resolution of the spy case indicated a concerted effort among policymakers in both countries to preserve the “re-set” in bilateral relations.

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

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

The two sides signed or issued nine agreements, statements, memoranda of understanding (MoU), and reports, ranging from statements of cooperation on visa issues, counter-terrorism, and the Bering Strait Region to a report assessing future missile challenges (the presidents stated that the latter report had been finalized, but it was not released). It also was announced that two new working groups had been created as part of the BPC, a working group on innovation and a working group on the rule of law. According to McFaul, a major goal of the working group on innovation was to assist in then-President Medvedev’s modernization

campaign (which has received lukewarm verbal support from his successor, President Putin), including investment at the Skolkovo research center outside of Moscow, and a major goal of the working group on the rule of law was to strengthen legal institutions in Russia to facilitate investment.<sup>97</sup>

President-elect Putin met with U.S. National Security Advisor Thomas Danilon on May 4, 2012, and reportedly conveyed that constructive dialogue between the two countries would continue. However, he 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 reaffirmed that they would continue to cooperate on many issues, and they issued a long joint statement listing areas of existing and proposed cooperation, including on Afghanistan, bilateral investment and trade, health, the environment, and educational and cultural exchanges.<sup>98</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>99</sup>

## **Bilateral Relations during Obama's Second Term**

Although there was some media speculation in late 2012 and early 2013 that the Obama Administration would alter its Russia policy during its second term, the Administration attempted for several months to sustain and build on cooperative ties where possible.<sup>100</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>101</sup>

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

In testimony to Congress in March 2013 on worldwide threats, Director of National Intelligence James Clapper argued that Russian foreign policy was a nexus of organized crime, state policy, and business interests. He warned that Russia and China are the most persistent intelligence threats and aggressively target U.S. business and finance. He predicted that social discontent might increase in Russia in 2013, including because of a sluggish economy, increasing restrictions on political pluralism, and ongoing corruption. He estimated that Russian foreign policy would not greatly change in 2013. Putin would continue to be very sensitive to U.S. criticism of Russian domestic policy, but views some ties with the United States as useful on certain issues. Russia would continue to look for U.S. and NATO guarantees that a missile defense system is not directed at Russia. On Syria, Russia would remain focused on preventing outside military intervention to overthrow the Asad regime, since Putin is suspicious that the West is pursuing regime change that could be aimed against Russia. Moscow also would not likely alter its argument that an incremental system of rewards is the best means to move Iran to address the concerns of the International Atomic Energy Agency. Despite these differences between the United States and Russia on Syria and Iran, Russia would continue to support the Northern Distribution Network as a pillar of U.S.-Russia cooperation. Russian foreign policy would place more emphasis on integration among the Soviet successor states.<sup>102</sup>

Kerry met with Lavrov on April 10, 2013, on the sidelines of the G-8 foreign ministerial meeting in London. Reportedly, Syria was again a major topic, with Lavrov also stating that the two sides agreed to step up the activities of the BPC. The two sides also discussed North Korea and the Middle East peace process. National Security Advisor Thomas Donilon visited Russia and met with officials on April 15, 2013. Russian officials reported that he carried a letter from President Obama to President Putin outlining possible areas of cooperation between the two countries. Kerry and Lavrov have had several meetings to discuss holding an international conference on Syria.

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>103</sup>

Presidents Obama and Putin met on June 17, 2013, on the sidelines of the G-8 meeting in Northern Ireland. The presidents issued three joint statements, including on bilateral relations, counter-terrorism cooperation, and cyber-security. Both indicated that they continued to

disagree on many issues related to the Syria crisis, but that they were continuing to work to hold a conference between the warring factions.

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

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. There was some speculation that the Snowden affair might lead to the cancelation of President Obama’s travel to the G-20 Meeting on September 5-6, 2013, or to a side meeting with Putin, but the Administration has indicated that such plans remain in place. 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>104</sup>

Foreign Minister Lavrov and Defense Minister are scheduled to visit 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 will feature prominently.<sup>105</sup>

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>106</sup> However, many activities appear to have been delayed or postponed, or involve person-to-person contacts rather than more substantive meetings, and an annual report on events in 2012 has not been released.

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 follows recent 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>107</sup> After granting Snowden temporary asylum (see above), Putin stated that he hoped that U.S.-Russia relations would not be harmed.

## **Bilateral Relations and Afghanistan**

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

Russia's reaction to NATO's announcement in late 2010 of a planned drawdown of ISAF by the end of 2014 appeared complex. On the one hand, Russia welcomed a lessened U.S. presence in Afghanistan and Central Asia, but on the other was concerned about regional security during and after the drawdown. In January 2011, Russia's Ambassador to Afghanistan, Andrey Avetisyan, stressed that NATO forces should not leave Afghanistan until the country is able to defend itself. He stated that Russia was ready to assist Afghanistan in rebuilding infrastructure and facilities that had been constructed by the former Soviet Union, but that such rebuilding would need international financing. He also renewed Russia's call for NATO to combat drug production.<sup>108</sup>

At the June 2012 Obama-Putin summit, the joint statement acknowledged Russia's "significant contribution" to promote stability in Afghanistan, but only touched on areas of

existing and future cooperation, including the NDN, counter-terrorism, and counter-narcotics. A fact sheet issued by the State Department praised the work of the NATO-Russia Council counter-narcotics program, which has trained more than 2,000 law-enforcement officers from Central Asia, Afghanistan, and Pakistan since 2006. The fact sheet also highlighted Russia-NATO cooperation in setting up the Helicopter Maintenance Trust Fund to support Afghanistan's fleet of Russian-built platforms. Russian cooperation has included training Afghan maintenance personnel.<sup>109</sup> Russia's cooperation on Afghanistan was not emphasized at the June 2013 Obama-Putin summit.

While arguing that the withdrawal of ISAF may be premature, Russia has appeared to stress that any foreign troops remaining in Afghanistan after 2014 should serve under a United Nations mandate. Russia eschews sending any of its own troops to Afghanistan after 2014, but pledges to provide some security assistance. To counter the possible spillover of instability from Afghanistan, Russia also is attempting to strengthen the CSTO.<sup>110</sup>

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

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

As early as the April 2008 NATO summit, Russia's then-President Putin had offered to permit the shipment of nonlethal NATO goods through Russia to Afghanistan. In late 2008, Russia also permitted Germany to ship weapons and other equipment by land to its troops in Afghanistan.

NATO reached agreement with Russia in February 2009 on the land transit of nonlethal supplies to Afghanistan, and all the Central Asian states except neutral Turkmenistan also agreed to permit overland shipments. The first railway shipment from the Baltic states reached Afghanistan—after transiting Russia, Kazakhstan, and Uzbekistan—in late March 2009.

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

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

the Caspian region to reach Afghanistan. According to Assistant Secretary of State Philip Gordon, these air transit problems soon were resolved.<sup>111</sup>

A June 2010 Administration factsheet on the results of the “re-set” gave some information on Russian *commercial* support for the Afghan conflict. It stated that Russian companies had made over 12,000 flights in support of U.S. operations in Afghanistan and Iraq, had supplied over 30% of the fuel U.S. military troops use in Afghanistan, and provided over 80 MI-17 helicopters to the Afghan National Army, Afghan National Police, and Afghan Drug Interdiction Forces.<sup>112</sup>

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

Russia is a substantial supplier of jet fuel for U.S. and NATO operations in Afghanistan. This relationship became more apparent in September 2011 when the U.S. Defense Logistics Agency placed its first order for fuel with the Gazpromneft-Aero-Kyrgyzstan joint venture, which is majority-owned by Russia’s Gazprom state-controlled gas firm, to supply aviation fuel to the Manas Transit Center in Kyrgyzstan. The Transit Center is the main U.S. airbase in Central Asia, and provides major aerial refueling services over northern Afghanistan. According to one report, the fuel is directly supplied from Gazprom’s oil refineries and transported by the Russian Transoil company to the transit center.<sup>113</sup>

In early February 2012, Russian media reported that NATO and Russia had agreed that cargo aircraft bringing materials out of Afghanistan could land at the Ulyanovsk airport, north of the Caspian Sea. From there, the materials would transit by railway to Riga or Tallinn. Russian planes reportedly would haul some of the cargoes. Such flights circumvent road and railway transit delays in Central Asia, according to some reports.<sup>114</sup> At a military meeting in early August 2012, President Putin stated that Russia had an interest in peace and stability “on our southern borders” (apparently including Central Asia as part of Russia), and so would assist NATO forces in Afghanistan, including by opening the Ulyanovsk airport to NATO transport. He averred that it was better for Russia to support NATO than to have to mobilize Russian troops to deal with insecurity emanating from Afghanistan.<sup>115</sup>

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

On April 1, 2013, a Russian newspaper published an interview with Alexander Vershbow, Deputy Secretary-General of NATO, who reportedly stated that the Ulyanovsk transit center had proven to be a costly route for the egress of materiel from Afghanistan, so that NATO preferred other routes, even though the center had been approved for use and one test flight through the center had occurred.

## **Bilateral Relations and Iran**

Russian perceptions of the Iranian nuclear threat and its policies toward Iran are driven by a number of different and sometimes competing factors. Russia signed an agreement to



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

Russia agrees with the United States and many other nations that a nuclear-armed Iran would be destabilizing and undesirable. After Iran's clandestine program to master the entire nuclear cycle, including uranium reprocessing, was revealed, Russia withheld delivery of nuclear fuel for the Bushehr reactor, pending agreement with Tehran about return of spent fuel to Russia for reprocessing. Russia joined the United States and the "EU-3" group (Great Britain, France, and Germany) in approving a series of limited U.N. Security Council (UNSC) sanctions related to Iran's nuclear infrastructure, including asset freezes and trade bans targeting certain Iranian entities and individuals.<sup>116</sup> Moscow temporarily withdrew most of its technicians and scientists from the unfinished Bushehr reactor in 2007. However, Russia soon resumed construction and shipment of nuclear fuel to Bushehr. Fuel delivery was completed in early 2008. In early 2011, Russia's permanent representative to NATO alleged that a computer virus had delayed the start-up of the reactor.<sup>117</sup> Reportedly, some damaged systems had to be replaced, but Russian officials announced that the reactor had begun operation on May 8, 2011. The plant began supplying power for the electric grid in September 2011. Management of the plant will be transferred to Iran in 2013, and up to 300 Russian specialists will continue to work at the plant for several years.

In September 2009, Iran informed the IAEA that it had been building a second uranium enrichment plant near the city of Qom. Many observers considered the disclosure further evidence that Iran intended to build nuclear weapons. A few days later, President Obama reported that a meeting he held with then-President Medvedev on the sidelines of a U.N. General Assembly session dealt mostly with Iran. Medvedev stated that the international "task is to create... a system of incentives that would allow Iran to continue its fissile nuclear program, but at the same time prevent it from obtaining nuclear weapons."<sup>118</sup> In a meeting with concerned nations on October 1, 2009 (now termed the Sextet or P5+1, consisting of the United States, United Kingdom, France, Russia, China, and Germany), Iran agreed to a late October IAEA inspection of the Qom enrichment site and initially appeared positive toward a plan to export most of its low-enriched uranium to Russia or France to be further enriched to fuel the Tehran Research Reactor. Russia reportedly mediated with Iran to urge it to accept the research reactor fuel deal, but Iran rejected the deal. In late November, Russia joined other representatives of the IAEA in censuring Iran for concealing the enrichment plant near Qom. In February 2010, Iran announced that it would start enriching uranium to 20% to fuel the Tehran Research Reactor.

In June 2010, Russia supported the approval of UNSC Resolution 1929, which expressed growing international concern with Iran's lack of compliance with ensuring that its nuclear program is peaceful and directed an expanded international arms embargo and added restrictions on commerce dealing with "proliferation-sensitive activities" in Iran. Explaining Russia's vote for the resolution, U.N. Permanent Representative Vitaliy Churkin stated that "it has become inevitable that additional restrictive measures should be adopted to constrain

development in those Iranian activities that run counter to the task of strengthening the nonproliferation regime.”<sup>119</sup> Perhaps also a significant factor, simultaneously with Russia’s agreement on the draft resolution, its state arms export agency, Rosoboronexport, and other Russian firms were removed from U.S. lists of sanctioned entities.<sup>120</sup> Appearing to be one strategy to deflect Iran’s anger, Russia has denounced added sanctions imposed by the United States, the EU, and other countries in the wake of the approval of UNSC Resolution 1929.

After CIA revelations about Iran’s possession of highly enriched uranium, then-President Medvedev concurred in July 2010 that “Iran is nearing the possession of the potential which in principle could be used for the creation of a nuclear weapon.” He also stated that “we should not forget that Iran’s attitude [toward cooperation with the international community] is not the best one.”<sup>121</sup> Causing further strains in Russian-Iranian relations, in September 2010 President Medvedev signed a decree banning the supply of the S-300 surface-to-air missile system to Iran, asserting that the weapons transfer to Iran was blocked by UNSC Resolution 1929.

Lavrov reported that in November 2010, he urged the Sextet to back a “step-by-step” approach to resolving tensions over Iran’s nuclear program, involving easing and eventually eliminating UNSC sanctions in response to Iranian moves to comply with IAEA concerns.<sup>122</sup>

In testimony in December 2010, Under Secretary of State William Burns asserted that “Russia’s partnership [with the United States] in the diplomacy which led to Resolution 1929 and to its own decision to cancel the S–300 sale was crucial. Without Russia’s partnership, I don’t think we would have had Resolution 1929 [or] as significant a set of measures from the EU and from many others. So that painstaking effort to work together with regard to a shared concern about Iran’s nuclear ambitions has been right at the core of our relationship with Russia over the last couple of years.” At the hearing, some Members raised concerns that Russia’s past and ongoing support for Iran’s civil nuclear program might have facilitated its nuclear weapons ambitions. Under Secretary Burns argued that Russia and other countries have become increasingly worried about Iran’s nuclear intentions and have intensified their support for countervailing international actions.<sup>123</sup>

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

On June 1, 2011, the Russian Foreign Ministry reported that Lavrov rejected a call by visiting Israeli Deputy Prime Minister Moshe Ya’alon for concerned countries to warn Iran that it faces military reprisals if it proceeds with its nuclear weapons development program. According to the Foreign Ministry, Lavrov reiterated Russia’s views that concerns about Iran’s nuclear program should be resolved exclusively through negotiations and that Iran has the right to pursue a peaceful nuclear program.<sup>124</sup>

In November 2011, the IAEA issued a report warning that Iran had intensified its nuclear weapons development program. Lavrov denounced the report as making “a totally unsupported conclusion that Iran’s nuclear program had a military dimension.”<sup>125</sup> Russia reportedly opposed UNSC action on the report, terming further sanctions an attempt to trigger

“regime change” in Iran. Russia has instead urged the Sextet to pursue its “step-by-step” plan for easing sanctions in return for actions by Iran to dispel international concerns.

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

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

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

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

During Putin’s June 25-26, 2012, visit to Israel, President Shimon Peres urged him to take actions to prevent Iran from acquiring nuclear weapons. Prime Minister Benjamin Netanyahu stated that he called for Russia to demand that Iran halt enriching uranium, relinquish all its enriched uranium, and dismantle its underground nuclear facility near Qom. He also averred that the international community must boost sanctions against Iran. President Putin stated that calls in Iran for Israel’s annihilation were unacceptable, that the question of Iran’s nuclear program should be the subject of negotiations, and that Iran has the right to the peaceful use of nuclear energy if the international community has “absolute guarantees” that the program will not lead to nuclear weapons.<sup>126</sup>

In August 2012, the Russian Foreign Ministry raised concerns that newly implemented U.S. sanctions against Iran could harm the interests of Russian firms operating in Iran, and thus impact U.S.-Russia relations.<sup>127</sup> Foreign Minister Lavrov argued in October 2012 that support for the Arab Spring and for “so-called democratization in the Middle East,” presumably by the United States, created a situation where Iran and other countries may contemplate developing nuclear weapons to counteract revolutions and regime changes.<sup>128</sup>

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

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

In mid-June 2013, President Putin asserted that Iran has a right to pursue a peaceful nuclear program and that there is "no proof of the opposite." He also seemed to argue that the United States is using the idea of a "real or fake" Iranian nuclear threat in order to maintain influence over its allies.<sup>129</sup>

In mid-July 2013, then-Acting U.S. Permanent Representative to the U.N. Rosemary DiCarlo called for the UNSC's Iran Sanctions Committee to tighten sanctions as a result of a report of Iranian violations of U.N. sanctions, and stated that until Iran had met existing requests by the Sextet, "we remain committed to steadily increasing isolation and pressure" on Iran.<sup>130</sup> Russia and China challenged the findings of the report as a basis for further sanctions.

Sextet talks were in hiatus during Iran's presidential election campaign. After Hassan Rouhani was inaugurated as president, he called for talks with the United States, while asserting that sanctions would not affect the nuclear program. The State Department averred on August 6, 2013, that there was a new "opportunity for Iran to act quickly to resolve the international community's deep concerns about their nuclear program," but that "the ball is in their court."<sup>131</sup> That same day, Russian officials called for the renewal of the Sextet talks in September 2013, as soon as Rouhani had formed a negotiating team, and rejected calls for more sanctions.

## **Russia's Role in the Middle East Quartet**

Russia is a member of "the Quartet" (formed in 2002 by Russia, the United States, the EU, and the U.N.) that mediates between Israel and the Palestine Liberation Organization (PLO), chaired by President Mahmoud Abbas.<sup>132</sup> Russia supported the holding of the U.S.-brokered Annapolis Conference in 2007 on a two-state solution, and the Quartet has agreed in principle to a Russian proposal to hold a follow-on conference in Moscow at some point.

According to Russian analyst Dmitriy Trenin, Russia seeks to present itself as an unbiased arbiter in the Quartet, and participates in order to demonstrate its status as a great power.<sup>133</sup> Russian Foreign Minister Lavrov met with Hamas leader Khaled Meshaal in 2006 to discuss the future of the peace process after Hamas won a majority of seats in the Palestinian National Authority Legislative Council. Russia argues that Hamas has popular support among Palestinians and that Russian contacts with Hamas enable Russia to urge Hamas to moderate its behavior and take part in the establishment of a peaceful Palestinian

state. The other members of the Quartet maintain that there should be no engagement with Hamas until it forswears terrorism, recognizes Israel's right to exist, and supports the Middle East peace process as outlined in the 1993 Oslo Accords. Russia's then-President Medvedev met with Meshaal during his May 2010 trip to Syria. Israel condemned Medvedev's meeting with Meshaal.<sup>134</sup>

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

Russia supported the signing of the agreement in May 2011 between Fatah and Hamas on forming a power-sharing Palestinian Authority government for the West Bank and the Gaza Strip. Russia endorsed the formation of a cabinet that would "base [its] policies on the platform of the PLO and on the Arab peace initiative," including the recognition of Israel, rejection of violence, and adherence to Quartet decisions.<sup>135</sup> On May 20, 2011, the Quartet issued a statement of support "for the vision of Israeli-Palestinian peace outlined by U.S. President Barack Obama on May 19, 2011. The Quartet agrees that moving forward on the basis of territory and security provides a foundation for Israelis and Palestinians to reach a final resolution of the conflict through serious and substantive negotiations and mutual agreement on all core issues."<sup>136</sup> Deputy Prime Minister Moshe Ya'alon visited Russia in early June 2011 and reportedly praised Russia's participation in the Quartet, but stressed that "Hamas cannot be a partner for negotiations [and] cannot be recognized as the legitimate authority in Gaza until it recognizes the State of Israel and renounces terror entirely."<sup>137</sup> The United States has rejected dealing with Hamas unless it renounces terrorism and meets other principles enunciated above by the Quartet, and has been wary of French and Russian proposals for convening international conferences until the Israelis and the Palestinians themselves make progress toward reopening talks.

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

In February 2012, Fatah and Hamas agreed that Abbas would form and lead a temporary unity government. Russia welcomed the agreement, stating that a government led by Abbas would promote Israeli-Palestinian negotiations in line with the proposals made by the Quartet in September 2011. In March 2012, Islamic Jihad took responsibility for launching missiles from Gaza into Israel, attacks that occurred days before a meeting of the Quartet at the U.N. in New York. Israel stated that it held Hamas fully responsible for security in Gaza. The Quartet, including then-Secretary Clinton and Foreign Minister Lavrov, issued a statement deploring "provocative actions" by both sides. In the UNSC, however, Clinton condemned "in the strongest terms" the precipitating missile attacks from the Gaza Strip.

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

Russia voted in favor of a November 29, 2012, U.N. General Assembly resolution granting the Palestinian Authority the status of a nonmember observer state. The United States voted against the resolution. Russia stated that it hoped that the approval of the resolution would facilitate the renewal of direct Israeli-Palestinian negotiations and the convocation of a ministerial meeting of the Quartet. The next day, Israel announced the approval of new construction of 3,000 dwellings in East Jerusalem and the West Bank. Russia raised serious concerns that the new construction jeopardized the reopening of direct Israeli-Palestinian talks, but the United States noted that the construction plan came on the heels of the “provocative” U.N. vote, and called for both sides to renew direct talks without preconditions.<sup>138</sup>

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

On July 22, 2013, the Russian Foreign Ministry hailed an announcement by Secretary Kerry on July 19 that Israeli and Palestinian negotiators would meet to work out a formula for further direct final status talks.<sup>139</sup>

## **Bilateral Relations and Syria**

U.S.-Russia relations increasingly have become strained as a result of a Syrian government crackdown on civil unrest that intensified in early 2011.<sup>140</sup> Russia has maintained ties with the regime of Syrian President Bashar Hafez Asad throughout the conflict. These ties include arms sales and a naval base at Tartus—Russia’s only Mediterranean Sea facility—which Russia had refurbished before the intensified unrest. Russian firms also allegedly sell Syrian oil on world markets. Putin has asserted that Russia will not tolerate a replay of the “regime change” in Libya that transpired after Russia abstained on UNSC Resolution 1973. Also, Putin and other Russian officials have long intimated that Western interests orchestrated the so-called “color revolutions” (changes in government) in several Soviet successor states, and they remain concerned about such possible Western “regime change.”

In contrast to the Russian government, some Russian citizens have decried the growing violence of the Asad government, including ethnic Circassians, some of whom have called for the Russian government to evacuate or otherwise provide assistance to the approximately 50,000-100,000 ethnic Circassians who had fled imperial Russia and had settled in Syria in the 19<sup>th</sup> century. Russian officials and others have alleged that a few members of the Chechen mujahidin have traveled to Syria to fight against the Asad government.<sup>141</sup>

In October 2011, Russia and China vetoed a UNSC resolution that strongly condemned “the continued grave and systematic human rights violations and the use of force against civilians by the Syrian authorities” and called on all states “to exercise vigilance and restraint” in supplying arms to the Syrian government. Russia had continued to provide weaponry to the Asad government as the violence had intensified. In early February 2012, the United States strongly urged Russia and China to support a second, stronger UNSC resolution condemning “gross violations” of human rights by the Asad government against civilians and calling for the “political transition to a democratic, plural political system.” Both countries, however, vetoed the resolution on February 4, 2012. Then-U.S. Permanent Representative to the U.N. Susan Rice stated after the veto that “the United States is disgusted that a couple of members of this Council continue to prevent us from ... addressing an ever-deepening crisis in Syria.... This intransigence is even more shameful when you consider that at least one of these members continues to deliver weapons to Asad.”<sup>142</sup> Foreign Minister Lavrov rejected the resolution as unbalanced, arguing that it gave more support to the oppositionists than to the Asad government, and urged negotiations between conflicting parties to end the violence.

On March 5, 2012, the Russian Foreign Ministry issued a statement that the 1980 Soviet-Syria Friendship and Cooperation Treaty remained in force, including the provision that “in case of emergence of situations threatening peace and security of one of the Parties or creating a threat to peace or a threat of violation of peace and security in the whole world the High Contracting Parties will immediately contact each other for the purpose of coordination of their positions and cooperation in order to remove a threat emerged and to restore peace.” However, the Foreign Ministry stressed that the provision called for consultations, and that the treaty does not mention anywhere rendering military support, and that “Russia is not going to do anything of the kind.”<sup>143</sup>

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

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

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

The main issue of discussion at the June 2012 U.S.-Russia summit appeared to be Syria. Both leaders claimed that they had agreed on some aspects of the situation in Syria, and both called for a cessation of violence, adherence to the peace efforts undertaken by Kofi Annan, and a political transition to a democratic system “implemented by the Syrians themselves.” The latter formulation appeared based on Russia’s insistence on noninterference in Syria’s internal affairs. Tensions appeared exacerbated during the summit by a report that a Russian ship was on its way to deliver attack helicopters to Syria. The supply ship subsequently turned around after British insurers cancelled the ship’s coverage. Foreign Minister Lavrov later verified that the ship was carrying refurbished attack helicopters and air defense equipment, and asserted that the latter was aimed to enhance Syria’s ability to “expel external aggression.”<sup>144</sup>

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

On July 19, 2012, Russia (and China) vetoed a UNSC resolution that extended the mandate of the Annan observer mission if the Asad government moved troops and heavy weapons from populated civilian areas. If the Asad government failed to comply, the resolution called for possible sanctions against the Syrian government upon further UNSC action. Russia claimed that approval for possible sanctions could open the way to military intervention, a stance that U.S. ambassador to the U.N. Susan Rice asserted was “paranoid if not disingenuous.”<sup>145</sup> An alternative resolution—extending the mandate of the mission without provisions opposed by Russia—was approved.

On December 3, 2012, during his state visit to Turkey, President Putin argued that “we are not the inveterate defenders of the Syrian regime,” but that Russia is concerned that terrorists seek to take over in Syria. On December 11, 2012, Lavrov condemned a U.S. announcement of recognition of the National Coalition for Syrian Revolutionary and Opposition Forces as the legitimate representative of the Syrian people. He claimed that the announcement violated the Geneva peace plan for talks between the opposition and the Asad government. Russia likewise criticized the overwhelming support by the Friends of Syria of the legitimacy of the National Coalition for Syrian Revolutionary and Opposition Forces on December 12.<sup>146</sup>

During his first meeting in Berlin in late February 2013 with Lavrov in the new post of Secretary of State, Kerry reportedly urged Russia to work with the rest of the international community to implement the Geneva accords on a transition to a democratic Syria. He also called for Russia to halt arms deliveries and other support to the Asad regime. In testimony on March 20, 2013, Ambassador to Syria Robert Ford pointed out that although Russia has agreed to the Geneva peace framework, Moscow should “go far, far beyond that,” first of all by halting arms transfers to the Syrian government, and secondly by joining the international community in the economic sanctions regime against the Asad government.<sup>147</sup> Russia criticized the decision of the Arab League in late March 2013 to seat the National Coalition for Syrian Revolutionary and Opposition Forces.



In May 2013, the Chairman of the Joint Chiefs of Staff, Army General Martin Dempsey, warned that Russia's intention to deliver anti-ship missiles and the S-300 air defense system to Syria "is at the very least an unfortunate decision that will embolden the regime and prolong the suffering" in the country. Defense Secretary Hagel, speaking along with Dempsey, stated that the Administration would "continue to work with the Russians and do everything we can to convince the powers in the region to be careful with escalation of military options and equipment."<sup>148</sup> On June 20, 2013, Foreign Minister Lavrov stated that Russia had not yet finalized a decision on supplying S-300s to Syria (see also below). Israel has raised concerns that if S-300s are supplied to Syria, they may find their way to Iran.

In mid-June 2013, the Obama Administration indicated that it had determined that the Asad government had used chemical weapons against civilians, and that in response it would provide some small arms shipments to the Syrian rebels.<sup>149</sup> Reportedly, some in Congress raised concerns about the arms support, but lifted their objections in late July 2013. At the G-8 summit in Northern Ireland on June 17-18, 2013, and elsewhere, President Putin denounced such Western arms shipments, asserting that the weapons could fall into the hands of al Qaeda. The G-8 issued a statement on Syria that reflected Russia's insistence that a political transition process in Syria not preclude a role for Asad. In late July 2013, Russia issued its own chemical weapons "study" that claimed that the rebels had used such weapons against civilians (it later highlighted this report to counter evidence of Syrian regime culpability in the August 2013 gas attack; see below).

On July 2, 2013, Secretary Kerry discussed details of a possible Syria conference with Foreign Minister Lavrov in Brunei, mentioning that September or thereafter were possible dates. Kerry stressed that the outcome of a "Geneva II" conference must include setting up "a transitional government ... with the full transfer of power."<sup>150</sup> Kerry is scheduled to meet with Lavrov on August 9, 2013, for discussions that include Syria, and according to some reports, the United States may propose that a conference be held at the U.N. in late September.

According to a July 31, 2013, article in the *New York Times*, continuing Russian arms shipments to Syria have included Yakhont anti-ship cruise missiles, SA-17 and SA-26 surface-to-air missiles, and two refurbished Mi-24 Hind helicopters. Iran also has supplied weapons, including Fateh-110 short-range ballistic missiles. Both Russia and Iran have sent technical trainers along with the weapons, and Iran has deployed members of its Quds paramilitary force and supported the deployment of Badr Corps fighters from Iraq to assist Asad. U.S. and Israeli officials increasingly have raised concerns that some of the weapons may be given to or fall into the hands of Lebanon's Hezbollah militia, which is assisting Asad. Israel has carried out four known bombing missions to destroy the Russian- and Iranian-supplied weaponry, most recently on July 5, 2013, to destroy Yakhont missiles, although allegedly not all were destroyed.<sup>151</sup>

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

On August 26, Foreign Minister Lavrov underscored that "we do not intend to go to war with anyone," referring to a possible U.S. military action in Syria and speculation about Russia's response.<sup>152</sup> Russian media also reported that a military source stated that "the time when we waged wars for someone else is in the past."<sup>153</sup> A Russian Navy spokesman

announced on August 28 that remaining Russian personnel at the Tartus naval docking facility were planning to leave by sea, and the Russian Emergency Situation Ministry reported that it had evacuated over 100 Russian citizens by air on August 27-28, and would continue such flights as necessary (the personnel at Tartus reportedly remain on site).<sup>154</sup>

On August 28, Russia (and China) blocked discussion in the UNSC of a possible resolution introduced by the United Kingdom condemning the August 21 gas attack in Syria and authorizing necessary measures—including military action—to protect civilians, with Foreign Minister Lavrov stating that any such resolution should await the findings of the mission of U.N. inspectors. He stressed that possible military action in Syria without UNSC authorization would violate international law and vitiate efforts to find a peaceful solution to the conflict, such as the planned Syrian government-rebel conference that was being organized by the United States and Russia prior to the gas attack. He also alleged that the gas attack may have been a provocation by the rebels, as Russia has asserted in previous cases, and warned that any Western military action could further destabilize the Middle East.<sup>155</sup>

The U.S. State Department criticized Russia for refusing to consider the UNSC resolution, with a spokesperson stating on August 28 that the United States “believe[s] that the Syrian regime should not be able to hide behind the fact that the Russians continue to block action on Syria at the United Nations.”<sup>156</sup> The State Department seemed to indicate that the Administration might not push for a formal UNSC vote on a resolution authorizing possible military action, since Russia (and China) were expected to veto it.

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

- He asserted that Russia will only be convinced to support a resolution in the UNSC authorizing retaliation against Syria for chemical weapons use against civilians if the evidence is compelling beyond a shadow of a doubt, particularly since faulty data had been presented by the United States in the past as grounds for U.S. action in Iraq, he alleged. He also raised the possibility that the rebels may have gassed civilians to trigger Western action against the Asad government.
- He underlined that only the UNSC may approve the legitimate use of force against a sovereign state, and that the use of force outside U.N. approval is aggression. He stressed that Russia was not defending the Asad regime, but was upholding the norms and principles of international law, and warned that if illegitimate force is used against the Asad regime, there is a danger that it might again be used “against anybody and on any pretext.”
- He reiterated that Russia is supplying arms under contracts with the legitimate government of Syria, so is not violating any international laws. He admitted that some components of the S-300 surface-to-air missile system had been delivered, but the delivery of remaining components had been suspended.
- He stressed that Russia would not become militarily involved in the Syrian conflict.<sup>157</sup>

Supporting President Putin’s statement, the Russian Foreign Ministry the next day reiterated that a Russian investigation into an alleged March 2013 chemical attack in Syria had found evidence that the rebels had used the gas against civilians and the Syrian Army, and the Ministry suggested that evidence pointed to the rebels in the case of the August 21 attack.<sup>158</sup>

During his testimony on September 3, 2013, before the SFRC, Secretary Kerry raised the hope that Presidents Obama and Putin would discuss Syria during the G-20 summit in Russia, and that President Putin would have a “change of heart” on Syria. The Secretary stated that Russia and the United States were cooperating on efforts toward a negotiated settlement of the Syria conflict.<sup>159</sup>

On September 4-5, 2013, the Russian government rejected U.S. and Polish government statements that the former Soviet Union and Russian sources had assisted Iraq in developing chemical weapons, with Russian presidential administration head Sergey Ivanov terming such statements “raving nonsense,” since Russia is against the proliferation of weapons of mass destruction.<sup>160</sup>

The Russian presidential press secretary on September 5 urged that the international community wait for the U.N. inspectors to issue their report on whether chemical weapons have been used in Syria. He stated that, based on this report, a further investigation could then be undertaken to determine who used them.<sup>161</sup>

On September 5, 2013, Deputy Defense Minister Anatoliy Antonov warned that any U.S. military action against Syria threatened tourists in the eastern Mediterranean, as well as commercial ships, and raised concerns that a U.S. missile might hit a Russian warship. He also warned that support for Syrian rebels will at least indirectly boost Syrian terrorist groups that will later expand their operations elsewhere in the Middle East. The Foreign Ministry also warned that U.S. missiles could threaten nuclear contamination if they hit a Syrian research reactor.<sup>162</sup>

Presidential administration head Ivanov stated on September 5 that warships being sent to the Mediterranean Sea were intended for the possible evacuation of Russian citizens from Syria. Deputy Defense Minister Antonov stressed that the deployment of more warships to the Mediterranean was aimed to cover possible contingencies that could threaten Russia’s national interests, and “to hold back other forces which are ready to unleash hostilities,” but that Russia did not intend to become involved in conflict. The deployment includes intelligence-gathering and anti-submarine warfare vessels, a missile cruiser, a destroyer, and landing craft.<sup>163</sup>

Leaders of the Russian Federal Assembly (legislature) received support from Putin for a planned delegation trip to the United States to try to convince Congress not to approve the use of military force against the Syrian government. However, following reported non-receptiveness by congressional leaders toward the visit, the Russian deputies dropped the planned visit.

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

In a letter published by the *New York Times* on September 11, 2013 (written after the Russian chemical weapons proposal but before the Administration and Congress postponed

consideration of a resolution on military action against the Syrian regime), President Putin argued that:

- the United Nations could collapse and international law would suffer if nations take military action without U.N. approval;
- such military action against Syria would result in more civilian casualties and a widening of conflict, terrorism, and other regional instability;
- Russia is protecting international law rather than the Asad regime;
- evidence points to the rebels' use of chemical weapons;
- many in the world increasingly view the United States as "relying solely on brute force," and that such U.S. reliance has proven ineffective and pointless;
- the United States should pursue Russia's proposal on international control over Syria's chemical weapons as an alternative to U.S. military action; and
- President Obama's statement that the United States should act when possible to uphold international norms was "extremely dangerous." Putin argued that all countries are equal (apparently implying that they shouldn't be interfered with).

The U.S. Administration and leaders of Congress tended to view the letter as interference in U.S. affairs. Other critics argued that it was hypocritical for Putin to uphold the value of the UNSC in solving the Syria conflict when Russia had vetoed several Syria resolutions and to decry U.S. action without a UNSC imprimatur after Russia had invaded Georgia in 2008. They also pointed out that the letter did not mention the large number of civilians killed by the regime or the many refugees, or the fact that Russia is one of the regime's main suppliers of arms used against civilians.<sup>164</sup>

A meeting in Geneva on September 12-13, 2013, between Kerry and Lavrov to work out details of the Russian proposal reportedly was tense.

On September 13, 2013, President Putin flew to Bishkek, Kyrgyzstan, to attend a presidential summit of the members of the Shanghai Cooperation Organization (SCO). He reportedly presented his viewpoint of the Syrian chemical weapons control proposal, and the presidents of the six member-states (Russia, China, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan) unanimously endorsed putting the weapons under international control as an alternative to military action.

Objecting to sales by Russia's Rosoboronexport state arms export firm to the Asad regime, on July 19, 2012, the House of Representatives approved language in H.R. 5856 (Young), the Department of Defense Appropriations Act for FY2013, to prohibit the provision of U.S. funds to Rosoboronexport. In introducing the language, Representative James Moran criticized a 2011 contract by the Defense Department with Rosoboronexport for \$375 million for the delivery of 21 helicopters for the Afghan National Security Forces, along with parts and support, and called for the Defense Department to make alternative supply arrangements. The final delivery of the 21 helicopters occurred in mid-2012, but the Defense Department exercised an option to purchase an additional 10 helicopters for \$171.4 million. The Defense Department had argued in a late March 2012 letter to Senator John Cornyn and others that procurement from Rosoboronexport gave the best assurance of quality and support.

On December 4, 2012, the Senate attached the National Defense Authorization Act for FY2013 as an amendment to H.R. 4310, and included language submitted by Senator John

Cornyn to bar the Defense Department from allocating FY2013 funds to enter a contract or cooperative agreement with Rosoboronexport. However, a presidential waiver was exercised to provide 30 additional helicopters at \$553.8 million, triggering a challenge from Representative James Moran at a hearing on April 16, 2013, that U.S. funds should not be supporting a Russian defense firm that sells weapons to Syria. Defense Secretary Chuck Hagel responded that it was a “cold-blooded decision,” to supply the added helicopters, because the Afghan armed forces are used to operating and maintaining the helicopters.<sup>165</sup> The Defense Department awarded the contract modification to Rosoboronexport on June 16, 2013. The Special Inspector General for Afghanistan Reconstruction had advised against awarding the contract modification on the grounds that the Afghan military faces serious challenges in operating and maintaining the helicopters.<sup>166</sup>

## **Arms Control Issues<sup>167</sup>**

### ***Cooperative Threat Reduction***

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

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

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

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

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

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

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

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

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

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

### *Russia and Missile Defense*<sup>168</sup>

#### *Background: Recent U.S. Missile Defense Plans*<sup>169</sup>

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

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

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

*The Russian Response*<sup>170</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 threatened to abrogate the 1987 Intermediate-Range Nuclear Forces Treaty, and also announced that it had suspended compliance with the Conventional Forces in Europe Treaty. In August 2008, following the signing of the U.S.-Poland agreement, Russia once more vociferously objected to the Bush Administration's missile defense plan; a Russian general stated that Poland's hosting of the interceptors could make it a target for a nuclear attack.

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

In a joint statement issued at their "get acquainted" meeting on April 1, 2009, Presidents Obama and Medvedev acknowledged that differences remained in their views toward the placement of U.S. missile defenses in Europe, but pledged to examine "new possibilities for mutual international cooperation in the field of missile defense." Later that month, however, Russian Deputy Foreign Minister Sergey Ryabkov charged that "[U.S.] work in the missile defense has intensified, including in the NATO format." Shortly thereafter, in a Russian media interview, Ryabkov was asked to comment on U.S.-Russia-NATO cooperation on missile defense through the use of Russian radar installations. He explained that the Russian offer was predicated on the fulfillment of "certain preliminary stages," including the U.S. cancellation of the EC program, followed by a threat assessment, and then by political and economic measures to eliminate the threat.<sup>171</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>172</sup> In addition, Moscow appeared to back away from an earlier signal that it might deploy Iskander missiles to Kaliningrad. In November, the U.S. ambassador to Ukraine quashed rumors that the United States had been discussing with Kyiv the deployment of missile defense facilities in Ukraine. In October 2009, during a visit to Warsaw by Vice President 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>173</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>174</sup>

Before long, however, Russia began to criticize the new U.S. plan, reviving the argument that it would compromise Russia’s nuclear forces. In December Prime Minister Putin tied discussions over missile defense to the renegotiation of START. He asserted that Moscow would need to beef up its offensive nuclear weapons forces in order to “preserve a strategic balance” with the planned U.S. missile defense system. 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>175</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>176</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 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>177</sup>

On February 12, Bulgaria's prime minister announced that he supported participation in the U.S. missile defense system; the U.S. ambassador to Bulgaria confirmed that discussions on such a deployment were in their early stages with Bulgaria—and with other countries. Bulgaria's foreign minister noted that the missile shield would also protect Russia from the threat of Iranian missiles. Russia, however, professed that it had been caught unawares by the announcement; Foreign Minister Lavrov stated that “we have already questioned our U.S. partners in Washington ... as to the meaning of this, and why we have this Bulgarian surprise after the Romanian surprise.” Russian NATO Ambassador Rogozin tweeted that “Bulgarians are our brothers, but politically they are promiscuous.” A few days later, Russia turned aside an apparent offer by Transnistria, a breakaway region of Moldova, to host Russian Iskander missiles.<sup>178</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>179</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>180</sup>

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

United States would “continue to reject any constraints or limitations on our missile defense plans.” In a televised interview with Larry King, Prime Minister Putin indicated that if Russia perceives that the PAA/NATO missile defense program is compromising Moscow’s nuclear deterrent, “Russia will just have to protect itself using various means, including the deployment of new missile systems to counter the new threats to our borders.”<sup>181</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>182</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>183</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, 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>184</sup> Moscow also stated that it sought written assurances from the United States and NATO that the interceptors not be aimed at Russia.<sup>185</sup>

Negotiations over a new missile defense architecture continued through the first half of 2011. Vice President Biden met with President Medvedev and Prime Minister Putin in March 2011, and the U.S. Chairman of the Joint Chiefs of Staff, met with his Russian counterpart in May 2011; and at the end of the month, President Obama and Medvedev discussed the issue during the G-8 meeting in Deauville, France. On June 2, President Medvedev expressed impatience with the pace of ongoing negotiations, stating “So far, I’m not pleased with how the U.S. and all NATO countries reacted to my proposals because we are losing time.”<sup>186</sup> Russia also 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>187</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>188</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>189</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 hard-line stance might be motivated by domestic political considerations. Finally, some argue that Russia may be hoping to create a rift within NATO; they note that in June 2011, Russian Defense Minister Anatoly Serdyukov stated that the missile defense debate depended on Washington's views, claiming that "[t]his is a U.S. position. There is a number of [NATO] countries expressing only concern. We could have received their support."<sup>190</sup>

In March 2012, Medvedev said Russia would adopt its nuclear forces—in phases—to account for upgrades of the EPAA, arguing that "we are not closing the door on dialog, [b]ut we need to prepare ourselves."<sup>191</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"—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>192</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>193</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>194</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>195</sup>

The Kremlin remained unsatisfied. On May 24, a Russian Foreign Ministry spokesman said that, while the declaration was “a step in the right direction ... political statements cannot serve as a foundation for cooperation. Reliable and based on precise military and technical parameters, legal guarantees of the nontargeting of the deploying missile defense network against the Russian nuclear deterrence forces are essential to us.”<sup>196</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.” Not long thereafter, however, former Russian NATO Ambassador and current Deputy Prime Minister Dmitry Rogozin warned that Moscow would “create a system of piercing and suppressing any missile defense. If there’s anyone who thinks we can be surrounded with an anti-missile wall, we were breaking a door into Europe back in the times of Peter [the Great] and now we’ll break down everything the whole wall, if anyone tries to isolate us or bring us to our knees.”<sup>197</sup>

In a sideline meeting of the G-20, Presidents Putin and Obama discussed missile defense, among other issues. They issued a joint statement, declaring that “[d]espite differences in assessments, we have agreed to continue a joint search for solutions to challenges in the field of missile defense.” However, an aide to President Putin stated that “[i]t will be possible to resume authentic and detailed political discussions of missile defense only after the presidential election in the United States.” In the meantime, he added, discussions would continue at the working level.<sup>198</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>199</sup>

There was little movement on the missile defense issue in the months after the U.S. elections. Following a December 4 NATO-Russia Council meeting, Russia’s NATO envoy pronounced the talks stalemated; however, Foreign Minister Lavrov indicated that the two sides would hold further consultations to assess whether a proposal regarding joint threat analysis.<sup>200</sup>

Speaking at a December 20 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>201</sup>

For the first few weeks of 2013, Russian officials sent mixed signals on missile defense, announcing on the one hand that they were prepared to discuss the issue, while on the other continuing to call for legal assurances from NATO and the United States that EPAA would not be used to deter Russia’s nuclear forces. In mid-February, following a meeting with U.S. Assistant Secretary of State Rose Gottemoeller, Russian Deputy Foreign Minister Ryabkov stated that Russia’s “position remains without any new nuances....” He also took note of the most recent U.S. test launch, observing that “It was, I think, the 24<sup>th</sup> successful test of the 30 accomplished. The U.S. capabilities must not be underestimated.”<sup>202</sup>

As noted above, the Obama Administration on March 15 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. Nevertheless, the initial reaction from Deputy Minister Ryabkov was “we feel no euphoria in connection with what was announced by the U.S. Defense Secretary.” He added that “this was not a concession to Russia, and we don’t see it as such.” Within a week, however, some observers detected an apparent effort by Russia to dial back on their complaints and call for dialogue. It was reported that Russian and U.S. officials would attend a May conference in Moscow, where missile defense would be one of the topics. 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>203</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>204</sup>

The *Economist Intelligence Unit* suggested that “Russia’s leadership now faces a choice: to engage constructively with the U.S. proposal, in the hope of getting meaningful concessions (either by giving Russia access to the system, or by obtaining guarantees that it

will not attain the technical parameters that would undermine the Russian deterrent), or to remain resolute in opposition.”<sup>205</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>206</sup> Another Russian official later referred to the changed U.S. policy as a “cosmetic adjustment.”<sup>207</sup> Andonov also rebuffed the proposal to provide written assurances on missile defense transparency that had “allegedly” been made in a letter from President Obama to President Putin, arguing that it was no substitute for “legal guarantees.” He also noted that the U.S. side would be unable to secure congressional ratification of an agreement, and that some Members of Congress had urged that the missile defense system be used as a deterrent against Russia.<sup>208</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.

**Table 1. U.S. Merchandise Trade with Russia, 1995-2012**  
(in billions of dollars)

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

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

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

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>209</sup>

In recent weeks, Russian officials have continued to reiterate their insistence that, although Moscow is open to discussions over data sharing, legal guarantees constitute the single main condition for Russian cooperation; all else falls short. 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>210</sup>

## **U.S.-Russia Economic Ties**<sup>211</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 1.3% of U.S. imports and 0.7% of U.S. exports in 2012, and the United States accounted for 2.7% of Russian exports and 5.3% of Russian imports.<sup>212</sup> Russia was the 28<sup>th</sup>-largest export market and 16<sup>th</sup>-largest source of imports for the United States in 2012. According to Russian government data, by the end of 2011, the United States accounted for less than 1.2% of total accumulated foreign direct and portfolio investments in Russia. However, the first four countries were Switzerland (48.2%), Cyprus (10.6%), the Netherlands (8.8%), and Luxembourg (2.5%), suggesting that more than 70% of the investments might have been repatriated Russian funds.<sup>213</sup>

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

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



## U.S. Assistance to Russia

U.S. assistance to Russia began around the time of the collapse of the Soviet Union to address concerns over possible nuclear proliferation risks and humanitarian needs. The former was authorized by the Soviet Threat Reduction Act (P.L. 102-228; termed the Nunn-Lugar program after its sponsors), and the latter was formalized in the FREEDOM Support Act of 1992 (P.L. 102-511). Initially, more U.S. assistance was provided to Russia than to any other Soviet successor state, but aid to Russia as a percentage of all aid to Eurasia declined over the years. From FY1992 through FY2010, the U.S. government budgeted nearly \$19 billion in assistance to Russia (see **Table 2** and **Table 3**, below; aid totals for FY2011-FY2012 have not been released). 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>214</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 was generally respected in recent years, successive administrations issued waivers to overcome the restrictions on aid because of ongoing problems of democratization and other human rights.
- Since FY1996, direct assistance to the government of Russia hinged on whether it was continuing the sale of nuclear reactor technology to Iran. As a result, 60% of planned U.S. assistance to Russia's central government was cut. In actuality, little if any aid 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 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.

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

<b>Fiscal Year/ Program Area</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>
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.

### ***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>215</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>216</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.

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.

### **End Notes**

<sup>1</sup> The White House, Office of the Press Secretary, *Statement by the Press Secretary on the President’s Travel to Russia*, August 7, 2013; *Interfax*, August 7, 2013.

<sup>2</sup> *Moscow Times*, August 5, 2013.

<sup>3</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.

<sup>4</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 Khodorkovskiy was politically motivated, called for the new charges against him to be dropped, and urged that he be paroled as a sign that Russia was moving toward upholding democratic principles and human rights. S.Res. 65 (112<sup>th</sup> Congress), introduced by Senator Wicker on February 17, 2011, expressed the sense of the Senate that the conviction of Khodorkovskiy and Lebedev constituted a politically motivated case of selective arrest and prosecution and that it should be overturned. For Congressional comments after Khodorkovskiy received a second sentence, see Senator Wicker, *Congressional Record*, January 5, 2011, p. S54; Representative David Dreier, *Congressional Record*, January 19, 2011, p. H329.

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

<sup>6</sup> *ITAR-TASS*, September 25, 2011.

<sup>7</sup> *Eurasia Daily Monitor*, October 3, 2011.

<sup>8</sup> OSCE, Office for Democratic Institutions and Human Rights (ODIHR), *Russian Federation Elections to the State Duma, 4 December 2011, OSCE/ODIHR Election Observation Mission: Final Report*, January 12, 2012.

<sup>9</sup> Golos, *Domestic Monitoring of Elections to the 6<sup>th</sup> State Duma of the Federal Assembly, Russian Federation, 4 December 2011: Final Report*, January 27, 2012. In mid-March 2013, a Russian mathematician released a report that argued that the Communist Party actually had won the most seats in the election.

<sup>10</sup> *CEDR*, December 23, 2011, Doc. No. CEP-950175.

<sup>11</sup> *CEDR*, May 7, 2012, Doc. No. CEP-6001.

<sup>12</sup> *CEDR*, April 27, 2012, Doc. No. CEP-49013.

<sup>13</sup> OSCE, ODIHR, *Russian Federation, Presidential Election, 4 March 2012, OSCE/ODIHR Election Observation Mission: Final Report*, May 11, 2012.

<sup>14</sup> For one assessment of the vitiation of the Medvedev reforms, see *CEDR*, January 15, 2013, Doc. No. CEP-008011.

<sup>15</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>16</sup> *RIA Novosti*, April 2, 2013.

<sup>17</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>18</sup> *Interfax*, October 15, 2012.

<sup>19</sup> *CEDR*, June 12, 2013, Doc. No. CEN-49688694; June 13, 2013, Doc. No. CEL-40595330.

<sup>20</sup> *CEDR*, August 3, 2013, Doc. No. IML- 57494110.

<sup>21</sup> *CEDR*, February 29, 2012, Doc. No. CEP-950048.

<sup>22</sup> The treaty may be terminated one year after notification by one of the parties.

<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.

<sup>27</sup> *Congressional Record*, December 31, 2012, p. S8591.

<sup>28</sup> "Ambassador Dolgov's Letter," Congressional Coalition on Adoption Institute, January 14, 2013, at <http://ccainstituteblog.org/page/2/>, *CEDR*, January 31, 2013, Doc. No. CEP-046016.

<sup>29</sup> Olga Belogolova, "U.S. Lawmakers Press Russia to Ease Adoption Ban," *National Journal*, February 3, 2013.

<sup>30</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 Intercountry Adoption," RFE/RL, July 3, 2013. See also Senator Roger Wicker, "Russia's adoption freeze: Is a humanitarian solution within reach?" *Washington Times*, July 23, 2013.

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

<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.

<sup>34</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>35</sup> *The Moscow Times*, June 20, 2012.
- <sup>36</sup> CEDR, July 15, 2013, Doc. No. CEL-36614850; *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>37</sup> Mairbek Vatchagaev, "Violence in Dagestan Accelerated in 2012," *North Caucasus Analysis*, January 10, 2013.
- <sup>38</sup> CEDR, May 10, 2012, Doc. No. CEP-6019 and Doc. No. CEP-950199.
- <sup>39</sup> CEDR, August 7, 2012, Doc. No. CEP-015006.
- <sup>40</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>41</sup> State Department, *Daily Press Briefing*, December 3, 1999; U.S. Senate, Select Committee on Intelligence, *Hearing on Worldwide Threats*, February 2, 2000.
- <sup>42</sup> U.S. Department of State, *Country Reports on Terrorism 2011*, July 31, 2012.
- <sup>43</sup> *ITAR-TASS*, January 31, 2013.
- <sup>44</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>45</sup> U.S. Department of State, *Press Statement: Designation of Caucasus Emirates Leader Doku Umarov*, June 23, 2010; *Media Note: Rewards for Justice - Doku Umarov Reward Offer*, May 26, 2011.
- <sup>46</sup> *Congressional Record*, September 7, 2005, p. S9718.
- <sup>47</sup> For more detail, see CRS Report R42006, *Russian Military Reform and Defense Policy*, by Jim Nichol. For the report of 700,000 troops, see Dmitry Gorenburg, *The Russian Military under Sergei Shoigu: Will the Reform Continue?* PONARS Eurasia Policy Memo No. 253, June 2013.
- <sup>48</sup> Members include Armenia, Azerbaijan, Belarus, Moldova, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, Ukraine, and Uzbekistan. Georgia withdrew following the August 2008 Russia-Georgia conflict.
- <sup>49</sup> *The Military Balance*, p. 211.
- <sup>50</sup> The Kremlin, President of Russia, *Vladimir Putin Held an Expanded-Format Security Council Meeting, Novo-Ogarevo, Moscow Region*, August 31, 2012.
- <sup>51</sup> CEDR, March 26, 2013, Doc. No. CEL-54682223.
- <sup>52</sup> CEDR, May 15, 2012, Doc. No. CEP-358003.
- <sup>53</sup> Roger McDermott, *Eurasia Daily Monitor*, November 13, 2012; CEDR, December 10, 2012, Doc. No. CEP-009016.
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*Chapter 25*

## **STABILITY IN RUSSIA’S CHECHNYA AND OTHER REGIONS OF THE NORTH CAUCASUS: RECENT DEVELOPMENTS\***

*Jim Nichol*

### **SUMMARY**

Terrorist attacks in Russia’s North Caucasus—a border area between the Black and Caspian Seas that includes the formerly breakaway Chechnya and other ethnic-based regions—appeared to increase substantially in 2007-2009. Moreover, civilian and government casualties reached levels not seen in several years and terrorist attacks again took place outside the North Caucasus. Although the number of terrorist incidents may have leveled off or even declined slightly in 2010 from the high levels of 2009, the rate of civilian and government casualties continued to increase throughout the North Caucasus in 2010 and a rising number of terrorist incidents took place outside of Chechnya. Illustrative of the new range and scope of violence, the Moscow subway system was bombed in March 2010, resulting in over 40 deaths and dozens of injuries.

Before the recent rise in terrorism, it seemed that government security forces had been successful in tamping down their range and scope by aggressively carrying out over a thousand sweep operations (“zachistki”) in the North Caucasus. During these operations, security forces surround a village and search the homes of the residents, ostensibly in a bid to apprehend terrorists. Critics of the operations allege that the searches are illegal and that troops frequently engage in pillaging and gratuitous violence and are responsible for kidnapping for ransom and “disappearances” of civilians. Through these sweeps, as well as through thousands of direct clashes, most of the masterminds of previous large-scale terrorist attacks were killed.

Some observers suggest that the increasing scope of public discontent against zachistki and deep economic and social distress are contributing to growing numbers of recruits for terrorist groups and to increasing violence in the North Caucasus. Interethnic and religious tensions are also responsible for some of the increased violence. Many ethnic Russian and other nonnative civilians have been murdered or

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have disappeared, which has spurred the migration of most of the nonnative population from the North Caucasus. Russian authorities argue that foreign terrorist groups continue to operate in the North Caucasus and to receive outside financial and material assistance.

The United States generally has supported the Russian government's efforts to combat terrorism in the North Caucasus. However, successive Administrations and Congress have continued to raise concerns about the wide scope of human rights abuses committed by the Russian government in the North Caucasus. The conference agreement on Consolidated Appropriations for FY2010 (P.L. 111-117), calls for \$7.0 million to continue humanitarian, conflict mitigation, human rights, civil society and relief and recovery assistance programs in the North Caucasus. It also repeats language used for several years that directs that 60% of the assistance allocated to Russia will be withheld (excluding medical, human trafficking, and Comprehensive Threat Reduction aid) until the President certifies that Russia is facilitating full access to Chechnya for international nongovernmental organizations providing humanitarian relief to displaced persons.

## **BACKGROUND**

During and after the breakup of the Soviet Union in 1991, the North Caucasus area of Russia experienced substantial disorder. Among such disorder, breakaway conflicts in neighboring Georgia rallied some North Caucasians to support their efforts; Chechen separatism gained ground, contributing to the breakup of the then-Chechen-Ingush Republic along ethnic lines; and ethnic Ingush clashed with ethnic North Ossetians over disputed territory. Russia's then-President Boris Yeltsin implemented a federal system that permitted substantial regional autonomy over governance and taxes. While most North Caucasus republics agreed to remain as parts of 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, but ceasefire accords in 1996 resulted in de facto self-rule in Chechnya. Organized crime and Islamic extremism subsequently greatly increased in Chechnya and spilled out into bordering and other areas of Russia, including the alleged bombing of apartment buildings in Moscow and elsewhere in 1999 by Chechen terrorists. Ostensibly in response to the rising cross-border violence, Russia's then-Premier Putin ordered military, police, and security forces to reenter Chechnya in late 1999. By early 2000, these forces occupied most of the region, resulting again in large numbers of civilian casualties and displaced persons.

Over the next few years, government security forces acted extremely aggressively to tamp down the range and scope of the insurgency by aggressively carrying out over a thousand counterterrorism operations (termed "zachistki" or "cleaning-up" operations) in Chechnya and elsewhere in the North Caucasus. During these operations, security forces surround a village and search the homes of the residents, ostensibly in a bid to apprehend terrorists. Critics of the operations allege that the searches are illegal and that troops frequently engage in pillaging and gratuitous violence and are responsible for kidnapping for ransom and "disappearances" of civilians. Through these sweeps, as well as through thousands of direct clashes, most of the masterminds of previous large-scale terrorist attacks were killed and such attacks became rarer, although they did not cease completely. In

September 2004, terrorists attacked the Beslan grade school in North Ossetia, where 300 or more civilians, police, and troops were killed, and in October 2005, terrorists attacked the town of Nalchik in Kabardino-Balkaria, where 50 or more were killed.

Although local Islamic extremist insurgents outside of Chechnya had cooperated to some degree with the Chechen insurgents for several years, in May 2005, then-Chechen rebel leader AbdulKhalim Saydullayev decreed the formation of a Caucasus Front against Russia among Islamic believers in the North Caucasus. The goal of the front was to enhance Chechen ideological, logistical, and financial support for wider hostilities. In October 2007, his successor, Doku Umarov, declared a Caucasus Emirate embracing the North Caucasus and other Muslim areas of Russia.

**Table 1. The North Caucasus: Basic Facts**

Republic	Population	Ethnic Groups
Adygea Republic	447,000	Russians (64.5%), Adyghe (24.2%), Armenians (3.4%), Ukrainians (2%), and others.
Chechnya Republic	1.1 million	Chechens (93.5%), Russians (3.7%), Kumyks (0.8%), and others.
Dagestan Republic	2.577 million	Avars (29.4%), Dargins (16.5%), Kumyks (14.2%), Lezgins (13.1%), Russians (6.7%), Laks (5.4%), Tabasarans (4.3%), Azeris (4.3%), Chechens (3.4%), Nogais (1.5%), and others.
Ingushetia Republic	467,000	Ingush (77.3%), Chechens (20.4%), Russians (1.2%), and others.
Kabardino-Balkar Republic	901,500	Kabardins (55.3%), Russians (25.1%), Balkars (11.6%), Ossetians (1.1%), and others.
Karachay-Cherkess Republic	439,500	Karachays (38.5%), Russians (33.6%), Cherkess (11.3%), Abazins (7.4%), Nogais (3.4%), and others.
North Ossetia Alania Republic	710,000	Ossetians (62.7%), Russians (23.2%), Ingush (3.0%), Armenians (2.4%), and others.

Source: 2002 Russian Census. According to some Russian demographers, population figures for the 2002 and 2010 censuses (the 2010 data have not yet been released in final form) may have been exaggerated by local officials to gain more economic subsidies from Moscow or to mask losses from conflict and out-migration.

Note: The North Caucasus Federal District, spun off in January 2010 from the Southern Federal District, consists of Stavropol Territory and the Republics of Chechnya, Dagestan, Ingushetia, Kabardino-Balkaria, Karachay-Cherkessia, and North Ossetia-Alania. The Adyghe Republic, within Krasnodar Territory, remained in the Southern Federal District.

## RECENT CHANGES IN THE RANGE AND SCOPE OF VIOLENCE

Terrorist attacks in Russia's North Caucasus area appeared to greatly increase in numbers since 2007, according to many observers. Moreover, civilian and government casualties reached levels not seen in several years and large-scale terrorist attacks again took place outside the North Caucasus. Although the number of terrorist incidents may have leveled off or even declined slightly in 2010 in Chechnya and Ingushetia from the high levels of 2009 (see below), civilian and government casualties continue to increase throughout the North Caucasus and a rising number of terrorist incidents take place outside of Chechnya. Illustrative of the new level of violence, suicide bombings took place in Moscow on March 29, 2010—the first since 2004—resulting in over 40 deaths and dozens of injuries.

The rise in terrorist attacks in the late 2000s has been met by an increase in *zachistki* and in reported human rights abuses linked to security forces, such as abductions for ransom or “disappearances.” In Chechnya, leader Ramzan Kadyrev has advocated holding families responsible for the terrorist actions of their relatives, and local security forces allegedly have tortured family members or burned their houses.<sup>1</sup> The increased conflict also has placed human rights and aid workers in renewed jeopardy. Some observers suggest that the increasing scope of public discontent against *zachistki* and deep economic and social distress are contributing to growing numbers of recruits for terrorist groups and to increasing violence in the North Caucasus. Interethnic and religious tensions are also responsible for some of the increasing violence.

The violence in the North Caucasus has spurred migration from the North Caucasus of some of the native population and most of the nonnative population. Unlike in most other federal subunits of Russia, eponymous or other native ethnic groups have strengthened their majority status in all the North Caucasian republics except in Adygea, and even there, ethnic Russians are declining as a percentage of the population. According to some reports, few ethnic Russians reportedly remain as residents in Chechnya and Ingushetia, except for military personnel.<sup>2</sup>

The Center for Strategic and International Studies (CSIS), a private research organization, has suggested that the incidence of jihadist-related violence started to increase in the North Caucasus in 2007 and that such violence greatly increased in 2008-2009. Data for 2010 compiled by CSIS and by the Monterey Terrorism Research and Education Program, an endeavor of the private Monterey Institute of Middlebury College, also appear to indicate a substantial but slightly slowing rate of increase of terrorist incidents in the North Caucasus in 2010.<sup>3</sup>

According to data compiled by the U.S. government Open Source Center, there were 1,082 violent incidents in January through November 2010, compared to 1,382 in 2009. These data may suggest that the number of violent incidents peaked in 2009 and may have evened off or be slightly lower when complete data are compiled for 2010. However, the Open Source Center data also suggest that the injuries and deaths suffered by local officials and civilians increased in 2010 compared to 2009, and that the numbers of security personnel injured or killed declined, perhaps indicating that mujahidin are increasingly targeting civilians.<sup>4</sup> Recent statements from the Caucasus Emirate seem to set forth a strategy of targeting civilians. Analyst Mairbek Vatchagaev has stated that “the



militants seem to have taken the idea that there is a 'peaceful civilian population' off their agenda and this attests to the radicalization of the Islamist movement in the North Caucasus.... Apparently, the radical forces that insist on waging total war throughout Russia have gained the upper hand."<sup>5</sup>

All three data sources mentioned above appear to indicate that the incidence of violent incidents continues to broaden beyond Chechnya. According to the Open Source Center data, violent incidents in Chechnya and Ingushetia declined substantially in 2010 from the previous year, from 452 in 2009 in Chechnya to 241 in the first eleven months of 2010, and from 436 in Ingushetia in 2009 to 248 in 2010. However, this data source also reports that the number of violent incidents substantially increased in 2010 over the previous year in Dagestan, Kabarda-Balkaria, and Stavropol Territory, from 384 in Dagestan in 2009 to 412 in 2010; from 70 in Kabarda-Balkaria in 2009 to 147 in 2010; and from 6 in Stavropol Territory in 2009 to 11 in 2010.

All three data sources rely on media reports and may be influenced by censorship in the North Caucasus, particularly in Chechnya. The validity of the Russian government's own data was questioned by President Medvedev at a meeting of police, security, and political officials in the North Caucasus Federal District on November 19, 2010. He mentioned that crime had increased in the North Caucasus and that crime-solving rates had declined, but retorted that "let me make this clear to the heads of our law-enforcement agencies: we cannot believe the statistics because they are often nonsense." While he reported that several dozen terrorism-related crimes had been prevented (such as by defusing improvised explosive devices) and that many "bandits" had been "neutralized" during 15 combat operations per day and over one *zachistka* per week in 2010 in the District, he stressed that there had been "little improvement" in halting "the number of shootings, explosions, [and] murders of civilians, religious leaders and law enforcement personnel" by terrorists. Responding to Medvedev, Aleksandr Bortnikov, the Director of the FSB, appeared to challenge Medvedev by asserting that terrorist activity in the District had declined in 2010. However, he agreed with Medvedev that the situation remained "complicated," and that it "requires additional measures, not only security and preventive measures, but also steps to stimulate the regions economy, invigorate the job market and bring down unemployment."<sup>6</sup>

Even though the counter-terrorist operations regime in Chechnya was formally lifted in early 2009, dozens of *zachistki* against alleged terrorists have continued to be carried out or have even increased in the republic as well as elsewhere in the North Caucasus, involving the declaration of counter-terrorist operations areas in villages and rural areas where civil rights are curtailed.<sup>7</sup>

Among prominent recent terrorist incidents:

- Dagestani Internal Affairs Minister Adilgeriy Magomedtagirov was killed on June 5, 2009. Partly in response to this murder, President Medvedev flew to Dagestan and convened a session of the Russian Security Council to discuss regional counter-measures against terrorism. He stated that during the first half of the year, over 300 acts of terrorism had taken place in the North Caucasus (including over 100 bombings), that 75 police and other local government officials had been killed, that 48 civilians had died, and that 112 terrorists had been "eliminated."<sup>8</sup>
- The president of Ingushetia, Yunus-bek Yevkurov, was severely wounded by a bomb blast on June 22, 2009.

- In July 2009, prominent human rights advocate Natalia Estemirova was abducted in Chechnya and, after passing through police checkpoints, was found murdered in Ingushetia.
- In August 2009, Zarema Sadulayeva and Alik Dzhabraïlov, who ran a child rehabilitation center in Chechnya, were murdered.
- A suicide truck bombing in Ingushetia killed 25 and wounded 136 policemen and civilians in August 2009. The Caucasus Emirate's Riyadus Salikhin Battalion (see below) was implicated in the attack. President Medvedev fired the republic's Interior Minister and at a meeting of the Security Council in Stavropol he admitted that "some time ago, I had an impression that the situation in the Caucasus had improved. Unfortunately, the latest events proved that this was not so." He reportedly ordered a purge of corrupt policemen throughout the North Caucasus, called for rotating policemen into and out of the North Caucasus to combat corruption and inefficiency, and urged legal and judicial changes that would reduce procedural rights and streamline the prosecution of "bandits."<sup>9</sup>
- In October 2009, Ingush opposition leader and human rights activist Maksharip Aushev was killed in Kabardino-Balkaria.<sup>10</sup>
- The Nevskiy Express railway train was bombed outside of Moscow on November 27, 2009, killing 27 passengers and injuring 90. Some of the victims were high-ranking Russian officials, including a member of the Federation Council (upper legislative chamber). The same train had been bombed in 2007, allegedly by Pavel Kosolapov (an associate of Chechen rebel leader Doku Umarov and the late Chechen terrorist Shamil Basayev). Other explosions targeted trains in Dagestan the day before and the day after the Nevskiy Express bombing, although no casualties were reported. Russian media termed the Nevskiy Express bombing the worst terrorist act outside of the North Caucasian region since the August 2004 bombing of two airliners that had taken off from Moscow, killing 89. On December 2, Umarov allegedly took responsibility for ordering the Nevskiy Express bombing and warned that "acts of sabotage will continue for as long as those occupying the Caucasus do not stop their policy of killing ordinary Muslims."<sup>11</sup> In March 2010, the Russian Federal Security Service (FSB) reported that it had killed Said Buryatskiy (Aleksander Tikhomirov), a purported leader of the Riyadus Salikhin Battalion, and alleged that he had been involved in the bombing.
- On January 6, 2010, a suicide bomber killed six policemen and wounded 20 in Dagestan.
- On March 29, 2010, female suicide bombers killed 40 civilians and wounded more than 70 at two Moscow Metro stations. Umarov took responsibility for the attack, stating that it was carried out by the Riyadus Salikhin Battalion as revenge for what he termed a February 2010 "massacre by Russian invaders" of several children and adults in Chechnya. He reiterated to ethnic Russians/non-Muslims that the "war will come to your streets, and you will feel it with your own lives and skins."
- On March 31, 2010, a double suicide bombing in Kizlyar, in Dagestan, killed 12 individuals, mainly police officers, and injured 23.
- On May 26, 2010, a suicide attack at a concert hall in Stavropol killed seven individuals and injured another 40.

- In July 2010, 3-5 attackers killed two guards at the Baksanskaya hydroelectric power plant in Kabarda-Balkaria and set off explosions that destroyed two turbines. The attack was the most prominent to date against North Caucasian infrastructure, and President Medvedev ordered stepped-up security at infrastructure facilities. The Russian FSB blamed the attack on Amir Abdullah (Asker Dzhappuyev), the commander of mujahidin in the Caucasus Emirate's "province" of Kabarda, Balkaria and Karachay.
- On August 28, 2010, about 60 Mujahidin attacked Ramzan Kadyrov's native village, Tsentoroy, reportedly killing six police and wounding over two dozen police and civilians.
- On September 9, 2010, a car-bomb attack occurred at a crowded marketplace in Vladikavkaz, killing 19 adults and children and injuring over 190. President Medvedev responded that "we will certainly do everything to catch these monsters,... who have committed a terrorist attack against ordinary people. What's more, a barbarous terrorist attack. We will do everything so that they are found and punished in accordance with the law of our country, or in the case of resistance or other cases, so that they are eliminated." The Caucasus Emirate's Ingush Vilayet reportedly took responsibility, stating that the attack was aimed against "Ossetian infidels" on "occupied Ingush lands."<sup>12</sup>
- On October 19, 2010, 3-5 Mujahidin raided the Chechen Republic legislative building in Grozny. They may have been targeting Kadyrev and Nurgaliyev, who reportedly may have been planning a meeting in the building. One suicide bombing occurred as the insurgents stormed the building, and others took place after a firefight, reportedly killing three and wounding 17 police and civilians.

In his November 2009 address to the Russian Federal Assembly (legislature), President Medvedev stated that the security situation in the North Caucasus "is the most serious internal problem," of Russia, and announced that he would soon appoint "someone with enough authority to effectively coordinate" stepped-up socioeconomic development programs in the region.<sup>13</sup> In January 2010, President Medvedev appointed Krasnoyarsk Territory Governor Aleksandr Khloponin as the presidential representative of the newly created North Caucasus Federal District. Khloponin was also appointed a deputy premier, which placed him more directly under the authority of Premier Vladimir Putin. Medvedev stated that Khloponin would wield authority over economic development and would work to combat "mass unemployment, economic crime, cronyism and bribery."<sup>14</sup>

Unlike the previous year, President Medvedev did not mention instability in the North Caucasus during his address to the Federal Assembly on November 30, 2010. However, Alexander Khloponin, presidential envoy in the North Caucasus Federal District (see below), hastened to state just after the address that many of Medvedev's proposed domestic welfare initiatives would impact the area, and that the actions called for in the previous year's address for the North Caucasus remained the *modus operandi*. That same day, Ministry of the Interior official Sergey Chenchik reported that over 600 terrorist crimes had been committed in the Federal District, resulting in the deaths of 242 law enforcement personnel, 127 civilians, and 351 militants, and that all the crimes had been solved with the killing or detention of the "bandits." Also on November 30, 2010, law enforcement officials

announced that a *zachistka* had been launched in the village of Balakhani in Dagestan “to track down militants and to see if weapons, ammunition or explosives were illegally being stored.”<sup>15</sup>

In line with Medvedev’s call in his 2009 address to the Federal Assembly for greater socioeconomic development efforts in the North Caucasus, an official strategy was promulgated in September 2010. It sets forth goals for the development of the area 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, including by initially setting employment quotas for ethnic Russians. Eventually, by encouraging interethnic harmony, the strategy suggests, the practice of allocating jobs by ethnicity and clan rather than merit might be eliminated. The strategy sets forth an optimum scenario where average wages increase by 250% and unemployment decreases by 70% by 2025. A timeline for implementing the strategy was to be developed by December 2010, but has been delayed. To bolster entrepreneurship, a regional development bank with charter capital of \$16 million will be set up, to augment the public-private investment fund with capital of about \$200,000. Putin heads an inter-agency commission to monitor the projects; the commission plans to hold its first meeting in late 2010.

## **IMPACT OF THE AUGUST 2008 RUSSIA-GEORGIA CONFLICT**

Several Russian policymakers and others have suggested that the August 2008 Russia-Georgia conflict contributed to increased instability in the North Caucasus. Russian analyst Viktor NadeinRaevsky has claimed that “external forces and the so-called Wahhabi underground ... aiming to weaken Russia and to sever the Caucasus from it laid great hopes on Georgia’s attack.” These groups “had planned a large-scale offensive in the Russian Caucasus in the wake of Georgia’s aggression. When it proved to be a failure these forces changed tactics,” and launched terrorist attacks instead.<sup>16</sup> Dagestani President Mukhu Aliyev also asserted in late November 2009 that the activity of foreign terrorists had increased in the republic since August 2008. According to the Center for Strategic and International Studies, there was a “lull in violence” in the North Caucasus during the Russia-Georgia conflict, but “following the conflict, the level of violence in the North Caucasus rose sharply, particularly in Ingushetia.”<sup>17</sup>

Several observers have accused Russia of hypocrisy in recognizing the independence of South Ossetia and Abkhazia while suppressing separatism in Chechnya. These observers warn that separatists in the North Caucasus could be encouraged by the example of Abkhazia and South Ossetia.<sup>18</sup> Attempting to refute such a linkage, Prime Minister Putin claimed in September 2008 that before the conflict, some groups in the North Caucasus had advocated separatism because they felt that Russia was not defending the rights of South Ossetians. He asserted that by defending South Ossetia, Russia averted destabilization of the North Caucasus.<sup>19</sup> Offering what may be a more plausible rationale, Russian analyst Aleksey Malashenko has argued that Russia’s use of overwhelming force against Georgia served as a potent example to the North Caucasus (as was the case of Chechnya) that Russia would continue to use force to safeguard its interests in the Caucasus. He has suggested that this

example will constrain separatism, as will the fear of civil conflict and the fear of breaking what are regarded as essential economic ties with Moscow. He has warned, however, that Russia's ongoing civil rights abuses in the North Caucasus are spurring the growth of Islamic terrorism.<sup>20</sup>

Some residents of the North Caucasus have criticized Russia's economic assistance to Abkhazia and South Ossetia—which ostensibly are foreign countries after being recognized by Moscow in the wake of the Russia-Georgia conflict—while the North Caucasus remains mired in poverty. Russian analyst Alexey Malashenko has warned that the global economic downturn and Russia's boosted financial commitments to Abkhazia and South Ossetia could result in fewer Russian subsidies to the North Caucasus, perhaps triggering more discontent.<sup>21</sup>

## RECENT DEVELOPMENTS IN THE NORTH CAUCASUS

### Chechnya

Some observers have argued that Russia's efforts to suppress separatist and Islamic extremist movements in its Chechnya region have been the most violent in Europe in recent years in terms of ongoing military and civilian casualties.<sup>22</sup> The high levels of conflict in Chechnya appeared to ebb markedly in the mid-2000s with the killing, capture, or surrender of leading Chechen insurgents. However, Russian security forces and pro-Moscow Chechen forces still contend with residual insurgency.

Russia's pacification policy has involved setting up a pro-Moscow regional government and transferring more and more local security duties to this government. An important factor in Russia's seeming success in Chechnya has been reliance on pro-Moscow Chechen clans affiliated with regional president Ramzan Kadyrov. Police and paramilitary forces under his authority allegedly have committed flagrant abuses of human rights, including by holding the relatives of insurgents as hostages under threat of death until the insurgents surrendered. Another technique has been the torching of relatives' homes and crops.

Russia's efforts to rebuild the largely devastated region have been impressive but are undermined by rampant corruption. Some types of crimes against civilians reportedly have decreased, such as kidnapping and disappearances, according to the Norwegian Helsinki Committee, a nongovernmental organization (NGO). Many displaced Chechens still fear returning to the region, and a sizeable number have emigrated from Russia.

Remaining rebels in Chechnya have split into three basic groups, one represented by Doku Umarov, another represented by mujahidin vying with Umarov, and perhaps until recently, a third somewhat disparate group represented by Akhmed Zakayev, who stresses independence for Chechnya more than jihad. In late 2007, Umarov declared himself the amir of the Caucasus Emirate and declared an end to the rebel Chechen Republic of Ichkeriya. Umarov allegedly called for establishing Sharia (Islamic law) in "all lands in Caucasus, where mujahidin who gave oaths to me wage Jihad ... including Dagestan, Chechnya, Ingushetia, Ossetia, the Nogai steppe and the combined areas of Kabardino-Balkaria and Karachai-Cherkessia." In August 2008, a colleague of Umarov's declared that the Caucasus Emirate could include other areas of Russia where mujahidin had given oaths to Umarov, such as Tatarstan.<sup>23</sup> In 2007, Umarov ousted Zakayev as "foreign minister" and

in August 2009, the Shariah Court of the Caucasus Emirate sentenced him to death for abandoning Islam for “democratic religion.”<sup>24</sup>

In August 2010, Umarev’s leadership of the Caucasus Emirate was challenged by amirs ‘Mansur’ Hussein Gakayev, Aslanbek Vadalov, Tarkhan Gaziyeu, and Jordanian Abu Anas Muhannad. Umarev responded by stripping them of their posts and requesting them to return financing for jihad. In October 2010, they formed their own Chechen section of the Caucasus Emirate, led by Gakayev. Zakayev announced his support for this group. Umarev asserted that the dissident mujahidin had allied with exiled Russian financier Boris Berezovskiy, with Zakayev, and other “Satanic” forces.<sup>25</sup>

According to Interior Minister Rashid Nurgaliyev, the bombing at the Chechen legislative building in October 2010 may have represented an effort by Gakayev’s group to assert its terrorist credentials.<sup>26</sup> Chechen leader Ramzan Kadyrov declared that “the act of sabotage may have been organized by drunkard and alcoholic Akhmed Zakayev and the special services of some foreign states.”<sup>27</sup> He also continued to assert that there were only 50-60 terrorists left in Chechnya, but Maksim Shevchenko, the head of the Public Chamber’s working group on North Caucasus affairs, suggested that the attack indicated that “sociopolitical difficulties are causing more and more volunteers to join the underground and the sectarian ideology of the militants is turning them into suicide bombers.” He also alleged that “the armed underground clearly is being influenced now by foreign non-Islamic states pitting the Muslims against Russia.”<sup>28</sup> Other Russian observers suggested that the government should re-instate the counter-terrorism regime and increase the number of federal security forces in Chechnya.<sup>29</sup>

## Ingushetia

According to some observers, Ingushetia in recent years experienced increasing disorder and violence approaching that in neighboring Chechnya, which threatened to make it a “mini-failed state.”<sup>30</sup> The Chechen-Ingush Autonomous Republic, divided in the late Soviet period into separate Chechen and Ingush Republics, has proven unable to demarcate a common border. This has contributed to tensions between Chechens and Ingushes. Stalin’s deportation of the Ingush during World War II and their return in the 1950s to find that some of their lands had been ceded to the North Ossetian Autonomous Republic, has contributed to Ingush-Ossetian clashes. In October 1992, hundreds of Ingush reportedly were killed and over 60,000 forced from their homes in the Prigorodny District of North Ossetia.

According to Congressional testimony by Russian human rights advocate Gregory Shvedov in June 2008, there are up to 200 terrorists based in Ingushetia.<sup>31</sup> Small-scale rebel attacks intensified in 2007 and 2008, prompting Russia to deploy more and more security, military, and police forces to the republic. Since 2007, there allegedly have been more killings, attacks, and abductions in Ingushetia—perpetrated by government and rebel forces, criminals, and others—than in any other republic in the North Caucasus.<sup>32</sup> Ingushetia prosecutor Usman Belkharoyev has reported that more than 70 security personnel were killed in armed attacks in Ingushetia in 2008, compared to 32 in 2007. He also reported that 167 police and troops were injured in such attacks in 2008, compared to 80 in 2007.<sup>33</sup> According to the Center for Strategic and International Studies, the level of violent incidents in Ingushetia, particularly violent deaths, continued to increase in 2009.

What Russian analyst Sergey Markedonov termed a “loyal opposition” movement in Ingushetia—that supports Russian rule in the republic—increasingly opposed the leadership of Federal Security Service official Murat Zyazikov, who became governor in 2002 after an election that many observers viewed as manipulated by Moscow. Another group, the Islamic extremists, wants to evict “kafirs” (infidels) and “murtads” (apostate Muslims) and create a North Caucasus emirate.<sup>34</sup> This “loyal opposition” organized several rallies in 2007 and 2008 to protest local government corruption, extrajudicial killings, and other alleged abuses by security forces. On August 31, 2008, opposition figure Magomed Yevloyev was shot by police and dumped along the road. The Ingush opposition appealed to U.N. Secretary-General Ban Ki-moon, condemning the killing as a sign of the “genocide” against the Ingush that was prompting more and more Ingush to seek independence from Russia.<sup>35</sup>

After Russia recognized the independence of Abkhazia and South Ossetia, an opposition People's Assembly of Ingushetia—composed of emissaries from nearly two dozen clans—called for Ingushetia's secession from Russia if Zyazikov was not removed from office. Opposition activist Magomed Khazbiyev likewise stated that “We must ask Europe or America to separate us from Russia.”<sup>36</sup> On 18 October, 2008, a Russian military convoy came under grenade attack and machine gun fire near Nazran. Russia officially reported that two soldiers had been killed, but other reports were that as many as 40-50 Russian soldiers were killed. On October 30, 2008 President Zyazikov was removed from office and Army Col. Yunus-Bek Yevkurov was nominated by President Medvedev and quickly approved by the Ingush legislature. Yevkurov declared that he would suppress the local insurgency while reducing abuses against civilians by federal forces.

Analyst Mairbek Vatchagaev has reported that in 2009, “bombings and armed attacks are everyday occurrences in Ingushetia, with several such incidents sometimes taking place during a single day.”<sup>37</sup> In May 2009, federal security forces—assisted by Chechen units—launched large-scale *zachistki* aimed at eliminating terrorists. Yevkurov was severely wounded by a car bomb in June 2009. In August 2009, a bomb devastated Nazran's police department, resulting in dozens killed or wounded. In October 2009, human rights advocate Maksharip Aushev was killed, who had supported Yevkurov's efforts to get security forces to commit fewer human rights abuses. President Yevkurov denounced the killing and suggested that security forces might have been involved in the killing.

In June 2010, the Federal Security Service (FSB) announced that a *zachistka* had resulted in the capture of Emir Magas (aka, Ahmed Yevloev or Ali Taziev), the head of the Ingush Jamaat. Reportedly, he also was the military amir of the Caucasus Emirate, the second in command under Umarev. In late September 2010, Yevkurov asserted that the apprehension of Magas and the elimination of other mujahidin leaders had led to the easing of terrorism in the republic.

According to the Open Source Center, the number of violent incidents in Ingushetia in 2009 (436) nearly matched that in Chechnya (452), the leader in such violence. In 2010, the number of violent incidents appeared to decrease to 248 in Ingushetia, according to data for the first eleven months of 2010 compiled by the Open Source Center.

Some observers have warned that since Russia has strengthened ethnic Ossetian influence by recognizing the “independence” of South Ossetia, this ethnic group will be even less amenable to Russia's encouragement of their conciliation with ethnic Ingush, including by encouraging North Ossetia to permit some Ingush to resettle in Prigorodny. In September 2010, an ethnic Ingush suicide bombing occurred in North Ossetia's Vladikavkaz, possibly

marking a shift in tactics by the mujahidin away from attacks on security forces in Ingushetia and toward attacks on North Ossetia.<sup>38</sup>

## Dagestan

The majority of the citizenry in Dagestan, a multi-ethnic republic, reportedly support membership in the Russian Federation rather than separatism. In August 1999, however, some Islamic fundamentalists—with the support of Chechen rebels—declared the creation of an Islamic republic in western Dagestan. Russian and Dagestani security forces quickly defeated this insurgency. There has been some growth in Islamic extremism in recent years. In late 2007, thousands of security personnel were deployed for a *zachistka* against the village of Gimry in central Dagestan, which continued for several months and resulted in the arrest of dozens of villagers on charges of terrorism. During 2008, attacks on government offices spread throughout Dagestan. Some of these attacks allegedly were triggered by a local government crackdown on practicing Muslims.<sup>39</sup> The International Crisis Group NGO has claimed that the extremist Islamist group Sharia Jamaat is responsible for a large share of the rising violence that has resulted in the killing of hundreds of local officials in Dagestan. The recruitment efforts of Sharia Jamaat benefit from the allegedly arbitrary and corrupt actions of local police and security forces. In 2007, Sharia Jamaat endorsed Umarov's goal of establishing a North Caucasian Emirate.<sup>40</sup>

In mid-March 2009, Dagestani Interior Minister Lieutenant-General Adilgerey Magomedtagirov claimed that there remained only about 50-70 militants in Dagestan, because of intensified counter-terrorist efforts during 2008. He pointed out that “we recently killed Omar Sheykhullayev [on February 5, 2009], the emir of Dagestan who was appointed by Doku Umarov. Before him there was [Ilgar Mollachiyev, who was killed on September 7, 2008], also an emir and the closest associate of Doku Umarov and Khattab. He was killed along with ten other people. I think all we need right now is a bit more time, and we will deal with these groups as well.”<sup>41</sup>

Appearing to belie Magomedtagirov's assessment of the situation, counter-terrorism operations legal regimes were declared at least four times in February 2009. In March 2009, one was declared in mountain areas of Dagestan, where several insurgent groups—allegedly including some foreign mujahedin—engaged in fierce fighting with security forces. A mujahedin killed in April 2009 was claimed to be an emissary of Al Qaeda who had arrived from Turkey, and another Al Qaeda emissary killed in August 2009 was said to have been an organizer of jihad in Dagestan who worked under Al Qaeda's North Caucasian regional leader Mohammed. In December 2009, the Dagestani Interior Ministry reported that attacks on police had increased from 100 in 2008 to 193 in 2009, and that 76 police had been killed and 155 wounded in 2009. It also reported that 15 civilians had been killed and 30 wounded in 2009.<sup>42</sup>

In 2010, violent incidents appear to occur daily in Dagestan, ranging from suicide and roadside bombings to armed attacks on Russian and local security forces. According to the Open Source Center, the number of violent incidents increased in the republic from 384 in 2009 to 412 in the first eleven months of 2010, placing it at the top in terms of such violence in the North Caucasus.



In September 2010, the Russian Interior Ministry announced that it would establish an added local police contingent in Dagestan composed of former soldiers. Reportedly, the establishment of a force of local residents was aimed in part to reduce the number of federal police casualties in Dagestan, the highest in the North Caucasus. In early November 2010, President Medvedev ordered Khloponin to discuss progress with republic leaders in combating terrorism and threatened that “if someone cannot do the job he should not be doing it, and I will adopt corresponding decisions.”<sup>43</sup> However, just after this admonition, a series of terrorist attacks occurred in Dagestan, resulting in added police being deployed to protect government buildings. Although FSB head Aleksandr Bortnikov reported to President Medvedev on November 19, 2010, that “bandit activities” had declined in 2010 in Dagestan, the First Deputy Head of the Interior Ministry’s Main Directorate for the North Caucasus Federal District, Valeriy Zhernov, reported at a meeting the day before that in January-November 2010, 231 terrorist crimes were committed in Dagestan (including 95 bombings and 136 shootings), compared to 162 such crimes in 2009 (including 49 bombings and 113 shootings). His superior, Interior Minister Rashid Nurgaliyev, stressed at the same meeting that “the level of terrorist threat is the highest in two regions of the North Caucasus Federal District, Kabarda-Balkaria and Dagestan.”<sup>44</sup>

## Other Areas of the North Caucasus

The influence of Islamic fundamentalism that embraces jihad reportedly has spread throughout the North Caucasus, leading to the formation of terrorist groups in Chechnya, Dagestan, Ingushetia, Kabarda-Balkaria, and Karachay-Cherkessia.<sup>45</sup> According to testimony by Shvedov, 700 to 900 rebels are active in various areas of the North Caucasus, even though there are parts of Northern Caucasus where there are almost no rebels. He warns that “the most important point [is not] the number of active rebels nowadays. It’s an issue of the number of supporters among the civilian population.” Shvedov states that the civilian population has become widely radicalized and is able to quickly mobilize to join the rebels in attacks.<sup>46</sup>

In March 2010, security forces killed Anzor Astemirov (Emir Seifullah), the leader of Kabarda-Balkaria’s Yarmuk Jamaat, in Nalchik, the republic’s capital. An ethnic Kabardin, he allegedly was the third-ranking officer in the Caucasus Emirate, behind Umarev and the military emir. He also was the head of the Sharia Court. In the 1990s until the early 2000s, he allegedly was peaceable, but then joined the mujahidin. In 2005, he carried out a large-scale attack in Nalchik.

He reportedly was instrumental in helping to create the Caucasus Emirate to unite the struggle of North Caucasian Muslims and strongly opposed Zakayev by pronouncing a death sentence against him. Emir Abdullah (Asker Jappuev), a deputy to Astemirov, quickly became the Jamaat’s new leader and launched new attacks in the republic.<sup>47</sup>

According to the Open Source Center, the number of violent incidents in Kabarda-Balkaria doubled in the first eleven months of 2010 over those of the previous year, from 70 to 147. Using a somewhat similar accounting of “terrorist crimes,” the First Deputy Head of the Interior Ministry’s Main Directorate for the North Caucasus Federal District, Valeriy Zhernov, has stated that there were 117 terrorist crimes registered in Kabarda-

Balkaria in January-November 2010 (including 57 bomb attacks and 60 shootings), compared to 21 in 2009 (including 11 bomb attacks and 10 shootings). Commenting on Zhernov's data, Russian Interior Minister Rashid Nurgaliyev argued that "the leaders of bandit groups are increasingly focused on the incitement of interethnic conflicts."<sup>48</sup> On November 29, 2010, Nurgaliyev visited Kabarda-Balkaria to discuss improvements to local law enforcement in response to the great increase in terrorist crimes in the republic. Republic Governor Arsen Kanokov reportedly stated that "the operational situation really is difficult. We are like at war. Interior ministry servicemen and civilians are getting killed."<sup>49</sup>

## CONTRIBUTIONS TO INSTABILITY

Former President Putin has claimed that terrorism in the North Caucasus has been caused mainly by foreign forces, but President Medvedev has appeared to stress domestic as well as international factors. Former President Putin claimed in a speech to the State Council in February 2008 that foreign elements had been responsible for the guerrilla attack on Dagestan in late 1999 that started the second Chechnya conflict. According to Putin, the conflict "was a case of the undisguised incitement of separatists by outside forces wishing to weaken Russia, and perhaps even to cause its collapse."<sup>50</sup> While he remained vague, a "documentary" aired on a Russian state-owned television channel in April 2008 alleged that France, Germany, Turkey, and the United States instigated and supported Chechen separatism.<sup>51</sup> Putin also has in recent years blamed "international criminal networks of arms and drug traffickers," for supporting Chechen terrorists, and has been careful to assert that "terrorism must not be identified with any religion or cultural tradition," in order to sidestep criticism from the Islamic world for his actions in the North Caucasus.<sup>52</sup>

In June 2009, President Medvedev argued that "no doubt, the situation [in the North Caucasus] is partially influenced by ... extremism brought from abroad," but he appeared to shift the responsibility for the conflict by stressing that the "problems in the North Caucasus ... are systemic. By saying that I am referring to the low living standards, high unemployment and massive, horrifyingly widespread corruption...."<sup>53</sup>

At May 2010 meeting of the Council for Civil Society Institutions and Human Rights, President Medvedev argued that there needed to be a youth policy for the North Caucasus, including to ameliorate the 20% unemployment in the region, which heavily impacted youth. He also requested his presidential staff to study the issues of dwindling schooling and healthcare in the region. He dismissed calls to investigate past extrajudicial killings and urged focusing on the future. He also objected to discussants distinguishing between a region and Russia, stating that "Dagestan is part of Russia," and rejected use of the term "guerillas" instead of "terrorists." He called for forging a new "Russian identity" in the region that would reduce interethnic conflict, and implored North Caucasian ethnic groups to stop being extra "touchy" and "sensitive" about the actions of governors he appoints.<sup>54</sup>

In October 2010, Medvedev's envoy Khlopinin suggested that the expansion of gangs and crime and the extinction of private enterprise in the North Caucasus was due more to poor governance and corruption than to ethnic conflict. At the same time, he emphasized that "in

the run up to the Olympics, which will take place in Sochi in 2014 ... special services of many Western countries and individual provocateurs [will] inflame or stir up interethnic and international conflicts." These instigators were actively fostering ethnic conflict in Karachay-Cherkessia, contention between Ossetians and Ingush, and a campaign in Stavropol Territory to secede from the North Caucasus Federal District, he claimed.<sup>55</sup>

The North Caucasus suffers from extremely high rates of unemployment and poverty. Dagestan and Ingushetia have the most unemployment and poverty in Russia, and major income inequality has fueled attacks against corrupt and wealthy officials.<sup>56</sup> Ingushetia's economy suffered greatly during the Chechnya conflict, mainly from the influx of displaced persons which in effect doubled the population during intense periods of fighting in 1995 and 2000. Evidence of economic distress as a factor in the rise of terrorism in Kabarda-Balkaria Republic includes the closure of the main industry, the Tyrnyauz Mining Complex, as well as the shuttering of many defense-related factories, and the decline of the agricultural sector. Infrastructure such as roads and airports also is in disrepair, and social services are inadequate.<sup>57</sup> According to Shvedov, the educational system in much of the North Caucasus is getting worse and unemployment is increasing. Shvedov warns that the lack of career prospects has contributed to growing support for "Wahhabi agendas" among the population.

Ethnic tensions are another factor contributing to violence in the North Caucasus. Besides those between Ossetians and the Ingush (mentioned above), in early 2006, the Putin administration abolished the Dagestani State Council, which represented the 14 largest ethnic groups, and whose chairman (Magomedali Magomedov, an ethnic Dargin) served as the chief executive of the republic. The State Council had helped to mollify ethnic tensions. Putin then appointed an ethnic Avar as the president of the republic. With the expiration of the president's term in early 2010, some Dagestanis called for reestablishing the State Council. Instead, Medvedev appointed Magomedsalam Magomedov (the son of former president Magomedali Magomedov), thus reinstating a Dargin in the office. Magomedsalam Magomedov selected Magomed Abdullayev, an Avar, as the prime minister (President Medvedev allegedly favored Abdullayev for the post). The selection of Abdullayev triggered protests among some ethnic Kumyks, the third largest ethnic group in Dagestan, who called for the post of prime minister to be retained by an ethnic Kumyk. Supporting informal ethnic quotas, Magomedsalam Magomedov urged the sitting speaker of the Dagestani legislature, an Avar, to step down so that Magomed-Sultan Magomedov, an ethnic Kumyk, could become speaker.

Increasing Circassian nationalism has contributed to tensions and violence in Adyghea, Karachay-Cherkessia, and Kabarda-Balkaria, three republics with large numbers of ethnic Circassians (termed Adyghe, Kabardin, and Cherkess in the three republics), where they have clashed with Karachay and Balkar ethnic groups. In November 2008, a Congress of the Circassian People called for unifying Circassians in a new federal republic, even though Russian officials had warned it against issuing such a call. On November 26, 2009, reportedly about 3,000 Circassians demonstrated for ethnic rights in Karachay-Cherkessia. Some Circassians from Kabarda-Balkaria took part in this demonstration. Two days later, officials in Kabarda-Balkaria denounced leaders of the demonstration as terrorists. On November 30, some Circassian rights advocates issued an appeal to create an independent Circassian state. The next day, the legislature of Kabarda-Balkaria called for Circassian rights advocates to be

arrested as terrorists and spies, and unidentified attackers beat some of the Circassian rights advocates.

In April 2010, Khloponin allegedly ordered the president of Karachay-Cherkessia, Boris Ebzeyev, to appoint an ethnic Circassian (Cherkess) as prime minister, to end prolonged protests by Circassians. Under prior practice, posts had been divided among the largest ethnic groups in the republic. Ebzeyev had eschewed the practice in 2008 and had appointed an ethnic Greek (a tiny ethnic group) as prime minister. Ethnic Russian Cossacks and Abazins also protested that they were not being accorded any top posts. The Adyge Khase, a Circassian (Cherkess) group, called for the formation of a separate Cherkess republic. Ebzeyev eventually appointed Muradin Kemov, a Circassian, as prime minister.<sup>58</sup> During 2010, some Circassian groups have increased calls for the cancelation of the planned Winter Olympics in Sochi, asserting that the area was the site of the 19<sup>th</sup> century Tsarist “genocide” against the Circassians.

Russian analyst Aleksey Malashenko suggests that the North Caucasus region is undergoing “retraditionalization,” which will result in the consolidation of Sufi<sup>59</sup> and other traditional forms of Islam as part of the political and social fabric of the region. While Moscow and its local agents focus on combating visible elements of “Wahabbism,”<sup>60</sup> the region is becoming broadly Islamic and less integrated politically and socially with the rest of Russia, Malashenko warns. He also suggests that to the extent that sitting officials and favored Islamic leaders try to retain their unrepresentative control in the North Caucasus and ignore economic problems, Islamic extremist violence will continue.<sup>61</sup> Analyst Mark Kramer likewise suggests that disaffection among youth in the North Caucasus is so deep and widespread that they are prone to distrust such favored Islamic leaders and institutions and to be receptive to underground Islamic extremism.<sup>62</sup>

Reportedly, authorities have enlisted the assistance of Sufi Imams in Dagestan, Ingushetia, and Chechnya to identify “Wahabbi” Muslims, who are then arrested, killed, or disappear. Young Muslims may be targeted as “Wahabbis” if they end their prayers at the mosque too soon (Sufis pray longer), attend the mosque frequently, or attend early services at the mosque. In KabardaBalkaria, Karachay-Cherkessia, and Adygea, where there are few Sufis and Islam does not have such deep roots as elsewhere in the North Caucasus, Muslims allegedly may be targeted as “Wahabbis” merely for attending the mosque or praying in public.<sup>63</sup> There are some reports that foreign Sunni Salafi terrorists operating in the North Caucasus in turn are targeting Sufis.

Analysts Emil Souleimanov and Ondrej Ditrych have urged students of events in the North Caucasus not to fail to consider the role of clans, members of which may become radicalized by zachistki and repression by Moscow-installed authorities. According to these analysts, “in the North Caucasus, there has occurred over time a mutual intertwining of ... jihadist ideology and the mechanism of blood feud.... It is the young people in particular who ... are the ones who are physically able [to take revenge. They were] not raised in the established traditions in these regions of traditionalist Sufi Islam and [are] thus more susceptible to absorbing the extremist ideologies of jihad.” These analysts caution that “rather than vague ideas of global jihad, the resistance in the North Caucasus is far more driven by the ideas of North Caucasian, mountain dweller Muslim solidarity and the necessity of a joint struggle in the name of a common religion (Islam) and the liberation of holy ground from the yoke of the ‘infidels’.”<sup>64</sup>

U.S. analyst Gordon Hahn has warned that the Caucasus Emirate proclaimed by Chechen Doku Umarov in 2007 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 urged greater material and other support for the Caucasus Emirate.<sup>65</sup>

After several warlords repudiated their allegiance to Umarov, in late November 2010, he attempted to reassure local and international supporters that the rebel command of the Caucasus Emirate was still united, was still cooperating with other mujahidin in Tatarstan, Bashkortostan, and other areas of Russia, and was still carrying out terrorist operations.<sup>66</sup>

## IMPLICATIONS FOR RUSSIA

Ethnic prejudice by Russians against North Caucasian migrants reportedly has contributed to a substantial share of hate crimes in Russia. The Moscow Human Rights Bureau estimated that about 170 xenophobic attacks occurred in Russia in 2010, leaving 39 people dead and about 213 injured. These numbers have declined in recent years, perhaps partly attributable to the creation of an extremist crimes subunit in the Interior Ministry. Some hate crimes in Moscow and elsewhere against North Caucasians have been linked to military and police veterans of the Chechnya conflict.<sup>67</sup> Reacting to the hate crimes, Caucasian youths in Moscow formed a group they termed "Black Hawks" to carry out revenge attacks. Members of the Congress of the Peoples of the Caucasus have attempted to intercede between the "hawks" and Slavic ultranationalist groups.

Seemingly indicating that ethnic prejudice by Russians against North Caucasians remains potent, on December 7, 2010, an ethnic Russian soccer fan was killed in Moscow during a clash with North Caucasians. The next day, soccer fans demonstrated, breaking shop windows and shouting ethnic slurs against North Caucasians and other ultra-nationalist slogans. On December 11, 2010, up to 5,000 soccer fans—including neo-Nazis, ultra-nationalists, and others—marched in protest in Moscow against the killing, shouting ethnic slurs against North Caucasians and later clashing with North Caucasians on the subway and elsewhere in the city. President Kadyrov denounced the "thugs who beat up and knifed non-Slavic-looking people," and stated that real soccer fans would not have shouted "'kill' and 'get people from the Caucasus.'" While seeming to blame foreign interests for fomenting the violence in Moscow, he also stressed the people of Chechnya call for the reestablishment of law and order in Moscow and the punishment of the "criminals" who attacked Caucasians. He termed the ethnic violence a "disgrace" and stated that the incident demonstrated that "one of the priority areas of the state's policy" should be "to firmly speak up against xenophobia and

against provocations aimed at dividing Russia. This is what shows the genuine patriotism of Russians.”<sup>68</sup>

Kadyrov’s harsh methods of combating terrorism have contributed to vendettas. Kadyrov’s reportedly widespread human rights violations have received the acquiescence, if not support, of central authorities, and his methods have been used to certain degrees by other leaders in the North Caucasus. As one sign of such support, Vladimir Vasilyev, head of the Duma Security Committee, stated during a March 2009 visit to Chechnya that the region “could be an example to other regions of how terrorism should be countered. The experience and positive practice employed here in the fight against terrorism are of great interest, particularly against the background of the unstable situation that remains tense in some regions of the North Caucasus.”<sup>69</sup>

Some observers speculate that Russia’s encouragement and support for individuals from the North Caucasus to travel to Abkhazia and South Ossetia to fight against Georgia in 2008 might have gained sentiments that Caucasian guerrillas could defeat government forces. Personnel from Chechnya’s former Vostok (East) Battalion served in South Ossetia, and “the Adyghe and Cherkess formed groups of fighters and, alongside Chechens, participated in removing the Abkhaz government-in-exile from the Kodori gorge. They also temporarily patrolled Georgian villages in the Gali region of Abkhazia.” Among other repercussions, surreptitious arms transfers from Georgia through South and North Ossetia to other North Caucasian areas could increase.<sup>70</sup> On the other hand, a perhaps favorable repercussion—from Russia’s viewpoint—might be the easing of population pressures in North Ossetia if some residents move to South Ossetia, where there is more arable land.<sup>71</sup>

Russian analyst Boris Mezhyuev has asserted that the ongoing disorder in the North Caucasus has caused increasing numbers of the Russian elite to contemplate granting independence to the area. He has suggested that Vladimir Putin might someday be criticized for keeping Chechnya as part of Russia rather than permitting it to have a relationship with Russia that is similar to that of Abkhazia.<sup>72</sup> Among such advocates of granting independence, Stanislav Belkovskiy, the director of Russia’s National Strategy Institute, stated in December 2010 that “I remain a supporter of the theory of secession and independence for the North Caucasus. At least for the Muslim republics.... [In fact,] the North Caucasus is not under Russia’s control ... in terms of either mentality, or law, or security.... The sooner that Russia amputates this diseased organ, the fewer negative consequences [growing foreign Islamic influence] will have on the main part of Russia.” He also warned that much of Russia’s re-development budget allotted to the North Caucasus is being used by local “business interests” to deepen their influence throughout Russia by buying up domestic firms.<sup>73</sup>

## INTERNATIONAL RESPONSE

The United States and several other countries and international organizations have maintained that while Russia has the right to protect its citizenry from terrorist attacks, it should not use “disproportionate” methods that violate the human rights of innocent bystanders. They have objected to Russia’s 2006 counter-terrorism law, which permits police and other security forces to declare a “counter-terrorism operations regime” in a locality and

to detain suspects for up to 30 days, search homes, ban public assemblies, and restrict media activities without any pre-approval by the courts or legislative oversight. As a result of this and other permissive laws and government actions, Human Rights Watch, a nongovernmental organization, has argued that Russia's security forces "believe they may act with impunity when carrying out any operation related to counter-terrorism."<sup>74</sup> The U.N. Human Rights Committee in October 2009 reflected these concerns when it urged Russia to "take stringent measures to put an end to enforced disappearances, extrajudicial killings, torture, and other forms of ill-treatment and abuse committed or instigated by law enforcement officials in Chechnya and other parts of the North Caucasus; ensure the prompt and impartial investigations by an independent body of all human rights violations allegedly committed or instigated by state agents, [and] prosecute perpetrators," among other measures.<sup>75</sup>

The European Court of Human Rights of the Council of Europe (COE) has ruled in dozens of cases brought by Chechens that the Russian government used indiscriminate force that resulted in civilian casualties and failed to properly investigate and prosecute Russian personnel involved. Hundreds of cases remain to be adjudicated. According to Russian human rights advocate and jurist Karinna Moskalenko, the Russian government has paid damages awarded by the Court to the plaintiffs, but has not taken the verdicts into account by reforming the justice system.<sup>76</sup> In many cases, the plaintiffs have been attacked and even killed by unknown assailants in Chechnya and elsewhere before their cases are adjudicated.

In June 2008, the Parliamentary Assembly of the COE appointed Dick Marty a rapporteur on the North Caucasus to report on the human rights situation in the region. He prepared three reports about the situation in the region. In the third report in June 2010, Mr. Marty agreed with Medvedev that the clan culture, corruption, and police inefficiency were causes of violence in the North Caucasus, and pointed to a culture of vengeance, inefficiency of the judicial system, high unemployment, Islamic extremism, and ethnic prejudice between Russians and Caucasians as other factors. He stated that the large number of cases heard by the European Court of Human Rights "points to the fact that the North Caucasus has for many years been the European region where the worst and most massive violations of human rights take place." In over 150 decisions, he argued, the Court had rejected the assertions of the Russian government that "abductions, arson attacks on houses, and murders of human rights defenders are carried out solely by 'bandits.'" Instead, the evidence has pointed to the lack of professionalism and discipline among law enforcement agencies and to a cowed judiciary. Mr. Marty indicated his deep dismay that the COE's Committee of Ministers has failed to take Russia's human rights record into full account in assessing Russia's compliance with the commitments of membership in the COE.<sup>77</sup>

Mr. Marty's report was considered by the COE's Parliamentary Assembly in June 2010. For the first time, the Russian delegation voted in favor of a COE report on the North Caucasus. Members of the Russian delegation, including Yunus-bek Yevkurov, the President of Ingushetia, and Leonid Slutskiy, a Duma deputy, expressed agreement with much of Mr. Marty's "balanced and accurate" report, but they argued that the human rights situation in the region was much improved compared to the past and that Russia needed the support of the COE to carry out further reforms. They also alleged that foreigners had fostered much of the terrorism in the region, but Mr. Marty replied that "infiltration had taken place because injustice in the region had created fertile ground for radicalization," and called for Yevkurov to denounce human rights abuses by his security services.

Based on the report, the Parliamentary Assembly of the COE in June 2010 approved a resolution recommending that the Russian government combat terrorism in a law-based fashion, prosecute members of security forces involved in human rights violations, ensure that victims of human rights abuses have access to the courts, and carry out the decisions of the European Court for Human Rights. The Parliamentary Assembly reiterated that “the situation in the North Caucasus region, particularly in the Chechen Republic, Ingushetia and Dagestan, constitutes today the most serious and most delicate situation from the standpoint of safeguarding human rights and upholding the rule of law, in the entire geographical area covered by the Council of Europe.”<sup>78</sup>

A debate on the situation in the North Caucasus was held at the European Parliament that resulted in the approval of a strongly-worded resolution in October 2010. The resolution stated that the situation of human rights defenders in the North Caucasus region, particularly in Chechnya, was alarming, and that a climate of fear prevailed in Chechnya. It condemned indiscriminate violence against the civilian population from both armed opposition groups and law-enforcement bodies, and “strongly condemned” the burning of homes of relatives of alleged terrorists. The resolution called for the Russian government to facilitate access to the North Caucasus by human rights nongovernmental organizations (such as Memorial), the media, and governmental organizations (such as the Council of Europe, the OSCE, and the U.N.). It expressed regret that continued human rights abuses in Russia “are having a very negative impact on Russia’s image and credibility in the world and casting a shadow over relations between the European Union and the Russian Federation, which are important and should develop into a strategic partnership.” The resolution also called for the EU-Russia human rights consultations to be stepped up and to include input from the European Parliament, the Duma, and Russian judicial authorities and civil society and human rights organizations. It urged that recommendations contained in the June 2010 COE resolution be carried out by Russia. It condemned the filing of criminal charges against Russian human rights advocate Oleg Orlov, argued that the charges violated Orlov’s free speech rights, and urged that the charges be dropped, and pointed that because he was awarded the European Parliament’s 2009 Sakharov Prize, he “is thus under the European Parliament’s special moral and political protection.”<sup>79</sup>

## IMPLICATIONS FOR U.S. INTERESTS

The former Bush Administration appeared to increasingly stress the threat of terrorism in Chechnya and the North Caucasus, although there continued to be criticism of Russian government human rights abuses in the region.<sup>80</sup> Russian analyst Igor Obdayev has stated that U.S. worldwide anti-terrorism efforts were instrumental in reducing terrorist financing in the North Caucasus.<sup>81</sup> In keeping with such an Administration stress, the State Department in April 2008 reported that “the majority of terrorist attacks [in Russia during 2007] continued to occur in the North Caucasus, where the pacification of much of Chechnya has correlated with an increase in terrorism in Dagestan and Ingushetia.... There was evidence of a foreign terrorist presence in the North Caucasus with international financial and ideological ties.”<sup>82</sup> Similarly, in June 2008 at the 16<sup>th</sup> session of the U.S.-Russia Working Group on Counter-



terrorism, the two sides mentioned that they had cooperated on a case involving financial support for terrorist activity in Chechnya.”<sup>83</sup>

In a “get acquainted” meeting on April 1, 2009, Presidents Obama and Medvedev pledged to cooperate in countering terrorism, although the North Caucasus was not publicly singled out. In the first few days of the Obama Administration, the State Department issued its annual human rights report for 2008, which contained (as in 2007) lengthy descriptions of human rights abuses in the North Caucasus. The human rights report for 2009 stressed that the Russian “government’s poor human rights record in the North Caucasus worsened” during the year.<sup>84</sup>

In July 2009, the State Department called for bringing the killers of Natalia Estemirova in Chechnya to justice, and in August 2009, it called for bringing the killers of Zarema Sadulayeva and Alik Dzhabraïlov in Chechnya to justice. The U.S. Mission to the OSCE also has raised concerns about these killings, as well as about the killing of Dagestani journalist Abdulmalik Akhmedilov in August 2009 and Ingush opposition politician and government human rights council member Maksharip Aushev in October 2009. During her October 2009 visit to Moscow, Secretary of State Hillary Clinton reportedly did not stress U.S. concerns about human rights problems in the North Caucasus, although she did mention “attacks against human rights defenders” in Russia as a concern.<sup>85</sup> During her visit, a civil society working group, set up as part of the U.S.-Russia Bilateral Presidential Commission, held an initial meeting, but no details were released. The working group has held two meetings in 2010, but has not publicized specific work on the North Caucasus.

The chairs of the U.S.- Russia Counterterrorism Working Group met in November 2009 and agreed to focus on Afghanistan with particular regard to counterterrorism/terrorist finance issues; strengthen U.N. Security Council Resolution 1267 sanctions; counter the ideological dimension of violent extremism; and work on improving the bilateral exchange of transportation security issues.<sup>86</sup>

Among other recent U.S. actions:

- In May 2010, the State Department released its *Advancing Freedom and Democracy Report* that details its diplomatic initiatives in 2009. Its section on Russia did not mention efforts to address human rights abuses in the North Caucasus, beyond mentioning that support is given to NGOs that provide training and support for legal services to displaced persons.<sup>87</sup>
- On June 23, 2010, Secretary of State Clinton designated Caucasus Emirates leader Doku Umarov as a terrorist under Presidential Executive Order 13224, which targets terrorists and those providing support to terrorists or acts of terrorism, to help stem the flow of financial and other assistance to Umarov.
- In July 2010, the State Department issued a statement on the anniversary of the killing of Natalya Estemirova, stating that “we will continue to shine the spotlight on this case as part of our efforts to protect the brave journalists and civil society activists across the globe who, like Natalya, speak out against abuses and work to secure fundamental freedoms for their fellow citizens.”<sup>88</sup>
- In August 2010, the State Department’s Country Reports on Terrorism reported that most terrorism in Russia remained linked to the North Caucasus.

Omnibus Appropriations for FY2009 (P.L. 111-8), signed into law on March 11, 2009, called for \$9.0 million for the North Caucasus for humanitarian, conflict mitigation, human rights, civil society, and relief and recovery assistance. The Administration's budget request for FY2010 called for \$6.0 million for conflict mitigation and reconciliation activities in the North Caucasus, "to help stem the spread of violence and instability." The request also called for unspecified amounts of assistance for the North Caucasus to promote economic opportunities, youth employment, health, sanitation, and community development, and to discourage "the spread of extremist ideologies."<sup>89</sup> The conference agreement on Consolidated Appropriations for FY2010 (H.R. 3288), signed into law on December 16, 2009, called for not less than \$7.0 million for the North Caucasus, slightly less than that provided in FY2009 but still above the Administration's budget request. The conference agreement also repeats language used for several years that directs that 60% of the assistance allocated to Russia will be withheld (excluding medical, human trafficking, and Comprehensive Threat Reduction aid) until the President certifies that Russia is facilitating full access to Chechnya for international nongovernmental organizations providing humanitarian relief to displaced persons. See *Table 2* for a breakdown of spending by program for the North Caucasus for FY2007-FY2008.

In addition to the provisions in H.R. 3288, Congress has raised concerns about ongoing terrorism and human rights violations in the North Caucasus. H.Res. 1315 (Hastings), introduced on April 29, 2010, called on the Secretary of State to designate the Caucasus Emirate as a foreign terrorist organization. H.Res. 1539 (Hastings), introduced on July 20, 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.

According to some international NGOs and the State Department, all foreign NGOs face constraints by the authorities on their access and operations in Chechnya. While almost all NGOs operating in Chechnya have offices there with local staff, most continue to retain their main or at least branch offices outside the region. However, if the security situation continues to improve in Chechnya and deteriorate elsewhere in the North Caucasus, NGOs may consider moving more operations to Chechnya. Access to Chechnya by international staff is strictly controlled by the regional branch of the Federal Security Service (FSB), according to reports, and NGOs must provide detailed monthly information on activities and travel to the FSB and other authorities. At times, the local authorities have limited or refused access, although reportedly the FSB has been more cooperative in recent months. Local authorities in Chechnya, Ingushetia, and Dagestan closely oversee the finances and programs of foreign NGOs. In addition, the Russian Migration Service and other federal offices require financial and program information. Chechen officials repeatedly have turned down requests by UNHCR to open an office in Grozny to monitor whether returnees are ensured international standards of safety and dignity. The State Department's Bureau of Consular Affairs advises "U.S. citizens against travel to Chechnya and all other areas of the North Caucasus, including North Ossetia, Ingushetia, Dagestan, Stavropol, Karachayevo-Cherkessiya, and Kabardino-Balkariya, areas of continued civil and political unrest."<sup>90</sup>

**Table 2. U.S. Assistance to Russia's North Caucasus Region, FY2007 and FY2008 (U.S. dollars)**

Program Area	Activity	Implementer	FY2007	FY2008
Conflict Mitigation & Reconciliation	Socio-Economic Recovery	IRC	929,211	2,200,000
	Poverty Reduction	World Vision	565,000	200,000
	Improved Community Infrastructure	CFNO	100,000	500,000
	Youth Exchange & Development	IREX	1,050,000	1,300,000
	TBD & Prog. Support		—	748,000
Rule of Law & Human Rights	Judicial Reform	Chemonics	30,000	
	Human Rights	Faith, Hope, Love	100,000	15,000
	Human Rights	Perspektiva		
	Tolerance Regional Councils	Bay Area Council	75,000	
Good Governance	Local Governance	IUE	250,000	400,000
	Public Finance & Budgeting	CFP	235,000	230,000
	Policy Advocacy	CIPE	—	30,000
Political Competition	Election Monitoring	Golos	20,000	—
Civic Participation	Sustainable Community Development	FSD	400,000	400,000
	Community Connections	World Learning	50,000	400,000
	Civil Society Development In Southern Russia	SRRC	350,000	400,000
	Civic Education	JAR	15,000	
	Key Stone Program in the Region	Key Stone	340,000	
	Civil Society Support Program	IREX	70,000	
	Program Support			
Health	TB Control	IFRC	300,000	300,000
Social Services	Psycho-Social Support for Children in the NC	UNICEF	200,000	
	Program Support			15,000
Economic Opportunity	Microfinance Support	RMC	332,000	500,000

**Table 2. (Continued)**

Program Area	Activity	Implementer	FY2007	FY2008
	Rural Credit Coops and Agric. Business Development	ACDI/VOCA	1,167,000	1,100,000
	Economic Opportunity/Program Support		60,000	
Total			6,653,211	8,845,000

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

Note: ACDI/VOCA—Agricultural Cooperative Development International and Volunteers in Overseas Cooperative Assistance.

CFNO—Children’s Fund of North Ossetia

CFP—Center for Fiscal Policy

CIPE—Center for International Private Enterprise

FSD—Foundation for Sustainable Development

IFRC—International Federation of the Red Cross and Red Crescent

IRC—International Red Cross

IREX—International Research and Exchanges Board

IUE—Institute for Urban Economics

JAR—Junior Achievement Russia

RMC—Russian Microfinance Center

SRRC—Southern Regional Resource Center

## End Notes

<sup>1</sup> Human Rights in Russia Hearing May 6, 2010 North Caucasus Panel Testimony by Tanya Lokshina, Human Rights Watch Russia Office

<sup>2</sup> Valery Dzutsev, “North Caucasus’ Ethnic Russian Population Shrinks as Indigenous Populations Grow,” Eurasia Daily Monitor, November 13, 2009.

<sup>3</sup> Summer 2010: Not Just a Chechen Conflict, Center for Strategic and International Studies, 2010; Gordon Hahn, “Russian Officials Offer Data on Counter-Jihadism Operations in 2010,” Islam, Islamism and Politics in Eurasia Report, Monterey Terrorism Research and Education Program, Monterey Institute for International Studies, November 29, 2010. CSIS defines violent incidents as including “abductions of military personnel and civilians, bombings, assassinations of key civilian and military leaders, rebel attacks, police or military operations against suspected militants, destruction of property by militants, and the discovery of weapons.”

<sup>4</sup> North Caucasus Incidents Database Aug 08-End Nov 10, Open Source Center; The Open Source Center data include incidents in Stavropol Krai that are not reported in the CSIS database. Both the CSIS and OSC data were compiled from Russian and other media reports.

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<sup>6</sup> The Kremlin, President of Russia, Beginning of Meeting on Comprehensive Measures to Ensure Security in the North Caucasus Federal District, 19 November 2010, Yessentuki, November 19, 2010.

<sup>7</sup> Council of Europe. Commissioner for Human Rights. Report by Thomas Hammarberg, Commissioner for Human Rights of the Council of Europe, Following His Visit to the Russian Federation (Chechen Republic and the Republic of Ingushetia) on 2 -11 September 2009, November 24, 2009.

<sup>8</sup> President of the Russian Federation. Russian president addresses Security Council meeting on Caucasus, June 10, 2009, at <http://www.kremlin.ru>.

<sup>9</sup> CEDR, August 14, 2009, Doc. No. CEP-950185; and August 25, 2009, Doc. No. CEP-546006.

<sup>10</sup> Philip P. Pan, “Opposition Figure Maksharip Aushev Gunned Down in Russia’s North Caucasus,” Washington Post, October 25, 2009.

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- <sup>11</sup> Reuters, December 2, 2009.
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- <sup>13</sup> The Kremlin, President of Russia, Presidential Address to the Federal Assembly of the Russian Federation, November 12, 2009.
- <sup>14</sup> The Kremlin, President of Russia, Beginning of Meeting with Aleksandr Khloponin, Newly Appointed Presidential Plenipotentiary Envoy to North Caucasus Federal District and Deputy Prime Minister of Russia, January 20, 2010.
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- <sup>16</sup> "Wave of Terror Looming Over the Caucasus?" Russia Today, November 7, 2008.
- <sup>17</sup> Violence in the North Caucasus.
- <sup>18</sup> The Economist, August 28, 2008-September 3, 2008.
- <sup>19</sup> Interfax, September 11, 2008; "Chairman of the Government of Russia Vladimir Putin Meets with Members of the International Discussion Club Valdai," at <http://www.government.ru/content/governmentactivity/mainnews/archive/2008/09/11/8225672.htm>.
- <sup>20</sup> CEDR, October 8, 2008, Doc. No. CEP-8015.
- <sup>21</sup> Alexey Malashenko, "The North Caucasus Today: The View on the Ground and from Moscow," Event Summary, Carnegie Endowment for International Peace, November 21, 2008.
- <sup>22</sup> For background information, see CRS Report RL32272, *Bringing Peace to Chechnya? Assessments and Implications*, by Jim Nichol; CRS Report RL31620, *Russia's Chechnya Conflict: Developments in 2002-2003*, by Jim Nichol; and CRS Report RL30389, *Renewed Chechnya Conflict: Developments in 1999-2000*, by Jim Nichol.
- <sup>23</sup> "The Official Version of Amir Dokka's Statement of Declaration of the Caucasian Emirate," Kavkaz Center, November 22, 2007, at <http://www.kavkazcenter.com/eng/content/2007/11/22/9107.shtml>; "We Have Taken Up Arms to Establish Laws: Interview with Movladi Udugov, Part I," Prague Watchdog, July 24, 2008.
- <sup>24</sup> "Supreme Sharia Court of Caucasus Emirate Sentenced Akhmed Zakayev to Capital Punishment," Kavkaz Center, August 25, 2009.
- <sup>25</sup> Gordon Hahn, "CE Amir Dokku Umarov Discusses Fitna (Sedition), the CE's Place in the Global Jihad, and Berezovskiy and Zakayev," *Islam, Islamism, and Politics in Eurasia Report*, November 29, 2010. Umarov proclaimed that the Caucasus Emirate had been given the task of fighting Russia, "the most despicable" of the infidel countries. Indicating his orientation toward global jihad, he condemned the conflict by "Christian-Zionist forces led by America" against the Taliban in Afghanistan.
- <sup>26</sup> CEDR, November 18, 2010, Doc. No. CEP-950327.
- <sup>27</sup> CEDR, October 20, 2010, Doc. No. CEP-15012.
- <sup>28</sup> CEDR, October 20, 2010, Doc. No. CEP-15012.
- <sup>29</sup> CEDR, October 20, 2010, Doc. No. CEP-15016; October 22, 2010, Doc. No. CEP-950172.
- <sup>30</sup> "Commentators See Ingushetia as a 'Failed State' Where an Uprising Could Occur," *Chechnya Weekly*, Vol. 8, Issue 34 (September 6, 2007); "Ingushetia Takes Chechnya's Place as the North Caucasus Hot Spot," *Chechnya Weekly*, September 6, 2007.
- <sup>31</sup> Commission on Security and Cooperation in Europe. Briefing: Ingushetia, the New Hot Spot in Russia's North Caucasus, June 19, 2008.
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- <sup>35</sup> Open Source Center. Open Source Feature, September 18, 2008, Doc. No. FEA-775593.
- <sup>36</sup> Adrian Blomfield, "Russia Faces New Caucasus Uprising In Ingushetia," *The Telegraph* (London), September 1, 2008.
- <sup>37</sup> Mairbek Vatchagaev, "Moscow Struggles to Stabilize Ingushetia," *Eurasia Daily Monitor*, October 26, 2009.
- <sup>38</sup> Valery Dzutsev, "Ingushetia's Islamists Adopt Nationalist Rhetoric," *North Caucasus Analysis*, October 7, 2010.
- <sup>39</sup> "North Caucasus: Instability In Dagestan Spreads To South," RFE/RL Russia Report, February 15, 2008.
- <sup>40</sup> *Russia's Dagestan: Conflict Causes*, International Crisis Group, June 3, 2008.
- <sup>41</sup> CEDR, March 20, 2009, Doc. No. CEP-4001.
- <sup>42</sup> CEDR, December 10, 2009, Doc. No. CEP-950292.

- <sup>43</sup> CEDR, November 9, 2010, Doc. No. CEP-46019.
- <sup>44</sup> CEDR, November 18, 2010, Doc. No. CEP-950327.
- <sup>45</sup> Mairbek Vatchagaev, "The Truth about the 'Kataib al-Khoul' Ossetian Jamaat," *Chechnya Weekly*, September 20, 2007.
- <sup>46</sup> Commission on Security and Cooperation in Europe. Briefing: Ingushetia, the New Hot Spot in Russia's North Caucasus, June 19, 2008.
- <sup>47</sup> Mairbek Vatchagaev, "Death of Anzor Astemirov Does not Mark the End of the Insurgency in Kabarda-Balkaria," *North Caucasus Analysis*, April 7, 2009; Mairbek Vatchagaev, "Rebel Attacks on the Rise in Kabarda-Balkaria," *North Caucasus Analysis*, August 27, 2010.
- <sup>48</sup> ITAR-TASS, November 18, 2010; CEDR, November 18, 2010, Doc. No. CEP-950327.
- <sup>49</sup> CEDR, November 29, 2010, Doc. No. CEP-950135.
- <sup>50</sup> CEDR, February 8, 2008, Doc. No. CEP-950541.
- <sup>51</sup> "Documentary Alleges West Sought Chechen Secession," *RFE/RL Russia Report*, April 23, 2008.
- <sup>52</sup> Jacques Lévesque, "Russia and the Muslim World: The Chechnya Factor and Beyond," *Russian Analytical Digest*, July 2, 2008.
- <sup>53</sup> President of the Russian Federation. Russian president addresses Security Council meeting on Caucasus, June 10, 2009, at <http://www.kremlin.ru>. Perhaps reflecting a desire to provide a different explanation to a Western audience, at a joint news conference with visiting German Chancellor Angela Merkel in Sochi, President Medvedev claimed that the murders of human rights workers and officials were carried out by enemies of Russia financed and supported from abroad. See *Voice of America. Press Releases and Documents. Medvedev: Caucasus Murders Aim at Destabilizing S. Russia*, August 14, 2009.
- <sup>54</sup> The Kremlin. Speech at Meeting of Council for Civil Society Institutions and Human Rights, May 20, 2010; ITARTASS, May 20, 2010.
- <sup>55</sup> ITAR-TASS, October 27, 2010; CEDR, October 27, 2010, Doc. No. CEP-950191.
- <sup>56</sup> *Russia's Dagestan: Conflict Causes*, p. 12; CEDR, November 4, 2008, Doc. No. CEP-548006.
- <sup>57</sup> "Kabardo-Balkaria Seeks To Break Out Of Economic Stagnation," *RFE/RL Russia Report*, February 01, 2008.
- <sup>58</sup> CEDR, November 17, 2010, Doc. No. CEP-950244.
- <sup>59</sup> According to the *Encyclopedia Britannica Online*, Sufism is a "mystical Islamic belief and practice in which Muslims seek to find the truth of divine love and knowledge through direct personal experience of God. It consists of a variety of mystical paths that are designed to ascertain the nature of man and God and to facilitate the experience of the presence of divine love and wisdom in the world." Central concepts of Sufism were developed in the 8th-12th centuries C.E. Three denominations (or Tariqahs) of Sufism—the Naqshbandiyya, Qadiriyya, and Shazaliyya—are prominent in the North Caucasus.
- <sup>60</sup> Wahabbism is a term used by some observers to identify a form of Sunni Islam dominant in Saudi Arabia and Qatar that calls for a return to fundamental or pure principles of Islam. The term is often used interchangeably with Salafism. As used in a derogatory sense by some in Russia, it can refer to any non-approved practice of Islamic faith. Quintan Wiktorowicz, "Anatomy of the Salafi Movement," *Studies in Conflict and Terrorism*, Vol. 29, 2006.
- <sup>61</sup> Aleksey Malashenko, "Islam and the State in Russia," *Russian Analytical Digest*, July 2, 2008. See also Vakhit Akayev, "Conflicts Between Traditional and Non-Traditional Islamic Trends: Reasons, Dynamics, and Ways to Overcome Them (Based on North Caucasian Documents)," *Central Asia and the Caucasus*, No. 2, 2008. Unlike Malashenko, Akayev does not view the counter-Wahabbism alliance of Russia's central authorities with the traditionalists as eventually unraveling.
- <sup>62</sup> Mark Kramer, "Prospects for Islamic Radicalism and Violent Extremism in the North Caucasus and Central Asia," *PONARS Eurasia Memo*, No. 28, August 2008. Gordon Hahn stresses that indigenous forms of Islamic practice in the North Caucasus are influenced by contacts with foreign mujahidin, with Islamic fundamentalists, and with the internet. *Islam, Islamism and Politics in Eurasia Report*, September 22, 2010.
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- <sup>64</sup> Emil Souleimanov and Ondrej Ditrych, "The Internationalization of the Russian-Chechen Conflict: Myths and Reality," *Europe-Asia Studies*, September 2008, pp. 1199 – 1222.
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- <sup>66</sup> CEDR, November 26, 2010, Doc. No. CEP-950136.

- <sup>67</sup> Interfax, March 10, 2009; CEDR, March 11, 2009, Doc. No. CEP-25004.
- <sup>68</sup> CEDR, December 13, 2010, Doc. No. CEP-950218.
- <sup>69</sup> CEDR, March 26, 2009, Doc. No. CEP-21002.
- <sup>70</sup> C W Blandy, *Provocation, Deception, Entrapment: The Russo-Georgian Five Day War*, Defense Academy of the United Kingdom, March 2009; Stacy Closson, "The North Caucasus after the Georgia-Russia Conflict," *Russian Analytical Digest*, December 4, 2008.
- <sup>71</sup> *Provocation, Deception, Entrapment*.
- <sup>72</sup> CEDR, November 19, 2010, Doc. No. CEP-4019.
- <sup>73</sup> CEDR, November 26, 2010, Doc. No. CEP-41009.
- <sup>74</sup> 'As If They Fell From the Sky': Counterinsurgency, Rights Violations, and Rampant Impunity in Ingushetia, Human Rights Watch, June 2008, p. 5.
- <sup>75</sup> United Nations, Human Rights Committee, Consideration of Reports Submitted by States Parties Under Article 40 of the Covenant: Concluding observations of the Human Rights Committee [Regarding] Russia, CCPR/C/RUS/CO/6, October 29, 2009.
- <sup>76</sup> Karinna Moskalenko, "Civil and Human Rights and the Judicial System in Today's Russia: A Legal Practitioner's View," Carnegie Endowment, September 28, 2007.
- <sup>77</sup> The Council of Europe, Parliamentary Assembly, Committee on Legal Affairs and Human Rights, Report: Legal Remedies For Human Rights Violations in the North-Caucasus Region (including Appendix C: Explanatory Memorandum by Mr. Marty, Rapporteur), Doc. 12276, June 4, 2010.
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- <sup>79</sup> The European Parliament, Resolution of 21 October 2010 on the Situation of Human Rights in the North Caucasus (Russian Federation) and the Criminal Prosecution Against Oleg Orlov, P7\_TA-PROV(2010)0390, October 21, 2010.
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- <sup>81</sup> Olga Shlyahina, "Igor Obdayev on the Origins And Meaning of North Caucasian Terrorism," at <http://www.kavkazforum.ru>.
- <sup>82</sup> U.S. Department of State, *Country Reports on Terrorism 2007*, April 2008. The Report stated that it was "often difficult to characterize whether [violence in Ingushetia and Dagestan was] the result of terrorism, political violence, or criminal activities" (p. 87).
- <sup>83</sup> U.S. Department of State. *The United States-Russia Working Group on Counter-terrorism: Joint Press Statement and Fact Sheet*, June 20, 2008.
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*Chapter 26*

## **RUSSIA'S COUNTERINSURGENCY IN NORTH CAUCASUS: PERFORMANCE AND CONSEQUENCES\***

*Ariel Cohen*

### **FOREWORD**

The North Caucasus has been a source of instability for Russia ever since the Russian Empire brought the region under its control in the course of the late-18th and the first half of the 19th centuries. General Alexei Yermolov, a top Russian commander in North Caucasus, used inhumanely harsh methods to conquer the region and retain it under the Romanov crown's control. Hundreds of thousands were ethnically cleansed, and many civilians murdered.

In the Russian Civil War (1918-21), which took place right after World War I, the North Caucasus became a victim of both the tsarist White Army and the communist Red Army, who plundered the region and refused to give its peoples the rights they hoped to regain after the war was over. A little over 2 decades after that, the North Caucasus nations faced merciless deportations as a result of imaginary crimes they allegedly committed against the Soviet Union during World War II. Hundreds of thousands of Chechens and Ingush were ethnically cleansed and forcibly relocated to Kazakhstan's frozen steppes, Central Asian deserts, and elsewhere. In the 1990s, Chechen demands for independence led to two devastating wars, which resulted in tens of thousands of casualties, destroyed cities and villages, and hundreds of thousands of refugees.

Today, the region reminds one of a simmering cauldron, and the issues that caused so much violence in the past have not been resolved. Russia has basically granted Chechnya a de facto independence, complemented by huge federal monetary subsidies, in order to prevent it from trying to claim de jure independence again. This strategy has so far been successful. However, the fragile stability in Chechnya is now based on the depth of the Kremlin's pockets; the whims of the current Chechen leader, Ramzan Kadyrov; and on appeasing the

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local population with federal money. How long this bargain between the Kremlin, Kadyrov, and the Chechen people will last remains to be seen.

Ethnic Russians, tired of the cronyism and rigidity of their public institutions, watch with jealousy how much money the North Caucasian “aliens” keep getting from the federal budget. The nationalists march under the slogan “Enough feeding the Caucasus,” creating a deep fissure between citizens of the same country. Meanwhile, the nations of the North Caucasus lack a system that would allow people to freely pursue their personal aspirations. Due to poverty, high unemployment, and higher birth rates in the North Caucasus than in the rest of Russia, the problem is likely to get worse.

If the situation gets out of control, the consequences are hard to predict. The North Caucasus shares borders with similarly unstable South Caucasus, and has close ties to the Middle East and Afghanistan, with ramifications both in terms of terrorism and drug trafficking. Therefore, it is a shared interest of the United States, Europe, and Russia to make sure that the North Caucasus remains stable and does not become a breeding ground for terrorist activity both within Russia and abroad.

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## SUMMARY

This chapter examines the underlying issues behind the continuing low-level Islamist insurgency movement in the Russian North Caucasus. It begins by analyzing the history of relations between the Russian and the North Caucasus nations, focusing specifically on the process of subjugating the region by the Russian Empire. Since the 18th century, Russia has used brutal force to expand territorially to the Caucasus. The mistreatment of the North Caucasus continued after World War I and especially during and after World War II, when entire North Caucasus nations faced persecution and forcible deportations to remote parts of the Soviet Union—in which up to 30 percent of the exiles perished. Thus, the Russians planted the seeds of resentment and hatred toward them that persist to the present time.

These tragic events lie at the heart of the grudges the Chechens, the Ingush, the Circassians, and other North Caucasus nations feel against the Russians. Right after the fall of communism in Eastern Europe and the breakup of the Soviet Union, these grudges came to the surface. Chechnya tried to break free from what the Chechens considered occupation of their lands by the infidel Russians. Its attempt was suppressed in two wars so as to preserve the territorial integrity of the Russian Federation.

The First Chechen War lasted from 1994 to 1996 and revealed a startling lack of combat readiness of the Russian military. However, Russia learned military lessons from the botched 1994-96 campaign and handily won the Second Chechen War of 1999-2000. Both Chechen wars resulted in tens of thousands of casualties (both military and civilian) and hundreds of thousands of refugees.

After the wars, Moscow used vast funds to rebuild Chechnya materially, but the grudges of the people have remained. Stability in Chechnya now depends on the current Kremlin-

appointed Chechen president, Ramzan Kadyrov. Moscow continues to allocate significant federal funds for Chechnya and turns a blind eye to local corrupt practices, which are often a direct violation of the Russian federal law.

Without immediate, thorough, and concerted international action, the challenges that the North Caucasus presents to the world may grow into major problems. The United States must engage its allies and work with Russia to strengthen its border security, invigorate law enforcement and counterterrorist cooperation with national and international agencies, counter Islamist propaganda, improve intelligence capabilities, and appeal for international cooperation to eliminate the financial support of terrorism that helps North Caucasus militant groups flourish.

### **The Strategic Threat of Religious Extremism and Moscow's Response**

The Russian North Caucasus, including the Republics of Chechnya, Dagestan, and Ingushetia, is transforming into a dangerous, ungovernable area in which global Islamic terrorism thrives. After conventional military operations of 1994-96 and 1999-2000 ended, the region has become a nexus for spreading global jihadi violence, as the attack on the Boston Marathon by the Tsarnaev brothers demonstrated. Al-Qaeda's Ayman al-Zawahiri called the North Caucasus "one of three primary fronts in the war against the West"<sup>1</sup>—something many in the West, including United States, have not noticed. This is a threat not just to Russia, but also to Europe—and global stability. While Russia and North Caucasian peoples had endured war, violence, and upheaval since the 1700s, the region's unprecedented emergence as a center of global Islamic terrorism is a recent phenomenon that started in the mid-1990s.

Terrorism as a tactic among North Caucasus-based Islamist groups is a recent trend but has swiftly catapulted into the primary form of violence against Russia and the global Salafi-jihadi movement's international targets. The radical North Caucasus groups include Jamaat Shariat (the Dagestani Front of the Caucasus Emirate's Armed Forces), Yarmuk Jamaat (the Armed Forces of the United Vilayat [Province] of Kabarda-Balkaria-Karachai), Ingush Jamaat, Riyyadus Salihin headed by Amir Khamzat, and Doku Umarov's Caucasus Emirate, established in 2007 and declared a terrorist organization by the U.S. State Department on May 26, 2011.<sup>2</sup> The goals of these groups include: 1) discourage Russian authorities from fighting the terrorists, who have a "long-war" strategy to bog down their adversaries with attacks on military and civilian targets; 2) spread Islamist ideology "by example" and recruit North Caucasus youth for the "holy war" against Russia as well as for global jihad; and, 3) fight to create the "Caucasus emirate" (*Imarat Kavkaz*). The latter is a self-proclaimed state entity that would stretch over the entire North Caucasus. Its main goal is to secede from Russia and form an independent state, ruled by Sharia law.

Terrorism in the North Caucasus was pioneered by the Chechen fighters in the 1990s, when forces commanded by Shamil Basayev executed Pervomaysk and Budyonovsk attacks. In Budyonovsk in June 1995, 195 terrorists led by Basayev took around 1,500 civilians hostage in the village in the Stavropol District. As a result of the attack, 129 people were killed and 415 injured. The operation was a success for the terrorists, who released the hostages after Moscow granted them a safe passage to Chechnya. In Pervomaysk in January 1996, a group of rebel fighters took 36 policemen hostage while trying to cross the nearby

border into Chechnya. They managed to escape the several-day siege of the village conducted by the Russian military and made it to Chechnya, albeit with significant casualties (153 out of several hundred rebel fighters were killed).<sup>3</sup>

The astonishing Dubrovka Theater siege in 2002, the 2005 Beslan school massacre, and the 2011 Domodedovo Airport bombing represent the extent to which North Caucasian terrorists are ready to fight and kill for global jihad. However, it appears that the Islamist fighters adjust their tactics and occasionally respond to public criticism. For instance, Doku Umarov has publicly stated that he ordered his fighters to stop civilian attacks.<sup>4</sup> He justified the order by stating that Russian civil society does not support the Putin regime and is its hostage in the same way as the Chechen fighters are for their independence. Nevertheless, the threat to Russia and the world, including civilians, remains severe.

In order to provide adequate policy, military, and security solutions, U.S. military planners and security providers should understand the history, geography, politics, and religious conflicts that are pertinent to the issue at hand. This is what this chapter attempts to accomplish.

## **HISTORY OF WARFARE AND COUNTERINSURGENCY ALONG RUSSIA'S CAUCASUS BORDERLANDS**

Russia and the nations of the Northern Caucasus have been in perpetual conflict since the 18th century, when Russia's military under Catherine the Great annexed the region into the Russian Empire. From the first Russian invasions of the area in the early 18th century through the Caucasian War of 1817 to 1864, historians and novelists, such as Leo Tolstoy (the author of *Hadji Murat*, a short novel) have depicted the numerous battles between the Russians and the nations that make up the Caucasus and their complex relationships.<sup>5</sup> Tolstoy writes:

The red-haired Gamzalo was the only one Loris-Melikov [a Russian official, A.C.] did not understand. He saw that that man was not only loyal to Shamil but felt an insuperable aversion, contempt, repugnance, and hatred for all Russians, and Loris-Melikov could therefore not understand why he had come over to them. It occurred to him that, as some of the higher officials suspected, Hadji Murad's surrender and his tales of hatred of Shamil [the rebel commander, A.C.] might be false, and that perhaps he had surrendered only to spy out the Russians' weak spots that, after escaping back to the mountains, he might be able to direct his forces accordingly. Gamzalo's whole person strengthened this suspicion.<sup>6</sup>

Imperial Russia and subsequently the Soviet Union have had a substantial impact on the history, identity, and development of the entire Caucasus. Tsarist Russia needed North Caucasus to secure its connections to and the rule over Southern Caucasus, to establish a bridgehead against the Ottoman Empire and Iran, and to extend its Black Sea coastline. To capture Northern Caucasus, Russia used extensive military force, ethnic cleansing, agricultural colonization, and oppression to force the local Islamic tribes under its rule.<sup>7</sup>

However, since the first battles in the 18th century through the present day, Russia has failed to fully and effectively suppress the separatist tendencies of the Northern Caucasian peoples, who have maintained their culture, language, Islamic religion, and therefore, a distinct and at times hostile identity from Slavic Orthodox Russians.

Islam has been an integral part of Northern Caucasian identity since the late-7th century,<sup>8</sup> when Arab conquerors first introduced it to the region. Some local tribes adopted the religion later than others. The first to do so were those in Dagestan, specifically the Avars and Lezgins, and this slow Islamization lasted from roughly the 8th to the 12th centuries. Chechens were much later, adopting Islam during the 15th and 16th centuries, while the nations of the Western part of the North Caucasus finally did so 2 centuries later.<sup>9</sup> Meanwhile, their southern neighbors Georgia and Armenia continued to follow the Christian Orthodox tradition, each having its own autocephalous Church. For an illustration of ethnic divisions in North Caucasus, see Map 1.

Despite elements of paganism among the tribes, and Islam not being as fundamentalist as in other areas, Islam was and remains a significant factor that helped unify the many diverse ethnic groups of the fragmented region. As seen on Map 1, the Caucasus is home to a variegated collection of tribes, nations, and cultures that have lived in a small area for centuries with continuous intertribal strife and limited interethnic mixing. Each of the empires, Russian, Ottoman, Iranian, and Mongol, that have occupied the region left visible legacies.



Map 1. North Caucasus Ethnic Divisions.<sup>10</sup>

## Russia's Use of Overwhelming Force

In order to open military maneuver space in the South Caucasus, Black Sea area, and to prepare bridgeheads for the onslaught against the declining Ottoman Empire, Russian imperial forces began their invasions of the North Caucasus starting in the 18th century and continuing into the 19th century. The imperial Army and the Cossacks primarily used brutal, overwhelming force that resulted in the complete devastation of villages and towns with high numbers of deaths and refugees.<sup>11</sup>

During the Caucasus war, General Alexei Petrovich Yermolov, the most prominent Russian general in the field, used the tactic of carrots and sticks. As a stick to punish Chechen rebels committing crimes against the Russians, he used ethnic cleansing, burned down villages, and cut down forests. He would order attacks even if he knew that Russian losses would be significant. Yermolov punished the rebellious Chechens by burning their villages, destroying their forces, beating them in skirmishes that never developed into battles, and, occasionally even seeking to win them over by an unwanted display of clemency.<sup>12</sup>

He writes in his memoirs:

In order to punish the Chechens who were constantly robbing villages, . . . I wanted to turn them out of the Aksayev lands, which they inhabited. . . . I knew that attacking their villages in hardly accessible and forest areas would lead to significant casualties on our side, if the villagers did not remove their wives, children and property first; they always protect these desperately, and only an example of an horror can induce them to do so.<sup>13</sup>

Yermolov also used the “scorched earth” approach, burning all occupied territories to ashes in order to prevent the deported population from being tempted to recolonize the places they once inhabited. Hostile tribes were pushed high into the mountains where many starved, while others were forced to settle in Russian-controlled lowlands. These tactics gave Russia the upper hand and facilitated the subjugation of the North Caucasus peoples. With these actions, Yermolov and his disciples planted the seeds of future hatred between the highlanders of the Caucasus and the Russians.

Yermolov also made use of carrots, attempting to lure the local elites to the Russian side through various gifts and concessions. The local elites were recruited to serve the Russians, and were given salaries as if they represented the Russian leadership in the areas they controlled.<sup>14</sup> Cooptation of and cooperation with local ethnic elites was a cornerstone of the Russian empire in general. In other words, Russian leadership used their counterparts from the ethnic groups they came to dominate to ensure metropolitan rule.

Another tactic worth mentioning is the frequent use of *abatisses* (Rus. *zaseki*). These were obstacles formed with the branches of trees laid in a row, with the sharpened ends directed toward the enemy. The trees are usually interlaced or tied with wire. I. Drozdov, a contemporary Russian officer, writes that the Russian troops built *abatisses* immediately upon arriving at the location of their temporary camp.<sup>15</sup> Once the highlanders attacked these defensive obstacles, they became an easy target for Russian shooters hidden behind them.

Yet, the highlanders fought back. Imam Shamil, a political and religious leader of the Muslim tribes of the North Caucasus, put up the most fierce resistance against the powerful Russian army for 25 years (1834-59). Initially, he tried to avoid direct battles with the Russian forces as he recognized that his position was not sound enough, and he did not wish

to waste lives. Instead, he concentrated on solving internal problems, and for a period of time he was able to concentrate his power and avoid major confrontations with the Russian forces. Vladimir Degoyev, a Russian historian and a contemporary scholar of North Caucasus history, quotes Shamil, who described his hit-and-run tactics as "hare's run."<sup>16</sup> Over time, the radical members of the imamate intensified pressure on Shamil to revise these tactics and become more aggressive.

In the early-1840s, Shamil's charismatic leadership allowed him to mobilize an army of more than 10,000 men within days. This newly realized strength, combined with the pressure from the local elite, motivated Shamil to abandon the "hare's run" approach and take advantage of the momentum to initiate broad offensive actions against the Russians. He hurried to consolidate his gains and conquer new territories. He led the war against the Russians as *razziya*, a holy war in the name of Allah (also known as armed jihad or the holy war), and known by its Russian/Caucasus equivalent term, *gazavat*. By proclaiming liberation from the oppression of the infidel, Shamil facilitated the consolidation of his power over his newly conquered lands.

Vladimir Degoyev writes:

He [Shamil] . . . had a character that could not be impressed by personal material benefits, which so much satisfied other rulers with not so much integrity and which were something that could be traded with Russia. Because of this very reason, it was incomparably easier for Russia to deal with feudal lords than to deal with Shamil. Political, state, ideological and cultural conceptions of Shamil and Russia diverged completely, leaving no space for an effective compromise. Russia was an obstacle for Shamil, just like Shamil was an obstacle for Russia.<sup>17</sup>

Unlike the Russian wars with Turkey and Iran, wars with Shamil were more difficult, due to his unexpected tactics deemed "barbarian" by the Russians. Degoyev writes that the more the Russian generals adhered to the conventional tactics they were taught, the more losses they suffered. Shamil forced the Russians to fight an unconventional war, to which they had trouble adapting. His military talent was based on taking advantage of the unique flexibility of his troops and on understanding the impossibility of defeating the Russians in an open battle. Despite the impression that Shamil's tactics lacked coherence, he always had a plan that took into account the peculiarities of each battle, especially the terrain. He usually attacked the flanks and the rear first, avoiding head-on clashes. Shamil also paid due attention to defense. He built a series of defensive posts, each of which was meant to weaken and exhaust the enemy.

Examples of such tactical successes include the Ichkerinsky Battle in 1842 and the Battle of Dargo in May and June 1845. The Ichkerinsky Battle took place from May 30 to June 2, and the Chechens used tactics of "loose formation" (Rus. *rassypnoy stroy*) and "migrating artillery," consisting mostly of captured cannons.<sup>18</sup> The Russians tried to take advantage of the fact that the main forces of Imam Shamil were in Dagestan at that time. Nevertheless, the Russians under the command of Adjutant-General Pavel Grabbe had to withdraw after losing 66 officers.

In the Battle of Dargo, Shamil and the highlanders again avoided direct clashes with the Russians. They constructed a series of fortifications, which gave them time to fire at the enemy as they were overcoming each obstacle. These tactics increased the number of Russian

casualties but were insufficient to keep the Russians out of Dargo. On July 6, 1845, Dargo was conquered by the Russians.<sup>19</sup> Before abandoning the city, they burned it to the ground.

During the 17th to the 19th centuries, the flatlands north of the Terek River gradually came under control of the Cossack settlements and the Russian military.<sup>20</sup> While the Russians were able to inflict serious damage, the mountainous terrain south of the Terek proved very difficult for the imperial military. Chechen and forces of other nations resisting the Russians could hide and organize in the mountains while defending themselves from the advancing forces. This enabled the North Caucasus to battle the Russian invasion forces long after the annexation of Georgia in 1801, Armenia in the early-1810s, and Azerbaijan in the late-1820s.<sup>21</sup>

Beyond military subjugation, the Russian Empire did not have a cohesive strategy to introduce the Russian culture through “soft-power” means that would seek to attract peoples of the Caucasus to their orbit. Instead, in parts of the region, the main goal of the Russian leadership was to “liberate” the Caucasus from the local indigenous people via ethnic cleansing.<sup>22</sup> New Russian settlements were built on the territories emptied by the advancing forces. These settlements were to serve as a means of an eventual full Russification of the region and for further penetrating into the mountainous territories.

In order to secure the area around the settlements, large amounts of forests were cut down, forcing the locals to abandon their comfortable living areas in the lowlands. As I. Drozdov, a Russian officer and eye witness, wrote in 1877:

In late February [1864] the Pshekh battalion moved to the river of Marte in order to observe how the mountain dwellers were being deported, and, if necessary, in order to evict them by force. . . . The view was atrocious: scattered corpses of children, women and elders, torn, eaten by dogs; migrants exhausted by famine and diseases, who could barely move, kept falling on the ground out of exhaustion, being eaten alive by hungry dogs. . . . On May 28, 1864, the Caucasian war was over. The Kuban Oblast' [roughly corresponding to today's Krasnodar Kray–A.C.] was conquered as well as “cleansed.” Only a handful of people were left out of a formerly large population that once lived there.<sup>23</sup>

Russia had limited means to introduce the Christian Orthodox religion as a meaningful alternative to Islam, since the Caucasian ethnic groups, and especially their leaders, used Islam as a unifying force against the Russians. Thus, the highlander tribes would never accept the Russian Orthodox Church, as it was the faith of the “infidel enemy.”<sup>24</sup>

With a limited “soft-power” tool box, tsarist Russia had to rely on violence and the destruction of the North Caucasus tribes to control the region. Though they managed to colonize the region outright, military power never fully extinguished the desire among indigenous peoples to shake off the Russian yoke. One of the North Caucasus nations that was a victim of the Russian expansionary policy was the Circassians. The tragedy of the Circassians was that they were unable to unite against the common enemy. The 12 stars on the current flag of Adygea symbolize the 12 original Circassian tribes, although their real number was allegedly even higher.<sup>25</sup> A prince led each tribe, and the number of internal disputes among the tribes was significant. Their divisiveness determined the outcome of their war against the Russian forces. Having lost, entire Circassian clans were forced to flee their homeland, and most of them did not survive. They either drowned in the sea on their way to



Anatolia when the overloaded Turkish boats sank, or died from hunger and diseases in relocation camps.<sup>26</sup>

It is worth noting that Russia was not the only power that used harsh methods to enlarge its territory and subjugate the people that lived along its perimeter or in the colonies. The 19th century was one of struggle of large powers for dominance, and similar approaches were used by other empires, such as the British, French, Ottoman, as well as the expanding United States.

## AFTER WORLD WAR I

Following World War I and during the Russian Civil War (1918-21), Chechnya initially supported tsarist forces. However, later it switched sides and supported the Bolsheviks. The reason for this was a series of myopic mistakes made by General Anton Denikin, the commander of the anti-communist (White) southern Russian forces, in his treatment of the North Caucasus nations. First, Denikin ignored the level of alienation and the atheism the Bolsheviks imposed on the traditional life of the Muslim highlanders. Second, blinded by the imperialism permeating other tsarist generals ("Russia one and undivided"), Denikin and his men turned the highlander peoples against them.<sup>27</sup> The White forces myopically viewed this strategy as a new conquest of the Caucasus, which did not allow for alliances with the local Chechen and Ingush leadership, who initially were willing to fight the Red Army on the side of the Whites.

Practical actions of Denikin only intensified the alienation of the North Caucasus people from the White army. He punished the Chechens and wanted them to "pay back" for all losses suffered by the Don and Kuban Cossacks, who fought on the tsarist side. Both the Chechens and the Ingush responded with a fierce resistance and expelled Denikin's forces from the area. Other strategic mistakes added to the Chechen and Ingush defiance. Just like Yermolov more than half a century before him, Denikin made use of "scorched earth" tactics, which further alienated the North Caucasian nationalities.<sup>28</sup>

The new Soviet leadership made its own mistakes in the North Caucasus. It was openly hostile toward Islam, rudely ignored the mountaineers' traditions and used the total expropriation approach of "military communism" that existed in Russia in 1918–21.<sup>29</sup> They provided for the abolition of private banks, nationalization of industry, central planning, government monopoly on commerce, equal distribution of material goods, and mandatory labor.<sup>30</sup> This approach of the Communists quickly cooled down the enthusiasm of the mountaineers, who initially welcomed the arrival of the Red Army. However, despite their mistakes, the Soviets were willing, at least on paper, to grant them a certain level of autonomy, proclaimed in the Declaration of the Rights of the Peoples of Russia.<sup>31</sup> Despite their promises, disillusionment with the Red dictatorship set in quickly.

### Stalin Cracks Down

During the time of the Russian Civil War (1918-21) and the establishment of the Soviet Union (1922), the Red Army crushed the Caucasian revolt with mercilessness similar to that

of the Tsar. After the defeat of the White Armies, including the ones of the Don and the Kuban Cossacks, the Soviet Union retained ethnic Russians' dominance over the region using the new military technologies of World War I: tanks, airpower, modern artillery, and chemical weapons. The Caucasus tribes, on the other hand, were primarily using the same weapons they had in the 18th and 19th centuries.<sup>32</sup>

Then an ethnic Georgian, Joseph Stalin, born Iosif (Soso) Djugashvili in the Georgian town of Gori, became, first, the Commissar for Nationalities, and then the leader of the Soviet Union. The peoples of the Caucasus entered into a new chapter of relations with Moscow that would soon see their nations torn out at the roots.

As World War II raged, Stalin accused Northern Caucasus peoples, especially Chechens, Ingush, Karachays, and Balkars (as well as Kalmyks and Crimean Tatars), of treason against the state and alleged collusion with the Nazis, despite the lack of any credible evidence.<sup>33</sup> Although many Caucasian highlanders fought valiantly in the Red Army in World War II, Stalin punished even veterans, their families, and their nations with death, imprisonment, and brutal relocation to Siberia and Central Asia. In this ethnic cleansing, up to one-third of Chechens died.

The operation aimed at deporting the Chechens and the Ingush from their homes in the North Caucasus, called Operation LENTIL, started in February 1944. According to a cable sent to Stalin by Beria, who personally supervised the expulsion, 478,479 Chechens and Ingush were deported within the first week of the operation.<sup>34</sup> The data on the total number of deported people vary. A cable sent to Stalin in July 1944 states that 602,193 people were moved from the North Caucasus into the Kazakh and Kyrgyz Soviet Socialist Republics, most of whom were Chechens and Ingush (428,948), followed by Karachays (68,327) and Balkars (37,406). Another cable lists the total number of deported Chechens, Ingush, Kalmyks, and Karachays as 650,000.<sup>35</sup>

The excuse and formal justification to undertake these deportations varied from nation to nation, but were of a similar nature. For instance, the Karachays were accused of "treacherous behavior, joining German-organized battalions in order to fight the Soviet leadership, betraying honest Soviet citizens to the Germans, accompanying the German troops and showing them the way. . ."<sup>36</sup> After the end of the war, they were accused of "resisting Soviet actions," and "hiding bandits and German agents." Kalmyks were charged with "betraying the Motherland, joining German battalions in order to fight the Red Army, betraying honest Soviet citizens to the Germans, and giving the Germans communal cattle from the Rostov Oblast and Ukraine." Similarly to the Karachays after the war the Kalmyks were accused of "actively resisting Soviet efforts of rebuilding the economy destroyed by the Germans" and "terrorizing the surrounding population."<sup>37</sup> Crimean Tatars were allegedly guilty of "treacherous actions against the Soviet nation."<sup>38</sup>

Like his tsarist predecessors, in the place of the "punished" groups, Stalin resettled ethnic Russians in order to dominate the indigenous ethnicities through demographic warfare rather than conventional warfare alone. Since the Soviet Union mandated an atheist society, the Kremlin also cracked down on Islam, cutting ties with overseas institutions of learning and banning Hajj. Stalin's idea was to change North Caucasian tribal and Islamic civilization and culture to the socialist realist fare the rest of the country was already experiencing. The communist party shut down mosques, hounded mullahs, destroyed Buddhist monasteries of the Kalmyks, and murdered or imprisoned the lamas.

After Nikita Khrushchev's recognition of Stalin's atrocities and the "cult of personality," he allowed exiled Chechen, Ingush, and others to return to their native lands from the exile as a part of Khrushchev's "thaw" policies during his reign. While many (but not all) returned to their ancestral homelands, they still were unable to fully practice their religion and some of their cultural traditions due to the restrictions placed on all Soviet citizens. As a result, the remnants of their customs went underground; however, as tribal elders found great difficulty in transferring their traditions and practices to the young, after repatriation in 1956-57, North Caucasus became bereft of cultural and religious leaders who would preserve the Islamic Sufi tradition during post-Stalinist Soviet period.<sup>39</sup> This religious and cultural vacuum in the region became fertile grounds for the new Salafi forms of Islam that infiltrated North Caucasus in 1990s, and encountered little competition from the traditional, moderate forms of Islam.<sup>40</sup>

## **COLLAPSE OF THE UNION OF SOVIET SOCIALIST REPUBLICS AND THE FIRST CHECHEN WAR (LATE-1980S TO 1994)**

During the last years of the Soviet Union through the early years of the Russian Federation, Chechnya and Dagestan showed the most prolific renaissance of Islam and nationalism among all the Northern Caucasus. With the Soviet ideological control beginning to disappear, most people in the region revived their sense of religious, ethnic, and cultural identity, which had existed before the USSR. One reason for the quick rise in nationalism and the quest for independence was the impact of the tsarist oppression and Stalinist expulsions. Though not the only ethnic group to suffer from ethnic cleansing by the Romanoff empire or Soviet Russia, the Chechen leadership of the early-1990s consisted of figures who were born and/or raised in exile in Kazakhstan—and bore the grudge.<sup>41</sup>

Nationalism and the bitter memories that united the Chechen people against the Moscow-based Russian government created the strong yearning for Chechen independence, while other Caucasian republics were less rebellious. In addition, from the 1980s through the 1990s, Islam was going through a renaissance. All of the North Caucasus republics experienced an increase in Islamic activity, partly as a result of "*glasnost*" and the Russians' inability to regulate religion and partly due to opening of the borders to outgoing and incoming religiously-related travel, including Hajj and study abroad.<sup>42</sup>

New forms of Islam, however, had origins outside of the region. The newly introduced Salafi/Wahhabi sects were radical and had roots in Saudi Arabia and in Salafism throughout the Middle East and Pakistan. These imported religious teachers were well-financed, and their following drew on the fanaticism and enthusiasm of the separatists, ready to use force and faith to achieve their goals. Initially, most of North Caucasus society, especially the elders, rejected these Islamist imports. They had no desire to adopt novel forms of Islam built on radicalism that would seek to overhaul the traditions that the region had fought to uphold for generations and sought to preserve and to resurrect. Meanwhile, many younger people had little knowledge and appreciation of the historical connections between themselves and their heritage, which made them vulnerable to radical Islam's influence and appeal.<sup>43</sup>

In the early-1990s, the socio-economic situation in the Soviet Union/Russia and the Northern Caucasus sharply deteriorated, undermining the hopes for a peaceful and prosperous post-Soviet future while quietly integrating into post-communist Russian Federation. The chaotic disintegration of the Soviet Union led to the independence of 14 republics and to the creation of the Russian Federation under the leadership of Boris Yeltsin.

In the South Caucasus, the former Soviet Socialist Republics of the USSR, Armenia, Georgia, and Azerbaijan became independent states in 1991. The North Caucasus region consisted of Autonomous Soviet Socialist Republics (ASSRs), which were subordinate to the Russian Soviet Federative Socialist Republic (RSFSR). When the Soviet Union dissolved, Moscow would not authorize these nations, which constituted autonomous republics, to create sovereign states.<sup>44</sup>

As a result of the breakup of the Soviet Union, Moscow witnessed the loss of its empire, including regions that had both a geostrategic value and were considered legitimately under Russian control due to decades spent conquering them. President Yeltsin and the majority of Russian elites, including liberals and nationalists, believed that further losses of Russian territory to secession of various national-territorial autonomous republics could bring about the disintegration of the Russian historic core. Needing to preserve what was left of the “Motherland,” Yeltsin could not afford to yield independence to any rebel territory. His famous phrase, “take as much sovereignty as you can carry away,” applied to pacific lands, willing to patiently and peacefully negotiate disagreements, such as Tatarstan, not the rebel Chechnya.<sup>45</sup>

Thus, Russia’s approach to post-Soviet Chechnya has been a mix of modern strategic goals of state preservation and resistance to centrifugal processes, together with obsolescent military tactics of overwhelming, imprecise fire power, ham-handed counterinsurgency, and roots dating back to the Caucasus wars of the 18th and 19th centuries.

Around the time of the dissolution of the Soviet Union, former Soviet Air Force general Dzhokhar Dudayev, an ethnic Chechen, was elected president of the Autonomous Republic of Chechnya on October 27, 1991, which remained a part of the new Russian Federation. He gained 90.1 percent of the votes,<sup>46</sup> although his opponents accused him of falsifying the results. Upon witnessing the independence of former Soviet satellites in Eastern Europe and Union republics, some of them smaller than Chechnya, Dudayev declared Chechnya independent as the Chechen Republic of Ichkeria immediately upon his election.<sup>47</sup>

With the Chechen declaration of independence and the Russian resistance, both sides reverted to an active state of hostility. On November 8, Yeltsin issued a decree declaring a state of emergency in Chechnya. In 1992, Russia and the Chechen separatists held several rounds of fruitless talks dedicated to the normalization of relations. The year 1993 can be characterized by the Kremlin’s confrontation with the rebellious anti-Yeltsin parliament, making integration impossible. After a period of a *de facto* Chechen independence in 1991–94, in the fall of 1994 Yeltsin and his administration refocused on the North Caucasus. In December 1994, Moscow re-invaded Chechnya.

### **The First Chechen War (1994-96)**

The conditions at the beginning of the First Chechen War were similar to many cases of decolonization worldwide. The metropolis was weakened by internal strife, while the

peripheral elite desired to shake loose the imperial chains. Relations between Chechnya and Russia were contentious. Svante E. Cornell points out that the Chechen military elite was not interested in a negotiated dialogue with Moscow to create a compromise that would allow Chechnya to live in peaceful coexistence within the Russian Federation.<sup>48</sup> In fact, other Muslim-majority regions like Tatarstan, Bashkortostan, and many of the North Caucasian republics managed to come to agreements with President Yeltsin on their constitutional status.<sup>49</sup> Several reasons can explain this difference. First, compared to the other Russian republics, Chechnya's population is highly homogenous. According to the 2002 census, the share of Chechens was 93.5 percent.<sup>50</sup> In contrast, only 52.9 percent of the population of Tatarstan was Tatars and almost 40 percent were Russians. Similarly, in Bashkortostan, the largest ethnic group in 2002 was the Russians (36.1 percent), followed by the Bashkirs (29.5 percent) and Tatars (25.4 percent). Russians in Dagestan constituted only 4.7 percent of the population in 2002. However, the population of Dagestan does not have a majority ethnic group, but instead is made up of several main nationalities, such as the Avars (29.4 percent), Dargyns (16.5 percent), and Kumiks (14.2 percent). It was more difficult for the non-Russian populations of Tatarstan, Bashkortostan, and most other republics of the RSFSR to organize strong movements for independence, since they did not have a dominant ethnic group as a secessionist support base.

Second, Chechen separatists were supported by outside forces. According to a Russian source, foreign mercenaries from 15 countries fought the Russian federal forces in the First Chechen War.<sup>51</sup> In the Second Chechen War of 1999–2000, the number of the countries represented rose to 52. In 2000, the number of foreign mercenaries reached 600–700 people.

Third, the Chechen leadership was set against any deal with Russia. In his last interview, former Russian defense minister Pavel Grachev discusses how neither he nor Dudayev wanted war.<sup>52</sup> Grachev says Dudayev must have reacted (by declaring independence), because Moscow flatly refused to talk to him, and in such a situation, the Chechen leadership and nation would reject Dudayev's inaction.

The majority of the Chechen elite believed that independence was the sole option, and that their people could live freely and peacefully only if they had a clean break from Russia.<sup>53</sup> This enduring political philosophy among the Chechens was very similar to their unwillingness to compromise with imperial Russian forces, beginning with the first invasions in the 18th century and to their refusal to acquiesce to Russia's occupation ever since. The Stalinist expulsions in the 1940s and the attempted eradication of Islam in the region only confirmed what the Chechens believed for centuries: The Russians could not be relied upon to protect them and to ensure their freedom to live how they wish.

Nonetheless, the negotiations lasted from March 1992 to January 1993, but the talks ultimately failed.<sup>54</sup> The Kremlin then tried to implement a "coercive diplomacy" approach by adopting a more belligerent tone toward the Chechen leaders in an attempt to compel them to make a deal similar to their other Muslim counterparts, but these efforts also failed. In November 1994, the Russians tried to execute a coup against Dudayev, in part by organizing pro-Moscow Chechens to oust their leader.<sup>55</sup> The attempted coup was a massive defeat for the Russians.

Before the war, Defense Minister Grachev made a failed attempt to transform the North Caucasus into a buffer military district meant to shield Russia from the instability in the South Caucasus. This step would mean sending the best battalions into the region. What happened in reality was the exact opposite. Most of the battalions moved to the North Caucasus were

unprepared for the war and almost totally lost their fighting ability during the war. Trying to contain this negative trend, the military leadership tried to put together battalions that were still able to fight, but even this strategy turned out to be insufficient to defeat the Chechen guerilla fighters.

Following the series of failures, Moscow intensified its efforts. The Russian military leadership misinterpreted the Dudayev government's lack of engagement with pro-Moscow Chechens as a weakness or a haplessness on the part of the separatists. They did not realize, according to Ilyas Akhmadov and Miriam Lansky et al., that the Chechens were hesitant to kill each other in the fear that this would spark blood feuds and vendettas between Chechen clans that had plagued the nation centuries before.<sup>56</sup> Vendettas are a part of the tribal culture of the Caucasus Mountains.

In part, as a result of this miscalculation, Russian forces assumed that any incursion into Grozny would be easy and incur with minimal Russian casualties. They were wrong. For the ill-fated November 1994 invasion, the Federal Counterintelligence Service had assembled elite tank squadrons for an attack on Grozny. Chechen forces ambushed them with ease and took many Russian soldiers as prisoners. This failure sparked criticism of then-defense minister Pavel Grachev, who had famously said that he would capture Grozny with one paratroops battalion in 2 hours.<sup>57</sup> He later justified his statement by stating that it would really have been possible providing that he could fight by all the rules of warfare, meaning the availability of unlimited aviation, artillery, etc. In such case, he claimed, the remaining rebel fighter bands could have really been destroyed or captured with one airborne battalion. But this was an ex-post-facto justification.

The Russian reaction to the humiliating failure to capture Grozny was to boost its forces and essentially declare war, retake Chechnya, and restore Russian pride and control. The Russian assault on Grozny began in December 1994 and was met with heavy resistance from the Chechen forces on the ground. In order to engulf Chechnya in a "shock-and-awe" assault, the Russian military subjected Grozny and other major Chechen cities to an intense air bombardment that all but obliterated them, resulting in tens of thousands of civilian casualties and hundreds of thousands of refugees.<sup>58</sup> They were the first Russian cities destroyed since World War II—and as utterly as the cities obliterated by the Nazis.

After 2 months of initial engagement, the Russian army conquered most of Chechnya and forced the separatists to flee into the southern mountains, where they regrouped.<sup>59</sup> Despite Dudayev's assassination in April 1996 by a Russian precision-guided missile, Chechen forces successfully recaptured Grozny from the Russians after a few days of fighting; both sides signed a cease-fire agreement known as the Khasavyurt Accord a few weeks thereafter.<sup>60</sup>

During this war, the Chechen rebels launched their first terrorist attack and hostage standoff on a hospital in Budyonovsk in Stavopolsky Krai. The guerilla commando unit, led by Shamil Basayev, consisted of about 150 Chechen rebels. On June 14, 1995, the terrorists stormed the unguarded hospital and took 2,000 hostages.<sup>61</sup> The Russian Special Forces were called in the following day,<sup>62</sup> and the operation to neutralize the rebels was launched on June 17. However, it failed to completely liberate the hospital. On June 18, Prime Minister Viktor Chernomyrdin negotiated with Basayev over the phone and accepted some of Basayev's demands, including a safe passage to Chechnya. During the siege, 129 people died and 415 were injured.<sup>63</sup> This is the earliest terrorist attack credited to the Chechens, and is believed to have reinvigorated the fight against the Russians.<sup>64</sup> This is also the largest hostage taking event ever to occur in Russian territory.<sup>65</sup>

## The Chechen Tactics

An important figure that supported the Chechens in their separatist efforts against Moscow was Ibn al-Khattab, a Saudi citizen who joined the Chechen war in late 1994. Khattab secured international financing of the separatists, procuring weapons and building terrorist preparation camps in Chechnya. One of the most important elements of the hostilities in Chechnya was a sniper war. Snipers were heavily relied upon on the Chechen side, and the Russian federal forces responded in the same way.

The Chechen separatists avoided direct contact with the Russian forces. They preferred operating in small units of three to five people.<sup>66</sup> These units included a sniper, an rocket-propelled grenade (RPG) operator/grenade launcher, a machine gunner, and one or two submachine gunners. Their tactics were as follows: the main group opens fire at the federal forces, while a sniper, often hidden in a tree and shielded by the noise of the battle, neutralizes them. The separatists preferred short and frequent fire engagements to avoid casualties.

The tactics of “fighting troikas” (Rus. *boyevaya troika*) deserve special attention. It consisted of one sniper, one grenade launcher, and one submachine gunner. In a military operation, the gunner initiated the battle by opening fire at the enemy to provoke them to fire back. The sniper identified the sources of the enemy's fire and destroyed them. Meanwhile, the grenade launcher destroyed armored vehicles and machinery. If the fighting troika was on the defense, it quickly ambushed the Russian forces and hid in the surrounding area. Once the Russian attack began, the separatists were able to shoot at the enemy soldiers from their hiding places only a short distance (100–150 yards) away. Snipers targeted the Russian commanders and the most active soldiers in order to spread panic among the Russian troops.

The Chechens also widely used wounded Russian troops as “bait.” They intentionally did not kill them, but waited to ambush the Russian soldiers who came to help their wounded comrades. Once the number of the wounded Russian troops was large enough, the Chechens systematically killed them.

The Russians used a combination of carrots and sticks.<sup>67</sup> The Russian leadership led an active campaign among the Chechen population, calling upon it to persuade the rebels to leave their villages. Meanwhile, the Russians kept taking control of high grounds around Chechen towns, which rendered any armed resistance meaningless. These tactics allowed the Russians to capture the towns of Argun, Gudermes, and Shali without fighting in 1995.

In battles, the Russians used massive fire barrages, which turned out to be a wrong strategy for the type of warfare they faced in Chechnya.<sup>68</sup> Russian generals were using strategies that would be appropriate in a large-scale military operation with a clearly defined battlefield, but not for guerilla war in Chechnya. Chechen battalions were highly mobile; they kept splitting into smaller subunits, which later reunited. This Russian miscalculation, together with a superior knowledge of the mountain landscape, allowed the Chechens to avoid Russian artillery fire and air strikes. There was no clear battlefield, and the federal forces had to bomb civilian objects, causing noncombatant casualties and uniting the Chechen people against the Russian military. In other words, the Russians were repeating the mistakes of their 19th-century forefathers, American commanders in Vietnam, and the Soviets in Afghanistan.

With the training that Chechen leaders received while in the Soviet military, including fighting in Afghanistan, the experiences some guerilla elements such as Shamil Basayev had

in fighting on the Russian side against Georgians in Abkhazia and Armenians in Nagorno-Karabakh—together with the abundance of Soviet-era weaponry and better motivated troops—gave Chechnya an advantage. Training provided by al-Qaeda and other affiliated militant Islamists also played an important role. For example, Shamil Basayev came to Afghanistan in 1994 and visited training camps in the province of Khost.<sup>69</sup> He later received training by and was in regular contact with al-Qaeda. In total, several hundreds of Chechens were trained in al-Qaeda camps in Afghanistan, and militant Islamist groups also financially supported the recruitment of fighters from neighboring Georgia and Azerbaijan.

Air power proved not to be the decisive factor expected to win the First Chechen War. The overreliance on air power and its failure led to the Russian troops being poorly supplied and trained, inadequately led, demoralized, exhausted, and disorganized. In *One Soldier's War*, his memoir of Russian army life, Arkady Babchenko writes:

We stopped caring for ourselves, no longer washed, shaved or brushed our teeth. After a week without soap and water, our hands cracked and bled continually, blighted by eczema in the cold. We hadn't warmed ourselves by a fire for a whole week because the damp reeds wouldn't burn and there was nowhere to gather firewood in the steppe. We began to turn wild as the cold and wet and filth drove from us all feelings apart from hatred, and we hated everything on earth, including ourselves.<sup>70</sup>

The Chechens used creative tactics to defeat the Russians in the city centers. As described in a RAND Corporation report by Arthur L. Speyer III, the Chechen strategy in the cities was a “textbook example of the modern urban guerilla.”<sup>71</sup> In order to minimize casualties, the Russians would use tanks and air forces without infantry to bombard various buildings where rebels were believed to be hiding.<sup>72</sup> Once Russian forces were deeply enmeshed in the city, the Chechens would attack from positions in buildings alongside the city streets, greatly relying on tried-and-tested Russian RPGs used in packs.<sup>73</sup> The entrances to these buildings were barricaded from the inside, and the top floors were unoccupied so that air attacks would yield the least amount of Chechen casualties.<sup>74</sup>

The Russian command failed to fully take into account that even if the Chechens are forced to relinquish temporary control of their cities and plains, they were likely to recover while waiting out the enemy in the mountains and come back with a vengeance, utilizing their mountainous guerilla-style tactics.

The Chechens had a significant intelligence advantage because their leaders, including the Grozny city engineer, had been preparing for an invasion of the city for 2 years. Russian intelligence performed woefully, due to the lack of local sources and their inability to fight an enemy whose language and traditions the ethnic Slavs were not familiar with and whom they underestimated due to the darker hue of their skin. Using tanks and planes in lieu of infantry to storm each building led to the bogging down of the Russian operations and their ultimate withdrawal in 1996.

The First Chechen War was a spectacularly demoralizing defeat for the Russian political leadership and the Russian military, which itself was undergoing an identity crisis after the collapse of the Soviet Union. The strategy included an overwhelming use of air power to destroy cities, kill and terrorize civilians, and demolish the power centers of the Chechen separatists. This approach was counterproductive because it caused severe civilian casualties



and radicalized many of those who remained neutral or even supported remaining a part of Russia.

The Russian General Staff did not realize that the Chechens were trained by Islamist emissaries; the training would be expanded in the interwar period of 1996-99 during the presidency of Aslan Maskhadov.

## **ASLAN MASKHADOV AND THE INTERWAR PERIOD**

In 1997, Colonel Aslan Maskhadov, an ex-Soviet artillery officer who fought valiantly in the First Chechen War, was elected president of the separatist Chechen Republic of Ichkeria. This proved that the ordinary Chechens were tired of the war and hoped Maskhadov would be able to find a compromise with Moscow.<sup>75</sup> Maskhadov, a talented and successful military commander, however, turned out to be a poor politician. He was a hostage of the interests of influential field commanders, such as Shamil Basayev and Salman Raduyev, whose resolve was stronger than Maskhadov's. The centralized economy and social welfare system broke down for good. It was the right of the stronger and the closeness to the sources of financing from Moscow's federal budget that had the ultimate deciding power.

As the president of Ichkeria, Maskhadov continued to think in military terms. He had to choose whether to ally himself with Akhmad Kadyrov, who brought together the opponents of Wahhabism, or Shamil Basayev, who was preparing a military campaign to conquer Dagestan and create a larger state (emirate) under the influence of the Wahhabist ideology. In that, the problems of 1990s are reminiscent of those facing Imam Shamil in 1840s. Maskhadov chose Basayev, backed by the strongest battalions of the Ichkerian military.

During the interwar period, relations between the Chechen separatists and the Taliban continued to thrive.<sup>76</sup> In 1997 and 1998, Zelimkhan Yandarbiyev and Movladi Udugov, two main Chechen terrorist ideologues, visited the Taliban-controlled Afghanistan and held meetings with Mullah Muhammad Omar and Osama bin Laden. Konstantin Kosachev, a former head of the State Duma Committee on International Relations, said, "We have reasons to believe that Osama bin Laden was involved in a series of terrorist attacks in our country."<sup>77</sup>

### **Russia in the Aftermath of the First Chechen War**

The Russian society was unprepared for what started as a poorly organized military improvisation and morphed into the First Chechen War.<sup>78</sup> Due to the lack of understanding of the reasons for the operation, the attitude of the Russian public toward the political leadership that initiated it and the generals that led it was largely negative, and the leadership's credibility was hitting rock bottom. At a later stage of the war, the public pressured Yeltsin to start negotiating with the rebels.<sup>79</sup>

However, the attitude of ordinary Russians toward the ongoing Chechen conflict kept changing, depending on the latest developments in the war. For instance, in late-1995, after the federal forces failed to achieve a breakthrough, as little as 3.2 percent of the people supported continuing the war, while 51.1 percent supported an immediate withdrawal of the

troops.<sup>80</sup> In November 1999, 62.5 percent supported continuing the war after the federal forces neutralized Basayev's band and achieved noticeable successes in the republic.<sup>81</sup>

The number of Russian casualties in the First Chechen War was below the threshold that would lead to mass antiwar protests. However, conscription and the deployment of police units from all across the country to fight in Chechnya contributed to a transformation of an initially local conflict into a nationwide one. The return of large numbers of angry and demoralized veterans led to talks about Russia's "Weimar syndrome" in reference to pre-Nazi Germany, where World War I veterans played a significant role in political radicalization.

The military considered itself betrayed by the chaotic actions of the Russian leadership and ostracized by the people. The failure to achieve victory was unexpected by the public, which had gotten used to regarding the Russian military as a formidable force even against Europe and the United States.<sup>82</sup> Before the start of the war, the supreme military leadership considered the upcoming deployment of troops in Chechnya to be another "peace-keeping" operation, similar in nature to those in, for example, Transnistria.<sup>83</sup>

The peace agreement with Chechnya, signed in 1996, became a symbol of defeat and humiliation of Russia—only 4 years after the inglorious abandonment of Afghanistan. Nevertheless, little energy had been spent to learn from the failed Chechen war. One of the possible reasons is that the military leadership was hesitant to admit its defeat and instead chose to play up the story about the betrayal by the politicians.

After the failed First Chechen War, the Kremlin learned several military lessons. It understood the necessity to estimate the military capabilities of the separatists more objectively and to ensure better collection of and better quality information. The Russian leadership recognized the need for political support for the Army and law enforcement agencies, and that the separatists could not be expected to keep their ends of negotiated bargains due to their decentralized structure.

Overall, the First Chechen War was lost to the well-organized and led Chechen guerillas by an army that did not draw the appropriate conclusions from its defeat in Afghanistan. Russia's failure resonated around the world, and the global reaction to it was surprise and disdain. The communist colossus, which only 10 years earlier had the United States and the world trembling, was defeated by a ragtag army of guerillas in the territory the Russian empire had controlled for over 200 years. The defeat greatly imperiled Russia's ambition to become a leading power in the post-Soviet space and a serious player in the post-Cold-War world order. Nonetheless, Yeltsin, the Kremlin, the military, and the nationalist elite across the board—communists, nationalists, and many liberals—remained committed to defeating the Chechen separatists. They did not have to wait long to get a second chance. After a brief and traumatic interwar period, extremists provoked another disastrous war.

## **The Interwar Period in the North Caucasus (1996-99)**

In the Soviet Union, with its internationalist and atheist ideology collapsed, religion and nationalism began filling the political and spiritual void. While Russians increasingly self-identified as Christian Orthodox Eastern Slavs, their opponents self-identified as Chechens and Sunni Muslims. Dzokhar Dudayev and his de facto Chechen government mainly used separatism and independence as the motivating factors in fighting the Russians. Additionally, traditional Sufi Islam was a stimulus that generated separatist attitudes against the Russians.

Traditional Sufi Islam was never isolated from the idea of the Chechen nation, nor was it the primary factor that inspired the Chechen forces to fight against the Russians and to die for Chechnya in 1994-96.

After the end of the First Chechen War, however, nonindigenous forms of Islam such as Salafi/Wahhabi, which were far more radical and global in scope, began to enter aggressively into Chechnya and neighboring North Caucasian republics to exploit the desperate socioeconomic situation in war-torn region. A significant problem that intensified in the period between the two wars was the Islamization of Chechnya. Although Moscow signed a treaty with Chechnya that called for mutual relations based on the principles of international law, Moscow failed to provide sufficient funds to rebuild the Chechen infrastructure damaged or destroyed during the First Chechen War. Social problems resulting from the neglect by Moscow provided a fertile ground for radical Islamic currents, such as Salafism or Wahhabism, to take hold in the republic.<sup>84</sup>

The political course of the acting president Zelimkhan Yandarbiyev in 1996-97, aimed at the rapid Islamization of Chechnya, facilitated the spread of Wahhabism in the republic.<sup>85</sup> In order to strengthen the Sharia law in Chechnya, Bagauddin Magomedov, a radical Islamist leader active in Dagestan, was invited to visit. In September 1996, Yandarbiyev issued a decree that abolished Russian law, banned civil courts, and introduced an Islamic (Sharia) criminal code, which was essentially copied from that of Saudi Arabia.<sup>86</sup> Islam was declared an official religion.

Not all leaders in Chechnya welcomed this new course. The Chechen Islamization was opposed primarily by Aslan Maskhadov and Akhmad Kadyrov. Maskhadov, who was a Prime Minister under Yandarbiyev, did not favor the hasty introduction of Islam as an official religion as he feared that it could lead to a fight for the title of imam, and that the Afghan or Tajik scenarios of a religious war could be repeated in Chechnya. Nevertheless, in his presidential campaign in 1997, Maskhadov, for reasons not entirely clear, used the slogan of creating a "Chechen Islamic state." He might have wanted to steal a popular topic from his political opponents, or perhaps he believed that Sharia law was the only way to unify the fractious Chechens under an overarching ideology. On July 25, 1998, Maskhadov organized a congress of the Muslims of the North Caucasus in Grozny. Its participants accused the Salafists/Wahhabists of extremism, intervention in the Chechen political life, and insubordination to the official Chechen authorities. He also called upon the Chechen president to get rid of members of his administration who supported this extremist ideology. The chief mufti of Chechnya, Akhmad Kadyrov, also opposed the spreading of Salafism/ Wahhabism in Chechnya. He launched a campaign aimed at discrediting Wahhabism as an alien ideology and its preachers as agents of foreign secret services. Nevertheless, Wahhabism in Chechnya was not eradicated. The Wahhabists allied themselves with other religious radicals, who were proponents of an anti-Russian jihad in the North Caucasus.

The fertile ground for radical Islam also caught the attention of al-Qaeda, which was interested in taking advantage of the situation to expand into new territories. In December 1996, Ayman al-Zawahiri, al-Qaeda's second in command, tried to establish a new base for the organization in Chechnya.<sup>87</sup> He was arrested in Dagestan and released in 1997.

However, the spread of radical Islam was not confined exclusively to Chechnya. In August 1999, rebels under the command of al-Khattab and Basayev invaded two Dagestani regions bordering Chechnya and declared the creation of an Islamic state. In a subsequent Russian military operation, three Wahhabist villages where the radicals had taken hold were

destroyed. In the meantime, the territory of Chechnya was targeted by a rocket attack from the federal forces. This invasion of Dagestan led to a full-fledged military operation, known as the Second Chechen War.

## Failures on Both Sides

Russia missed the opportunity to establish a working relationship with moderate nationalists in Chechnya and Dagestan and, facilitated by its high-handed tactics, the Salafist penetration of Chechnya and North Caucasus.

With the economic depression in the region, high unemployment—especially high youth unemployment—and destabilizing forces (ranging from criminal gangs to Islamist terrorists) began to establish safe havens and thrive in interwar Chechnya.<sup>88</sup> The First Chechen War left Chechnya in a disastrous economic situation, in which people had only slim prospects for a bright future. Most of what had remained of the economy was predominantly controlled by the secessionist leaders and their gangs. In this period, the main sources of income for Chechnya were oil, drugs, hostages, and federal subsidies from Moscow.

In the late-1990s, the main source of income for Chechnya (other than federal subsidies) was oil.<sup>89</sup> In 1997, Chechnya produced two million tons of oil annually, according to official statistics. In late 1998, official oil sales in Chechnya were almost totally terminated due to staggering volumes of oil illegally smuggled out of the republic, which reached around 700,000 tons/year. During the first 5 months of 1999, Chechnya produced only 96,000 tons of oil. The drop in oil income largely contributed to the chaotic and anarchic situation in Chechnya in the late-1990s.

Besides oil, an important source of money was criminal activity, ranging from stealing federal aid to taking hostages for ransom and even slave trade. Drug trafficking also played an important role. Drugs were often being received as a form of “financial support” from the Taliban and were later sold in the Russian territory for cash. In 1998, the Chechens constituted 33 percent<sup>90</sup> among the ethnic groups in Russia most active in drug trafficking.

As the Chechen leadership was unable to maintain even the most basic forms of authority outside the city centers, Islamic radicals began establishing their own writ in rural, mountainous regions under the religious guidelines set by radical Islam and Sharia law. The Chechen “official” secessionist forces were underfunded, undermanned, and demoralized.

One partnership that helped to boost radical Islam in North Caucasus during this period was the relationship between the Chechen guerilla commander and the emerging military leader of the Islamist movement Shamil Basayev, and a Salafi emissary and Saudi citizen known by the *nom de guerre*, Ibn al-Khattab.<sup>91</sup> The two developed a plan and launched a campaign to unite Chechnya with the North Caucasian republic of Dagestan to the east.<sup>92</sup> Many other radical Islamists from around the Middle East and the Balkans also flocked to Chechnya. Cornell notes how the Bosnian Islamists who emigrated from the Balkans after the implementation of the Dayton Accords found a new jihad theater for an Islamist Caliphate—this time in the mountains of the Caucasus.<sup>93</sup>

During the interwar period, “slave trade” in Chechnya flourished.<sup>94</sup> In fact, it was rather a market where hostages were bought and sold for ransom or in anticipation of such. This trade served as an important source of income for the separatists. The rebels did not limit the kidnappings to Chechnya, and victims were often smuggled in from neighboring Dagestan, as

well as Moscow, Saint Petersburg, and other Russian cities. They would be held in Chechnya until ransom was received. In some cases, hostages were kept in the cities where they were captured, but this fact became known to the relatives only after they had paid the ransom.

One of the most prominent hostage takers and slave traders was Arbi Barayev. He was also among the cruelest terrorists.<sup>95</sup> Before joining the separatist movement in 1991, Barayev served in the local traffic police. In 1995, he became a leader of the self-defense militia in the village of Alkhan-Kala to later become the commander of the “special Islamic battalion” and a Chechen separatist general. As a slave trader, he is known for having taken hostage a group of NTV journalists in 1997, when this practice started becoming a common occurrence in Chechnya. He also started kidnapping rich Chechens, instead of Russian soldiers, which distinguished him from those who focused on victims from outside of Chechnya.<sup>96</sup> Barayev was, by far, not the only slave trader. Other known separatist leaders, such as Shamil Basayev, were also involved in hostage taking and slave trade.

In 2005, a Russian television channel NTV released a documentary called “Open-Hearted Confession—Prisoners of the Caucasus.”<sup>97</sup> Based on interviews with former victims, this documentary describes the selection of victims, methods of blackmailing their relatives, and sizes of the ransoms. The slave traders did not kidnap random victims, but focused on wealthy individuals such as children of rich parents, journalists, and foreigners. After the hostages were captured, the process of blackmailing was similar to what we see in movies. The terrorists sent the relatives of the victim a videotape where he or she is begging them for help. As a sign that the terrorists should be taken seriously, they often cut their victims’ fingers while capturing the entire scene on camera. If the ransom was not paid, the victims often spent up to a year (and sometimes even more) in captivity before, in many cases, being found and freed by the Russians. Most of the time the ransoms ranged from \$3,000 to \$20,000.<sup>98</sup> The NTV documentary mentions amounts as high as \$70,000 in one case and allegedly as much as \$500,000 in another. During the period of 1993–2005, 912 hostages were taken in Dagestan, of which 868 were successfully freed by the Russian forces. According to Vyacheslav Izmaylov, a war journalist, overall around 1,500 hostages were freed, but many more were taken.<sup>99</sup>

In 1996–99, Chechnya boasted a totally “legal” arms market, situated in the central Grozny marketplace. At this open-air suk, a Kalashnikov automatic could be bought for around \$200–\$300 and a Makarov pistol for around \$600. A grenade cost 30 rubles.<sup>100</sup> However, weapons also were flowing in from abroad, and more importantly, they came with foreign instructors.

The radical Islamist recruiters found many Chechen recruits among the young war veterans and unemployed who found little hope in a brighter future in the de facto independent Chechen Republic of Ichkeria, where many converted to the Salafi-Wahhabi radical ideology. As the radicals attempt to deny and reject ethnic identity, the recruits reduced their allegiance to Chechen or other Caucasian ethnic identity—as do global Islamists operating from the Philippines and Thailand to Afghanistan to East Africa and the Magreb (North Africa). Much of the new radicalized forces congregated in southeastern Chechnya near the border with Dagestan and with the Republic of Georgia. They were strategically located in this area because it would be the staging zone for an invasion of Dagestan on August 7, 1999, in an attempt to unite Chechnya and Dagestan into an Islamic Caliphate—a religious-military dictatorship ruled by Sharia law. Basayev and Ibn al-Khattab recruited the fighters necessary to invade from the same area where they established the

“Islamic brigade.”<sup>101</sup> However, war fatigue after the previous conflict with Russia, rejection of radicalization by large parts of the population, and internal divisions within the Chechen government would make fighting the Russians for the second time far more difficult.<sup>102</sup>

## THE SECOND CHECHNYAN WAR

When Yeltsin’s handpicked successor, Vladimir Putin, became Prime Minister in the summer of 1999, he was a fierce proponent of forcibly bringing Chechnya under undisputed Russian control. This stance secured him the support of the Russian military as Putin solidified his power during the early period of his presidency.

To justify their case for a war, Putin and his colleagues pointed out that the conflict in North Caucasus has evolved from an internal, separatist insurgency—in which the world mostly refrained from interference or was sympathetic to the rebels—to a struggle against radical Islamism, in which the world should stand with Russia. In addition, Russia began its public-relations campaign to convince its citizens and foreign powers that Chechens and other Muslim Caucasian terrorists were an existential threat to all Russian civilians. Moscow started claiming, not without reason, that the conflict in the North Caucasus was no longer a local fight for national liberation by the “freedom-loving Chechens” but a terrorist threat to Russians and other ethnic groups.<sup>103</sup>

Unlike the First Chechen War, in which Russia had made the first move, the Second Chechen War started in August 1999, after terrorist forces led by Shamil Basayev invaded Dagestan from Chechnya in an attempt to unite the two republics. The vision, articulated by al-Qaeda’s number two, Ayman al-Zawahiri, was to connect Afghanistan with North Caucasus through a Caspian Sea “bridge.” Putin and the Russian military responded with similar overwhelming force similar to that seen in the first war.<sup>104</sup> Devastation, displacement, and civilian deaths were again staggering.

Exact official data on civilian casualties during the Chechen wars are not available. Estimated numbers of victims are based mostly on assessments by nongovernmental organizations (NGOs), but the numbers vary considerably. A conservative estimate of the number of civilian casualties in Grozny alone during the first war is between 25,000 and 29,000.<sup>105</sup> Various Russian officials provided wide-ranging estimates of casualties. For instance, then Russian Interior Minister Anatoly Kulikov claimed that the number of civilians who lost their lives was below 20,000.<sup>106</sup> Conversely, Sergey Kovalyov’s estimate is around 50,000, and General Aleksander Lebed spoke about 80,000–100,000 civilians killed. According to Taus Dzhabrailov, the head of the Chechnya National Council in the mid-2000s, 150,000 to 160,000 people are believed to have died as a result of both Chechen wars, out of whom 75,000 were Chechen civilians.<sup>107</sup>

After the start of the Second Chechen War, Maskhadov filed a suit against Kadyrov in the Sharia court for engaging in negotiations with Prime Minister Putin.<sup>108</sup> Kadyrov was sentenced to death and removed from the post of the Mufti.<sup>109</sup> This led Kadyrov to use his support from the Kremlin to hunt down Maskhadov. During a special operation of the Russian Federal Security Service (FSB) in 2005, Maskhadov was allegedly shot dead by his bodyguard in order to avoid being taken prisoner.<sup>110</sup> Kadyrov himself left the post of the

Mufti after he was appointed the new head of Chechnya in June 2000. In August 2000, Akhmatahadj Shamayev was appointed the Mufti by a congress of the imams of Chechnya.<sup>111</sup>

During the Second Chechen War, Russian forces crushed the radical Islamic faction and retook control of Chechnya, thus ending its de facto independence. Many of the Chechen leaders were killed in battle. Former President Zelimkhan Yandarbiyev was assassinated on February 13, 2004, by a car explosion in Doha, Qatar. Two Russian diplomats were accused of his murder and sentenced to 25 years in a Qatari prison, but after serving 9 months they were transferred to Russia.<sup>112</sup> The Russian Ministry of Justice declined to disclose where they are serving the rest of their prison term, which suggests that they were silently released.<sup>113</sup> Maskhadov was killed on May 8, 2005, during a special operation of the FSB, and Basayev was killed on July 10, 2006, also during a Russian special operation.

In the Second Chechen War, Russia was much more effective in using ethnic Chechen units and intelligence sources against the separatists.<sup>114</sup> Many of them were rather opportunistic "pro-Russian" formations; nevertheless, they greatly contributed to the Russian victory. Their cooperation allowed Moscow to stop negotiating with the separatists and their leaders, and transform the conflict as a whole.

## Information Warfare Aspect of the Conflict

Russia's ability to use propaganda to change the perception of the war in the Caucasus proved crucial in helping it not only regain control of the region, but also convince Russian citizens and the international community that the policies toward the Caucasus were the right ones at the right time. This was in a striking contrast with the hapless course that brought about the defeat and the inglorious Khasavyurt accords of 1996. Information management became an important aspect of the conflict. Russia, with the help of government-controlled media (especially TV channels), tried to censor the war crimes committed by the security and military forces during and after the active phase of the conflict, and attempted to portray this war as a fight for Russian sovereignty. Russian media also spun the hostilities and the struggle between Chechen factions—the radical Islamists and terrorists—and the legitimate Chechen nationalists fighters led by the Kadyrovs.

The federal forces prepared for the Second Chechen War better than they did for the first one. While Basayev and his bands were still in Dagestan, the leadership of the federal forces chose a strategy which used artillery and bombing raids first, followed by infantry assaults.<sup>115</sup> This tactic turned out to be a success and led to relatively small losses among the Russian forces. Heavy Russian bombardment demoralized the rebels, and Basayev was forced to flee from Dagestan back to Chechnya. In Chechnya, the Russians tried to minimize the need for armed conflict. At first, they held talks with village elders and gave them a chance to persuade the rebels to voluntarily leave their villages. If the rebels agreed and if no one in the village opened fire on the federal forces, the Russians would not fire at the civilians.

The leadership of the federal forces anticipated that the rebels would leave the besieged Grozny voluntarily as well.<sup>116</sup> These expectations did not come true, and Russian military stormed Grozny. The air force conducted heavy aerial attacks using Su-24 and Su-25 fighters and helicopters. The pilots had to operate under air-defense missile fire from the Chechen radicals. Just as in the First Chechen War, the rebels used mainly Strela of various modifications, Igla, and some Stinger portable air defense systems.<sup>117</sup>

Similar to the first Chechen campaign, Russian soldiers taking Grozny in 1999–2000 were not sufficiently trained for urban warfare.<sup>118</sup> Besides poor preparation, the operations also suffered from flawed coordination between the Russian uniformed military and the country's internal troops under the Ministry of Interior, which also took part in the attack. After the Russians recaptured Grozny in 2000, the fighting moved deep into the Chechen territory. The rebels fled into their mountain bases located in caves, and the mountainous warfare made the situation more difficult for the Russians. The federal forces decided to engage attack planes and thermobaric (including fuel-air) weapons against the rebels hiding in the mountainous terrain.<sup>119</sup> The main thermobaric delivery system the Russians used in Grozny was the "Buratino" (TOS-1),<sup>120</sup> a system with a maximum effective range of 3.5 kilometers and a 200 x 400 meter zone of ensured destruction. Another thermobaric system reportedly used in Chechnya was a shoulder-launched rocket similar to RPG called RPO-A Schmel. This system has a maximum effective range of 600 meters, and a 50-square-meter zone of destruction in the open.

Indigenous political leadership was more important in Chechnya than the immediate military victory. Among the pro-Russian Chechen leaders was Mufti Ahmad Kadyrov, who formerly fought with Dudayev in the First Chechen War, but then clashed with Maskhadov. Kadyrov became the head of the pro-Moscow government in Grozny established after the end of formal hostilities in 2000. He had Moscow's blessing to do whatever was needed to maintain the supremacy of Russian rule in the republic. When the September 11, 2001 terrorist attacks gave credibility to Putin's policy toward the radicals in the Caucasus, Russia not only managed to regain control of lost territory in Chechnya but also, to some extent, win the propaganda war against the radicalized Chechen factions and foreign fighters.

Chechen rebels, who self-identified as Islamists (Salafis-Wahhabis), allowed Russia to utilize the traditional Sufi allegiance of the Chechens to build pro-Russian fighting forces, who had superior local knowledge and high level of motivation, rather than solely using the conventional Russian military. However, even though Russia declared the second war over in 2004, that year marked the beginning of the fight between Russia and the pro-Russian Chechen government against radical Islamists in the Northern Caucasus, with the hostilities expanding throughout the region and spilling over to all of Russia.

## **GROWTH OF TERRORIST ACTIVITY AND RADICALISM IN THE NORTHERN CAUCASUS SINCE THE SECOND CHECHEN WAR**

The end of the active phase of the Second Chechen War in 2000 did not bring an end to modern political Islam and Islamist terrorism on the Russian territory. The terrorist factions that threaten Russia and have reached as far as Boston in 2013 have roots in the Chechen wars as well as in the global jihadi movement, as the Tsarnaev brothers' website demonstrated. In addition, global Islamist factions striving for seizure of political control in Muslim lands and eventual creation of the Caliphate, such as the Muslim Brotherhood and Hizb-ut-Tahrir al Islami (Islamic Army of Liberation), decided to commit more resources to Russia when they saw the successes of the Islamist fighters in North Caucasus.

Having been defeated on the battlefield, Basayev turned his attention to attacking soft targets outside Chechnya and Dagestan, not for any tactical gain against the Russian military



but for the terroristic, traumatizing value of such acts. Meanwhile, within much of Chechnya and neighboring republics, radicals, domestic and foreign, began expanding the terrorist network by establishing Salafi *jamaats* (communities) throughout the region. They took advantage of the unique geography and the desperate socio-economic conditions that helped to recruit many young locals to commit to their radical movement. Many, therefore, joined the Islamist groups and moved away to isolated areas, escaping the authorities' writ and solidifying their commitment to increase their influence and plan attacks.<sup>121</sup>

Moreover, Islamist leaders like Basayev and, later, Doku Umarov, began outlining jihadist manifestos that definitively declared their desire to transform North Caucasus into a Caliphate and a vehicle of the pan-Islamist fundamentalist force fighting against Russians not just for independence but for global jihad.<sup>122</sup> The radicals began with the implementation of Sharia law throughout the former Chechen Republic of Ichkeria and in the Salafi *jamaats*, over which their followers had influence outside of Chechnya. After Dudayev was killed and Zelimkhan Yandarbiyev became acting president of Ichkeria in April 1996, the process accelerated.<sup>123</sup>

As in other Muslim societies, Sharia law is perceived as God-given and thus paramount over laws or doctrines coming from civil or common law systems, such as parliamentary legislation and precedent-based law. According to the traditionalist interpretations of the *Koran* and other Islamic holy scriptures, Sharia law is not open to interpretation or amendment by secular scholars. This legal doctrine contrasts with the traditional Chechen and Caucasian attitudes toward Islam, as many in the region are devout Muslims, but have preferred to follow Sufi Islam, which accepts the following of Sufi saints and cultural icons that make up the separate religious and cultural identities of the Caucasian peoples.<sup>124</sup> The radicals, on the other hand, adhere to the militant monotheistic principle of *tawhid* in which the worshiping or praying to any entity besides Allah—even to Muhammad himself—is sacrilegious.<sup>125</sup> Throughout the world, Salafi followers of the *tawhid* often destroy graves of venerated saints, forbid any local worship, including that of ancestors, and are generally much more intolerant than the Sufis. Having established Sharia law, the radicals needed to implement doctrines in order to “purify” the region from *kafirs* (infidels), who do not practice Islam in accordance to their dogma.

After the assassination of Basayev in 2006 by the Russian Special Forces, the new head of the Caucasusbased Islamist movement, Doku Umarov, established the Caucasus Emirate (*Imarat Kavkaz*, or CE) based on Sharia law and with goals consistent with fundamentalist Wahabbist-Salafist teachings of Islam.<sup>126</sup> This restatement of Umarov's militant Islamist ideology is important to understand the radical direction in which the North Caucasus insurgency is moving.

CE's initial manifesto declared its objective to unite all of the Northern Caucasus into a single “Caucasus Emirate,” eliminating all the borders separating autonomous republics and all ethnic, linguistic, and cultural distinctions as un-Islamic. The whole region was supposed to become one frontline of the global jihad in the name of Allah and against the infidels. In order to achieve this goal, the Islamists needed to force Russia to relinquish its control over the region, as has been the demand among separatists for centuries. The extremists also seek to force the various republics and ethnic groups to renounce any indigenous identity, that has been cherished and valued, and submit completely to radical Islamist ideology and command, including the “Amir” Umarov, and join global jihad. Once achieving total control, Umarov

and CE would begin to spread their war to the Muslim areas in the Urals, Central Asia, and Siberia, with future plans to conquer all of Russia, including Moscow.<sup>127</sup>

The CE became an Islamist affiliate of the global al-Qaeda-led movement that operated symbiotically with terrorist cells all across the Middle East and Eurasia. CE and other Northern Caucasus radicals received tactical, financial, and moral support from al-Qaeda and its partners.<sup>128</sup> For example, Caucasian terrorists benefited from the expertise of al-Qaeda operatives Muhammad al Emirati and Abdulla Kurd, who helped organize operational activities within the region while coordinating with al-Qaeda globally. Though Russian counterterrorist forces killed both of them in April 2011, they advanced CE's mission to connect with global jihad.<sup>129</sup> Beyond this relationship, al-Qaeda's tentacles in the region go back to the 1990s, even before the paradigm of Caucasian rebellion against Russia changed to jihadist. Hahn documents the many instances of al-Qaeda contributing arms, funds, Islamist education, and access to training camps in Afghanistan and elsewhere, for fighters from the Chechen Republic of Ichkeria. Al-Qaeda's Ayman al-Zawahiri once stated that the North Caucasus represented "one of three primary fronts in the war against the West," and CE's actions attempted to match his rhetoric.<sup>130</sup>

## The Second Terror Campaign

With the help of foreign jihadi organizations and the infusion of new recruits and radical immigrants from the Balkans, the year 2000 marked the beginning of a new Islamist terrorist campaign against the Russian population, striking targets as far as Moscow. This was a startling development in comparison with the wars between Russia and Chechnya, as conflicts had remained contained within the Caucasus. The first known case of terrorism as a tactical as well as a psychological weapon was during the First Chechen War in 1995, when Basayev executed a large suicide bombing of Russian forces in Chechnya.

Coinciding with the beginning of the second Chechen war, however, Chechen Islamist fighters led by Basayev focused on attacking Russian civilians. The earliest major attack was the 2002 Dubrovka Theater siege in Moscow in which 912 people were taken hostage.<sup>131</sup> Russian forces killed all the terrorists, but around 130 hostages perished with the terrorists. This Russian anti-terrorist operation is considered by many to be a failure of the special services. In 2006, the survivors and relatives of the victims prepared a 200-page report called "Nord-Ost—An Unfinished Investigation," in which they claim that the special services did not do everything they could to save as many people as possible, and accused them of negligence.<sup>132</sup> The most controversial aspect of the operation was the usage of a new type of nerve gas, which is believed to be responsible for the deaths of the terrorists and the 130 hostages. It appears that the authorities did not deploy medical teams near the Dubrovka Theater, amass ambulances before storming the target, or brief the medical personnel on the nerve agent use and ways to treat the patients. While hardly a surprise, given the poor state of Russian military medicine and the health system in general, this was a failure of emergency medicine of enormous proportions.

There have been numerous demands to release the information about the gas, the composition of which continues to remain secret.<sup>133</sup> However, Aleksey Filatov, a former Alpha special forces unit fighter, justified using the gas by claiming that, because the gas was

used, the terrorists failed to detonate the bomb they had with them, in which case the number of casualties would have significantly exceeded the number of those killed by the gas.<sup>134</sup>

Several years earlier in September 1999, a series of apartment bombings shattered the peace in Russia.<sup>135</sup> Four apartment buildings were blown up in cities across Russia: two of them in Moscow, one in Buynaksk (Dagestan), and one in Volgodonsk (Rostovskaya Oblast'). Around 300 people lost their lives, and many more were wounded. The terrorist attacks are believed to have been committed by separatists from North Caucasus as an act of revenge for Moscow's military operations in Chechnya and Dagestan. There are many, however, who challenge the veracity of this version of events.

Since the beginning of the 21st century, Basayev and Umarov perpetrated a series of terrorist attacks across Russia. The most notable examples are the attacks on a school in Beslan in 2004, the Saint Petersburg-Moscow passenger train in late-2009, the Moscow metro in 2010, and on Domodedovo Airport in Moscow in January 2011. The U.S. Department of State and the United Nations (UN) recognized these attacks as committed by Chechen terrorists, seeking to establish the Caucasus Emirate.<sup>136</sup>

On September 1, 2004, a group of 17 terrorists took around 1,100-1,400 people hostage in an elementary school in the town of Beslan in North Ossetia.<sup>137</sup> The FSB-led operation to release the hostages remains controversial. On September 3, the FSB forces undertook a counterattack, which resulted in a chaotic exchange of fire between them and the terrorists.<sup>138</sup> The efforts of the FSB and the supporting troops suffered from a lack of coordination and were further complicated by many armed civilians voluntarily trying to help free the hostages. One of the reasons for the poor coordination is allegedly the fact that the FSB forces expected only 354 hostages to be in the school, which resulted in choosing a wrong strategy for the attack.<sup>139</sup> Also, they did not set a perimeter, which initially prevented FSB forces from sealing the school and later allowed some of the terrorists to escape. As a result of the operation, 335 hostages were killed. How many hostages died at the hands of the terrorists, how many as a result of the FSB using heavy weaponry, and how many due to the mistakes of the rescue team remains unclear.<sup>140</sup> If the Russian military and security forces conducted a "lessons learned" investigation, it remains hidden from the public.

In the Northern Caucasus, CE and other radicals continued their guerrilla war against Russian forces at a staggering pace that earned Russia the dubious distinction of having one of the highest rates of terrorist attacks per year in the world.<sup>141</sup> In effect, over the past decade, the North Caucasus has become an ungovernable area and a part of the global jihad space. Local Islamist organizations are now capable of launching their own operations with some level of cooperation with global terrorist networks, as arrests in Europe and the Boston attack have demonstrated. More intelligence activities will be necessary to better understand the multiple facets of this cooperation.

## **Russian Counterterrorism and Counterinsurgency in the 21st Century**

Russia's porous borders and insufficient surveillance throughout the region; inadequate local knowledge of the counterintelligence forces assigned to North Caucasus from around the country; a lack of linguistic skills by the regular military as well as special forces; and corruption of the local authorities and economic development programs severely affected Russian anti-terrorist and counterinsurgency responses. North Caucasus, in addition to

terrorism and Islamism, has become a hotspot of drug and human trafficking that further funded terrorist activities and solidified the relationships between the Caucasus and drug havens of Afghanistan and Tajikistan and other global trafficking networks. Chechen and other North Caucasus networks have become significant narcotics distribution platforms for Russia and Eastern and Western Europe.

Doku Umarov's Caucasian Emirate has become a formidable coalition of various decentralized *jamaats* that, despite Russian efforts so far, has avoided having its network substantially exposed and liquidated. Just like Islamist radicals elsewhere, CE members have successfully hidden from scrutiny and entrenched themselves in order to continue operations. They have managed to transform much of their historic grand strategy of regional guerilla warfare aimed at achieving independence from Russia—into one that includes underground tactics and urban warfare, while invoking radical ideology that had little connection with the history of the region. However, given the enormity of the international jihadi goals, it is too early to tell whether CE will manage to achieve its objectives domestically and regionally, and whether its comrades-in-arms would succeed globally.

## **RUSSIAN COUNTERTERRORIST AND COUNTERINSURGENCY RESPONSES AND STRATEGIES SINCE 2000**

After the successful recapture of Dagestan and Chechnya by Russia in 2000, Russian military and interior ministry units in North Caucasus have become primarily a counterterrorist force. However, they lack appropriate training, equipment, and motivation. With Putin ascending to the presidency in the same year, Russian counterterrorist operations maintained “search and destroy” tactics to stop the growth of radical Islam in the Northern Caucasus. Yet, since 2000, Moscow and Grozny have not fully eliminated the terrorist threat in the North Caucasus. As Sergey Markedonov from the Center for Strategic and International Studies (CSIS) notes, the main failure of the Russian counterinsurgency in the North Caucasus was the absence of a relevant, well thought out and coherently implemented strategy. Practically all operations, even the successful ones, look like belated responses.

Another problem is the correct identification of the enemy. Russian officials, including at the highest level, tend to refer to the separatists as terrorists or “bandits.”<sup>142</sup> However, terrorism is not criminal activity; it is political violence, Markedonov says.<sup>143</sup> Thus it is necessary to understand the ideological roots of the current Caucasian terrorists and their political goals. Since the late-1990s, terrorism under nationalist and self-determination slogans has been replaced by an Islamic one. However, even today Russian officials continue to speak about the “Chechen separatists.”<sup>144</sup>

Meanwhile, the situation in the North Caucasus no longer resembles the dynamics of the Chechen conflict. The insurgency in the region is not centered in Chechnya anymore. Rather, every year since 2005, the recorded incidence of violence in Chechnya has been less than, or equal to, the levels of violence observed in the neighboring republics of Ingushetia and Dagestan. Ideologically, the Russian government does not propose any attractive alternatives to militant Islam. Instead, it is restricting its policy by supporting the state-sponsored Spiritual Board of Muslims (*Dukhovnye Upravleniya Musul'man*, or DUMs), while underestimating

the role of unofficial Muslims who are not subordinated to DUMs and not engaged in the terrorist activity and jihadist propaganda.

Russian intelligence, counterterrorism, and strategic communities at times developed and implemented policies that were actually causing radical Islam to grow in the region. Outside their military and intelligence networks, Moscow has mainly relied on the subsidiary government in Chechnya led by, first, Mufti Ahmad Kadyrov, and after his death in the bombing during the celebration of the Russian V-E day on May 9, 2004, by his son, Ramzan.<sup>145</sup> Kadyrov the younger managed to bring the violence in the republic under control. However, he has a dubious human rights record, ranging from alleged killings of prominent Russian journalists who openly criticized his practices, to hunting down and killing his opponents abroad. A notable case of such killing is the assassination of Umar Israilov in Vienna, Austria, on January 30, 2009.<sup>146</sup> Israilov was a former bodyguard of Kadyrov, but later turned into an open critic of Kadyrov's regime in Chechnya and fled to Austria, where he was given asylum.

The dynamics of Chechen society have, so far, worked to Kadyrov and Moscow's advantage, because most of the Chechens still want to identify as being loyal to the Vaynach (Chechen) nation, rather than to adopt radical Islam and erase their discrete identity. Kadyrov has had a great impact on local society through repression of terrorist activity and promoting the "Chechen national identity," which coexists and complements, not supplants, religious practices.

Through Chechen efforts and Russian subsidies, Grozny and other cities underwent massive postwar reconstruction and development that included constructing the Grozny Central Mosque, the largest mosque in Europe, Russia, and Eurasia, and one of the largest in the world, apparently with Turkish funding.<sup>147</sup> This was done in order to further develop Chechen culture and traditional Sufi Islam and as an attempt to supplant the appeal of radical, global Islam.<sup>148</sup>

In what could be seen as an improvement in Russian-Chechen relations, the promotion of Chechen culture by the Kadyrov regime after the Second Chechen War is one of the few policy planks on which Russian and Chechen leaderships have actively collaborated. In order to further promote the government's version of Chechen society over the radical ideology and to increase his own popularity, Kadyrov legalized polygamy (even though it is illegal under Russian law and the constitution).<sup>149</sup> What Kadyrov did in the hope of improving the situation in Chechnya and decreasing the influence of radical Islamists in the area, with the blessing from Moscow, appears to have been more effective than Moscow's actions.<sup>150</sup>

The fact that the current Russian counterinsurgency strategy is far from being fully successful is demonstrated by many news accounts detailing the ongoing violence in the region. As recently as June 23, 2013, 38 special police officers were killed in clashes in southwestern Chechnya.<sup>151</sup> Another two police officers were killed in the Shatoy district on June 29.

Aleksey Malashenko, co-chair of the Carnegie Moscow Center's Religion, Society, and Security Program, believes that the Kremlin did not learn any political lessons from the two Chechen campaigns.<sup>152</sup> He notes that "the Kremlin has no productive strategy in North Caucasus; its policy toward the region is mostly reactive." Another drawback of the policy of the Kremlin, Malashenko believes, is that it is not able to prevent the emergence of a new generation of mujahedeen. Effective measures against their rise would inevitably have to include a dialogue with the opposition and undertaking practical measures to combat the

ubiquitous corruption in the region—something that the current elites are unwilling and unlikely to do.<sup>153</sup>

## **International Criticism of Russia and the Kadyrov Government**

International observers from the UN, OSCE, the United States, and from human rights organizations, have criticized the Government of Russia and Kadyrov's Chechen Republic for anti-terrorist activities that violate human rights and the laws of war. The U.S. Congress has stated that Chechen governmental forces are emulating the abusive tactics of the terrorists.<sup>154</sup> The United States is under pressure to freeze Kadyrov's bank accounts in response to these condemnations.<sup>155</sup> Reportedly, Kadyrov's name is in the classified section of the Magnitsky List, the U.S. law named after a Russian anti-corruption whistle blower who died in a Moscow prison awaiting trial, and that targets gross violators of human rights.<sup>156</sup> However, despite the overwhelming use of force, many in Chechnya seem to have accepted the Kadyrov rule as "the lesser of two evils" between the available options, despite the fact that Kadyrov apparently has violated many Russian laws and may be guilty of serious crimes.

For now, Chechnya is no longer in an all-out war with Russia. Despite high unemployment, it is emerging from a debilitating economic depression. As long as Kadyrov maintains this modicum of security and income for the population, the Chechens will not risk altering the situation radically by combating Russia or swelling the ranks of the Islamists. They live with Putin and Kadyrov for now—but as in the past, this may change quickly.<sup>157</sup>

Russia, for its part, uses conventional, counterterrorist forces and soft-power means like economic aid, subsidies, and development schemes in order to help sustain a pro-Moscow government facing an Islamist threat. With the Kadyrov government becoming more entrenched, Putin's Kremlin has been willing to live with a manufactured Chechen-nationalist narrative that uses Chechen history and tradition in order to simulate a "rebirth" of Chechen national pride; however, this "renaissance" has become more of a makeshift 21st-century post-modern artifact sustained and regulated by Grozny and Moscow. For now, it has been effective in striking a balance between de facto independence short of the trappings of sovereignty, such as full border control, foreign relations, and formally independent armed forces. Moscow and Grozny, too, consider this the lesser of two evils.

Yet, the renaissance comes at a price. There are reports that Kadyrov is allowed to control a good portion of the lucrative real estate market in Moscow. This combination of strong-arm tactics, lucrative business ventures, and criminality helps to keep the Kadyrov regime under Kremlin's control, while maintaining Moscow's domination over the region by being Kadyrov's de facto banker and protector. Thanks to Moscow's strategic financial injections, Kadyrov has overseen the rebuilding and development of city blocks, shopping centers, and other major construction projects, including support of the faith. In order to promote further the "state-compatible" form of Islam, Kadyrov has been financing Chechens' flights to Mecca for Hajj, one of the five obligatory Islamic pillars of faith.<sup>158</sup>

One of the reasons why the Chechen people continue to join the insurgency and become followers of radical Islamic ideologies is the long-term lack of opportunities and gloomy prospects for the future. Despite the heavy financial support from the Russian federal budget, Chechnya is the second poorest subject of the Russian Federation in terms of gross domestic product (GDP) per capita after Ingushetia, with approximate GDP per capita of \$1,850 in

2010.<sup>159</sup> Chechnya has levels of unemployment that are unsustainably high for a self-sufficient economy. The official unemployment level in late-2012 was 25.3 percent.<sup>160</sup> However, according to Russian media sources, the real Chechen unemployment is as high as 70 percent, with youth unemployment being even higher.<sup>161</sup> The high unemployment rates and low salaries of those who are lucky enough to be employed reflect the lack of prospects and opportunities, especially for young people. One may think that with over 90 percent of Chechnya's budget bankrolled by Moscow, Kadyrov's government can only create and execute policy that has the blessing from the Kremlin in order to preserve the still tenuous tranquility.<sup>162</sup> However, Moscow itself is a hostage of sorts in Chechnya, as no one today is seen as capable of replacing Kadyrov.

Meanwhile, Chechen refugees in Europe are gradually organizing themselves and forming a well-established diaspora. The largest Chechen diaspora is in Western European countries, such as Norway, France, Belgium, Germany, and Austria, and made up of an estimated 10,000 to 30,000 people in each of those countries.<sup>163</sup> *The Caucasus Times* claims that this newly formed Chechen diaspora is able to exert influence on the situation in Chechnya.<sup>164</sup>

There are several organizations in the Chechen diaspora. For instance, the World Chechen Congress is registered as an NGO in Belgium.<sup>165</sup> Another organization is the Chechen Diaspora of Norway.<sup>166</sup> Additionally, in September 2010, a "virtual" World Chechen Congress took place in Poland, which was a controversial event evoking negative reactions among anti-Kremlin Chechens.<sup>167</sup> For instance, Zhalodi Saralyapov, speaker of the so-called Parliament of the "Chechen Republic of Ichkeria," said that these actions "are aimed at destabilizing the situation in the Chechen national liberation movement, at the destruction of positive developments acquired during the long war."<sup>168</sup> Members of the Chechen diaspora in countries all across Europe distanced themselves from the congress, stating that it was organized by Russians in order to consolidate the Russian occupation of Chechnya.

The members of the Chechen diaspora are not united. A majority of Chechen refugees may be supportive of the Islamist outlook, saying that they want to see the fight for independence continue (66 percent) and that they have a positive attitude toward establishing a single North Caucasus republic (54 percent). There is also a small group who are pro-Kadyrov in their views.<sup>169</sup> These people actively promote the ideas of a common state with Russia.

Under the Dmitry Medvedev administration (2009-12), in order to promote a "softer" approach to exerting Moscow's power over the region, the Kremlin has created the Northern-Caucasian Federal District and Northern-Caucasian Economic District. Alexander Khloponin, the Kremlin-appointed "Governor-General" of the Northern-Caucasian Federal District, has outlined the District's broad goals and individual projects. Khloponin announced that by 2020 the region will be part of a transportation network that will link the North Caucasus with the rest of Russia, the Middle East, and Central Asia. He has proposed various projects, including road infrastructure, building holiday resorts, improving regional access to higher education, making airport renovations, and constructing hydroelectric plants across the entire North Caucasus.<sup>170</sup> Recent investigations of the resorts scheme suggest that a good part of these projects were means to illicitly syphon off budgetary funds into the private pockets of "favored" businessmen who are particularly close to the powers that be.<sup>171</sup>

The same can be alleged about the Sochi Winter Olympics in 2014. The Russian Ministry of Regional Development announced in 2010 (almost 4 years before the games) that the

expenses for preparing for the Olympics had already surpassed \$30 billion.<sup>172</sup> Other sources claim that the Sochi “subtropical” Winter Olympics will cost \$50 billion. In comparison, the cost of the last Winter Olympics in Vancouver in 2010 is estimated to have been between \$3.6 and \$6 billion.<sup>173</sup> According to Boris Nemtsov, the former Russian First Deputy Prime Minister and a leader of the Russian opposition banned from the Duma, the overall amount of embezzlement at the Sochi Olympics has already reached about \$25–\$30 billion.<sup>174</sup> He believes that the total expenditures have already surpassed \$50 billion, which makes it the most expensive Winter Olympics in human history.

The responsibility of national security, however, for Northern Caucasus, is a partnership between the autonomous republic governments and the federal, Moscow-based national security institutions. The national security apparatus within the federal government has indeed maintained the lead in intelligence, reconnaissance, and support for what Putin tries to portray as a solely “regional problem,” but which in reality threatens the whole of Russia and beyond.

In 2006, Russia established the National Anti-Terrorism Committee, headed ex-officio by the Director of the FSB, in order to bring various departments in one silo, where counterterrorist policy could be better formulated and implemented more efficiently.<sup>175</sup> Even with better coordination, however, violence and death are still rampant throughout the North Caucasus. Pummeled by hostile media and public opinion, Doku Umarov, the CE emir, has made a declaration on behalf of CE in 2012 that terrorists under his command would “stop attacks against Russian civilians” and, instead, focus their efforts on battling military, police, government officials, or the security apparatus.<sup>176</sup> The sincerity of Umarov’s declaration remains uncertain: the statement may have been made just to get better public relations, or in order to cajole Russians into moderating their assaults on CE and its terrorist networks. His public affairs track record remains, unsurprisingly, spotty: in fact, Umarov allegedly announced his resignation on August 1, 2010, due to poor health.<sup>177</sup> The next day, however, Umarov released another video where he called his former announcement faked.<sup>178</sup> He also said that he was in good health.

In fact, Umarov had assumed a less active role in CE but retains the top leadership position in the group, which signifies how decentralized the command structure in this terrorist network is, in sync with other net-centric terrorist organizations around the world.<sup>179</sup> Rogue actors in the North Caucasus, real or imagined, still attack civilians, defying Umarov’s declaration. Moreover, the events in Belgium and Boston, where North Caucasus terrorists were arrested, demonstrate that the world must not discount the threat of Islamic radicalism in the North Caucasus to European and American national security.

## **EFFECT OF NORTHERN CAUCASUS ON BROADER RUSSIAN, AMERICAN, AND GLOBAL SECURITY**

With Islamist terrorist activities challenging Russia’s control in the North Caucasus, Moscow risks having the insurgency undermine Russian strategic goals of reestablishing itself as a leading global power. With the advent of the 2014 Winter Olympic Games and the 2018 Soccer World Cup in Russia, Putin and the ruling elite are eager to use these and other Russian-hosted global events to improve the country’s image, attract global investment, and



secure the world's confidence that Russia is a 21st-century global leader akin to China, India, and Brazil. If one of those events were to be attacked, the consequences for Russia's global image would be extremely negative. While Umarov pledged to attack Sochi in 2014, Putin has managed to convince much of the world that the security problems in the North Caucasus, in spite of sporadic attacks and active terrorist cells, have been largely resolved.

## The Long-term Rise in Radicalism

Even though Russia made it through the Sochi Olympics with no casualties, the fight is far from over. Other regions in the Northern Caucasus, especially Dagestan, are experiencing a rise in Islamic radicalism. The origins of contemporary Islamic radicalism in Dagestan go back to the early-1990s, when the Soviet Union was collapsing and opening its borders to the outside world.<sup>180</sup> A key figure in organizing the radical Islamist movement in Dagestan was Bagauddin Kebedov. He was a devout supporter of Salafism and harshly criticized other, more moderate forms of Islam, such as Sufism. In 1990, he became one of the leaders of the Islamic Party of Revival and subsequently a leader of a radical wing of Dagestani Salafists, later named the Islamic Jamaat of Dagestan (IJD). The Salafi ideology enjoyed wide support among the population due to the deepening economic crisis, the simplicity and understandability of the Salafi ideas, and the spirit of brotherhood in the organization. The IJD gradually became the most influential Salafi group in Dagestan.

The protracted conflict in Chechnya was also one of the reasons that facilitated the spreading of this radical ideology in Dagestan. The 1996 withdrawal from Chechnya was a sign of Russian military weakness. It encouraged the Dagestani radicals to form closer ties with their brothers in faith. Many of them went to fight in Chechnya or joined local terrorist organizations. In addition, the Chechen conflict encouraged people who saw the war as a source of income to join the radicals.

The antigovernment and anti-Russian sentiments among the members of the IJD were encouraged by the counterproductive policy of local Dagestani authorities. They lacked a cohesive strategy to contain the IJD and instead chose to irritate it with police action. In particular, the local Dagestani authorities decided to launch what they considered to be a "total war" against the radical extremist groups. However, the ranks of Wahhabists were often filled by ordinary Muslims with no previous ties to extremists. Moreover, the "hunt on Wahhabists" was frequently used as a means to solve personal and political disputes, and also for the personal benefits of corrupt law enforcement and petty politicians. Using excessively harsh methods only motivated many Islamist activists to seek revenge or to go fight in Chechnya.

In 2012, the situation in Dagestan became critical.<sup>181</sup> Around three-quarters of all terrorist acts committed in the North Caucasus for the first 9 months of 2012 took place in Dagestan. Despite the minimal chances for success of their goal to establish an Islamic quasi-state, the Salafists/Wahhabists enjoy considerable support of the Dagestani population. Similarly to the early-1990s, people continue to be dissatisfied with an untenable economic situation, including unemployment, corruption, poor healthcare, and the lack of future prospects. However, the religious yearning and its violent manifestation also attract Dagestanis into the ranks of terrorists.

The situation in Ingushetia is similar to that in Dagestan. The influence of Islamic radicals in Ingushetia remains high despite the regular killing and capturing of radical terrorists and field commanders.<sup>182</sup> Salafi/Wahhabi ideology and organizations have a strong potential for the same reasons as in Dagestan. Moscow declared the counterterrorist operation in Chechnya completed in 2009. However, this action allowed terrorist activity to spread more easily to the neighboring republics, including Ingushetia.<sup>183</sup> Terrorist attacks continue to take place. The ranks of Wah-habists continue to be filled mainly by Ingushetia's youth who do not see other ways of self-realization.

Similarly, in Kabardino-Balkaria, the nationalism of the local ethnic communities dominates over civil values.<sup>184</sup> However, radical Islamist terrorists are active in Kabardino-Balkaria. For instance, on January 6, 2013, three suspected terrorists were killed by the Russian security services.<sup>185</sup> They are believed to have been preparing terrorist attacks against local churches during the celebration of the Orthodox Christmas. At least since 2009, the clashes between the rebels and the Russian security services in the republic have been a weekly, if not a more frequent, occurrence.<sup>186</sup> There are also reports that hundreds of Sunni fighters have joined radical forces in Syria to fight the Alawi regime of President Bashar el-Assad and his Shia allies, such as Hezbollah and Iran.<sup>187</sup> Russia no doubt applauds the exodus of the troublemakers, despite its support of the Assad regime: if killed or wounded in Syria, these extremists are "off the streets" in the Caucasus.

Nevertheless, the Russian experts interviewed in the course of this research agree that expectations of a general massive uprising in the North Caucasus against Moscow's rule are not realistic. Local uprisings are possible in the event that local administrations commit political mistakes, giving the insurgents an excuse to organize and act against the Kremlin.<sup>188</sup> In addition, there are numerous disputes within the region itself, such as interethnic tensions between the Ossetians and the Ingush or land disputes between different groups in Dagestan and Kabardino-Balkaria, let alone inter-republican border disputes (e.g., between North Ossetia and Ingushetia, and between Ingushetia and Chechnya).<sup>189</sup> Other examples of tensions include intra-Islamic disputes, such as those between Sufi Muslims, who consider their tribal lands to be a part of their ethno-national heritage, and the ultra-religious Salafis, who exhibit higher differing levels of radicalism, and violent followers of global jihad.

The partial remedy to deprive the rebels of an excuse to lure new mujahedeen seems to be economic and social development of the region; attractive secular policies; and the presence of a strong alternative to the radical brand of Islam. If corruption and unemployment are successfully dealt with and if the youth is given a viable and attractive alternative, the rebel leaders will lose their appeal, and the whole insurgency movement may gradually fade.

Instead, Moscow is trying to discredit radical Islamism as something that is foreign to "traditional Islam" and Caucasian ethnic traditions—a strategy that has so far had little effect. Paradoxically, this strategy has been unsuccessful despite the fact that even unofficial Muslims, not subordinated to the state-sponsored Islamic structures, are rather critical and suspicious of the "Caucasus Emirate" activity.<sup>190</sup> The local population in many cases fails to view federal institutions in the region as legitimate. In the meantime, the North Caucasus is gradually turning into a *de facto* "inner abroad" for Moscow.

In order for Moscow to achieve successes in fighting the North Caucasian separatists, its policy needs to include measures aimed at integrating at least some of the radicals into the Russian society. In other words, the resolve of the Kremlin to neutralize the separatists at all costs needs to be combined with "soft power" addressed to the citizens.<sup>191</sup> Russia needs to be

able to distinguish a terrorist act from a gangland slaying (very often the highest representatives of the Russian state identify terrorists as “bandits”). These measures must be accompanied by a relentless anticorruption strategy (because “privatization” of the local power provokes social protest and radicalism), creation of new personnel for the republican level of public service—(well-educated beyond the Caucasian republics)—and promotion of alternative versions of Islam (regional Caucasus or European Islam for example).

Beyond the North Caucasus, the situation is slowly deteriorating. In particular, the Muslim-majority republics of Bashkortostan and Tatarstan, which are located in the core of Russia and far away from the North Caucasus, have started to develop Islamist networks that are linked with the Northern Caucasus and global networks. On July 19, 2012, Deputy Mufti Valiulla Yakupov was killed, and Ildus Fayzov, the Mufti of Tatarstan, was severely injured in a car bombing in Kazan, Tatarstan.<sup>192</sup> These clergymen were openly critical of the spread of Wahhabism in the country.<sup>193</sup> Radicalized citizens of Tatarstan have also been gone to fight in Chechnya and with the Taliban in Afghanistan.<sup>194</sup> Also, in Bashkortostan in February 2011, Bashkir officials stated that four Islamist radicals operating at the behest of Umarov were caught with a “homemade bomb” with the intention of inflicting mass civilian casualties.<sup>195</sup>

Since North Caucasus is an energy hub adjacent to the Black and Caspian Seas, the sabotage of energy infrastructure remains a constant concern among Russian energy firms upstream and downstream. As Russia strives to connect new pipelines like South Stream from Novorossiysk on the Black Sea to Turkey and Europe and continues to build up Krasnodar Krai's ports as energy-logistics hubs, Islamist terrorists in the North Caucasus will continue to focus on any opportunity to strike Russian energy trade and civilian population in a devastating way.

For the United States, the winding down of operations in Afghanistan and Iraq will change the U.S. focus on Central Asia and the Caucasus and its threat assessment of North Caucasus terrorism. After the withdrawal of the U.S. troops from Afghanistan in 2014, the country will most likely slip back into chaos, threatening the stability of the countries of Central Asia and North Caucasus, which has traditional political, religious, and drug-trafficking ties with Afghanistan's Taliban. Thus, the United States may be required to refocus on the region, which has so far received insufficient attention under the Barack Obama administration.

Terrorist networks from Russia will find new opportunities to undermine Russian and U.S. allies and the peace that the United States fought so hard to secure. Past reports show that Russian citizens from the Northern Caucasus have been active in combat and in drug trafficking in Afghanistan and South Asia.<sup>196</sup> North Caucasus terrorists also greatly benefited from the drug trade originating from Afghanistan.<sup>197</sup>

After the U.S. withdrawal from Afghanistan, the old ties are likely to revive. The global financing of terrorism is vital to help grow the North Caucasus Islamist network. The radical Islamists in the North Caucasus continue to challenge Russian federal authorities, thanks to the availability of outside sources of financing. As far back as 2000, Khattab and websites supportive of al-Qaeda have solicited financial support for North Caucasus groups, even before CE was established.<sup>198</sup> Through the global “charity” called Benevolence International Foundation, set up in Saudi Arabia, Chechen groups received vast amounts of money from the Middle East, before the international terrorism finance arm was shut down in Russia, the United States, and elsewhere.<sup>199</sup> In 2010, a charity known as “Sharia4Belgium,” which was

sending money to CE, was thwarted, as well as numerous websites based in Europe that solicited and laundered funds that ultimately reached Islamic terrorist groups.<sup>200</sup>

Not only fraudulent “charities” in Europe were exposed as money-laundering schemes for terrorists; some North Caucasus cells have been uncovered in Europe as well. In the Czech Republic, a cell associated with CE, containing one Chechen and a couple of Dagestanis, among other Islamic radicals from Eastern Europe, was apprehended in April 2011. The French police found five Chechen nationals, including an imam, in a cell which made and stored components for making bombs.<sup>201</sup> Based on the nature of these findings, North Caucasus terrorism in Europe appears to target civilians and government officials regardless of what declaration Umarov might produce.

Finally, as already mentioned, Chechens and other extremist Sunni fighters from the North Caucasus have made their way via Turkey to Syria fighting for the Sunni rebels against the Alawi Assad regime. Hundreds of Islamists from the North Caucasus, notably Chechnya, have joined the rebellion against Syrian president Bashar al-Assad, even as Kadyrov states no Chechens are actively engaged in Syria.<sup>202</sup> A senior Azerbaijani official who requested anonymity estimated the number of North Caucasians fighting in Syria against Assad to be in the “hundreds.” He complained that Russia is not doing much to stop the migration of its young men to fight a jihad in Syria because Russian authorities prefer “their” extremists to be killed far away from its borders.<sup>203</sup> On the other hand, if trained and battle-hardened in Syria, these fighters may come home and cause a lot of trouble to the pro-Moscow administrations of their homeland. As seen in Europe, Syria, Afghanistan, and in North America (Boston), the North Caucasian threat is already global in nature, and active cooperation among international intelligence and law enforcement organizations is required in order to prevent this region from inflicting any more harm to American and international interests.

## OUTLOOK AND RECOMMENDATIONS

While Kadyrov and Putin continue to eviscerate terrorists, their networks, and supporters, Russian society as a whole has made little progress in establishing an interethnic harmony and inter-religious détente between the ethnic Russian Orthodox majority and the Muslim North Caucasian peoples throughout the country. The Russian elites and Slavic Orthodox majority’s attitudes toward the Caucasus vary. Some believe that Russia needs to stop pouring multibillion dollar subsidies from the federal budget to the likes of Kadyrov and to other Caucasus autonomous republics. Hence the famous slogan formulated by the opposition leader, Alexei Navalny: “Enough feeding the Caucasus.”

Eventually, ethno-religious enmity and economic disparity may lead to political independence of the regions or parts thereof. Many prominent establishment figures, such as the former Prime Minister Yevgeny Primakov, Chairman of the Accounts Chamber of Russia and former Prime Minister Sergei Stepashin, the head of Rosatom and the former Prime Minister Sergey Kiriyenko, and the former Moscow mayor Yury Luzhkov, essentially agree that Russia should abandon the North Caucasus and build a new border on the Terek River. Yet, others still consider the Caucasus to be an aggravating problem that should be suppressed rather than resolved. Whichever the approach, Russia is unlikely to give up the North Caucasus unless forced to by the aforementioned factors.

The nationalist movements that have conspicuously expressed their animosity toward the region have pled to Putin to stop the government's assistance to governments in the Northern Caucasus at the expense of Slavic/Orthodox Russians. In the last few years, Russians have protested and rioted against the development aid to the Caucasus, as well as in response to alleged and real attacks on ethnic Russians by Caucasian migrants in cities and villages all across Russia. Locations included the village of Bezopasnoye (whose name ironically means "safe"), in Stavropolskaya Oblast'; Mirny, in Ulyanovsk oblast (which equally ironically means "peaceful"), the cosmopolitan capitals of Moscow and Saint-Petersburg;<sup>204</sup> Kondapoga in the Karelia, Pugachev (Saratov oblast');<sup>205</sup> Nizhny Novgorod; and Kirov, to mention just a few.

Most of society, even if not openly protesting, holds peoples from the North Caucasus in low esteem, refusing to see them as "Russians" and often limiting them to low-skilled, menial jobs such as farmer market traders in the major cities. Yet, the demographic dynamic suggests that the number of Russian citizens with Muslim roots is growing, and they occupy increasingly important socio-economic positions. For example, Rashid Nurgaliyev, who served as Russia's Interior Minister from 2003 to 2011, and Elvira Nabiullina, former Minister of Economic Development and Trade and current Head of Russian Central Bank, as well as many journalists, businesspeople, government officials, and law enforcement personnel. Putin, having to struggle with economic, political, and social problems throughout all of Russia, cannot risk having the North Caucasus reappear as a national crisis flashpoint, since it may lead to partial or even full loss of government control over the country. The Kremlin, therefore, has little choice but to continue its robust anti-terrorist policies with auxiliary economic and political support.

A favorable future in which the region prospers and Islamism becomes less appealing looks increasingly unlikely today. The outlook of the North Caucasus is bleak, and the possible scenarios range from a muddle through, more of the same/business as usual, including low intensity conflict, to a disastrous outcome in which the Russian state is unable to control the area, abandons the region, and Islamism takes a central role.

## **U.S. SECURITY INTERESTS AND THE NORTH CAUCASUS CHALLENGES**

In order to secure the best outcome for the region, the United States and its allies must continue to focus their attention on the North Caucasus. The following are the scenarios:

1. A significant improvement in socio-economic and political dynamics if there is a drop in terrorist recruitment and activity. This should decrease the need for governmental counterterrorist operations against the enemy and create a positive climate for investment;
2. A status quo, as the region continues its reliance on Moscow for subsidies, legitimacy, and support. The status quo would also continue to stigmatize the North Caucasus Muslims as citizens of lesser stature; in short, a muddle through;
3. Russian and local authorities' failures to maintain the order in the region, and the North Caucasus descends into chaos.

The status quo/muddle through remains the most likely long-term outcome for the region, unless Ramzan Kadyrov is killed or incapacitated; however, maintaining the status quo only makes the crisis more likely in the long term, since any significant economic deterioration may bring patience and acquiescence among the population to an end.

In light of the current situation, the United States must act to protect its interests in the American homeland, as well as in Europe, the Caucasus, the Middle East, and Central Asia. The United States must be committed to curbing the growth of Islamist terrorism and radicalism in the North Caucasus. The United States must engage its allies and work with Russia to strengthen its border security, invigorate law enforcement, and counterterrorist cooperation with national and international agencies, improve intelligence capabilities, and appeal for international cooperation to eliminate the financial support of terrorism that helps North-Caucasus militant groups flourish.

Without immediate, thorough, and concerted international action, the challenges that the North Caucasus presents to the world will grow into major problems. As the terrorist threat grows in the North Caucasus, the United States needs to improve the capabilities of the agencies most engaged in fighting it. Specifically, the United States can work with Georgia and Azerbaijan to improve their border security with Russia. The inability to track and to stop those who illegally cross the porous borders poses a great risk to the energy infrastructure in the South Caucasus. Engaging with Russia as well as American friends and allies in the region to prevent infrastructure attacks, as well as the smuggling of human beings, drugs and arms, would greatly help to protect the region from terrorism.

The United States may also help train and build relationships with intelligence, counterterrorist, and law enforcement agencies in South Caucasus, including Georgia, Azerbaijan, and Armenia. The United States can explore expanded cooperation with other foreign law enforcement and intelligence services for the collection of, prevention, and disruption of terrorist operations, including against American and friendly targets. U.S. intelligence and law enforcement agencies would benefit from cultivating regional ties and cooperating against such future threats as described in this chapter. Such cooperation will give the United States a better understanding of the North Caucasus threat from sources who know the languages, religions, cultures, history, and geography of the region.

The United States also needs to strive to uncover the North Caucasus terrorist networks that have connections to international terrorism. One effective way for the United States to stop North Caucasus-based terrorism is to hamper the means by which the groups grow and operate in the region and beyond. For example, this means that the United States should encourage Middle Eastern states to stop the transfer of funds to the North Caucasus extremists and cease their indoctrination and Salafi/Wahhabi education for global terrorist cadres, including recruiters and propagandists from the North Caucasus.

## CONCLUSION

Over 2 centuries of abuses of the Russian imperial policy in the North Caucasus resonate even today. The North Caucasus has been a subject of the tsarist expansionist policies, communist oppression, Stalin's cruelty, and post-Soviet Russia's crippled and corrupt institutions, which, while providing some modernization drivers, sewed inter-ethnic and inter-

religious discord and perpetuated the violent culture. The national reaction gave way to religious extremism. Russians did conquer the North Caucasus militarily, but they failed to assimilate the local population, extirpate the distinct identities of the North Caucasian peoples, or find a *modus vivendi* with Islam. The Chechens, the Ingush, the Circassians, and other local nations remember their tragic past and bear grudges against the Russians. Even though the Winter Olympics in Sochi in 2014 brought international attention to the tragedies of the region, fortunately, terrorist attacks never materialized during the games.

After two devastating wars at the end of the 20th century, Moscow has now largely rebuilt the destroyed Chechen infrastructure. On the surface, the Chechen capital Grozny looks more prosperous than ever. However, the Kremlin has failed to solve the underlying problems that fuel Islamist extremism and terrorism.

Improving the situation in the North Caucasus would ultimately require tackling corruption and ensuring government accountability to the local population—something that is highly unlikely to happen anytime soon. Soaring unemployment, unfair treatment of the North Caucasian ethnic minorities in Russia proper, the lack of opportunities, and a lack of belief in a better future motivate some of the Chechens, Ingush, Dagestanis, etc., to join violent groups active against the local governments and against Moscow— and in the cause of the global “holy war” against the “infidels.”

The North Caucasus still faces a precarious future, as well as economic collapse and devastation. The growth of radical Islam and the danger of global jihad impeding on the region imperil not only Russia, but also the security of the U.S. homeland and allies. What was a nationalist struggle against Moscow has mutated over a short period of time into a global menace that already has spread to the Middle East, Central Asia, Europe, and the United States. The United States must track the threats from the North Caucasus and strive to prevent their further integration with global militant Islamist actors. Today, no American strategy against global Islamism will be effective without detailed programs and plans to combat terrorist networks in the North Caucasus.

## ABOUT THE AUTHOR

Ariel Cohen is a recognized authority on international security and energy policy, and the rule of law. He is a leading expert in Russia/Eurasia, Eastern Europe, and the Middle East, and serves as a Senior Research Fellow in Russian and Eurasian Studies and International Energy Policy at The Heritage Foundation. Dr. Cohen frequently testifies before committees of the U.S. Congress, including the Senate and House Foreign Relations Committees, the House Armed Services Committee, the House Judiciary Committee, and the Helsinki Commission. Dr. Cohen regularly lectures at the request of U.S. Government institutions: the U.S. Department of State, the Joint Chiefs of Staff, the Training and Doctrine and Special Forces Commands of the U.S. armed services, the Central Intelligence Agency, and the Defense Intelligence Agency. He also conducts White House briefings and directs high-level conferences on international security, energy, the rule of law, crime and corruption, and a variety of other issues. Dr. Cohen consults for Fortune 500 companies and international law firms. He served as a Senior Consultant for Burson Marsteller's Emerging Markets practice, a global public affairs firm, and for Emerging Markets Communications, a boutique strategic

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*Chapter 27*

**RUSSIA'S HOMETGROWN INSURGENCY:  
JIHAD IN THE NORTH CAUCASUS\***

*Gordon M. Hahn, Sergey Markedonov and Svante E. Cornell*

**FOREWORD**

The United States has had a bitter set of experiences with insurgencies and counterinsurgency operations, but it is by no means alone in having to confront such threats and challenges. Indeed, according to Russian President Dmitry Medvedev, the greatest domestic threat to Russia's security is the ongoing insurgency in the North Caucasus. This insurgency grew out of Russia's wars in Chechnya and has gone on for several years, with no end in sight. Yet it is hardly known in the West and barely covered even by experts. In view of this insurgency's strategic importance and the fact that the U.S. military can and must learn for other contemporary wars, the Strategic Studies Institute (SSI) felt the need to bring this war to our readers' attention and shed more light upon both sides, the Islamist (and nationalist) rebels and Russia, as they wage either an insurgency or counterinsurgency campaign.

While the evident and primary cause of this current war is Russian misrule in the North Caucasus in the context of the Chechen wars, it also is true that Russia is now facing a self-proclaimed fundamentalist, Salafi-oriented, Islamist challenge, that openly proclaims its links to al-Qaeda and whose avowed aim is the detachment of the North Caucasus from the Russian Federation. Therefore, we should have a substantial interest in scrutinizing the course of this war both for its real-world strategic implications and for the lessons that we can garner by close analysis of it. The three papers presented here are by well-known experts and were delivered at SSI's third annual conference on Russia that took place at Carlisle, PA, on September 26-27, 2011. This conference, like its predecessors, had as its goal the assemblage of Russian, European, and American experts to engage in a regular, open, and candid

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dialogue on critical issues in contemporary security; this panel realized that ambition, as Dr. Hahn is American, Dr. Markedonov is Russian, and Dr. Cornell is Swedish.

SSI believes that such regular international dialogue plays an important role in expanding the repertoire of ideas and potential course of action available to Army and other strategic leaders, and we look forward to continuing this process in the future. Bearing these objectives in mind and with the goal of informing senior Army and other strategic leaders about contemporary strategic and military developments, SSI is pleased to present this report to our readers for their consideration. We hope that it will stimulate further debate, reflection, and learning among our readers, as the issues of insurgency and counterinsurgency, as well as Islamist-driven terrorism, will not go away anytime soon.

Douglas C. Lovelace, Jr.  
Director  
Strategic Studies Institute

## **SECTION 1. THE CAUCASUS EMIRATE JIHADISTS: THE SECURITY AND STRATEGIC IMPLICATIONS**

### **Gordon M. Hahn**

In 1994, before the outbreak of the first post-Soviet Russo-Chechen war, Shamil Basaev, the leading operative of the then self-declared independent Chechen Republic of Ichkeriya (ChRI), took a group of some 30 men from his battalion of Abkhaz fighters to Osama bin Laden's al-Qaeda (AQ) training camps in Khost, Afghanistan.<sup>1</sup> From this fleeting but nevertheless seminal contact between the ChRI and AQ, an increasingly closer relationship gradually developed between Chechen as well as other Caucasus nationalist and Sufi Islamic insurgents on the one hand, and AQ and the burgeoning global jihadi revolutionary movement on the other. After more than a decade of evolution, this trend culminated in the full "Salafization" or "takfirization" of the ChRI's ideology and the jihadization of its goals, operations, and tactics.<sup>2</sup> With the dissolution of ChRI by its then President Dokku "Abu Usman" Umarov in October 2007 and his creation of the Caucasus Emirate (CE) in its place, the Salafization and jihadization processes were made official.

We can point to a series of factors that for more than a decade drove the radicalization and jihadization of the Chechen/Caucasus mujahedin. These factors include: the influence of the global jihadi revolutionary movement and ideology realized through the Internet and other means; brutal Russian warfighting and counterinsurgency methods; the North Caucasus's colonial experience at the hands of the Russians; the region's relatively low standard of living and socioeconomic development; corrupt and ineffective local and Russian governance; and, Caucasus customs of blood revenge and martial courage. What is clear is that the CE is an explicitly self-identified global jihadist organization. Somewhat belatedly in May 2011, the CE was placed on the U.S. State Department's list of specially designated international terrorist organizations.

Still, the overwhelming weight of journalistic, analytical, and academic work on the violence in the North Caucasus tends to avoid mention of the global jihad's role in the region,

the attractiveness of jihadism to a consistent portion of youth across the entire umma, or the influence of these factors on the CE's ideology, goals, strategy, and tactics. The focus is almost always on factors related to Russian responsibility for the generically named violence: the form of siloviki brutality, poor governance, and economic dependence and limited investment in the region's development. Given this section's purpose of providing a strategic threat assessment of the current CE insurgency in Russia's North Caucasus and its broader regional implications, it will focus on the CE's theoideology, goals, strategies, tactics, and capacity to deliver violence inside Russia. Given the CE's new place within the global jihadi revolutionary alliance, I will also look at the CE's broader strategic regional and global security implications.

## **The Caucasus Emirate: Theo-Ideology, Goals, Strategy, and Operational Capacity**

The CE's ideology and goals are now defined entirely by the global jihadi revolutionary movement's Salafi takfirism and jihadism. They have broadened exponentially to include not only the internationalist aspirations of the global jihadi revolutionary alliance but also an expanded vision of the CE's territorial claims. Those claims now extend beyond the pan-Caucasus goal of the emirate to all of Russia's Muslim lands, defined so broadly as to encompass all of Russia for all intents and purposes. Operationally, I discuss the CE's wide range of tactics, including the use of the typically jihadi *istishkhad*, that is, martyrdom or suicide operations.

### ***The CE's Salafist Theo-Ideology***

The Salafist theo-ideology made serious inroads beginning in the inter-war period and reached critical mass in 2002 when a ChRI shura subordinated the ChRI constitution to Shariah law, approved a strategy of bringing jihad to the entire North Caucasus, and appointed the Islamist-oriented Abdul Khalim Sadulaev as Chairman of both the new ruling Madzhlisul Shura's Shariah Law Committee and the Shariah Court, and designated him successor to ChRI president and former Soviet general Aslan Maskhadov.<sup>3</sup> With Umarov's declaration of the CE in October 2007, the monopoly of the Salafist theo-ideology and its violent universal jihadism over the North Caucasus mujahedin was fully secured and institutionalized. The CE's ideology is now precisely the same Salafist theoideology as that proselytized by AQ and other groups in the global jihadi revolutionary alliance (global jihad) and movement.

The key elements of this theo-ideology are tawhid, takfir, jihad, and martyrdom. These principles have been elaborated upon in great detail by three successive CE Shariah Court qadis (judges or magistrates). Of the three, it was the CE's first Shariat Court qadi "Seifullah" Anzor Astemirov, who most effectively propagated the principles of *tawhid* and *takfir*. Astemirov, like many of the CE's young generation of leaders, studied Islam abroad in the late 1990s before turning to Salafism and jihadism. Appointed by CE amir Umarov as the CE's qadi in early 2008, Astemirov founded the website, *Islamdin.com*, which incorporated his library of foreign Salafi jihadi texts, audiotapes, and videos.<sup>4</sup> By then, *Islamdin.com* and the other CE vilaiyats' websites carried jihadi literature exclusively, including numerous translations of the writings of leading radical Saudi, Egyptian, Iraqi, and Pakistani jihadist

theologians, ideologists, and propagandists, including AQ's Osama bin Laden and Ayman al-Zawahiri;<sup>5</sup> the American Yemeni-based AQ in the Arabian Peninsula (AQAP) leader Anwar AlAwlaki; and, tens of others.<sup>6</sup> CE sites now post Russian-language summaries and translations of editions of and articles from AQ's English-language journal *Inspire* and within days of bin Laden's death published at least 15 articles, announcements, and testimonials.<sup>7</sup>

Among the most prominent of the foreign jihadi theo-ideologists who Astemirov featured on *Islamdin.com* was the Jordanian Sheikh Abu Muhammad Asem al-Maqdisi. According to the United States Military Academy's Combating Terrorism Center (CTC) among others, Maqdisi is "the most influential living Jihadi Theorist" and "the key contemporary ideologue in the Jihadi intellectual universe," and his website *Minbar al-Jihad wa'l-Tawhid* is "al-Qa'ida's main online library" and "very representative of Jihadi literature."<sup>8</sup> Astemirov and Maqdisi struck up a close student-mentor relationship of correspondence and consultations that would cement the CE's alliance with AQ and the global jihadi revolutionary movement. Astemirov translated and generously cited Maqdisi's works. Astemirov's key video lecture "On Tawhid" was based on Maqdisi's *Millat Ibrahim (The Religion of Abraham)*, both becoming staples on CE and other jihadi websites.<sup>9</sup> Maqdisi's website began publishing articles about the CE, which were translated into Russian and posted on CE sites.<sup>10</sup> Maqdisi endorsed the CE in September 2009 as a fervent global jihadi organization, praising Astemirov for his Islamic knowledge.<sup>11</sup> In September 2010 Maqdisi urged Muslims to support the CE, "so the Emirate becomes the door to Eastern Europe."<sup>12</sup> Since then, the CE has entered Europe.

The theological elements of tawhid and takfir are encoded in Shariah law on the basis of the Koran and Sunna as interpreted by true (and self-selected) Salafi leaders. They have profound political, economic, and operational implications, since they define jihadists' political ideology and goals and thereby their militarily strategy and tactics.<sup>13</sup> *Tawid*, or strict monotheism, requires that Muslims worship only Allah; even worship of, or prayers to the Prophet Mohammed are forbidden. This puts the CE's ideology within the mainstream of global jihadism but decidedly at odds with the North Caucasus's chief Islamic tendency, Sufism, which holds a prominent place for prayer to Sufi saints and teachers, the creation of shrines at their graves, and prayers to the Prophet Mohammed. Tawhidism's call to "raise the word" or "raise the religion of Allah above all others" influences every aspect of the jihadi theo-ideology and political philosophy. It renders all other ideologies and identities—democracy, communism, socialism, nationalism, and class or ethnic identity—to be sacrilegious. Its exclusivist focus on the Deity's will for guidance in all matters, presupposes the possibility that this will is made privy to the movement's leaders, opening the way to a totalitarian monopoly over thought and power.

Much as international communism's party of professional revolutionaries were afforded a vanguard role in divining what was best for the proletariat, under jihadist theo-ideology the power to interpret Allah's will devolves by default to a small coterie of leaders (amirs), theologians (ulema and qadis), and ideologists among the mujahedin, regarded as the most devout and committed of the umma's Muslims. The special knowledge, faith, and commitment of the mujahedin vanguard—the amirs and qadis—justify their monopoly on the interpretation of the Koran and Sunna. According to Astemirov and other jihadists, the amirs, advised by Shariah court qadis, possess dictatorial powers to take unilateral decisions on the most important questions, such as that taken by Umarov in formation of the CE. The CE amir holds the ultimate reins in a circular flow of power, as he appoints the amirs and qadis for

each of its largest substructures—the CE vilaiyats (from the Arabic word “welayyat” for provinces or governates). The amir cannot be challenged on any decision unless he is deemed by a qadi to have deviated from Shariah law as interpreted by the qadi whom he has appointed.<sup>14</sup> The qadis’ authority to advise and confirm the decisions of the amirs gives them great power. CE and some vilaiyat qadis have passed death sentences, some of which have been carried out.<sup>15</sup> Not surprisingly then, Astemirov and other jihadi leaders regard democratic institutions and primary allegiance to country or nationality as major deviations from monotheism and thus sacrilege, even manifestations of nonbelief. Similarly, all other philosophies, allegiances or interests that intervene between the all-knowing amirs and qadis and their interpretation of the holy texts are forbidden, since they undermine Muslims’ unity in their fight against nonbelief and, more to the point, undermine their monopoly over interpretation of the Koran and Sunna, the foundations of Shariah law. Thus, nationalism is rejected as a legitimate ideological basis and is regarded as a manifestation of nonbelief, for it places the religion of Islam below ethnicity.<sup>16</sup>

Among Salafists and jihadists violating the principle of tawhid by worshipping these false gods leads to what is the second basic building block of the global jihad’s and the CE’s theology, takfirism, a trend informed by an extremely exclusivist definition of what constitutes true Islam and a real Muslim. The designation of takfir means the excommunication from the Islamic religious community and is reserved for those Muslims who are deemed to have violated fundamental tenets of Islam, such as tawhid, in accordance with Salafist interpretation. Many takfirists hold that those ruled apostates may be subject to the death penalty. Given the extremist nature of their monotheism, tawhidists and jihadists have a low threshold in deciding who should be designated takfir and subjected to the harshest of penalties. For Astemirov and the CE, those who help the Russian infidel and those who practice Sufism are at risk of takfir denunciation.<sup>17</sup>

The iconoclastic nature of the battle between those who observe the supposedly true Salafi version of Islam and those who do not, whether Muslim or infidel, leads to the jihadist’s third main principle: a kinetic rather than contemplative definition of jihad and an offensive rather than defensive global jihadism. Rather than Islam’s traditional emphasis on the greater jihad of the inner search for faith in Allah, takfirists require that all Muslims support to the best of their ability an Islamic war against nonbelievers, whether Christian, Jew, Hindu, secularist or any other non-Muslim religion, as well as fallen Muslim apostates; otherwise, they themselves can be subject to takfir and be deemed targets of the jihad. The implication of takfirism is that the world is divided into two camps: the takfiri jihadists and everyone else. The catholic nature of this schism combines with the general trend toward globalization fostered by technology to push Salafists towards a global rather than a local vision of jihad. Since neither ethnicity nor state borders can trump the principle of raising Islam’s word above all others, the jihad cannot be confined to specific regions or targeted attacks; it must be carried out globally. Given the maximalist, sacred, and twilight nature of the struggle between the abode of Islam and the abode of the infidel in the takfirist jihadis’ vision, the jihadists permit themselves rather extremist methods to maximize their capacity to attain the goal. Using Islamic holy texts’ frequent praise for martyrdom in battle with the infidel during the early centuries of Islam’s expansion across the Arabian Peninsula and beyond, jihadists routinely proselytize, train, and deploy the ultimate form of self-sacrificial martyrdom, (istishkhad)—that is, suicide operations. The ability to offer one’s life for the jihad is incontrovertible evidence of one’s purity and closeness to Allah.<sup>18</sup> The remainder of

this section demonstrates that all of these jihadi tenets have become part and parcel of the CE's theo-ideology, behavior and aspirations.

### *The CE's Goals and Strategic Vision*

The ChRI's implicitly expanding pan-Caucasus ambitions became explicit and institutionalized in October 2007 with Dokku "Abu Usman" Umarov's declaration of the CE.<sup>19</sup> Umarov's declaration of the CE claimed not only domain over the entire North Caucasus from the Caspian to Black Seas, but it also included a declaration of jihad against the United States, Great Britain, Israel, and any country fighting Muslims anywhere on the globe.<sup>20</sup> The unilateral nature of this decision, although prompted and supported by both foreign jihadists and many North Caucasus mujahedin as well as by their Islamic texts, demonstrates the totalitarian essence of the Salafi takfirism. In order to achieve their local emirate, Umarov divided the Caucasus mujahedin into some five vilaiyats loosely based along the territorial borders of Russia's North Caucasus republics: the Nokchicho (Chechnya) Vilaiyat (NV), the Dagestan Vilaiyat (DV); the Galgaiche Vilaiyat (GV) covering Ingushetia and North Ossetiya; the United Vilaiyat of Kabardiya, Balkariya, and Karachai (OVKBK) covering the republics of KabardinoBalkaria (KBR) and Karachaevo-Cherkessiya; and, the Nogai Steppe Vilaiyat (NSV) covering Krasnodar and Stavropol Krai. Except for the NSV, which has never been fully developed, each is headed by an amir with similar dictatorial powers. The chief theo-ideological figure is the vilaiyat's shariah court qadi. Qadis sometimes are amirs simultaneously.

In a May 2011 interview, Umarov again elaborated on the CE's expansive goals:

We consider the CE and Russia as a single theater of war.

We are not in a hurry. The path has been chosen, we know our tasks, and we will not turn back, Insha'Allah, from this path. Today, the battlefield is not just Chechnya and the Caucasus Emirate, but also the whole [of] Russia. The situation is visible to everybody who has eyes. The Jihad is spreading, steadily and inevitably, everywhere.

I have already mentioned that all those artificial borders, administrative divisions, which the Taghut drew, mean nothing to us. The days when we wanted to secede and dreamed of building a small Chechen Kuwait in the Caucasus are over. Now, when you tell the young Mujahedeen about these stories, they are surprised and want to understand how those plans related to the Koran and the Sunnah.

Alhamdulillah! I sometimes think that Allah has called these young people to the Jihad, so that we, the older generation, could not stray from the right path. Now we know that we should not be divided, and must unite with our brothers in faith. We must reconquer Astrakhan, Idel-Ural, Siberia—these are indigenous Muslim lands. And then, God willing, we shall deal with [the] Moscow District.<sup>21</sup>

The evidence of the CE's adoption of the global jihad's universal goals as its very own is overwhelming. Yet, most analysts and activists appear unaware or unwilling to acknowledge the fact.<sup>22</sup> Umarov has repeatedly associated the CE with the global jihad, from his announcement declaring the foundation of the CE and its jihad against anyone fighting against Muslims anywhere across the globe to his most recent February 2011 "Appeal to the Muslims of Egypt and Tunisia."<sup>23</sup> For example, in October 2010, Umarov addressed the global jihad:

Today, I want to describe the situation in the world because, even if thousands of kilometers separate us, those mujahedin who are carrying out Jihad in Afghanistan, Pakistan, Kashmir and many, many other places, they are our brothers, and we today (with them) are insisting on the laws of Allah on this earth.

He also noted that the CE mujahedin follow the Afghani jihad closely by radio and Internet and that the Taliban are “opposed by Christian-Zionist forces led by America.” In traditional jihadi fashion, Umarov calls jihadism’s enemies “the army of Iblis” or the “army of Satan,” uniting “the Americans, who today confess Christian Zionism, and European atheists, who do not confess any of the religions.” Iblis fight so “there will be no abode for Islam (Dar as-Salam)” anywhere on earth.<sup>24</sup> A leading ideologist for the CE’s Ingush mujahedin of its Galgaiche (Ingushetia) Vilaiyat, Abu-t-Tanvir Kavkazskii, laid out in detail the connection between the CE’s prospective emirate and the grander global caliphate:

In the near future we can assume that after the liberation of the Caucasus, Jihad will begin in Idel-Ural and Western Siberia. And, of course we will be obligated to assist with all our strength in the liberation of our brothers’ lands from the centuries-long infidel yoke and in the establishment there of the laws of the Ruler of the Worlds. It is also possible that our help will be very much needed in Kazakhstan and Central Asia, and Allah has ordered us to render it. And we, Allah willing, will destroy the laws of the infidel on the Central Asian lands in league with the mujahedin of Afghanistan. And it is impossible to forget our brothers in the Crimea, which is also land occupied by non-believers.<sup>25</sup>

The CE’s top qadi has put it more explicitly and concisely: “We are doing everything possible to build the Caliphate and prepare the ground for this to the extent of our capabilities.”<sup>26</sup>

### ***Domestic Strategy***

The CE issues few documents indicating their strategy. However, some implicit strategic approaches can be sketched from some of its statements and propaganda articles. Essentially, the CE is attempting to create a revolutionary situation through the establishment of a credible, alternative claim on the sovereign right to rule in the North Caucasus and elsewhere in Russia. This state-building political strategy includes: (1) establishing a judicial system based on Shariah courts and qadis; (2) enforcement of Shariah law through attacks on owners, workers, and patrons of gaming, prostitution, drinking, and alcohol-selling establishments; (3) tax collection in the form of the Islamic tithe or *zakyat* to fund CE military, police, and judicial functions; and, (4) a more expanded propaganda strategy focused exclusively on proselytizing the Salafist theology and jihadist ideology by multiplying the number of CE-affiliated websites.<sup>27</sup> Military strategy compliments this political strategy, weakening the infidel state and regime by targeting state institutions, officials, and personnel—civilian, police, military, and intelligence alike.

Creating a credible alternative sovereignty requires not simply weakening local branches of the present Russian regime and state but also the federal government in Moscow and its affiliates across the federation. Combined with the basic homeland strategy focused on creating dual sovereignty in the Caucasus, there is an effort to expand operations and

eventually more state-building efforts across Russia, using concentrations of Muslim populations in Tatarstan, Bashkortostan, and elsewhere as platforms from which the network could conceivably expand. Thus, CE amir Umarov promised to liberate not just Krasnodar Krai—part of its still very virtual Nogai Steppe Vilaiyat—but also Astrakhan and the entire Volga mega-region, which would include Tatarstan, Bashkortostan, and other predominantly Muslim Tatar-populated regions in Russia's Volga and Urals Federal Districts.<sup>28</sup> Simultaneously, attacks like those on the Nevskii Express St. Petersburg-Moscow train in November 2009, the Moscow subway system in March 2010, and Moscow's Domodedovo Airport in January 2011 serve the purpose of terrorizing the Russian elite and population, creating political disunity, and undermining the Russian will to fight for the region's continued inclusion in the federation.

### *Operational Capacity and Tactics*

Although the CE is overlooked by most terrorism or jihadism experts, its operational capacity puts the North Caucasus a distant third among the world's various jihadi fronts behind the Afghanistan-Pakistan (AfPak) theatre of AQ including the Taliban and their numerous allies in the region, and Yemen. In recent years, jihadi-related violence in the North Caucasus has outstripped that in Iraq. From late October 2007 through June 2011, CE mujahedin have carried out or been involved in approximately 1,800 attacks and violent incidents, with an increase in the number of attacks/incidents each full year of the CE's existence, 2008-10.<sup>29</sup> Those 1,800 attacks have killed approximately 1,300 and wounded 2,100 state agents (civilian officials and military, intelligence, and police officials and personnel) and killed 300 and wounded 800 civilians, for a total of some 4,500 casualties.<sup>30</sup> This amounts to nearly two attacks/incidents and more than three casualties per day. For comparison, for the period 2008-10, there were 1,527 U.S./North Atlantic Treaty Organization (NATO) troops killed and 9,703 U.S./NATO casualties in Afghanistan.<sup>31</sup>

Like its allies in the global jihadi revolutionary movement, the CE has carried out spectacular and horridly effective attacks, in particular tens of istishkhad operations—that is, suicide bombing operations. For example, in November 2009, the CE, perhaps its Riyadus Salikhin Martyrs Brigade (RSMB), was behind the bombing of the Moscow-St. Petersburg Nevskii Express high speed train, which killed 21 and wounded 74 civilians. The explosion of the train was followed by a second as investigators arrived on the scene that slightly wounded several officials. In April 2009 amir Umarov announced after the CE's traditional spring planning shura that the CE had revived warlord and notorious terrorist Shamil Basaev's RSMB in 2008, and that it had already carried out two operations, including the November 2008 suicide bombing of a bus in Vladikavkaz, Ingushetia, that killed 14 and wounded 43 civilians.<sup>32</sup> In June 2009, the notorious ethnic Buryat-Russian Muslim convert Aleksandr Tikhomirov, a.k.a. Sheikh Said Abu Saad Buryatskii, masterminded the suicide bombing that severely wounded and nearly killed Ingushetia President Yunusbek Yevkurov and the August 2009 suicide bombing of the Ministry of Internal Affairs (MVD) district headquarters in Nazran that killed 24 MVD servicemen and wounded approximately 260 people, including 11 children, on the very day that Yevkurov returned to Ingushetia after months of hospitalization. Based with the CE's GV mujahedin and RSMB, Buryatskii wrote prolifically about the importance of istishkhad operations and his preparation with RSMB suicide bombers.<sup>33</sup> The equally notorious 'Seifullah Gubdenskii' Magomedali Vagabov, CE DV amir and CE qadi in 2010 until his demise in August of that year, organized the double suicide



bombing of the Moscow Metropolitan subway in March 2010 that killed 40 and wounded 101 civilians, including some 10 traveling foreigners. (Both Buryatskii and Vagabov received Islamic education abroad before turning to jihad; the former—in Egypt, Yemen and perhaps Saudi Arabia; the latter in Pakistan.) On amir Umarov's orders, the CE's RSMB prepared and dispatched 20-year-old Ingush Magomed Yevloev from Ingushetia to carry out the January 2011 suicide attack in the international terminal of Moscow's Domodedovo Airport that killed 37 and wounded 180.<sup>34</sup> In total, the CE has carried out some 36 suicide attacks since CE amir Umarov revived the RSMB: 1 in 2008, 16 in 2009, 14 in 2010, and 5 during the first 6 months of 2011. Istishkhad bombing operations are a distinct symptom of the CE's global jihadist theo-ideology and a symbol of its alliance with the global jihadi revolutionary movement.

### **The Caucasus Emirate and the Global Jihadi Revolutionary Movement**

The CE's jihadization of the Chechen and North Caucasus insurgency, in particular its alliance with the global jihadi revolutionary movement, imparts it strategic importance. The process of the Salafization of the ChRI's ranks was a long process and was driven by both the external influence of jihadist groups and the weak but nevertheless existing Salafist elements in the North Caucasus. The connections between AQ and the ChRI were common knowledge by the late 1990s among U.S. Government officials, intelligence analysts, and terrorism experts.<sup>35</sup> It was well-known and well-documented as early as the mid-1990s, for example, that the notorious Abu Ibn al-Khattab was an AQ operative and fought in the North Caucasus. The declassified Defense Intelligence Agency's (DIA) *Swift Knight Report* documents not just Khattab's deep involvement, but also that of AQ and Osama bin Laden personally with the ChRI in the mid-1990s.<sup>36</sup>

After the visit by Basaev and his ethnic Circassian or Akhaz fighters to Afghanistan, other radical nationalist and Sufi Chechen and Caucasus leaders followed with visits to bin Laden. An important but often overlooked DIA document details the results of some of those visits occurring in 1997. Thus, "several times in 1997 in Afghanistan bin Laden met with representatives of Movlady (Movladi) Udugov's party 'Islamic Way' (Islamskii Put') and representatives of Chechen and Dagestani Wahhabites from Gudermes, Grozny, and Karamakhi."<sup>37</sup> Udugov would become the chief ideologist and propagandist for both the ChRI and CE for a decade or more. The village of Karamakhi would be the locus of one of the self-declared Salafi Islamic states that popped up intermittently in the late 1990s and the focal point of Khattab's, Basaev's, and Bagautdin's incursions and ultimate full-scale invasion of Dagestan in July and August 1999 that kicked off the second post-Soviet Russo-Chechen war. The result of this local-global nexus rooted in a common theo-ideology, mutual training camps, and overlapping personnel was a gradual but significant spread of Salafism and exclusionary takfirism among young Muslims across the Caucasus, creating an unprecedented recruitment pool for both the local and global jihads.

AQ and the Caucasus Islamic separatists agreed to create a jihadist movement and insurgency across Russia with AQ supplying funding, training, and fighters towards the goal of attacking Russians and Westerners. AQ money funded the establishment of training camps in Chechnya and Georgia's Pankisi Gorge, a steady supply of trainers for those camps, and fighters who spread out across Chechnya and the North Caucasus bringing the message of

Salfism and global jihadism to the ChRI insurgents and their still very few allies in other North Caucasus regions such as the Republic of Dagestan and the Republic of KabardinoBalkaria (KBR).<sup>38</sup> The DIA document details AQ's plans for the North Caucasus and Russia's Muslims:

[R]adical Islamic (predominantly Sunni) regimes are to be established and supported everywhere possible, including Bosnia, Albania, Chechnya, Dagestan, the entire North Caucasus "from sea to sea", Central Asian republics, Tatarstan, Bashkortostan, all of Russia, Afghanistan, Pakistan, Turkey, Indonesia, Malaysia, Algeria, Morocco, Egypt, Tunisia, Sudan, and the states of the Persian Gulf. Terrorist activities are to be conducted against Americans and Westerners, Israelis, Russians (predominantly Cossacks), Serbs, Chinese, Armenians, and disloyal Muslims. . . .

Special attention should be given to the Northern Caucasus, and especially Chechnya since they are regarded as areas unreachable by strikes from the West. The intent is to create a newly developed base for training terrorists. Amir Khattab and nine other militants of Usam Ben (sic) Laden were sent there with passports of Arab countries. They work as military instructors in Khattab's three schools; they also work as instructors in the army of Chechnya. Two more schools are being organized in Ingushetiya and Dagestan.<sup>39</sup>

"Volunteers' from ben Laden's 'charity societies' from Pakistan and Afghanistan" went to Chechnya and the Northern Caucasus for a "new round of jihad against Cossacks and Russia."<sup>40</sup>

These AQ-affiliated "charity societies" ensured a steady flow of AQ funds, Salafist Wahhabi literature, and equipment to the region. The DIA's *Swift Knight Report*, as well as numerous trial transcripts, document the support rendered by the AQ-affiliated Benevolent International Foundation (BIF) and Al-Haramain to the ChRI or at least its radical wing beginning in the early 1990s.<sup>41</sup> The U.S. criminal prosecution of BIF for supporting terrorist activity reveals much about the AQ-BIF-ChRI connection. AQ used BIF for "the movement of money to fund its operations" and the support of "persons trying to obtain chemical and nuclear weapons on behalf of AQ," and BIF funded and supplied the Chechen separatist mujahedin before, during, and after the first Chechen-Russian war before Moscow forced BIF to shut down its operations in Russia.<sup>42</sup> AQ ruling Majlisul Shura member Seif al-Islam al-Masry was an officer in BIF's Grozny office, which moved to Ingushetia in 1998.<sup>43</sup> A BIF officer "had direct dealings with representatives of the Chechen mujahideen (guerrillas or freedom fighters) as well as Hezb i Islami, a military group operating in Afghanistan and Azerbaijan."<sup>44</sup> BIF's work with Hezb i Islami in Azerbaijan was likely related to AQ's corridor to the North Caucasus noted in the DIA document. BIF worked to provide the Chechen mujahedin with recruits, doctors, medicine, "money, an X-ray machine, and anti-mine boots, among other things."<sup>45</sup>

Beginning around 2000, the pro-Khattab and likely AQ-backed website, *Qoqaz.net* (Qoqaz is Arabic for Caucasus) sought funders and recruits for the Chechen jihad. *Qoqaz.net*, *Qoqaz.co.uk*, *Webstorage.com/~azzam*, and *Waaqiah.com* were created and supported by the AQ-affiliated Azzam Publications run by Babar Ahmad, both based in London. Azzam Publications produced numerous video discs featuring the terrorist attacks carried out by Khattab and Basaev as well as other ChRI operations.<sup>46</sup> According to the U.S. indictment of Ahmad, through Azzam he:

provided, through the creation and use of various internet websites, email communication, and other means, expert advice and assistance, communications equipment, military items, currency, monetary instruments, financial services, personnel designed to recruit and assist the Chechen Mujahideen and the Taliban, and raise funds for violent jihad in Afghanistan, Chechnya, and other places.”

Azzam's web sites were created for communicating with: (1) “members of the Taliban, Chechen Mujahideen, and associated groups;” (2) others “who sought to support violent jihad” by providing “material support;” (3) individuals who wished to join these groups, “solicit donations,” and arrange money transfers; and, (4) those who sought to purchase “videotapes depicting violent jihad in Chechnya, Bosnia, Afghanistan, and other lands of jihad, and the torture and killing of captured Russian troops.” Videotapes, including those eulogizing dead fighters, were intended to help and indeed were used to solicit donations for the jihad in Chechnya and Afghanistan. Ahmad also assisted terrorists to secure temporary residence in London, and to travel to Afghanistan and Chechnya in order to participate in jihad. He also assisted terrorists in procuring “camouflage suits; global positioning system (GPS) equipment; and, other materials and information.” Ahmad even put Shamil Basaev in touch with an individual who had traveled to the United States in order to raise money and purchase footwarmers for the ChRI fighters.<sup>47</sup>

Documents found in BIF's trash revealed that 42 percent of its budget was spent on Chechnya. During a 4-month period in 2000, BIF funneled \$685,000 to Chechnya in 19 wire bank transfers through the Georgian Relief Association (GRA) in Tbilisi and various BIF accounts across the Commonwealth of Independent States (CIS), according to Citibank records introduced to the court. The GRA was actually a BIF front organization and was run by the brother of Chechen field commander Chamsoudin Avraligov, who was operating in AQ's training camp in Georgia's Pankisi Gorge.<sup>48</sup> Given that BIF was able to function in Russia for nearly a decade, claims made by Russian officials that AQ sent tens of millions of dollars to the North Caucasus mujahedin are plausible. One expert claims that AQ has funneled \$25 million to the Chechen resistance including a one-time contribution in 2000 of \$2 million, four Stinger missiles, 700 plastic explosive packs amounting to over 350 kilograms, remote detonators, and medical supplies.<sup>49</sup> Basaev acknowledged in a 2004 interview receiving funds from international Islamists “on a regular basis,” perhaps understating the amount he received that year at some \$20 thousand.<sup>50</sup> Despite the crackdown on Saudi-sponsored and AQ-tied foundations like the BIF and the deaths of Khattab in 2003 and Basaev in 2006, both the ChRI and then its successor organization the CE continued to receive foreign funding from Middle Eastern contributions funneled through foreign and AQ-tied mujahedin through 2010.<sup>51</sup>

There were two principal figures involved in leading AQ's work in Chechnya and the North Caucasus: Khattab, who turned high-ranking ChRI warlord and Prime Minister Shamil Basaev to Salafi global jihadism and together with him ran training camps and numerous operations, and Abu Sayif, who headed the Saudi BIF's office in Grozny before the second war and ran communications and the transport of supplies, fighters, and funding from AQ to the Caucasus. Upon arriving in the Caucasus, Khattab linked up with Shamil Basaev, a notorious terrorist in Chechnya, and married the sister of Nadir Khachilaev, the leader of the Union of the Muslims of Russia (*Soyuz musul'man Rossii*) and an ethnic Lak from Dagestan.<sup>52</sup> By so cementing his connection to a pan-Russian Islamist organization and to

Dagestan, Khattab was clearly using a standard AQ approach of imbedding into the local social fabric in the service of highjacking local Muslim nationalist and Islamic movements for the global jihadi movement.

Excluding Khattab, AQ operative Abu Sayif, who worked in the Chechen Foreign Ministry under Movladi Udugov in the inter-war years, played the most important role in developing AQ's presence in Chechnya and the North Caucasus. Sayif coordinated the travel route, which was used to route volunteers and drug trafficking, and Sayif and Khattab were the only ones permitted to know the real names of the foreign volunteers. A travel route from Pakistan and Afghanistan to Chechnya, via Azerbaijan and Turkey, was established. The first group of some 25 "Afghan Arabs" arrived in Khattab's Vedenov camp in June 1998. Some were to pass through Tatarstan on their way to Central Asian Republics, where they were supposed to create "Wahhabite and Taliban cells, spreading terror against U.S., Russian, and other Western officials and businessmen."<sup>53</sup> It is now common knowledge that the lead perpetrator of the September 11, 2001 (9/11) attacks, Mohammed Atta, was on his way to Chechnya when he was sent to Germany and later the United States. Rohan Gunaratna claims that already by 1995, there were some 300 Afghan Arabs fighting in Chechnya against the Russians. They were joined by mujahedin from Bosnia and Azerbaidzhan.<sup>54</sup> Thus, there were perhaps as many as 500 foreign fighters in the North Caucasus on the eve of the Khattab-Basaev-led invasion of Dagestan. Indeed, the nexus of Dagestan, Karamakhi, bin Laden, and Khattab's and Basaev's Chechnya training camps draws a straight line from AQ in Afghanistan to the second post-Soviet Russo-Chechen war and the ChRI's expansion of operations across the North Caucasus.

Not only did AQ mujahedin fight in the North Caucasus during the ChRI struggle but North Caucasus mujahedin fought on other fronts in the global jihad during the same time frame. Two ethnic Kabardins from KBR were among eight ethnic Muslims from regions both in the North Caucasus and Volga area captured by U.S. forces in Afghanistan in 2001 fighting among the Taliban and AQ and sent to the Guantanamo Bay prison camp in 2002.<sup>55</sup> A brief official CE biography of late Dagestani amir and CE qadi Magomed Vagabov (a.k.a. Seifullah Gubdenskii) shows that in 2001-02 some members of his Gubden Jamaat went to Afghanistan after the rout of the joint Chechen-Dagestani-foreign jihadi force that invaded Dagestan in August 1999. Among those Gubden Jamaat members who went to Afghanistan was its then amir Khabibullah, who became the amir of "a Russian-speaking jamaat of AQ."<sup>56</sup> More recently, some members of the DV-tied cell, that was uncovered in the Czech Republic and discussed below, were at one time based in Germany and underwent training in Afghanistan and Pakistan.<sup>57</sup> We also know that the Tatar jihadi "Bulgar Jamaat," made up mostly of ethnic Tatars who made the hijra from Russia and now based in Waziristan, Pakistan, has declared jihad against Russia and stated that it includes "Dagestanis, Russians, Kabardins" and has carried out operations in Afghanistan.<sup>58</sup>

If one prefers to narrow the issue to Chechens, Bryan Glynn Williams claims that after extensive travel across Afghanistan, he was unable to find evidence that even one Chechen fighter ever fought there.<sup>59</sup> But there have been numerous reports of Chechens fighting not just in Afghanistan, but also in Iraq against U.S. forces.<sup>60</sup> In 2003, Indian police uncovered an AQ cell led by a Chechen planning to assassinate Vice Admiral V. J. Metzger, commander-in-chief of the U.S. Seventh Fleet, forcing the admiral's trip to India to be cancelled.<sup>61</sup> Every officer and junior officer with whom I have had the pleasure of speaking has claimed that he encountered a Chechen presence in both Afghanistan and Iraq. Almost all of these officers

spoke some Russian. It is certainly true that some of these testimonials are cases of mistaken identity, taking Russian-speaking Central Asians for Chechens. But it simply strains credulity to believe that not a single Chechen has fought in Afghanistan, when we have seen that Americans, Germans, other Westerners, Central Asians, Tatars, Kabardins, and Dagestanis have been there.

These are a few examples of CE ties to other fronts in the global jihad. In the same month that the CE was formed (October 2007), the Lebanese government arrested four Russian citizens, including three ethnic North Caucasians (one from Dagestan), who were charged with belonging to Fatah-el-Islam, fighting in northern Lebanon that summer, and carrying out terrorist attacks against Lebanese servicemen while participating in an armed revolt in the Nahr el-Barid Palestinian refugee camp. Along with 16 Palestinians, they formed a Fatah cell.<sup>62</sup> According to a recent report by Russia's National Anti-Terrorism Committee, a Kabardin, who allegedly was recently fighting in Lebanon, returned home and was killed in Nalchik.<sup>63</sup>

Thus, there have been some, but very few Chechen or other North Caucasus mujahedin who have fought in Afghanistan, Iraq, and other fronts of the global jihad. The Chechen and then Caucasus mujahedin's operational connections with, and influence on the more central fronts of the global jihad are evident. However, these connections are less than robust and of limited strategic significance, with the caveat that a small number of well-funded and capable terrorists can do great damage, as we saw on 9/11. Neither the ChRI nor the CE ever declared themselves AQ in the Caucasus or North Caucasus. But the close ties that developed between the ChRI and AQ beginning in the inter-war period meant that the ChRI units and camps of foreign fighters and their local allies led by Khattab and Basaev became AQ's de facto, unofficial North Caucasus affiliate and a key, if relatively weak, front in the global jihad. The AQ-tied foreign fighters, many of whom settled down and even married in Chechnya and other North Caucasus republics after the second war, were in large part responsible for the growing influence of jihadist ideologies in the region and fundamentally altered the nature of what began as a secessionist struggle for Chechen independence; this is precisely what AQ had counted on when it infiltrated the ChRI.

AQ's intervention and the growing influence of the global jihadi revolutionary movement led the radical Chechen national separatist movement down a path traversed by many such movements across the Muslim world in recent decades. In the Caucasus, especially Dagestan, they mixed with the very limited indigenous history of Salfism and significant contemporary flood of young Caucasus Muslims to study abroad in the Middle East and South Asia, on the one hand, and of Wahhabi and other Salafi teachings from there to the Caucasus through the Internet on the other. In the 18th and certainly by the 19th centuries, Salafism was brought in from abroad by Caucasians like Mukhamad Al-Kuduki after travels in Egypt and Yemen introduced him to scholars like Salikh al-Yamani.<sup>64</sup> The revival of this relatively recent, if thin, Salafi Islamist usable past, along with the national myths during the *perestroika* and post-*perestroika* periods, yielded the rehabilitation and of the 19th century imams and religious teachers who led the *gazavats* against Russian rule teachers.<sup>65</sup> But the nationalist ideas and cadres were gradually displaced by jihadist elements, transforming the secular movement into a jihadist one. This process was increasingly legitimized and gained momentum as Islamic elements were incorporated into the ChRI proto-state and foreign Salafists, Wahabbis, and other Islamic extremists continued to infiltrate the movement throughout the 1990s and early 2000s, bringing finances, guerrilla and terrorist training and,

most importantly, a new jihadist ideo-theological orientation. The Salafist historical myth and related historical figures served as models for some local Salafists, who played key roles in the ChRI's incomplete Islamization even before 2007.<sup>66</sup>

The combination of AQ and other foreign Salafi intervention, a usable indigenous Salafi historical myth, and locals studying Islam abroad influenced a small but highly motivated group of Islamist and ultimately jihadist leaders across the North Caucasus. Beginning in the early 1990s, thousands of Muslims from Russia traveled abroad to receive Islamic education in Islamic schools which were experiencing the rise of a significant global jihadi revolutionary movement. They returned home with Wahhabist and other forms of Salafist zeal for jihad and a strong sense of kinship with radical Islamists and mujahedin in Afghanistan, Lebanon, Iraq, and elsewhere. Three young, foreignducated Muslims—"Sefullah" Anzor Astemirov, Sheikh Said Abu Saad Buryatskii (Aleksandr Tikhomirov), and "Seifullah Gubdenskii" Magomedali Vagabov—joined the ChRI's jihadi wing or later the CE and rose quickly up the CE's ranks, driving its expanding jihad on three main fronts outside Chechnya: Dagestan, Ingushetia, and KBR.

In the early 1990s, the foreign-educated Dagestani Salafist Ahmad-Kadi Akhtaev taught the first important post-Soviet Dagestani jihadi theo-ideologists, Magomed Tegaev and Bagautdin Magomedov (Kebedov), and the two leading ethnic Kabard jihadists, Musa Mukozhev and "Seifullah" Anzor Astemirov, both of whom studied abroad as well. Astemirov would play a key role in the formation of a small cadre of jihadi fighters in the KBR, in Umarov's decision to form the CE and jettison the ChRI Chechen nationalist project, and in the development of the CE's relationship with Jordanian Sheikh Maqdisi and thus the global jihadi revolutionary movement. In the mid-1990s, as one of the leading students at a madrassah run by the official Muslim Spiritual Administration (DUM) of the KBR, Astemirov was one among many sent by the DUM to study Islam abroad in an unknown higher education religious school in Saudi Arabia.<sup>67</sup> This set him and many other young Muslims from the KBR on the path of Islamism and ultimately jihadism.<sup>68</sup> In summer 2005 Mukozhev and Astemirov met with Basaev, and they agreed that they would transform their Islamist Jamaat of KBR into the ChRI North Caucasus Front's Kabardino-Balkaria Sector (KBS) on the condition that Sadulaev and Basaev saw through to the end the formation of a pan-Caucasus jihadi organization like the future CE based on a strict takfirist interpretation of Shariah law. In addition to this and his abovementioned role as CE qadi, Astemirov's organizational efforts as amir of the CE's OVKBK resulted in its becoming the CE's second most operationally active vilaiyat in 2010, ahead of Chechnya's NV and Ingushetia's GV.<sup>69</sup>

Sheikh Buryatskii is representative of an even more disturbing transformation which shows that one does not need to be a victim of Russian brutality and bad governance or the product of the Caucasus traditions of martial violence and blood revenge to join the Caucasus jihad and that the jihadist theo-ideology is by itself a substantial driver of jihadism in the region. As his jihadi *nom de guerre* suggests, Buryatskii was part ethnic Buryat, a Mongol and traditionally Buddhist ethnic group, and part ethnic Russian. Born as Aleksandr Tikhomirov in 1982, he lived in far away Ulan-Ude, the capitol of Russia's republic of Buryatia. His mother was Russian and Orthodox Christian; his father was an ethnic Buryat and Buddhist.<sup>70</sup> Buryatskii studied at a Buddhist *datsan*, but at age 15 he converted to Islam. He moved to Moscow and then to Bugurslan, Orenburg where he studied at the Sunni madrasah, Rasul Akram. Buryatskii then studied Arabic at the Saudi-supported Fajr language center in 2002-05 before traveling to Egypt to study Islamic theology at Cairo's Al-Azhar

University as well as under several authoritative sheikhs in Egypt, Kuwait and, according to Russian prosecutors, Saudi Arabia.<sup>71</sup> Buryatskii himself reveals what his education in the core of an umma plagued by global jihadi revolutionary ideology taught him:

At one time when I was in Egypt at the lecture of one of the scholars, who openly said to us: “Do you really think that you can so simply spread the Allah’s religion without the blood of martyrs?! The disciples of Allah’s prophet spilt the blood of martyrs on many lands, and Islam bloomed on their blood!”<sup>72</sup>

Running afoul of the Egypt’s secret services, Buryatskii returned to Russia.<sup>73</sup> Buryatskii left for the Caucasus jihad in May 2008.<sup>74</sup>

Assigned by Umarov to the CE’s GV in Ingushetia, the fervent Buryatskii became a recruiting draw. In 2009, Buryatskii was the CE’s main, if fatal, attraction and its most effective propagandist and operative, showing shades of the charisma and ruthlessness for which Shamil Basaev became infamous. His articles detailing his mentoring of RSMB suicide bombers and his video lectures propagandizing jihadism and the importance of *istshkhad* drew new forces to the CE’s once relatively quiet Ingush mujahedin. Buryatskii’s activity was perhaps the main factor making the CE’s GV the most operationally capacious of its vilaiyats in 2008-09, leading in the number of attacks both years.<sup>75</sup> Thus, there is a direct line between Buryatskii’s Islamic conversion and study abroad to the explosion of terrorism in Ingushetia during 2008-09. Buryatskii is but one of several ethnic Russian and Slavic converts to Islam from outside Russia’s Muslim republics who have become prominent CE terrorists in recent years, including Pavel Kosolapov, Vitalii Razdobudko, Maria Khorsheva, and Viktor Dvorakovskii.<sup>76</sup>

In contrast to Astemirov and Buryatskii, Vagabov was influenced by Pakistani Salafism. After studying Islam locally in Dagestan, he began to work with missionaries of the peaceful Pakistan-based international Salafist sect Tabligh Jamaat in Dagestan. His native Gubden District was declared the Tablighists’ center for the call to the Tabligh in Russia. Vagabov then traveled in 1994 to Raiwand, Pakistan, the center of the Tabligh Jamaat movement, and studied there for several months in a madrassah learning the Koran by heart and receiving the diploma of a *khafiz*. Traveling on to Karachi, he studied the fundamentals of Shariah law apparently both at university and privately with sheikhs and became an adherent of Salafism and the writings of imam Abul Hasan Al-Ashari, Al-Ibana, and *Risalyatu ila Aglyu Sagr-Vibabil Abvab*. Vagabov returned home in 1997, opened the School of Khafiz in Gubden to courses on the hadiths, and traveled to Chechnya where he met with Khattab and underwent military training in the AQ-funded camps. He fought for the Salafis, who declared an independent Islamic state in Karamakhi and two other Dagestani villages in 1998, and in the 1999 Khattab-Basaev invasion of Dagestan that kicked off the second Chechen war.<sup>77</sup> In the 2000s, Vagabov rose up the ranks of the ChRI’s Dagestani Front and then the CE’s DV. He played a lead role in building up the DV’s dominant Central Sector, which has made Dagestan the locus of the highest number of attacks of any Russian region since April 2010. Vagabov also organized the pivotal March 2010 Moscow subway suicide bombings carried out by the respective wives of his predecessor and successor as DV amir. In June 2010, Umarov appointed him as the DV’s amir, and Astemirov’s successor as the CE’s qadi.<sup>78</sup> Vagabov’s biography draws a direct line from the umma’s global jihadi revolutionary movement and radical Pakistani madrassahs, mosques, and universities to the rise of the

Dagestani jihad within the overall CE and to terrorism in Moscow itself with the Moscow subway bombing among others. Although Astemirov, Vagabov, and Buryatskii were killed in 2010, by then each had left their mark on the CE's expansion across the Caucasus and transformation into a viable jihadist project allied with the global jihadi revolutionary alliance inspired by AQ and its takfirist theo-ideology.

As AQ and the global jihadi revolutionary alliance have evolved into a more decentralized network of jihadi groups, interacting increasingly for theo-ideological sustenance, funding, training, and operational planning through the Internet rather than directly, the CE integrated into the AQ's wider network of jihadi websites. In this way, it developed relationships with jihadi leaders and philosophers such as Maqdisi, mentioned earlier, and AQ in the Arabian Peninsula (AQAP) and Anwar Al-Awlaki. The AQ-affiliated website, *Ansar al-Mujahideen* ([www.ansar1.info/](http://www.ansar1.info/)), is used to recruit fighters and raise funds for the CE by those involved in the Belgian plot uncovered last autumn and is closely linked to AQ. The *Ansar al-Mujahideen* network is typically regarded as a self-started jihadi and pro-AQ site that helps propagandize and recruit for the global jihad and AQ.<sup>79</sup> *Ansar al-Mujahideen's* English-language forum's (AMEF) leading personality was "Abu Risaas" Samir Khan until mid-2010 when he turned up working with Awlaki in AQAP.<sup>80</sup> The Virginian Zachary Adam Chasser, alias Abu Talhah al-Amriki, in prison for assisting the Somali AQ affiliate Al-Shabaab, also participated in AMEF.<sup>81</sup> *Ansar al-Mujahideen's* German-language sister site is closely associated with the Global Islamic Media Front (GIMF), which also has produced several operatives arrested for involvement in AQ terrorism plots.<sup>82</sup> The Taliban has authorized the *Ansar al-Mujahideen* network as one of three entities that may publish its official statements, and *Ansar al-Mujahideen's* founder noted "we have brothers from Chechnya and Dagestan."<sup>83</sup>

In December 2010, *Ansar al-Mujahideen* announced "the Start of a New Campaign in Support of the Caucasus Emirate," signaling a request for fighters and funds for the CE and emphasizing: "We ask Allah to make this year a year of constant discord and increasing enmity for the enemies of the Islamic Emirate of the Caucasus." The announcement welcomed emerging signs of jihadism in Tatarstan and Bashkortostan, asking Allah for "a new generation of scholars" to replace Astemirov, Buryatskii, and AQ operative Omar al-Sayif, all mentioned by name.<sup>84</sup> *Ansar al-Mujahideen* soon partnered with Astemirov's and the CE OVKBK's *Islamdin.com* to create a new Russian-language global jihadi website (*al-ansar.info*) no later than July 2010.<sup>85</sup> In August, the webmaster of *Ansar al-Mujahideen*, an ethnic Moroccan named Faisal Errai, was arrested in Spain. Spanish authorities also reported that the website was already raising money for terrorists in Chechnya and Afghanistan.<sup>86</sup> The Russian-language *Al-Ansar.info* was set up to "highlight news summaries of the Jihad on all fronts, both in the Caucasus and in all other lands of the fight" and publish old and new works of scholars of the "ahli sunny ual' jama'a." The fact that it contains primarily Russian-language but also English-language content suggests, along with other factors, that AQAP's Awlaki may be a driving force behind the *Ansar al-Mujahideen* network of which *Al-Ansar.info* is a part. Thus, *Islamdin.com's* announcement of the joint project with the *Ansar al-Mujahideen* network extensively quotes Awlaki (who otherwise retains a high profile on CE sites) on the value of being a "jihadist of the internet."<sup>87</sup> *Islamdin.com* posted the first part of Awlaki's Al-Janna the day after this announcement, and CE websites continue to post Awlaki's works.<sup>88</sup> With the CE tied into the global jihadi revolutionary alliance and once



again plugged into the AQ-affiliated Internet network, it was just a matter of time before it developed a more international role.

## **Domestic and International Security Implications**

The CE's more expansive aspirations and growing ties with the global jihad revolutionary movement have been accompanied by closer propaganda and operational ties to jihadists in other regions of Russia, the former Soviet Union, other fronts in the global jihad and, per Maqdisi's call, even Europe. Moreover, there are even broader strategic implications impinging on both international and U.S. national security.

### ***To the Volga and beyond***

Aside from the abovementioned train, subway, and airport attacks in and around Moscow, the CE is involved in several projects inside Russia far beyond the virtual emirate's supposed borders. But the CE also has plans to expand operations beyond Russia. Already in January 2006, Basaev warned that by summer, the ChRI's combat jamaat network would "cross the Volga," suggesting expansion to Tatarstan, Bashkortostan, and likely beyond.<sup>89</sup> In June 2006, then ChRI amir Umarov issued a decree creating Volga and Urals Fronts, hoping to expand operations to Tatarstan, Bashkortostan, and other ethnic Tatar and Bashkir communities across Russia.<sup>90</sup> Through 2009 there was much CE propaganda targeting Tatars and Bashkirs but few jihadi deeds. A group called Islamic Jamaat was uncovered in 2007, but there was no evidence that it had CE ties.<sup>91</sup> Rather, the group may have been the predecessor of the allegedly CE-tied so-called Oktyabrskii Jamaat uncovered in 2010, both of which could have been connected to the so-called Uighur-Bulgar Jamaat (UBJ), which may be one and the same as the abovementioned Bulgar Jamaat, fighting with the Taliban and al-Qaeda in Afghanistan and Pakistan.<sup>92</sup> The UBJ, like the Bulgar Jamaat, is Tatar-dominated and adheres to the ideology of resettling in order to fight the infidel (at-Takfir Val Khidzhra). Several alleged operatives from the UBJ were arrested in Bashkortostan in August 2008 after a shootout with Bashkir police in Salavat, Bashkortostan. They went on trial in April 2009 for allegedly planning terrorist attacks in the republic. According to Bashkir authorities, the UBJ was founded by Bashkiriya native Pavel Dorokhov, who underwent training in al-Qaeda and Taliban camps.<sup>93</sup>

More recently, during 2010 and early 2011, several arrests of alleged mujahedin with ties to the CE have been made and the first apparent jihadi attacks occurred in Tatarstan, Bashkortostan, and Astrakhan.<sup>94</sup> This suggests that the CE may indeed be expanding operations to these key Muslim communities. In addition, this past winter a group from Tatarstan and/or Bashkortostan appealed to Umarov to recognize their self-declared Idel-Ural Vilaiyat (IUV) and provide financial and other assistance in setting up training camps in the southern Ural Mountains and in organizing attacks.<sup>95</sup> As of mid-summer 2011, there had been no public response by Umarov, though clandestine assistance cannot be ruled out. The UBJ/Bulgar Jamaat also could be playing a role in these possible efforts by these Tatars and Bashkirs. Bringing Tatarstan, Bashkortostan, and Astrakhan would help form a bridgehead to Siberia, the Far East, and Central Asia. Gaining a foothold in ethnic Bashkir and especially Tatar communities in these regions would vastly expand the CE's pool of potential recruits and geographical reach into both Russia and Central Asia, since Tatar communities can be

found in almost all of Russia's provincial capitals, including Moscow and St. Petersburg, and in Central Asia. Expansion along these lines would further tax Russian resources, already burdened by massive federal subsidies to the North Caucasus. Although it is unlikely that the CE will achieve substantial progress in expanding to a permanent presence in the Volga, Urals, or Siberian regions, the ChRI's and CE's record in expanding operations across the North Caucasus argues against complacency. Few expected that Ingushetia rather than Chechnya would be the center of gravity of the jihadi in 2008 and 2009, or that Dagestan and KBR would supersede both Vainakh republics in the number of jihadi operations in 2010. Even a small IUUV enterprise could significantly complicate Moscow's coordination problems, given some creativity and modest resources on the part of the mujahedin.

More disturbing is the threat posed by the CE mujahedin to the 2014 Olympic Games to be held in the North Caucasus resort city of Sochi, Krasnodar. The area comes under the CE's NSV, which is responsible for Russia's Krasnodar and Stavropol regions but it has not demonstrated much of an existence no less capacity, with a caveat: Recent suicide operations, failed and successful, have involved ethnic Russian Islamic converts from Stavropol. The advantage that less conspicuous ethnic Russian mujahedin might offer in an operation targeting Sochi raises red flags. These same ethnic Russian mujahedin's ties to the most capacious of the CE's vilayats, the DV, raise more concerns.<sup>96</sup> Not only have the Dagestani mujahedin carried out the highest number of operations each month since April 2011, but the DV has also led in the number of suicide bombings and created its own Riyadus Salikhiin Jamaat (RSJ).<sup>97</sup> In August 2010, Dagestani mujahedin issued an explicit promise of "operations in Sochi and across Russia and more 'surprises' from the horror of which you will blacken."<sup>98</sup> The CE's OVKBK mujahedin also might be involved in an attack on the Sochi Games. Its field of operations, the republics of KBR and lesser so Karachaevo-Cherkessiya (KChR), are geographically closer to Sochi than is Dagestan.<sup>99</sup> In February 2011, the OVKBK carried out a series coordinated attacks against the winter ski resort area around Mt. Elbrus. The entire operation resembled a training operation for an attack on Sochi, and the OVKBK warned it would continue to fight infidel Russian development efforts and international culture in the region.<sup>100</sup> Thus, CE plans for Sochi could include a joint DV-OVKBK operation or separate ones by the DV and OVKBK with built-in redundancy, utilizing ethnic Russian suicide bombers. The possibility that the CE might strike at the Sochi Games, an international target, is strengthened by its active support for the global jihadi revolutionary alliance's goals.

### ***The Eurasian Horizon***

There already are connections between the CE and other post-Soviet jihadists. At the most general level, mujahedin from Central Asian states, Azerbaijan, and even Georgia, have turned up among the CE mujahedin, but the reverse has not been true, putting aside the CE's use of Georgia's Pankisi Gorge as a rear base. The CE has declared not only all Muslim lands in Russia, but also the entire Caucasus as its rightful domain.<sup>101</sup> In the Caucasus writ large, Azerbaijan, bordering and having some ethnic and Islamic overlap with Dagestan, the present spearhead of the CE's activity, is most vulnerable to CE penetration. Its Islamic population includes nationalities such as the Lezgins, who straddle the Azerbaijani-Dagestan border and are an important nationality in Dagestan. As noted above, the ChRI, AQ, and its affiliated charity societies used Azerbaijan as a transit point for funneling funds, cadres, and weapons to Chechnya in the 1990s. The CE also seems to be taking note. Recent incursions south by

likely CE mujahedin into northern Azerbaijan as well as jihadist activity in Baku suggest mujahedin could threaten this strategically important state.<sup>102</sup> Recently, the DV added an Azerbaijan Jamaat with unidentified locale and goals.<sup>103</sup> The CE's capacious vanguard DV puts Umarov within striking range of international and U.S. interests in Azerbaijan such as oil company headquarters, refineries, and the Baku-Tbilisi-Ceyhan pipeline carrying oil to Europe. Clearly, a CE or other significant jihadi presence in Azerbaijan would have security implications for the entire Transcaucasus and the Persian Gulf region.

The bad blood between Moscow and Tbilisi created by the 2008 Georgian-Russian 5-day war is beginning to influence the situation in the North Caucasus. To be sure, there is little evidence of the ethno-nationalist mobilizational effect on Russia's Circassian nationalities that many predicted would be a result of Russia's recognition of the independence of Abkhazia. However, Georgia has been speculating on the situation in the region, especially the Circassian genocide issue, as the Sochi Olympics approach. It has opened up a television and radio company that broadcasts propaganda to the region, waived visa requirements for North Caucasus residents, and adopted a parliamentary resolution calling for a boycott of the Sochi Olympics and Russian and international recognition of the Russians' rout and partially forced exile of Circassians in the 1860s as a genocide. Some Georgian opposition figures and one former U.S. official claim that President Mikheil Saakashvili's government is providing financial and training assistance to the CE.<sup>104</sup> Georgia's policies could radicalize some Circassians and thus improve the CE OVKBK's and NSV's prospects for recruitment.

Consistent with the interrelated goals of recreating the caliphate and extending the CE through the Volga and southern Urals regions as a bridge to Central Asia, the CE maintains relations with Central Asian jihadi organizations tied to AQ and the Taliban in AfPak such as the Islamic Movement of Uzbekistan (IMU) and the IMU splinter group, the Islamic Jihad Union (IJU). Both the IMU and IJU have fighters in Afghanistan, train in Pakistan, and fight in both as well as in Central Asia. In a May 2007 statement, IJU amir Ebu Yahya Muhammad Fatih stated that the IJU had "also been working on our common targets together with Caucasian mujahedeens."<sup>105</sup> In March 2011, the IJU's media department, Badr At-Tawhid, sent a 7-minute video message to the CE mujahedin from the IJU's amirs in the "land of Horosan," Afghanistan.<sup>106</sup> It praised the CE mujahedin for joining the global jihad and noted: "In our jamaat, there are many brothers who were trained or fought on the lands of the Caucasus Emirate."<sup>107</sup> The CE DV cell uncovered in the Czech Republic discussed below could have been training with the IJU or IMU. CE websites regularly cover and provide at least propaganda support to Central Asia's leading jihadi organizations, including the IMU and IJU. Thus, the CE reported extensively on the series of suicide, improvised explosive devices (IEDs), and ambush attacks and skirmishes carried out by the IMU, IJU, and/or a possible subunit thereof, the "Jamaat 'Ansarullah' in Tajikistan," during autumn 2010 in Hujand, Sogdo Oblast' and elsewhere in Tajikistan.<sup>108</sup>

The CE Ingush GV's website *Hunafa.com*, founded by Buryatskii, has shown a special interest in the emergence of jihadism in Kazakhstan, carrying propaganda materials from a Kazakhstan jihadi jamaat "Ansaru-d-din," calling Kazakhstan's Muslims to jihad and a fatwa issued by Sheikh Abul-Mundhir Al-Shinkiti, asserting the Shariah legality of attacking police and fighting jihad in Kazakhstan, even though the Muslims there are weak and small in number.<sup>109</sup> It is unclear whether the CE, GV independently, or Absaru-d-din played a role in recent bombings and attacks on police this year.<sup>110</sup> The CE's main website *Kavkaz tsentr* also reported in March 2011 the bayat to the Islamic Emirate of Afghanistan, Mullah Muhammad

Omar Mujahid, the Islamic group taken by a group of Kyrgyzstan mujahedin, Jaish Jamaat al-Mahdi (Amirul-Mu'minin), and their call to the Kyrgyz to take up jihad.<sup>111</sup>

### ***Thinking Globally: The CE and Jihad in Europe***

The CE's rabid anti-infidelism is not new; the ChRI's websites were replete with anti-Western, anti-Semitic, and anti-American articulations as far back as 2005.<sup>112</sup> The CE's growing ties with AQ and the global jihadi revolutionary alliance produced in 2010 what appears to have been the first CE-tied activity in Europe: the plot by "Shariah4Belgium" broken up in November 2010, and the DV-tied Czech cell uncovered in April 2011. On November 23, 11 suspects tied to the jihadi Shariah4Belgium group were arrested in Belgium, the Netherlands, Germany, Spain, Morocco, and Saudi Arabia on suspicion of planning terrorist attacks in Belgium, recruiting "jihadi candidates" and financing the CE. Earlier in 2010, Shariah4Belgium leader Abou Imran declared that the White House would "be conquered," and "Europe will be dominated by Islam."<sup>113</sup> The Belgian-based detainees included six Moroccan Belgian citizens detained in Antwerp, three Moroccan Belgian citizens arrested in the Netherlands, and two Chechens apprehended in the German city of Aachen near the Belgian border.<sup>114</sup> All the suspects held dual citizenship and belonged to the Antwerp-based Shariah4Belgium.<sup>115</sup> Belgian police said the Shariah4Belgium cell had ties to a local Islamic Center and had been under investigation since at least 2009. One of the Russian nationals was a 31-year-old "Chechen" arrested in Aachen, Germany, under a European arrest warrant issued by Belgium who was suspected of having recruited young people to fight in Chechnya. All the detainees, including the two Chechens, were said to have been involved in both recruiting and financing for the CE and planning attacks in Belgium.<sup>116</sup> A third Chechen supporter of Doku Umarov allegedly involved in the Shariah4Belgium plot was arrested on December 1 at Vienna's Schwechat airport on the basis of one of nine international arrest warrants issued by the Belgian government.<sup>117</sup> The 32-year old Aslambek I., as he was identified by the authorities, was detained upon his return from the hajj to Mecca in connection with an international plot to attack "a NATO facility in Belgium."<sup>118</sup> Aslambek I. reportedly lived in the Austrian town of Neunkirchen with this family and was planning to bomb a train carrying NATO troops. Earlier, he reportedly lost both his hands in a grenade attack in Chechnya and had been arrested in Sweden for smuggling weapons, was released, and then left for Mecca.<sup>119</sup>

It remains unclear whether this CE-connected plot was part of the reported AQ plan to carry out a series of Christmas terrorist attacks in the United States and Europe last holiday season.<sup>120</sup> Besides the Chechen origins of three members of the Belgum4Shariah cell and their assistance to the CE, there was other evidence of the plot's connection simultaneously to the CE, AQ, and the global jihad. On June 20, the OVKBK's *Islamdin.com* posted an appeal from Belgian Muslims to Maqdisi, underscoring once again the way in which the CE's tie to Maqdisi unites it with the larger global jihadi revolution.<sup>121</sup> More significantly, the arrested Shariah4Belgium suspects were said to have been using the jihadi website *Ansar al-Mujahidin* in carrying out their activity.<sup>122</sup> As noted above, the CE OVKBK's *Islamdin.com* co-sponsored with *Ansar al-Mujahidin* the Russian-language forum *Al-Ansar.info*.

In April 2011, counterterrorism officials in the Czech Republic uncovered an international cell in Bohemia connected to the CE's DV. According to the chief of the Czech Unit for Combating Organized Crime (UOOZ) Robert Slachta, the group included one Chechen, two or three Dagestanis, two or three Moldovans, and two Bulgarians, who are

accused variously of weapons possession, document falsification, financing and supplying terrorist organizations, specifically the DV's new members, with weapons and explosives.<sup>123</sup> Documents relating to the Dagestan mujahedin in both Arabic and Russian were found during the arrests. The apartment of the Chechen involved in the Czech cell was reported to have contained significant quantities of arms and ammunition. Six of the eight accused were arrested in the Czech Republic, with two members still at large in Germany. There was also an unidentified ninth member. Profits made from the falsification of passports and other documents were sent to Dagestan as were weapons and explosives purchased by the cell. None of those arrested were suspected of planning terrorist attacks in the Czech Republic.<sup>124</sup> However, one press report claimed that the Bulgarian members of the group were involved in planning terrorist attacks in unidentified other states.<sup>125</sup> In June 2011, two more unidentified Russian citizens were arrested in Germany engaging in the same activity for the DV and perhaps working with the abovementioned DV Czech cell.<sup>126</sup> The CE-and DV-tied Czech Republic cell represents global jihadi thinking and suggests the CE and its DV as clear and present dangers to the Sochi Games.

On July 5, 2010, French police and security carried out a counterterrorism operation arresting five Chechens, three men aged 21 to 36, and two women, in several districts across the city of Le Mans. One of the three males was described as an imam and father of five. Reportedly, French counterterrorism was tipped off by Russian security after they arrested a Chechen citizen in Moscow in possession of weapons, explosives, plans for making bombs, and a residence permit issued by France's Prefecture de la Sarthe. Russian investigators also discovered that the wife of the arrested Chechen lives in Le Mans. The three males were arraigned on July 9 and charged on suspicion of "criminal association in relation with a terrorist enterprise."<sup>127</sup> The CE also could be connected directly or indirectly to several Chechens arrested individually in Europe in recent years; for example Lors Doukaev, who was sentenced in May 2011 to 12 years in prison for planning an attack on the offices of the newspaper *Jyllands-Posten*, which published the famous 12 caricatures of the Prophet Mohammad in 2005.<sup>128</sup> In sum, the CE and perhaps lone wolf terrorists inspired by it are posing a new threat to Europe and the West.

### ***Potential Threats to U.S. Interests***

The CE also poses a potential threat to U.S. interests and citizens, if not the homeland. It may be significant that both the Nevskii Express and Domodedovo Airport attacks targeted transport infrastructure where foreigners, in particular Americans, are often present. The potential threat to U.S. interests and even personnel is suggested by the Nevskii Express attack. The Moscow-St. Petersburg rail route is located within 100 miles of the northern stretch of the Northern Distribution Route (NDR) supplying U.S. and NATO troops in Afghanistan. Beginning in Latvia, it traverses through northeast Russia on its way to Central Asia and Afghanistan. If the Shariah4Belgium plot was intended to target NATO transport, then a similar project to one that would target the NDR has already been on the CE-tied jihadists' agenda. Finally, aside from the numerous propaganda attacks on the U.S. extant on CE websites, in 2010 two sites taken together thrice published the infamous al-Fahd fatwa calling for the use of weapons of mass destruction (WMD) against the Americans.<sup>129</sup> To be sure, in contrast to the ChRI, there is only limited evidence to suggest that CE operatives intend or have attempted to acquire chemical, biological, radiological, or nuclear materials.<sup>130</sup> However, the CE's jihadization and the al-Fahd posting suggest a theo-ideological orientation

that could so incline CE operatives to employ such tactics, and Russian Federal Security Service (FSB) Director Aleksandr Bortnikov's claim in June 2010 that terrorists continue to "attempt to acquire nuclear, biological, and chemical components" across the former Union of Soviet Socialist Republics (USSR) underscores the point.<sup>131</sup>

## **Russian Counter-Jihadism Policy**

How is Moscow dealing with the CE insurgency and its alliance with the global jihad? It must be noted that the derision that many in the West devoted to Russian President Vladimir Putin's claims that Russia was dealing with international terrorism was misplaced. Putin was exaggerating his claim but not inventing it out of whole cloth, as the discussion above of AQ's ties to those ChRI elements involved in the 1999 invasion of Dagestan clearly shows. There is probably some truth to the assumption that Putin's claim was intended to serve as a justification for Russia's heavyhanded tactics in dealing with the ChRI and CE. Russian military, police, and special security forces have committed and, to a much lesser degree, continue to commit atrocities. However, the last few years have seen a considerable shift in the Russian strategy and tactics to include more elements of soft power in its overlapping counterinsurgency and counterterrorism, including attempts to combat jihadism ideologically and through greater investment in the socioeconomic development of the North Caucasus.

### ***Federal Policy***

Already during Putin's second term, there was a shift to include nonmilitary means: (1) better intelligence gathering and dissemination and better interoperational coordination among the siloviki with the creation of federal and regional anti-terrorism committees for searching out and destroying CE amirs and operatives; (2) the removal from office of the oldest, longest-serving, and most odious of the North Caucasus republics' presidents, with the exception of Chechnya's Ramzan Kadyrov and Ingushetia's Murat Zyazikov; and, (3) "draining the pond" of mujahedin through a fourth amnesty in 2006 which brought in 600 mujahedin from the forest.<sup>132</sup> Russian security and local police forces have become quite efficient at eliminating top CE leaders, with the exception of CE amir Umarov.<sup>133</sup> On June 9, 2009, the FSB managed for the first time to capture rather than kill a major CE amir, the CE's military amir, and the CE GV's amir and vali "Magas" Ali Taziyev (a.k.a. Akhmed Yevloyev). His capture likely led to actionable intelligence that has facilitated many of the increasing number of CE amirs killed since then. Also during his second term, Putin undertook a massive reconstruction effort for Chechnya, which after years of slow progress finally achieved considerable results. Grozny has been almost completely rebuilt, and Chechnya's second city, Gudermes, is also making progress. The reconstruction efforts provided some employment for Chechen youth, but unemployment remains high, and Kadyrov has been criticized for funneling work to his Benoi and political clans. Putin-era anti-extremism laws remain in force and far too broad, allowing Ministry of Internal Affairs (MVD) and FSB operatives to apply them occasionally against journalists, moderate Muslims, and certain Islamic texts.

Under the Medvedev presidency, Russia has moved further in complimenting hard power with a robust soft power component in attempting to tackle jihadism in the Caucasus. In his

first annual presidential address to Russia's Federal Assembly in November 2009, President Dmitry Medvedev called the North Caucasus Russia's "most serious domestic political problem" and announced a federal program to invest 800 billion rubles in Ingushetia, which since the summer of 2007 had been the center of gravity of the jihad, with the largest number of CE attacks of any North Caucasus region.<sup>134</sup> Medvedev also fired the extremely unpopular, incompetent, and violence-prone Ingushetiyan president Murat Zyazikov, who, largely on the strength of his FSB career, had been ensconced in power by Putin through a series of electoral manipulations. Under Zyazikov, Ingushetia saw abductions skyrocket, with many suspecting Zyazikov's cousin, who headed the security forces, of organizing the abductions. The final straw for Zyazikov came when Ingushetia's top opposition leader Magomed Yevloyev was shot while in the custody of the Ingushetia's MVD chief, after arguing with Zyazikov on a plane flight in August 2008. Zyazikov's removal and the security forces' killing of Buryatskii and GV amir Taziyeu were followed since March 2010 by a fall both in attacks by the CE and abductions in the republic. Medvedev's federal assistance program for Ingushetia has made it since 2009 the most highly subsidized region in Russia, with 91 percent of the republic's budget being federally funded. From 2008 to 2010, expenditures increased for sectors crucial to socioeconomic development and jobs: by 282 percent for housing, 110 percent for economic development, 103 percent for education, with slightly lower increases for state agency expenditures, culture, health, and sport.<sup>135</sup>

Medvedev also moved to increase, better target, and ensure proper use of funding for the North Caucasus as a whole by creating the North Caucasus Federal District (SKFO) and appointing as its presidential envoy and as federal government deputy premier, the former businessman and Krasoyarsk Governor Aleksandr Khloponin. It is planned to fold the federal targeted programs for the North Caucasus, Chechnya, and Ingushetia into a single program, with one-third of the unified program designated for the most jihadplagued republic, Dagestan.<sup>136</sup> Medvedev's June 2011 proposal to decentralize aspects of government to the regions and municipalities appears to be dictated in part by the situation in the North Caucasus, as SKFO envoy Khloponin has been assigned to draft the details for the decentralization of interbudgetary relations along with his fellow vice premier Dmitrii Kozak.<sup>137</sup> Since 2008, federal expenditures have increased in all the SKFO's regions, except for Chechnya. This has led to some modest economic growth for the SKFO as a whole, with some republics' economic growth outpacing the federal average. However, unemployment remains high, especially youth unemployment.<sup>138</sup>

In line with Medvedev's overall liberalization policies and his turn to more use of soft power in the North Caucasus, Prime Minister Putin announced a radical departure in Kremlin policy in the Caucasus, unveiling an ambitious economic development program for the region that was long overdue. He also called for the North Caucasus governments to open up in order to attract private investment, to pay more attention to the views of human rights activists, to encourage the development of civil society, and to air more federal broadcasts offering "objective and honest stories about life in the North Caucasus" and not an "artificially" drawn "soft and pleasing picture." The new development strategy detailed in Putin's speech is to integrate the North Caucasus into the Russian and global economies and to create 400,000 new jobs in the region by 2020 by: (1) plugging the region into the international North-South transit corridor linking Russia and Europe with Central Asian and Gulf states; (2) organizing several major public works and construction projects toward that end, to include building a major oil refinery in Chechnya's capital; (3) creating a modern

tourism industry including a system of ski and other recreational resorts; and, (4) increasing North Caucasians' access to university education.<sup>139</sup>

Specifically, these goals are to be achieved by building a network of highways, renovating airports, and developing energy projects and recreation resort areas across the region. The construction and resulting resort-related businesses will help solve the region's unemployment problem. The government is already constructing highways around and between cities such as Mozdok in Republic of Ingushetia, Nalchik (the capital of the KBR), and Stavropol (capital of Stavropol Krai or Territory). A highway is being designed for Chechnya's second largest city, Gudermes, and another for Beslan, North Ossetia, will be commissioned by 2015. Another approximately 150-kilometer highway will link Cherkassk with Sukhum, the capital of Georgia's breakaway republic of Abkhazia, through a six-kilometer tunnel to be constructed through the mountains. The airports in Magas (Ingushetia), Beslan, and Stavropol's Shpakovskoye and Mineralny Vody airports will be modernized. In the field of energy, he announced new hydroelectricity projects for the mountainous region and the construction of a Rosneft oil refinery in Chechnya's capital, Grozny, to be commissioned in 2014. The total sum of investments for these anticipated economic projects will be 3.4 trillion rubles, according to Putin. The government is ready to cover risk for private investors guaranteeing up to 70 percent of project costs. The government will choose investors and distribute money through a new North Caucasian branch of Russia's Development Bank. This year, three federal programs—one for the entire region and one each for Chechnya and Ingushetia—will invest 20 billion rubles (some \$700 million) in social and economic development projects in the North Caucasus. Putin also announced plans to develop the education infrastructure in the North Caucasus. A new proposal is to require that Russia's leading universities admit 1,300 students from North Caucasian republics annually. A project to build one of the eight federal universities in the North Caucasian District was announced in January.<sup>140</sup>

Putin also proposed "alpine skiing, ethnographic, or family" tourism. Specifically, he proposed creating a network of ski resorts across the region stretching from the Caspian to Black Seas building on the Elbrus ski resort in KBR. Mt. Elbrus is the highest mountain in Europe. This resort area was targeted by the OVKBK in February 2011, which issued an explicit statement that it would fight to prevent any resort development and keep out Russian and foreign infidel influence.<sup>141</sup> The planned tourism cluster will include resorts in Dagestan, North Ossetia, KBR, Karachaevo-Cherkessiya and Adygeya. The resorts should accommodate 100,000 tourists and create 160,000 jobs. Putin also announced plans to upgrade the Mineralnyi Vody hot springs and spa resort in Stavropol into a "hi-tech resort" and the nucleus of the healthcare and tourism industries of the region. He promised eight billion rubles in investments to kick start the tourism industry component of the development strategy.<sup>142</sup> At the June 2011 St. Petersburg International Economic Forum, Medvedev endorsed Khloponin's additional proposal to attract foreign direct investment of some 300 billion rubles on the basis of a 60 billion rubles initial investment to lay down infrastructure in the first 4 years followed by 240 billion rubles in tax breaks and investment.<sup>143</sup>

Credit Suisse and the United Arab Republic's (UAR) Abu Dhabi Investment Company (Invest AD) have already declared their readiness to invest in the project. Included among these plans is the KBR's 2008 plan for five major investment projects that would be able to entertain 25,000 visitors at any one time and provide 20,000 jobs. In 2009 the South Korean company Hanok and Russia's Olimp agreed to invest 600 million euros in Elbrus to build 300



kilometers of trails, eight lifts totaling 100 kilometers, a skating rink, hotel, and sports complexes.<sup>144</sup> Following a joint statement on development of the North Caucasus by President Medvedev and French leader Nicolas Sarkozy during the G8 summit in Deauville, France's *Caisse des Depots et Consignations* holding company signed an investment agreement at the June 2011 St. Petersburg Economic Forum.<sup>145</sup>

### ***Local Policy***

Each Muslim republic where the CE has a permanent network—Chechnya, Dagestan, Ingushetia, and the KBR—has its own style and counterinsurgency and counterterrorism (anti-jihadism) policies. Under Ramzan Kadyrov's brutal rule, Chechnya maintains the harshest regime, while Ingushetia and the KBR have taken a softer line with the arrival of new presidents, and Dagestan falls in the middle between Ramzan Kadyrov's harsh rule and the more conciliatory line in Ingushetia and the KBR. Kadyrov has made some gains in reducing insurgent and terrorist activity in Chechnya, which by 2010 was the least active of the CE's four main vilaiyats in terms of the number of jihadi attacks and related casualties. This result has been achieved through a mixture of the carrot and the stick, with a clear emphasis on the latter but with far less violence than that inflicted by the mujahedin. Localized counterterrorist operations are carried out ruthlessly, on occasion with casualties among civilians or innocent family members of mujahedin. Abductions, though fewer and sometimes driven by blood revenge rather than jihad-related problems, continue at a somewhat lower level in several of the Caucasus republics. Kadyrov's policy towards the families of mujahedin differs significantly from that of his North Caucasus counterparts. The families of known or suspected mujahedin are often harassed, detained, and beaten, and their homes are occasionally demolished. Such policies negate any progress Kadyrov has made in the battle for "hearts and minds" by attempting to co-opt the banner of Islam claimed by the CE. This cooptation effort has been built around the construction of Europe's largest mosque and an Islamic university and moderately enforcing some Islamic holidays and customs, including restrictions on female dress. At the same time, Kadyrov, like his Caucasus counterparts, has supported the traditional Sufi clerics under theoideological and physical attack from the takfirist mujahedin, and he has tried to enlist clerics in efforts to counter the CE's increasingly sophisticated and effective propaganda.

Ingushetia President Yunusbek Yevkurov has employed a very different policy—the most liberal policy of any North Caucasus leader—initiating a sea change from Zyazikov's brutal regime and showing enormous courage in the process. Upon assuming office in 2008, he reached out to the nationalist and democratic opposition, offering them positions in his government, and created an advisory body of societal and opposition organizations. Yevkurov also moved aggressively to talk young Muslims out of joining the jihad and into leaving it, working with families, councils of village elders, and *teip* or clan councils.<sup>146</sup> According to Yevkurov, 16 mujahedin were convinced to turn themselves in during 2009 and 36 in 2010, and there were only 15 mujahedin active in the republic by early 2010.<sup>147</sup> In some cases, the courts applied no punishment to those who surrendered, and many were provided work or education.<sup>148</sup>

Yevkurov was targeted by Buryatskii in a car bomb assassination attempt in June 2009 that left the Ingush President severely wounded. Nevertheless, after rehabilitation, Yevkurov returned to work within 2 months, publicly forgave his attackers, and continued to work with families of mujahedin to convince them to leave the jihad. In February 2010, Yevkurov

reiterated the cornerstone of his anti-jihadism policy of “showing good will towards those who have deviated from the law” and even offered mujahedin an amnesty of sorts, promising that if mujahedin turned themselves in, they would receive soft sentences and would be eased back into society:

Today a unique opportunity has been created, and a chance to become a fully engaged citizen of society included in the process of the economic rebirth of our Ingushetia, applying your strength and knowledge in creative places of work and showing yourselves favorably in any of the spheres of social and public political life, is still being preserved for each of you [mujahedin].<sup>149</sup>

Two days after Buryatskii's demise in March 2010, Yevkurov met with the relatives of those who had sheltered Buryatskii and the other mujahedin who were planning a major terrorist attack in Ingushetia.

Yevkurov told these families and, by extension, all Ingushetia's families, that they should know who is coming into their homes. He added that the authorities would continue his policy of trying to persuade mujahedin to abandon jihad, but that the security infrastructure would go into action for those who could not be persuaded.<sup>150</sup> Similarly, Yevkurov has led in reducing violent outcomes of the notoriously violent Caucasus tradition of blood feuds that contribute to both jihadi and non-jihadi violence in the region. In a 2-year period, the Ingush authorities reconciled 150 families, according to Yevkurov, in part by raising the ransom for resolving them from 100 thousand rubles to one million rubles.<sup>151</sup>

Compared to his colleagues in the North Caucasus, which is plagued more by corruption than any other region, Yevkurov has carried out the most aggressive anti-corruption campaign. Greater social expenditures and economic investment plus Yevkurov's struggle against corruption and clean bookkeeping is improving the situation, but slowly. Yevkurov policies have allowed Ingushetia to double its revenues from 810 million rubles in 2008 to 1.744 billion rubles in 2010!<sup>152</sup> This is not to say that Yevkurov has ignored the stick. In early January, rumors claimed that Yevkurov had requested 20 units of additional military intelligence (GRU) forces for the republic.<sup>153</sup> However, whereas Kadyrov has overemphasized the “stick” of hard power, Yevkurov has heavily favored the “carrot” of soft power. Yevkurov's policies have corresponded with a significant decline in the number of attacks in Ingushetia, according to my own estimates, from some 138 in 2008 and 175 in 2009, to only 99 in 2010 and approximately 40 in the first 6 months of 2011.<sup>154</sup> However, it remains unclear whether Yevkurov's policies are responsible for the decline, factoring in the killing of Buryatskii and the capture of CE military amir and GV amir “Magas” Ali Taziyeu.

Since Putin's removal of the ailing Valerii Kokov (the KBR's ancient Soviet-era communist party first secretary) from the KBR presidency in 2005, the republic has adopted policies closer to Yevkurov's. Like Zyazikov, Kokov had been harshly criticized by official Islamic clergy, the general populace, young Muslim Islamists, and jihadists. He was replaced by the energetic 48-year-old ethnic Kabardin businessman Arsen Kanokov. He immediately moved to address the concerns of Muslims as well as the ethnic Balkar minority. Kanokov replaced the republic's premier with an ethnic Balkar and its hard-line MVD chief Khachim Shogenov with an ethnic Russian, Yurii Tomchak. Shogenov had been sharply criticized by almost everyone in the republic, including the KBR's DUM, for his heavy-handed and broad-brushed crackdown on Muslims in 2003-04 in an effort to contain the burgeoning jihadi

movement in the republic. Tomchak took immediate steps to assuage the KBR's Muslims, especially the more volatile young generation, including the inclusion of KBR DUM representatives on the MVD's public council. The ministry also signed a cooperation agreement with the DUM and other confessions' public organizations.<sup>155</sup> Not a single jihadi attack was carried out in the KBR in 2006.<sup>156</sup> KBR DUM chairman, mufti Anas Pshikhachev, quickly acknowledged the MVD's efforts under Tomchak to address the DUM's grievances but warned that the threat of Islamic extremism persists in the KBR.<sup>157</sup> In addition, Kanokov set aside 4.5 million rubles in April 2007 for the construction of two new mosques in the capital Nalchik. The closing of mosques by the authorities in 2004 had helped spark the rise of the jihadist combat jamaat "Yarmuk" in 2004 and irritated moderate Muslims and official clergy alike. Kanokov also attracted new investments for developing tourism in the Elbrus District resort area.

However, rather than seeing a decline in jihadi attacks, Kanokov presided over a marked increase: 28 in 2008, 23 in 2009, and 113 in 2010, despite amir Astemirov's demise in March 2010.<sup>158</sup> In January 2011, OVKBK mujahedin killed chief mufti of the KBR's DUM, Anas Pshikhachev, in the republic's capital of Nalchik. The KBR plunged into a state of desperation. In February, the Council of Elders of the Balkar people called for the introduction of direct federal rule and Kanokov's resignation. Kanokov, speaking before the KBR parliament, appealed to the federal authorities for additional assistance in combating jihadism in the republic, adding that the mujahedin "are not afraid."<sup>159</sup> At the end of February, the OVKBK carried out the noted series of attacks across the Elbrus resort area. In May, the OVKBK attempted to assassinate Kanokov in the largest attack in the KBR since Basaev's and Astemirov's October 2005 Nalchik raid by exploding a bomb under the VIP reviewing stand at a horse racing track during Nalchik's May Day festivities. The attack killed at least one civilian, a 97-year-old Great Patriotic War veteran, and wounded some 40 civilians and officials. Among the wounded were the KBR's Culture Minister Ruslan Firov and former MVD chief Khachim Shogenov.<sup>160</sup> At this point, Kanokov or someone in the KBR may have adopted Kadyrov's approach of forming special units to fight the mujahedin. A group calling itself the "Black Hawks" (chernyie yastreby) declared war on the OVKBK, but nothing much seems to have come of the group. In April, security forces killed Astemirov's successor, OVKBK amir "Abdullah" Asker Dzhabbaev, along with his naibs and several other top OVKBK amirs. Since then, there has been a slight decline in the rate of attacks in the KBR.

In Dagestan, today the CE's spearhead, a new president and his team, have borrowed more elements from Yevkurov than from Kadyrov. Unlike Chechnya, the origins of jihadism in Dagestan are driven entirely by intra-confessional tensions created by the emergence of a significant Salafi community at odds with traditional Sufis. Successive leaders have failed to resolve the religious tensions. In February 2006, Putin replaced long-standing ethnic Dargin Dagestan President Magomedali Magomedov with the ethnic Avar chairman of Dagestan's Legislative Assembly, Mukhu Aliev. His tenure saw a steady increase in jihadi activity and no perceptible improvement in the civility of counterinsurgency and counterterrorism polices in the region. Aliev was replaced in 2010 with Magomedov's son, Magomedalem Magomedov, who endeavored to engage the Salafi community in Dagestan, coordinating the formation of a council of Salafi Islamic scholars (ulema), which drafted a series of demands for the government to meet. According to the Russian human rights group "Memorial," a government representative was authorized to meet with the council, but the dialogue has not produced notable results other than the regular appearance of Salafi representatives at public

ceremonies. Magomedov has also endeavored to replicate Yevkurov's efforts in Ingushetia by succeeding in enticing some young mujahedin from the forest and back to civilian life, and institutionalizing the process in November 2010 in the form of an adaptation commission. The commission includes the imam of Dagestan's Central Mosque and the head of the Salafist umbrella organization, Akhlyu-s-sunna, A. K. Kebedov and is chaired by Rizvan Kurbanov, deputy premier in charge of the power ministries in the republic who personally led talks with prospective defectors from the mujahedin. Kurbanov was described by Memorial as "open to representatives of civil society, reacted without fail, personally, and immediately to reports about the crudest violations of human rights . . . met with the relatives of abductees, [and] cooperated with lawyers in specific cases."<sup>161</sup> Magomedov has also worked on the economy. Dagestan's government has developed a joint project with the majority state-owned Russian Copper Company to develop the North Caucasus's largest ore deposit of Kizil-Dere in southern Dagestan's Ahtynsky District. The mining project plus the accompanying development of transport infrastructure and utilities should provide considerable employment.<sup>162</sup> Another investment project for the region is Dagestani oligarch Suleiman Kerimov's purchase of the republic's Anzhi Makhachkala (AM) premier soccer team. This is being followed up by further investments of \$1.4 billion by Kerimov into AM's stadium and Makhachkala hotels and AM's recent \$30 million purchase of global soccer superstar Samuel Eto'o in August 2011. Kerimov is also investing in the North Caucasus tourist resort cluster project.<sup>163</sup>

During his still short tenure, Magomedov's new course has yielded few results unless one can show that jihadi violence would be even more prevalent without his policies. The CE's DV has been able to step up its violence, threatening Magomedov and killing numerous government officials. Since April 2010, the DV has been the most prolific of the CE's vilaiyats in terms of number of attacks, including suicide bombings, with approximately 267 total attacks (including six suicide attacks) in 2010 and 200 attacks (including three suicide attacks) during the first 6 months of 2011, compared to 144 total attacks, including one suicide bombing, in 2009.<sup>164</sup> Nor is there a demonstrable improvement in the republic's human rights record, either.<sup>165</sup>

### *Siloviki*

A key problem is that neither the republic presidents nor SKFO envoy Khloponin exercise much, if any, control over the siloviki as the latter continue to violate Muslim citizens' human, civil, and political rights. How much Moscow or the civilian leadership controls federal forces in the North Caucasus also remains a question, though not their responsibility for rights violations. Both federal forces and local police, often working jointly in counter-terrorist operations, continue to employ detention on the basis of mere suspicion and falsified evidence, beatings, and torture during detentions, and extrajudicial punishments, including abductions and killings. The European Court for Human Rights continues to hand down judgments against Russian authorities regarding such violations.<sup>166</sup>

Federal forces still deployed in the region include military, FSB specially designated forces (spetsnaz), and GRU. MVD forces, which according to federal law are supposed to be under federal control, are often an object of contestation in numerous regions across Russia. Kadyrov appears to control not only his own forces but the MVD and perhaps its Internal Troops in Chechnya, both of which have made incursions into Ingushetia sometimes coordinated with Ingushetia's MVD and sometimes not. Military forces, including new

mountain fighting forces created a few years ago and based in Botlikh (Dagestan) and Zelenchukskaya (Karachaevo-Cherkessia), maintain a low profile, remaining on their bases. In rare cases when military units are called upon to take part in counterterrorist operations, military helicopters, and more rarely artillery are called in to target mujahedin uncovered in mountainous areas. For example, CE amir Umarov's naib Supyan Abdulallev was killed in March 2011 in an operation that used helicopters and artillery. Military and other convoys occasionally come under ambush by mujahedin in all four of the main republics where the CE maintains a permanent presence. The creation of the National Anti-Terrorism Committee (NAK) and regional counterparts appears to have improved coordination and intelligence-sharing between the various power ministries. Security and police forces have become proficient in tracking and killing leading amirs, but they have been less successful in capturing high value targets that would provide invaluable additional intelligence. The only such case was the July 2010 capture of GV amir and CE military amir "Magas" Ali Taziyeve; ever since, the Ingushetia mujahedin's fortunes have been in steady decline.

Chechnya's Kadyrov maintains considerable control over MVD forces in his republic and deploys his own presidential guards, which in the past have come into conflict with special battalions subordinated to federal power ministries and led by the leaders of families and teips or clans in competition with Kadyrov as a counterweight to Kadyrov's power. In 2010 the federal authorities decided that the dire situation in Dagestan required a new approach. It was decided to replicate the Chechenization of the conflict in Chechnya under Kadyrov with the formation of special battalions under the control of various federal organs of coercion, and by establishing under the Dagestan MVD a separate volunteer special motorized battalion of native Dagestanis for carrying out counterinsurgency operations. The first 300 volunteers were trained by November 2010, with another 400 intended to complete the 700-man force.<sup>167</sup> There is no evidence that this measure has produced any appreciable results.

In sum, Russian and North Caucasus authorities' continuing rights violations largely, if not entirely, negate the positive development of an increased use of soft power methods in fighting jihadism pushed by Medvedev, Yevkurov, and Kanokov. However counterintuitive it may be, the steepest decline in jihadi activity has occurred in the republics with the harshest policy line, Kadyrov's Chechnya, and the softest, Yevkurov's Ingushetia.

## **Theoretical and Policy Implications**

The rise of the CE, and attendant theoretical concepts, have concrete security policy implications for Russia, the United States, and globally. The CE's rise refutes many widespread assumptions, biases, hypotheses, and theories extant in the scholarly, analytical, activist, and policymaking communities regarding the violence in the North Caucasus and the organization and causality of terrorism and jihadism in general. The CE's continuing capability to recruit and attack is not simply a response to Russian brutality and poor governance, but is also a consequence of the CE's effective deployment of jihadi propaganda, training, leadership, and substantial ties to AQ, as well as the global jihadi revolutionary alliance, and an umma in the throes of radicalism and revolution. The CE's long-standing though evolving relationship with AQ and the larger global movement and its organization and structure do not confirm the leaderless jihad hypothesis which argues that AQ has lost much of its relevance and the global jihadi movement is devolving into a diffusion of

atomized lone wolves.<sup>168</sup> Similarly, the CE's own decentralized network structure and functioning and the nature of its relationship with AQ and the global jihadi alliance supports a more traditional view of a network inspired and loosely grouped around AQ and its affiliates. The CE, like the inspirational, if not institutional, AQ hub and more nodal elements among the global jihad's innumerable groups, is likewise decentralized, but it retains a hub consisting of Umarov and top amirs and qadis and loosely coordinating interconnected nodes or vilaiyats working largely independently but towards one and the same set of goals: The creation of an Islamist CE state and a confederated global caliphate.

If one regards AQ as the inspirational core, if not the organizational leader, of a highly decentralized global jihadi revolutionary movement, then a conceptualization of the CE's place would find it several degrees removed from the core, comprised of AQ central and affiliates like AQAP and AQ in the Maghreb (AQIM). Groups like the Taliban and Lashkar-e-Toiba comprise the first concentric circle around the AQ core because of both their involvement in international attacks and their deep involvement with, and geographical proximity to AQ central. The CE's position is similar to that of as-Shabaab in Somali and other groups in the second concentric circle, since they are not located near and do not cooperate as closely with AQ central, are only just beginning to participate in international operations, and prefer to, or because of resource shortages must, focus largely on establishing their local emirate. The third concentric circle would be lone wolves inspired by but having no ties to a formal jihadi group. The fourth, most outer concentric circle lies outside the alliance but within the movement. It consists of groups that ascribe to the violent establishment of their own Islamist government but reject the goal of creating a caliphate and cooperation with other global jihadi revolutionary groups.

Nor do patterns in the CE correlate with the conclusion put forward by Robert Pape that suicide terrorism is largely a response to foreign occupation, having little or no connection to jihadi ideology or goals.<sup>169</sup> Leaving aside the fact that suicide terrorism is almost exclusively a jihadist phenomenon, this mono-causal explanation is simplistic, especially when it comes to any jihadi organization, including the North Caucasus. CE suicide bombers' videotaped martyrdom testaments state explicitly that their motivation is to "raise the banner of Allah above all others." The CE's chief propagandist and organizer of suicide terrorism from mid-2008 to early 2010, Sheikh Said Abu Saad Buryatskii was an ethnic Buryat-Russian, converted to Islam, and never set foot in the Caucasus until spring 2008 after he returned from abroad to study Islam in Egypt and Kuwait. The goals and strategy of the CE and other global jihadi revolutionary groups are not simply local or defensive, seeking merely to drive out occupiers, but are explicitly offensive and expansionist. Thus, the CE's expansionist goals aimed at seizing all of Russia and the Transcaucasus and recreating the Islamist caliphate defuse Pape's theory.

These theoretical conclusions have policy implications: First, the CE's ties to AQ, its own sophisticated organization and decentralized functioning, and its religious rather than nationalist motives are transforming it from a local to an international actor and emerging threat. Second, even if it were, like the ChRI, only a threat to Russian national security, this threat would still have international security implications, since Russia remains an important Eurasian power and is emerging as a useful ally of the United States and the West in the war against jihadism. Third, the CE's emergence as a transnational threat with growing radicalization, capacity, and aspirations marks a newly emerging threat to U.S. national and international security. Fourth, the CE's transformation and integration into the global jihadi

revolutionary alliance demonstrate the ability of AQ and its affiliated movements to evolve, adapt, and flourish in response to Western counter-jihadism efforts. Fifth, the global jihadi revolutionary alliance's ability to evolve and adapt is facilitated by the existence of the larger jihadi and Islamist social movements emerging from a prerevolutionary Muslim world that includes democratic, nationalist, communist, Islamist, and jihadist forces. Sixth, except in the most failed states like Yemen and Somalia, the groups that make up the global jihadi revolutionary alliance are unlikely to seize power precisely because of the limited appeal of their narrow and strict ideological orientation. Seventh, given this larger revolutionary and radicalizing context, international, Western, Eurasian, American, and Russian security are likely to be threatened by this revolution's intended and unintended destabilizing and violent effects for decades to come; the most virulent of which are the global jihadi revolutionary alliance and its individual groups. Finally, the jihadi revolutionary alliance's globalism dictates a global and cooperative response on the part of those whom it targets.

Operationally, Caucasus jihadists are now recruits for major terrorist attacks against the West. Sheikh al-Maqdisi has designated the CE as the global jihad's bridgehead into Eastern Europe, as evidenced by the CE inserted cells into Belgium and the Czech Republic and its apparent involvement in its first international terrorist plot in Belgium. The CE itself could attempt to attack U.S. targets in Russia or elsewhere, including the northern supply route for U.S. and NATO troops fighting in Afghanistan. Its most capacious DV and its Azerbaijan Jamaat put Umarov within striking range of international and U.S. interests in Azerbaijan such as oil company headquarters, refineries, and the Baku-Tbilisi-Ceyhan pipeline carrying oil to Europe. Clearly, a CE or other significant jihadi presence in Azerbaijan would have security implications for the entire Transcaucasus and the Persian Gulf region. In addition, the CE is a recruiting ground of mujahedin for other fronts in the global jihad. Moreover, Russia has the largest stockpiles of chemical, biological, radiological, and nuclear materials and WMD in the world. The CE adds potential demand to this supply. In the past, there have been reports of Chechen separatist and Caucasus jihadi attempts to acquire WMD in Russia, and the CE websites' posting of the famous 2003 Al-Fahd fatwa three times in 2010 suggests that some in the CE may wish to obtain them.

Given the emerging CE threat, the U.S. Government should maximize cooperation across Eurasia to include Russia, the Collective Security Treaty Organization (CSTO), and the Shanghai Cooperation Organization (SCO) in the war against jihadism. The United States and Europe should also attempt to stabilize the Caucasus by resolving the Azeri-Armenian conflict over Nagorno-Karabakh and at least minimizing Russian-Georgian tensions, so these do not play into the hands of CE or other jihadists. One goal might be to rein in Georgian efforts to whip up trouble in the North Caucasus, especially among the Muslim Circassian ethnic groups. Tbilisi has opened up a television and radio company that broadcasts anti-Russian propaganda to the region, and some Georgian opposition figures and one former U.S. official have claimed that President Mikheil Saakashvili's government is providing financial and training assistance to the CE.<sup>170</sup> Speculating on the Circassian genocide issue as the Sochi Olympics approach, Tbilisi adopted a parliamentary resolution calling for a boycott of the Sochi games and for Russian and international recognition of the Tsarist forces' rout and exile of the Circassians in the 1860s as a genocide. Georgia's policies could radicalize some Circassians and thus improve the CE prospects for recruitment and attacking the Sochi games. Tbilisi also waived visa requirements for Iranians and North Caucasus residents, which could

facilitate the movement of global jihadists from South Asia and the Persian Gulf region to the North Caucasus and Europe.

Finally, Western-Eurasian (NATO-CSTO) cooperation can be used to nudge Eurasia's authoritarian regimes, including Moscow, to conduct their anti-jihadism and other policies with a greater eye towards citizens' human, civil and political rights, and the implications of all of the above for the war against jihadism. Only with broad and effective regional cooperation involving all of the post-Soviet states will the United States and the West be able to defeat the global jihadi threat.

## **SECTION 2. THE NORTH CAUCASUS IN RUSSIA AND RUSSIA IN THE NORTH CAUCASUS: STATE APPROACHES AND POLITICAL DYNAMICS IN THE TURBULENT REGION**

### **Sergey Markedonov**

Any attempts to make generalizations about Russian policy on the North Caucasus face serious methodological difficulties. In spite of analysts' personal attitude to the problem, all observers agree that this area is the most acute one in Russia. Here the problem of Russia's territorial integrity and sustainability is being resolved.

The growth of political violence (the most impressive example is the tragic terrorist bombing at Moscow's Domodedovo International Airport in January 2011) has brought the danger of growing instability in the region to the attention of foreign countries, especially on the eve of the Sochi Olympics of 2014 and World Soccer Cup of 2018. While in the 1990s violence in the North Caucasus was primarily based in Chechnya, over the last years it has increased for other republics like Dagestan, Ingushetia, and KabardinoBalkaria (KBR). The North Caucasus agenda today is extremely tense with the events and challenges of terrorism and counterterrorism. In 2009, the counterterrorist operation (CTO) regime in Chechnya was cancelled, but in 2010 there was not only a quantitative but also qualitative rise in the attacks in this republic (like the attack on Tsentoroy, the native village of Ramzan Kadyrov, as well as that of the Chechen parliament in Grozny). At the same time, violence in the neighboring republics (Dagestan, Ingushetia, and KBR) has not declined either. In 2010, KBR, which had a reputation of being a "Sleeping Beauty" during the 1990s surpassed Chechnya in the number of acts of terrorism, taking a place in the top three, after Dagestan and Ingushetia, with 48 explosions, 21 shootings, and 14 attempts on the life of law enforcement officials and special troops. During the same period, local CTOs were launched twice in the republic, with the operation in Tyrnauza lasting from October 20 through December 25. For the first time in the recent history of North Caucasus terrorism, there was an attack on an industrial facility in 2010: targeted at the Baksan Hydroelectric Plant in KBR.<sup>171</sup> Almost every day, sabotage and terrorist attacks on representatives of law enforcement and military personnel take place along with civilian murders. We can also observe the revival of ethnic nationalism (despite the fact that radical Islamism has not handed over its positions, rather, on the contrary, it has grown), and at the same time, we see a fundamentally important step to resolving long-standing ethno-political confrontation between North Ossetia and Ingushetia. The struggle for power inside



the Caucasus constituencies repeatedly makes itself felt through corrupt, authoritarian, and even occasionally violent means.

Apart from the growing violence that plagues the region, the Caucasus has become a subject of great importance in Russia. This thesis was proven by the events on Manege Square in December 2010 and increasing interethnic clashes between Russians and Caucasian peoples (Chechens and Dagestanis).<sup>172</sup> This is becoming a serious issue. Interestingly, the phenomenon of Russian ethnic chauvinism directed against the peoples of the Caucasus has recently assumed a macro-economic veneer. In April 2011, the Russian Civil Union movement organized a rally in Moscow under the slogan: "Stop feeding the Caucasus."<sup>173</sup> Participants objected to the federal government subsidizing its counterparts in Chechnya, Dagestan, and other republics, likening the North Caucasus to "a voracious crocodile which demands more blood and money." This problem could become more serious if the Russian officials attempt to exploit these ideas. We can already see attempts to use anti-Caucasus public opinion to obtain additional popularity on the eve of both parliamentary and presidential elections.<sup>174</sup>

However, Russian policy in the region has not really been conceptualized or even verbalized, and this circumstance creates many obstacles (first and foremost for Russian authorities) for adequately comprehending what Moscow wants to do. There is a great paradox in this situation. Identifying itself as a guarantor of Caucasus stability and security and demonstrating its willingness to pretend to be a key stakeholder for the whole region, including newly independent and de facto states of the South Caucasus, Russia faces challenges inside its own country regarding the North Caucasus area. Moreover, in 2009 the situation there was characterized as the most important domestic policy issue by President Dmitry Medvedev in his Presidential Address to the Federal Assembly (Parliament).<sup>175</sup> As a result, the Kremlin and the federal government brought in an official position of special plenipotentiary—with broadened functions in the newly created North Caucasus Federal District. For the first time in Russia's post-Soviet history, this official has the rank of deputy prime-minister.

In this section, some basic aspects will be considered. To what extent has recognition of the systemic and internal natures of the North Caucasus challenges helped to change political dynamics in the region? Why has the activity of the new plenipotentiary not been effective and failed to reach expectations? What new challenges would define the agenda in the most turbulent area of Russia? The purpose of this report is to examine major social and political trends in the North Caucasus region, with an emphasis on the last 3 years because historical aspects (including the 1990s) are separate topics for discussion.

### **“Soft Power”: Made by Alexander Khloponin**

In the early 2000s, the Russian authorities were all too ready to speak about the North Caucasus. Discussion centered on several topics. The first was the Caucasus as a platform for international terrorism, where Russia was being put to the test. The image of the “international terrorist” changed according to the political situation of the time. Sometimes the face had Georgian features, at other times Afghan and sometimes even the “treacherous West” seemed to be involved. The role of the West in affairs of the North Caucasus was actually interpreted in two ways. On the one hand, the West was seen as a natural ally at risk

from Third World intrigues, and on the other, an unimaginative and bothersome partner trying to impose its incorrect ideas (or “double standards”) upon Russia. The second topic was the swiftly stabilizing Caucasus, an image that effectively came to mean Chechnya under the wise leadership of Akhmad and then Ramzan Kadyrov, father and son. There were attempts to diversify the North Caucasus issue: The most outstanding examples were the speeches by Dmitry Kozak, the Russian President’s representative in the South (in this position from September 2004 to September 2007). He tried to focus the attention of his immediate superiors and society on the problems of the clan system and the inefficiency of the regional administrations (particularly in conditions of budget dependency on the federal centre). However, Russia’s ruling elite was not concerned with the region’s domestic situation, at least until the middle of 2011.

The decision to end CTO in Chechnya in April 2009, dictated as it was by public relations considerations, did not have the effect of reducing the number of terrorist acts in that republic. Diversionary terrorist activity actually spread to the neighboring republics of Dagestan and Ingushetia. That summer saw a brazen attempt to assassinate Ingushetia’s president Yunus-Bek Yevkurov, which temporarily put him out of action. Aldigirei Magomedtagirov, Interior Minister of Dagestan, the largest North Caucasus republic, was murdered. All this required some coherent explanation. It was impossible just to keep saying that the region would soon be stabilized, although “some people are working against this.”

Medvedev’s Makhachkala speech on June 9, 2009, marked the moment when the focus changed from external to internal threats. The Russian President talked of “systemic problems” in the North Caucasus region. For the first time since the 1990s, the head of state was officially admitting that socio-political turbulence in the Russian Caucasus was not the result of foreign interference, but of internal problems like corruption, unemployment, and poverty. However, both the President and the Prime Minister still kept talking about the battle with “bandits” and “organized crime groups,” as if the current problems of the Caucasus could be compared to the situation in Harlem, New York, or Southeast Washington, DC, in the 1980s. The failures of government in the North Caucasus were not honestly discussed. Blame was laid on the regional and local authorities, while the federal authorities escaped criticism. This was the origin of bizarre ideas like the introduction of special jurisdiction for matters involving terrorism. Regardless, in his address last year, Medvedev called the North Caucasus the main problem of Russian domestic politics. That was when another idea emerged: a new bureaucratic structure, backed by Medvedev and Vladimir Putin, entrusted with “establishing order” in the North Caucasus.

As a result, Alexander Khloponin arrived in the Caucasus in January 2010 as Moscow’s plenipotentiary. This looked like an innovation. The man responsible for Russia’s most unstable region was not one of the siloviki (members of the central bureaucracy), but a manager who had worked for “Norilsk Nickel” enterprise and served as governor of the Taymyr Peninsula and Krasnoyarsk. The media adopted a different language when discussing the North Caucasus. Apart from the usual reference to “terrorists” and “extremists,” they began talking of “clusters,” “investments,” and “innovations.”

But Khloponin’s appointment had nothing to do with modernization. It was a typical behind-the-scenes advancement of a person lacking the appropriate experience, motivated by internal bureaucratic logic, rather than pressing national interest. In addition, the functions of this new head of the Caucasus were very limited. Khloponin was thrown in the deep end of the pool, without being given the necessary political powers to keep himself afloat. And how

can there be any real investment or innovation in a region so close to a state of war? In the end, things did not turn out for the better, but as usual, as Viktor Chernomyrdin so memorably put it in 1993: "We wanted the best but it came out like it always does."

The economy and the social sphere were recognized as important. The Kremlin and the Federal Government put all their efforts into developing these sectors, but political themes (ethnic conflicts and the relations between the different religions) remained taboo. They were seen as merely superficial, a function of the socio-economic situation. This has made it impossible to produce a large-scale strategy for the development of the Caucasus. When the politics of the region are as unstable as they are, socio-economic conditions matter, but while unquestionably important, they do not play a determining role.

Still, on July 6, 2010, Putin asked for a strategy document to be delivered "within a period of 2 months," a reasonable amount of time for a good academic article or a chapter of a book, but not for a document with a 15-year perspective. By September 6, 2010, the draft of the strategy was ready. In less than a month, it went through the entire cycle from being signed to publication by the federal government. The aims and objectives of "Strategy-2025," as set out in the initial "General Provisions," are skewed from the very beginning. We read that:

The Strategy takes account of:

- The current state of the economy of Russian Federation administrative entities which are part of The North Caucasus Federal District;
- The Russian economy;
- The global economy;
- Their potential for development; and,
- Regional and inter-regional projects and their outcomes.<sup>176</sup>

But what about the political development of the Caucasus? Don't the facts of terrorism, subversive actions, and an ethnocratic leadership automatically make any business plan a "risky undertaking"? Shouldn't future investors be taking this into account (unless the money comes from the federal budget, which does not depend on public opinion)?

The North Caucasus District offers favorable conditions for developing the agro-industrial complex, the spheres of tourism and health tourism, electricity, mining and manufacturing. It also affords developed transit facilities. However, economic and socio-political instability mean that natural advantages remain unrealized and make the North Caucasus Federal District an unattractive environment for investment.<sup>177</sup>

The political element is mentioned in passing, after the economy, and is not elaborated upon in any way. What does socio-political instability mean? Is it the separatist threat or the "religious revival" which is incompatible with the constitutional and legal regulations and laws of the Russian Federation? According to Strategy-2025, "The main goal of the Strategy is to provide conditions conducive to the rapid growth of the real sector of the economy in Russian Federation administrative units that make up the North Caucasus Federal District. Also to create new jobs, and improve the standard of life." What a wonderful goal! But is this possible in an area that is practically on a war footing (This is the felicitous description of the present situation given by the head of the Prosecutor General's Office Investigative

Committee Alexander Bastrykin in an interview with radio “Moscow Echo”) <sup>178</sup>? It is not the grey economy, which makes its living from illegal or semi-legal deals, that is being discussed in this document. Incidentally, Strategy-2025 does not set itself to deal with institutional change, i.e. creating a new generation of managers who could give the economy the chance to breathe without killing it with their kickbacks and pay-offs. The abuse of power and illegal methods of carrying out anti-terrorist operations give rise to a lack of trust in the authorities, and even a situation where people start regarding law enforcers as enemies. Young people who are constantly victimized become particularly vulnerable to recruitment by the rebels. There is plenty of evidence that the activity of the armed underground has been growing recently. The crisis will only get worse if the state keeps fighting the insurgents using methods like kidnapping and executions without trial. Two incomplete subsections of Strategy-2025 are devoted to ethnic relations, but they are limited to generalities. There is no real information and no analysis. “The current socio-political and ethno-political situation in the North Caucasus Federal District is characterized by several pronounced negative social tendencies, manifestations of ethnopolitical and religious extremism, and a high risk of conflict.” <sup>179</sup>

Any specialist could probably find a great many negative tendencies in any part of the Russian Federation, if he or she so desired. They exist in Moscow and St. Petersburg (Is not xenophobia a “negative social tendency”?), and in the Volga area (where there is both ethnic and religious extremism). But the difference between the Caucasus and the Volga area is that only in the North Caucasus is there a situation akin to war. This document of considerable strategic importance offers no explanation for why events developed as they did. The reader is left to guess. The Strategy’s analytical section does not even have a subsection dealing with the religious revival, although radical Islam is the main vehicle for protests in the Caucasus. Anything to do with relations between the religions is relegated to the subsection “Ethnic Relationships.” The reasons for the growth of radical Islam are set out with alarming simplicity: “Radical forms of Islam (have been) imported into the said Federal District.” The text offers no explanation as to what these “imported forms” are, why they have been imported into the region, what the expectations of the importers are, or the extent to which the importers have gained indigenous support. <sup>180</sup> In the interests of objectivity, one can say, of course, that other reasons for the dissemination of extremist views (the Strategy makes no special distinction between nationalists and Islamists) include “widespread corruption” or “questions relating to the owning and disposing of land, which are unregulated and the cause of most of the ethnic conflicts, including at the level of the man in the street,” and also “ethnic tension as a result of illdefined civic identity.” <sup>181</sup> But again, none of this can be linked to the need for institutional change in the Caucasus. In short, the objectives of “Strategy-2025” are clearly unachievable. It focuses on economic growth without addressing the socio-political preconditions that make the North Caucasus explosive and unstable. This document seems to isolate the economy and the social sphere from the rest of the complex whole.

## **North Caucasus: Radical Islamism on the Rise**

Since the Beslan tragedy in September 2004, the main anti-Russian discourse in the North Caucasus has not been under the slogans of ethno-political selfdetermination but under the green banner of radical Islam. On October 31, 2007, President of the so-called “Chechen

Republic of Icheria,” Doku Umarov, built upon his powers as the head of the separatist government and proclaimed a new formation —the Caucasus Emirate (CE).

Umarov proclaimed himself as “the only legitimate authority in all areas where there are Mujahideen.” He also said that he denies the laws of the secular authorities that exist in the North Caucasus. It is hard to define Umarov personally and many of his supporters as real Islamists in the fullest sense of the word; they lack the necessary theological training and, in some cases, elementary education base. But for such unskilled Islamists the ideals of “pure Islam” are the main drivers of protest activities against the Russian State. With them, they have to determine the effectiveness of its potential for mobilizing extremists. To some extent, belonging to a radical Islamist current is a marker of radicalism in general (ethnic nationalism in this context is regarded as a moderate political movement that could include dialogue and certain concessions to the Russian State).

However, at the same time, we can report the presence in the ranks of the North Caucasian Islamists trained preachers who fully meet the standards of “Mujahedin of the future” (that is competent theologians, who could exploit both explosives and Kalashnikovs). The most famous of them were not ethnic Chechens by origin. In 2009 they came to the forefront in the Caucasus radical Islamist movement. They brought new characters into the anti-Russian struggle in the North Caucasus. It is unlikely that such a man as Said Buryatskii (1982-2010, a.k.a. Alexander Tikhomirov, on his father’s side a Buryat and on his mother’s side a Russian) could inspire the defenders of a secular nationalist project to fight. Rather his appeal was religious.

In June 2009, Umarov’s supporters claimed responsibility for the murder of the interior minister of Dagestan, Adilgeri Magomedtagirov as well as murders of Aza Gazgireeva, deputy Chairman of the Supreme Court of Ingushetia, and Bashir Aushev, former Deputy Prime Minister of Ingushetia. In July 2009, they announced their involvement in the attempted assassination of the President of Ingushetia, Yunus-Bek Yevkurov. In August, 2009, they issued a statement saying that the “accident” at the Sayano-Shushenskaya power plant was a matter of their hands. In November-December 2009, militants claimed responsibility for the murder of an Orthodox priest, Father Daniel (Sysoev) and the explosion of the train “Nevsky Express.” On March 31, 2010, in his video address, Doku Umarov talked about his own orders for the suicide bombing in the Moscow subway, carried out on March 29. In January 2011, he claimed credit for the Domodedovo Airport terrorist attack.

Even if the responsibility for one or another of these attacks is not true, and is part of a public relations campaign, the struggle for “true faith” is selling and becoming a popular political commodity. This product will be even more in demand than would be the level of social injustice, judicial, and administrative efficiency. The aforementioned Buryatskii is a phenomenon in this regard. Not being a preacher from Pakistan or Arab countries, he found a fertile environment in the Caucasian audience as a result of his own religious and political evolution. Note that nowadays this audience knows the Soviet and Russian reality far less than what Jokhar Dudayev and Aslan Maskhadov did. The works of Sheikh Anwar al-Awlaki, Sheikh Abu Muhammed al-Maqdisi, and others feature prominently on various web portals associated with the Caucasus rebels. The Caucasus rebels have indeed embraced the political lexicon of the “global jihad,” styling their leaders as “amirs” and establishing a “Caucasus Emirate” with its own “Shariah Court.” It is much less connected with the nationwide socio-cultural environment. However, while assessing the “Islamic factor” it is necessary to add some nuances. Often many stories regarding the intra-administrative-

bureaucratic struggle are hidden under the “Wahhabis” (as the Russian media define radical Islam). It would seem that the authorities both at regional and federal levels must do their utmost to understand where there are religious radicals or simple criminals, and where their synthesis takes place (the latter is extremely important to discredit the militants and their ideological patrons). But instead of doing this, officials repeat propaganda theses about the “agonizing bandits.”

### **Ethnic Nationalism: New Perspectives?**

The last 3 years showed, among other things, that the hope of “self-liquidation” of nationalism has not been justified. Rallies of Balkars and Circassians, interethnic relations in Dagestan and tensions between Ossets and Ingushs forced the authorities to pay attention to the problem, which by the early 2000s had seemed generally to be clearing up. A revival of ethnic nationalism in the North Caucasus has taken place since 2008. For this development, there are both internal and external prerequisites. The Circassian issue revival has occurred after a series of personnel decisions of the fourth president of Karachaevo-Cherkessiya Republic (KCR), Boris Ebzeev. Russia’s recognition of Abkhazia’s independence on August 26, 2008, also played a role in the revitalization of Circassian ethnic nationalism as well as the upcoming Sochi Olympic Games. Since 2010, the “Circassian question” has become one of the focal points of the Georgian foreign policy agenda. Two conferences (March and November 2010), began the discussion at the parliamentary level of the problem of the so-called “Circassian genocide” in the Russian Empire in the 19th century, and finally Georgian recognition of this massacre as a case of genocide in May 2011 created a serious precedent. Before it, Russian policy in the Caucasus was not recognized as genocide by foreign states. This charge therefore contributes to the internationalization of debates about this troubled Russian region. Thus it requires from the Russian government and society more thoughtful action. Moscow must find competent answers to this problem as soon as possible.

However, the “new” nationalists in their statements remain within the Russian political-legal space. Balkars, the Ingush human rights activists, and Circassian activists are trying to appeal to the Federal Russian government, and not to the Council of Europe, the Parliamentary Assembly of the Council of Europe (PACE), or the European Union (EU)/United States. In March 2010, at a meeting dedicated to the 66th anniversary of the Russian deportation—of Balkars, Karachais, Chechens, Ingush, and Kalmyks to Siberia—the representatives of the Council of Elders of the Balkar people prepared an appeal to the presidential envoy in the North Caucasus Alexander Khloponin.

It is necessary to make a distinction between nationalism in the period of the “parade of sovereignties” in the early 1990s, and that of 2009-10. “The old nationalism” was a political riposte to the Soviet (and to a lesser extent the imperial) era. The current Balkar or Circassian movements, though using the historical material, have another nature. This is the reaction to today’s realities (e.g., land issues and the attendant corruption, human resource policies, and issues of local self-government). Using quantitative approaches (and certain of their manifestations we see in KBR in the form of conciliation of the national movements) the danger of nationalism’s revival can be minimized (but not eliminated completely). However (and 2009/2010 have demonstrated it), there are cases when the republican authorities try to

extinguish the fire of Islamist activity by using nationalist kerosene. Such a tool (playing the ethnic card) is extremely dangerous (as shown in 1989-91).

The Ossetian-Ingush reconciliations have inspired cautious optimism. The third President of Ingushetia, Yunus Bek Evkurov, has played a great role in its promotion. Ingushetia now insists on the return of displaced persons who fled their homes during the conflict in October-November 1992, namely in the villages of the Suburban District (Prigorodnyi rayon) where they lived before the conflict, but the Ingush leadership clearly rejects the claims for the return of the district itself! At a meeting on the problems of displaced persons held on October 2, 2009, the President of North Ossetia, Teimuraz Mamsurov, said that the Ingush would be free to return to the Suburban District and the authorities of his republic, North Ossetia, would not be an obstacle.

According to various sources, approximately 1520,000 displaced people (DP) could return to their former places of residence. In this case, both the conflicting parties are dissatisfied with federal policy to resolve this problem. The Ossetian side said that the return of the Ingush is being done at a forced pace, while the Ingush are unhappy with the low intensity of the return. Soft apartheid is preserved. In particular, on March 1, 2009, during the elections of local bodies in the Suburban District, the vote was conducted in the villages settled by the Ingushis. The situation for all these years is complicated by the conflict between Georgia and South Ossetia because North Ossetia was forced to place Ossetian refugees from South Ossetia and interior regions of Georgia in its territory. Regardless of this, on December 17, 2009, the leaders of the two republics of Ingushetia and North Ossetia signed a bilateral agreement.

For the first time in the post-Soviet era Ingush DPs had the right to return to their homes in an official document. (Previously they were offered different versions of arrangements at the new location.) Human and civil rights took precedence over the "right of blood." Practically for the first time since 1992, it was recognized that the Ossetians and the Ingush are two peoples of the Russian nation-state project that should be more than just neighbors, and become fellow citizens of one country.

## **North Caucasus: Public Policy of Limited Duration**

In addition to Islam and ethnic nationalism, bureaucratic competition for dominance in the framework of a single republic has been a serious challenge. This management struggle has once again proved that disputes over power are not maintained in rigid adherence to an ethnic or religious affiliation. This is a complex configuration of clan interests and pressure groups both in Moscow and within the region itself. Perhaps the most exemplary republic in this respect is Dagestan, the largest (in territory and population) of the North Caucasian republics. It is no accident because the year of 2009 was a preparatory period for the Republican presidential elections (in February 2010, the Presidential term of Mukhu Aliev expired). In the absence of direct elections of the Republic's president, we witnessed complex bureaucratic fights with very specific ideas about public policy.

As a result, the procedure for determining a candidate for the presidency in Dagestan unprecedentedly dragged on from November 2009 until February 2010. In fact, it took 2 additional weeks beyond the legal procedure for Moscow to announce the final decision on the candidacy of the head of the Republic. Finally, Magomedsalam Magomedov got the

support of the Federal Center. But as the Russian political scientist and journalist Ivan Sukhov justly remarked, “[The] appointment of the president in Dagestan looked like the most problematic one for the entire period.”<sup>182</sup>

### **The North Caucasus from the Perspective of the Kremlin**

At first glance, the tragic events at the Manege Square on December 11, 2010 (and their echoes in St. Petersburg and Rostov-on-Don), are not connected directly with ethno-political and religious dynamics. Activity, clashes, and pogroms under the Russian ethno-nationalist slogans are not a response to one or another act of terrorism, sabotage, or injustice to the ethnic Russians in the North Caucasus republics. The Manege incident was provoked by the murder of Spartak soccer club fan Yegor Sviridov. In other cases, reasons are different, but they do not refer to the North Caucasus regional issues. Meanwhile, it would be very naïve to consider those clashes as absolutely isolated problems. The Sviridov case became a kind of trigger for anti-Caucasus opinions existing in the central parts of Russia. It also showed that Russia lacks a coherent national policy (or rather, it substituted folklore and ethnographic considerations) and that the inhabitants of the Caucasus and the rest of Russia had long lists of grievances against each other. Regardless of what it was, it revitalized the problem of a divided community and actualized the necessity to find ways for a civic nation option. It also demonstrated the challenge of Russian separatism because it displayed numerous groups of Russian citizens who would be ready to separate from the Caucasus. This fact violates the stereotype that the region can only be put beyond Moscow’s strategic influence by means of a conscious campaign to free itself of Russia’s suzerainty. But what if the unilateral separation of the Caucasus by Russian power took place? In this scenario, it would matter little whether the North Caucasus followed a nationalist or Islamist agenda. It does not mean that Russia would have great benefits from the realization of this scenario. But now it has created new options for Caucasus politics as well as Russian domestic policy as a whole. The fact that the central government on the eve of the election year decided to play the Russian chauvinist bargaining chip is also dangerous because it makes two groups of the citizens of one country (ethnic Russians and Caucasus peoples) confront each other.

Thus, the North Caucasus has not become a more secure, and most importantly, predictable region. The region poses for the Russian state and society a wide variety of challenges, ranging from Islamic radicalism to sophisticated closed bureaucratic confrontation and Russian separatism. Despite the fact that in 2009 the Russian central government had recognized the crisis in the North Caucasus, breakthrough strategies for the development of the region have not surfaced. The state bodies continue focusing on bureaucratic methods of improving the situation, refuse to be engaged in dialogue with the civil society, and use “soft power” (integration projects, the introduction of elements of civic identity, and attempts to redefine the religious sphere such as “Euro-Islam” as an alternative to radical Islamism) in promoting their own interests. While modernization has been proclaimed as the strategic goal of the Russian policy, the North Caucasus has not been meaningfully considered in this context. By inertia, it is regarded rather as an underdeveloped outskirts, rather than an integral part of the nationwide political-legal space. Encouragingly, there is some safety margin; the region’s population is interested in strengthening the Russian state’s presence and the effectiveness of arbitration by the central government, while there is simultaneously a more



active desire of the Russian authorities to make a critical assessment of the regional realities. However, an ad hoc situational response remains the dominant political and managerial style of the Russian elite for the Caucasus region.

### **SECTION 3. THE “AFGHANIZATION” OF THE NORTH CAUCASUS: CAUSES AND IMPLICATIONS OF A CHANGING CONFLICT**

**Svante E. Cornell**

The situation in the North Caucasus, particularly in Chechnya, frequently made headlines in the 1990s and early 2000s. In fact, it was a key issue in affecting Western views of Russia, a particular mobilizing factor for the democracy and human rights agenda as Russia was concerned. This changed, however, with President Vladimir Putin's successful curtailing of media freedoms in Russia, and the gradual decline of violence in Chechnya, with violence sinking to a low point in 2006. For the past 5 years, the North Caucasus has hardly had an effect on relations between the West and Russia; in fact, both the media and policy communities in the West have largely ignored the region. That has nevertheless begun to change in the recent past, for two main reasons: First, there has been a clear upsurge in violence in and related to the North Caucasus since 2007, with the completion of the process of transformation of a Chechen nationalist rebellion to a region-wide Islamist insurgency. It has become clear that far from pacifying the region, Moscow is failing to exert sovereignty there. Second, the International Olympic Committee's decision to hold the 2014 Olympic Games in Sochi on the Russian Black Sea coast adjacent to the North Caucasus has made the North Caucasus a magnet for attention. This section seeks to assess the current situation in the North Caucasus, the reasons behind the evolution of the past decade, and its implications for Russia, the region, and the West.

#### **The North Caucasus Today**

The republics of the North Caucasus are presently characterized by a combination of factors that the present author has likened to “Afghanization.” The term evokes the development of Afghanistan in the mid-1990s: a combination of war, human suffering, poverty, organized crime, and externally sponsored Islamic radicalism combined to generate an explosive situation, which the authorities are increasingly unable to respond to—and which, failing to understand the web of problems correctly and suffering from the constraints of their own system, they end up exacerbating.

Demographically and economically, the North Caucasus is in a deep malaise. Unemployment rates are sky-high, averaging 50 percent by some estimates, with 80 percent rates of youth unemployment being common in many areas of the region.<sup>183</sup> Between 60 and 90 percent of the budgets of the republics consist of direct subsidies from Moscow, suggesting the weakness of economic activity and of government ability to raise revenues. In fact, subsidies to the North Caucasus have begun to generate a backlash in Russia itself, with growing popular movements wanting to stop the government from “feeding the Caucasus.”<sup>184</sup>

A leaked Russian government report in 2006 cited that the shadow economy constituted an estimated 44 percent of Dagestan's economy, as opposed to 17 percent in Russia as a whole; 50 to 70 percent of Dagestanis with some form of employment were thought to work in the shadow economy.<sup>185</sup> These figures are unlikely to have improved since then. Ethnic Russians have largely left the region, removing some of the most-skilled labor force. In Chechnya, where 200,000 Russians once lived, they now number in the hundreds. In Ingushetia, the number of Russians declined by a factor of over six. In other republics, the decline between the censuses of 1989 and 2002 are not as dramatic but nevertheless stark: The percentage of Russians fell from 42 percent to 33 percent in Karachaevo-Cherkessiya; from 30 to 23 percent in North Ossetia; and from 10 to 5 percent in Dagestan. The exodus of Russians has only continued since then, although census figures are not available.<sup>186</sup> Meanwhile, the educational system has largely collapsed while there is a rapid population increase due to historically high birth rates.

Since 2004, with the strengthening of the "vertical of power" in Russia, the republics are ruled increasingly by elites whose main feature is loyalty (of an often personal nature) to the leadership in Moscow rather than, as had been the case, with roots in the local politics of the region. This has been a source of additional friction between Moscow and the populations of the North Caucasus. Not only are these populations no longer able to elect their leaders even on paper, but their leaders are responsive mainly to the demands of the distant capital rather than their own needs. While the most well-known example is Chechnya, where Moscow supported the elevation of the Kadyrov clan to lead the republic, the most egregious case is Ingushetia. There, a highly respected but independent-minded leader, General Ruslan Aushev, managed to keep the republic stable and peaceful during the first Chechen war and its chaotic aftermath. Deemed too independent, he was replaced in 2002 by a Federal Security Service (FSB) officer of Ingush descent but with little connection to the region, Murad Zyazikov. Zyazikov's subsequent mismanagement, insensitivity to local power-brokers, and repression alienated considerable parts of the population and led numerous young Ingush to join the armed resistance. Kabardino-Balkaria (KBR), Putin similarly appointed a Moscow-based businessman with roots in the republic, Arsen Kanokov, to the presidency in 2005, with the explicit purpose of appointing a person without links to the "clan politics" of the republic. However, Kanokov's lack of a popular base in KBR led the situation to deteriorate further.<sup>187</sup>

The North Caucasus is no longer the scene of large-scale warfare concentrated in Chechnya, as was the case in 1994-96 and 1999-2002. Instead, the resistance has morphed into a low-to-medium level insurgency that spans the entire region. Chechnya is among the calmer areas of the region, with the epicenter of the resistance having moved first to Ingushetia, then to Dagestan, with spikes of violence in KBR and the other republics as well. The conflict pits Moscow and its local allies, such as the Kadyrov clan, against loosely coordinated multiethnic groups of insurgents that largely remain led by ethnic Chechens. This insurgency no longer sees itself as a nationalist movement, but as part of the global jihadi movement. As such, it seeks the establishment of a region-wide Islamic state, dubbed the "Caucasus Emirate." Inspired by the global jihadi movement, the insurgency targets not only Russian forces but also civilian authorities across the region, as well as engaging in terrorist attacks on civilians, including in Russia proper. Thus, Chechnya has come to resemble Kashmir: a formerly nationalist and separatist insurgency morphed into a jihadi movement with whom central authorities can no longer, realistically, expect to reach a political compromise.

## How Did We Get Here?

The present condition of the conflict in the North Caucasus is a fairly recent development, having undergone deep transformations in the past decade. An overview of the history of the conflict makes this clear. Indeed, it suggests that in 1989, ethnicity was increasingly politicized across the former Soviet Union. The ethno-nationalist uprisings and movements of 1989-94 clearly provide corroboration for that assessment. By contrast, religion was not politicized, and would not be for another decade. Among North Caucasus ethnic groups, only the Chechens had both the incentives and the capacity to sustain an insurgency against the Russian state, while a religious revival gradually got under way, centered on Dagestan. It was the first war in Chechnya in 1994-96 that attracted militant Islamist groups to the North Caucasus, whose ideology came to spread across the region, fanning out from Chechnya and Dagestan to span the North Caucasus.

### *The Salience of the Deportations*

The resistance of Chechens as well as other North Caucasian peoples to Russian rule in the 19th century is legendary. It is instructive to note that Russia had annexed Georgia by 1801, and acquired control over Armenia and Azerbaijan gradually in 1812-13 and 1827-28. By contrast, the areas north of the mountains were not subjugated until 1859-64. It took Russia 30 years after gaining control over the South Caucasus to pacify the North. Chechens, Dagestanis, and the Circassian peoples to the west fought an unequal battle until the 1860s to escape Russian rule.<sup>188</sup> Under the legendary Dagestani chieftain, Shamil, the areas that today form southern Chechnya and inner Dagestan formed a shrinking independent Islamic state, an Imamate, from 1824 until the Russian capture of Shamil in 1859.<sup>189</sup> The Circassian rebels were not defeated until the mass expulsion of Circassians to the Ottoman Empire in 1864.

Even following the incorporation of the North Caucasus into the Russian empire, the northeastern regions were only partially pacified, but never appeared to become integrated with Russia in ways that other minority-dominated areas, such as in the Volga region, did. The physical expulsion of the majority of the Circassian population helped Russia manage the northwestern Caucasus; but Chechnya and Dagestan remained unruly. Whenever Russia was at war or otherwise weakened, these lands saw rebellions of varying length and strength. This occurred after World War I during the Russian civil war 1918-21, and, though in a much smaller scale, during the collectivization of the 1930s and World War II. In 1944, this obstinate refusal to submit had tragic consequences. Falsely claiming that Chechens, Ingush, Karachai, and Balkars had collaborated with the invading German forces, Joseph Stalin in February 1944 ordered the wholesale deportation of these peoples to Central Asia. Entire populations were loaded on cattle wagons and transported in the middle of winter to the steppes of Central Asia, where little preparation had been made for their arrival. An estimated quarter of the deportees died during transport or shortly after arrival due to cold, hunger, or epidemics.<sup>190</sup>

The largest number of the deported peoples of the North Caucasus was the Chechens. However, until deportation, Chechens primarily identified with their *Teip* or clan, not as members of a Chechen nation. More than anything, deportation helped develop national consciousness among the Chechens. The demographic consequences of deportation and the 13-year exile of the Chechens until they were allowed to return in 1957 are very tangible. Between 1926-37, the Chechen population increased by 36 percent; in another 11 year period,

between 1959 and 1970, the figure was 46 percent. But during the 20-year period from 1939-59, the rate of increase was only 2.5 percent, although the population would almost have doubled under normal circumstances.<sup>191</sup> Thus, it is difficult to overstate the importance of the deportations in the collective memory of the punished peoples. With regard to the Chechens, it had important political consequences that did not immediately materialize among the much smaller Ingush, Karachai, and Balkar populations. Most leaders of the Chechen movement for independence in the 1990s were either born or grew up in exile in Kazakhstan. The deportation convinced many Chechens that there was no way for them to live securely under Russian rule; it also explains the extent of support for separation from Russia among the people and perhaps the readiness among portions of the population to embrace radical ideologies of resistance.

After the August coup in Moscow against Mikhail Gorbachev that spelled the end of the Soviet Union, most constituent republics declared their independence. So did two autonomous republics within the Russian Federation: Chechnya and Tatarstan. Tatarstan, encircled by Russia proper, began negotiations on mutual relations with Moscow that eventually led to a deal in 1994 that granted Tatarstan broad autonomy. In Chechnya, however, the nationalist movement in power was less compromising. General Jokhar Dudayev, who had seized power from the former communist leadership in September 1991, was elected President of Chechnya and declared its independence soon after. Chechnya, in this context, stood out by being the only autonomous republic in Russia where a nationalist movement took power and ousted the communist party leadership. In this sense, it resembled the developments in Georgia and Armenia more than that of the Central Asian republics or Russia's other autonomous republics: The leadership consisted of true nationalists, not former Communist elites that cloaked a nationalist mantle.

While Russian President Boris Yeltsin made an abortive attempt to rein in Dudayev by sending special forces to Chechnya to restore Moscow's rule, Dudayev had managed to create a presidential guard that was enough of a deterrent to avoid Russian military action. At this point, Russia was itself in a chaotic situation. Yeltsin was preoccupied with building Russian statehood, and Chechnya was put on the back burner. However, by 1994, Yeltsin had consolidated his power after physically attacking his parliamentary opposition in October 1993—an action that indebted him to the military and security forces. Chechnya hence remained as a thorn in the eye of a rising Russia. Moreover, Chechnya's *de facto* independence and the heavily anti-Russian rhetoric emanating from Dudayev was foiling Russian plans of asserting control over the South Caucasus states of Azerbaijan and Georgia, in particular controlling the westward export of Caspian oil resources. Thus, for both internal and external reasons, the Russian government was now prompted to “solve” the Chechnya problem. Serious negotiations between Moscow and Grozny were never attempted, mainly because of the personal enmity between Dudayev and Yeltsin.<sup>192</sup> After seeking briefly to use subversion to overthrow Dudayev without success, the Russian government decided to launch a wholesale invasion of Chechnya in late 1994.<sup>193</sup>

Importantly, the Chechen movement for independence was an almost entirely secular affair.<sup>194</sup> Its chief leaders, such as Jokhar Dudayev and Aslan Maskhadov, were former Soviet officers with highly secular lifestyles. This is not to say that Islamist elements were not present: They did develop among the Chechen leadership, mainly through the efforts of Zelimkhan Yandarbiyev and Movladi Udugov, high officials in Dudayev's administration. However, they remained largely marginal, being able to assert themselves only tepidly during

the internal crisis that Dudayev experienced in 1993, in which he briefly began using increasingly religious language in an attempt to shore up legitimacy when faced with growing criticism of his mismanagement of Chechnya's economy. Moreover, there is significant evidence suggesting that Yandarbiyev and Udugov embraced Islamism in a mainly instrumental way.<sup>195</sup>

### *The First War*

Contrary to Moscow's expectations, the Russian threat rallied erstwhile skeptics around Dudayev once the war started. Aided by the dismal character of the Russian military campaign, the Chechen forces were able to resist the Russian invasion. Getting bogged down in Chechnya, the Russian military resorted to brutal tactics to subdue an opponent they had thoroughly underestimated, and used air bombing and artillery to level Grozny before entering it. Only after 2 months did the Russian army manage to establish control over the city—at the cost of thousands of Russian casualties, over 20,000 killed civilians, a total destruction of the city, and hundreds of thousands of refugees. The war continued, with the Chechen forces regrouping in the south of Chechnya. Meanwhile, Dudayev himself was killed by Russian forces in April 1996. Despite this setback, the Chechen forces in August 1996 managed to stage a counteroffensive, and retake the three major cities of Chechnya, including Grozny, in 3 days of fighting. This amounted to a total humiliation of the Russian forces, and the government was forced to end the war and pull out all its forces by a cease-fire signed 3 weeks later.

The war led to the total devastation of Grozny and many other Chechen towns and villages. According to the most credible estimates, the death toll in the first war was in the range of 50,000 people.<sup>196</sup> Compared with the war in Afghanistan, the Chechen war was far more lethal for the Russian army. During 1984, the worst year in Afghanistan, almost 2,500 Soviet soldiers were killed. In Chechnya, Russian losses surpassed this number within 4 months of the intervention. At its highest, the shelling of Grozny, counted by the number of explosions per day, surpassed the shelling of Sarajevo in the early 1990s by a factor of at least 50. Grozny was literally leveled to the ground in a destruction that recalled the battle of Stalingrad.

Moreover, the war was dominated by massive human rights violations, which are considered the worst in Europe since World War II. Russian forces engaged in several well-documented massacres of civilians, the most well-known of which occurred in the village of Samashki in April 1995. As noted above, the first war in Chechnya was waged almost exclusively in the name of national independence. But it is in the context of the brutality of the Russian onslaught that the first jihadi elements appeared in Chechnya. Indeed, it is also the context in which the Chechen leadership and fighters welcomed or tolerated these foreign recruits; there is ample evidence that there was little love lost between the Chechen leadership and the jihadis—but the Chechens needed all the help that they could get, and were hardly in a position to turn away these newfound allies, all the more since they were exceptionally effective in combat.

Similarly, this is the context in which terrorist tactics enter the Chechen war. Practiced from the outset by the Russian detachments, some of the Chechens commanders gradually came to employ them. Here, the notorious Shamil Basayev deserves particular mention, whose hostage-taking raid on a hospital in the southern Russian town of Budyonnovsk in June 1995 was the first large-scale use of terrorism by the Chechens. It occurred at a time

when the Chechen cause seemed all but lost, and arguably contributed to turning the tide in the war, or at least in forestalling defeat. Basayev himself was in one sense an unlikely terrorist: Only 3 years earlier, he had deployed as a volunteer to fight the Georgians in Abkhazia, being among the North Caucasian volunteers that received training and assistance for the purpose from the Russian military intelligence services.<sup>197</sup>

The number of foreign fighters in the first war was small, perhaps a few hundred at most. These were mainly the roving “Arab Afghans” who had fought in Kashmir, Tajikistan, and Bosnia-Herzegovina, which was the big focus of jihadi attention in the early 1990s. Tellingly, the person who actually declared a jihad on Russia was none other than Akhmad Kadyrov, then mufti of Chechnya, who would switch sides in 1999, and become Russia’s local satrap, a position his son, Ramzan, inherited upon his assassination in May 2004.

### ***The Inter-War Period***

The August 1996 accords, complemented by a formal peace treaty in May 1997, granted Chechnya de facto independence, though the issue of Chechnya’s status was deferred until December 31, 2001. In practice, Chechnya had the opportunity to build what in practice amounted to an independent state. Russian law did not apply in Chechnya, and no Russian police, army, customs, or postal service operated there.

However, for both internal and external reasons, this second attempt at independence in a decade ended in a dismal failure. Russia consistently prevented Chechnya from seeking outside financial help, and though it committed funds to the reconstruction of the war-ravaged republic, \$100 million disappeared before they even reached Chechnya. In a celebrated statement, President Yeltsin publicly admitted “only the devil” knew where the money had gone.<sup>198</sup> Hence the basis on which the Chechen government could create a functioning state was shaky indeed.

Yet initial signals were positive. In a presidential election that the Organization for Security and Cooperation in Europe (OSCE) termed largely free and fair, the population of Chechnya overwhelmingly voted for Aslan Maskhadov, Chief of Staff of the Chechen armed forces and the most moderate among the three presidential contenders. Thus, Chechnya acquired a legitimate government that was open to compromise and cooperation, although it never wavered from its commitment to an independent Chechnya. Sadly, this initial stability did not last. Chechnya was awash with young, unemployed war veterans with arsenals of weapons, whose loyalty was to individual field commanders rather than to the central Chechen government. With the economic depression deepening, Maskhadov’s authority over Chechnya gradually diminished, and the government became unable to uphold law and order. Various criminal groups emerged that engaged in smuggling and kidnapping, and the government showed its inability to effectively deal with this problem. Most alarmingly, warlords Shamil Basayev and the Jordanian-born Khattab began planning for the unification of Chechnya with the neighboring republic of Dagestan, still part of the Russian Federation. Maskhadov was either unwilling or unable to rein in these warlords, fearing an intra-Chechen war. As a result, Basayev and Khattab were able to recruit hundreds of Dagestanis and other North Caucasians, including Chechens, into what they termed an Islamic Brigade based in Southeastern Chechnya. This brigade would eventually launch the incursion into Dagestan in August 1999, which precipitated the second war.

It is instructive, at this point, to compare Chechnya to the major other armed conflict in Europe of the time: Bosnia-Herzegovina. In fact, Chechnya was similar to Bosnia in terms of

the level and character of the jihadi presence; where it differed was in the absence of a Dayton-type internationalized conflict management mechanism.

Indeed, most jihadis that came to fight in Chechnya were veterans of the Bosnian campaign. This was true for the poster child of Chechen jihadis, the Saudi-born Amir al-Khattab. What is seldom recalled is the extent of the Islamist contagion in Bosnia at the time of the Dayton Accords. Indeed, the leadership of the Bosnian Muslims in many ways leaned more toward Islamism than that of the Chechens: Alija Izetbegovic, the Bosnian Muslim leader, had a long history of Islamist inclinations dating back to his involvement in the Young Muslim organizations in Bosnia, *Mladi Muslimani*, during World War II.<sup>199</sup> Haris Silajdzic, his closest advisor, received Islamic education in Libya and served as an advisor to Bosnia's spiritual leader, the *Reis-ul-Ulema*. By contrast, the only Islamist to lead the Chechen resistance was Yandarbiyev, who only served as interim president between Dudayev's death in April 1996 and Maskhadov's election in January 1997. By contrast, Dudayev and Maskhadov were considerably more secular than the key Bosnian leaders.

The jihadi presence in Bosnia was a real problem at the close of the war. The Bosnian leadership was split between those wanting to rid Bosnia of the foreign radicals, and those grateful for their support and who wanted to allow them to stay. Most jihadis were nevertheless evicted shortly following the Dayton Accords, after several altercations with North Atlantic Treaty Organization (NATO) forces brought attention to their presence.<sup>200</sup> Indeed, this highlights the main difference between Bosnia and Chechnya: Chechnya had the Khasavyurt treaty that postponed the key issue in the conflict; was never fully implemented; was bilateral and lacked any international guarantor; and lacked international peacekeeping forces. Bosnia, on the other hand, had a real peace treaty, and NATO forces to keep that treaty. Thus, most jihadis were gradually evicted from Bosnia following the Dayton Accords. However, small numbers remained until as late as 2007, when the Bosnian government finally removed the last remnants.<sup>201</sup>

In Chechnya, there was no force capable of removing the jihadi elements. Indeed, the Maskhadov administration was considerably weaker than its Bosnian counterpart, and could not rely on an international force, whether military such as the NATO Implementation Forces (IFOR) or civilian such as the Office of the High Representative. Unlike Bosnia, which was awash in international assistance already a year following the Dayton Accords, Chechnya received next to no foreign assistance. Thus, the crippled Maskhadov government was in no position to successfully oust the jihadis. This was not for a lack of trying: In 1998, there was even fire exchanged between the Chechen government forces and jihadi groups. But unlike in Bosnia, the jihadi forces led by Khattab had found a powerful local ally in Shamil Basayev. Maskhadov was thus faced with a dire choice. He could either confront the jihadis that had ensconced themselves in southeastern Chechnya, at the cost of a Chechen civil war; or he could tolerate their presence, preserving peace and trying to strengthen state institutions. In the end, he chose the latter—which appeared the lesser of two evils. While he even sought a deal with Moscow in rooting out the radicals, a call that went unanswered, his decision contributed greatly to the failure of Chechen state-building and led directly to the second war.<sup>202</sup>

Thus, the Chechnya-based jihadis coalesced with Wahhabi groups that had emerged independently in Dagestan in the late 1990s. Training camps developed modeled on those in Afghanistan, where small numbers of people from the entire North Caucasus and beyond

received training; many then fought in the second Chechen war, and subsequently spread the militant ideology and tactics back to their own home republics.

### ***The Second War***

During the course of the second Chechen war, which began in October 1999, concern grew over the radicalization of the Chechen resistance movement and its links to extremist Islamic groups in the Middle East. Indeed, authors like Gordon Hahn have come to conclude that the “key, if not main factor driving the violence in the North Caucasus” is “the salience of local cultural and the Salafist jihadist theo-ideology and the influence of the global jihadi revolutionary movement.”<sup>203</sup> While this section takes issue with that claim, the Chechen resistance has indeed acquired a much stronger Islamic character. The use of Islamic vocabulary such as jihad (holy war) or mujahedin (resistance fighters) increased markedly, as did active support for the Chechen cause by radical Islamic groups in the Middle East, at least until the U.S. invasion of Iraq led jihadis to flock to that conflict.

Moscow managed to drive this point across especially after September 11, 2001 (9/11). Immediately after the terrorist attacks on the United States, the Russian leadership began drawing comparisons between the attacks and the situation in Chechnya. Only hours after the collapse of the World Trade Centers, Russian State television broadcast a statement by President Vladimir Putin expressing solidarity with the American people, but also reminding the audience of Russia’s earlier warnings of the common threat of “Islamic Fundamentalism.” This marked the beginning of a strategy aiming to capitalize on the tragic attacks on America by highlighting the alleged parallels between the attacks on the United States and the situation in Chechnya. “The Russian people understand the American people better than anyone else, having experienced terrorism first-hand,” President Putin said the day after the attacks.<sup>204</sup>

This turned out to be the harbinger of a diplomatic campaign targeted at Western countries intended to shore up legitimacy, if not support, for the Russian army’s violent crackdown in Chechnya.<sup>205</sup> This campaign was part and parcel of a five-step strategy to reduce the negative fallout of the war in Chechnya. The first component of that strategy was to isolate the conflict zone and prevent both Russian and international media from reporting on the conflict independently. The kidnapping of Andrei Babitsky, a reporter for Radio Liberty, early on served as a warning for journalists of the consequences of ignoring Moscow’s rules on reporting the conflict. Since then, only a few journalists have actually been able to provide independent reporting from Chechnya. Most prominent has been the late Russian journalist, Anna Politkovskaya who was murdered in Moscow in 2007, and French writer, Anne Nivat.

The second prong in the strategy was to rename the conflict: Instead of a “war,” it was an “anti-terrorist operation.” Third, and stemming directly from this, Russia sought to discredit the Chechen struggle and undermine its leadership by accusing them individually and collectively of involvement with terrorism. Russia’s campaign against Chechen President Aslan Maskhadov’s chief negotiator, Akhmed Zakayev, is one example of this. This nevertheless backfired as first Denmark and then Great Britain refused to extradite Zakayev to Russia; Great Britain instead providing him with political asylum. Fourth, Russia sought to “Chechenize” the conflict and turn it into an intra-Chechen confrontation by setting up and arming a brutal but ethnically Chechen puppet regime in Grozny under Kadyrov, the former Mufti (a professional jurist interpreting Muslim law) of the republic. This would reduce Russian casualties and enable hostilities to be depicted as a war between Chechen factions



that Russia was helping to stabilize. Fifth, after branding the war as an anti-terrorist campaign, discrediting the rebel leadership, and trying to turn the war into a civil war among Chechens, Russia declared that the war was over.

The second war proved as heavy on the civilian population as the first. In many ways, Russian abuses were more systematic. For example, the Russian leadership set up what they termed “filtration camps”—essentially concentration camps that gathered male Chechens of fighting age, and in which torture and disappearances were rampant.<sup>206</sup> Whereas European countries and the United States kept a moderate but noticeable level of criticism against Russia's massive human rights violations in Chechnya during both the first war in 1994-96 and in 1999-2001, Russia succeeded in convincing western observers it was not fighting a people, but terrorists. In an atmosphere of increased cooperation between Russia and the West, with American need for Russian intelligence and cooperation in Afghanistan, a halt to criticism on Chechnya became the foremost price Russia managed to extract.

### ***A Regional Insurgency***

Today, the nationalist Chechen leadership is almost exclusively an expatriate phenomenon. The Chechen Republic of Ichkeria has for all practical purposes ceased to exist; instead, the insurgency brands itself the “Caucasus Emirate” (CE), overtly boasts of its belonging to the global jihad, and operates across the North Caucasus. Studies of violent incidents in the North Caucasus agree that the violence peaked in April 2001, 18 months into the second Chechen war. From 2002 to 2006, violence was fairly steady before declining to a low point in 2006-07.<sup>207</sup> From 2007 onwards, however, violence has been on a steady increase, albeit fluctuating in both intensity and regional focus. Already in 2005, Dagestan and Ingushetia began seeing escalating violence, rivaling at times the levels in Chechnya.<sup>208</sup> Since 2007, the situation has continued to deteriorate, with the number of violent incidents rising sharply every year from 2007 to 2010.<sup>209</sup> In 2009 alone, for example, the number of violent incidents went from 795 to 1,100, with fatalities mounting from 586 to 900.<sup>210</sup> In the first 11 months of 2010, federal prosecutors acknowledged the death of 218 security personnel and the wounding of 536.<sup>211</sup> From 2008 onward, Dagestan and Ingushetia have alternated in the lead in the frequency of incidents.<sup>212</sup> In 2010 and 2011, the violence escalated significantly in the Western republic of KBR as well—marking the diffusion of large-scale and enduring violence beyond the republics bordering Chechnya. Thus, in 2010 political violence claimed 79 deaths and 39 wounded; the first 11 months of 2011 saw those figures rise to 98 and 39, respectively.<sup>213</sup> As if this was not enough, 2011 also saw violence spread to North Ossetia, a traditionally calm and majority Orthodox Christian republic.<sup>214</sup>

### **Russian Policies**

What role did Russian policies play in transforming the conflict from a contained, nationalist rebellion to a sprawling jihadi insurgency? Counterintuitively as it may seem, Russian policies have contributed directly to this development. In another parallel to the Bosnian conflict, Russian rhetoric mirrored that of the Serbs: misunderstood defenders of Europe against the threat of Islamic radicalism, the “green wave.” Indeed, this line of reasoning has been visible in Russian outreach efforts since the mid-1990s, with increasing fervor following 9/11.<sup>215</sup> But more than just arguing for their case, Russian officials actively

worked to make the reality of the conflict conform to their vision of it. Thus, there was a remarkable pattern in Russia's priorities during the second war: the priority given to targeting the nationalist Chechen leadership rather than the jihadi elements within it. Therefore, on the battlefield, Russia targeted field commanders like Ruslan Gelayev, as well as Maskhadov himself, whom Russian forces killed in March 2005. On the diplomatic front, Russian diplomats and lawyers furiously prosecuted and sought the extradition of secular leaders like Zakayev and Maskhadov's foreign minister, Ilyas Akhmadov. By comparison, Islamist Chechen leaders have fared much better. Among exiles, Movladi Udugov remains alive, among the few remaining members of the first generation of Chechen leaders to survive. Yandarbiyev was killed in Qatar by Russian agents, but only in 2004. Similarly, the current leader of the CE, Dokka Umarov, has served since June 2006. The most notorious Chechen warlord, Shamil Basayev, was killed in 2006, but not necessarily by the Russians. French journalist, Anne Nivat, once wrote that the safest place in Chechnya was near Shamil Basayev: Russian bombs never appeared to fall there. Given Basayev's connection with Russian special forces (GRU) through the conflict in Abkhazia, numerous conspiracy theories emerged of Basayev's continued relationship with Russian state institutions; indeed, news reports following his death suggested that he was killed accidentally by explosives in the truck he was driving in mountain roads in Ingushetia.<sup>216</sup>

While allegations of Basayev's GRU connections during the Georgia-Abkhaz war are well-established,<sup>217</sup> those concerning subsequent periods are based mainly on innuendo. Clearer evidence is available in the case of Arbi Barayev, one of the most viciously militant as well as most criminalized of Chechnya's warlords. Barayev was one of the key forces seeking to undermine Maskhadov's leadership in the interwar era; it was his group that kidnapped and beheaded foreign telecommunications workers in 1998, effectively forcing out the small international presence in Chechnya. Similarly, it was Barayev's forces that engaged in firefights with Maskhadov's troops in 1998. Following the renewed warfare, Barayev lived freely in the town of Alkhan-Kala, under Russian control, until his death in 2001—despite the fact that he was responsible for gruesome, video-recorded murders of captive Russian servicemen. As several observers have noted, his opulent residence was only a few miles away from a Russian checkpoint near his native Alkhan-Kala, while his car had an FSB identification which allowed him to race through Russian checkpoints.<sup>218</sup> Tellingly, Barayev was killed by a GRU hit squad only after the FSB's then-head of counterterrorism, General Ugryumov, had died. The apparent conclusion was that Ugryumov provided a cover for Barayev, and the former's death made it possible for the GRU to take Barayev out.

Given the nature of this conflict, evidence can at best be inconclusive. But circumstantial evidence suggests two things: First, that during the second war there was no clear and unified chain of command on either the Chechen or the Russian side. Chechen forces paid nominal allegiance to Maskhadov but, in practice, field commanders behaved independently, and with little coordination. On the Russian side, detachments of the army, GRU, FSB, and Ministry of Interior played different roles in the conflict, roles that were poorly coordinated; moreover, they each appeared to keep ties with some Chechen commanders, while combating others. Second, the policies of the Russian leadership itself contributed to change the nature of the conflict from a nationalist rebellion to one where the enemy was Islamic jihadis. While this is likely in the long run to be of greater danger to Russia, it did succeed in making the conflict fit into Moscow's desired narrative. After all, Maskhadov and the Chechen nationalist leadership was respected in Western circles, being granted meetings with Western officials

and maintaining strong support among Western media, civil society, and human rights organizations. The jihadi elements, needless to say, did not and do not enjoy this status.

In a sense, however, Moscow is now faced both with a jihadi movement *and* a nationalist Chechnya. Indeed, the CE is everything it is blamed of being: a part of the global jihad, and a terrorist incubator on Europe's borders. While primarily led by Chechens, it is most active in the other republics of the North Caucasus. But Moscow also is faced with a nationalist Chechen leadership in Grozny. Indeed, the Kadyrov administration appointed by Moscow has developed in such a nationalistic direction that the secular Chechen nationalists in exile, who broke with the Islamist faction with the establishment of the Emirate in 2007, began mending fences with Kadyrov, their erstwhile foe, by 2009.<sup>219</sup> While a counterintuitive turn, the secular nationalists concluded that Kadyrov has in practice achieved what they failed to achieve through an armed rebellion: a Chechen republic that is for most practical purposes behaving as an independent entity. As early as 2005, Russian analysts began referring to Kadyrov's moves as "separatism-light."<sup>220</sup>

## A Pacified Chechnya?

Presently, Chechnya is arguably among the least violence-ridden republics in the North Caucasus. The last several years have seen widespread violence in Dagestan, Ingushetia, and KBR; by comparison, Chechnya has been relatively stable. But the longterm outlook is clouded by the fragility on which this relative quiet rests.

The main reason for Chechnya's stability is the dominance that Ramzan Kadyrov and his militia forces exert over the republic. These fighters, estimated at over 5,000 in number, consist mainly of former resistance fighters. Moscow initially sought to balance the Kadyrov clan with other political figures. Following Akhmad Kadyrov's assassination, Ramzan—who had not yet achieved the eligible age for the presidency—was appointed deputy prime minister. Chechnya was instead led by career police officer Alu Alkhanov, who had sided with Moscow already in the first war. By March 2006, Ramzan Kadyrov was elevated to the post of Prime Minister, replacing Sergey Abramov. Less than a year later, Alkhanov was dismissed and Kadyrov appointed President. Thus, by 2007, any political balances to Kadyrov had been removed; fighting forces outside his control nevertheless remained: the "Zapad" and "Vostok" battalions, the latter commanded by Sulim Yamadayev, were nevertheless disbanded in November 2008 following escalating tensions and actual armed clashes with Kadyrov's forces. Yamadayev loyalists were evicted from Chechnya; Sulim Yamadayev was assassinated in Dubai in 2009, while his brother met the same fate in Moscow, presumably at Kadyrov's orders.<sup>221</sup> This removed the sole remaining check on Kadyrov's power in Chechnya, to the chagrin of many decisionmakers in Moscow—but with the apparent blessing of Putin and Kadyrov's immediate handler, the Chechen-born Vladislav Surkov, who serves as Putin's first deputy chief of staff and chief ideologue.

Kadyrov has walked a fine line between vows of absolute personal loyalty and subservience to Vladimir Putin, on the one hand, and institutional distancing from Russia. Thus, in 2007, he repeatedly urged Putin to stay on as president for life.<sup>222</sup> In 2009, Kadyrov said "if it was not for Putin, Chechnya would not exist."<sup>223</sup> In January 2010, he added that "I am completely Vladimir Putin's man. I would rather die 100 times than let him down."<sup>224</sup> Kadyrov also delivers votes for the ruling party. In 2007, for example, official figures showed

that 99.5 percent of the Chechen electorate cast their votes, and that 99.3 percent voted for the United Russia party.

On the other hand, Kadyrov has increasingly appealed to Chechen nationalism and sought to Islamize Chechnya. In December 2006, he publicly sought the prosecution of Russian officers responsible for civilian deaths in Chechnya.<sup>225</sup> His attitude toward the Russian military, which he sought to have expelled from Chechnya, is best illustrated by his 2006 statement that “as for the generals, I’m not going to say that I care about their opinion.”<sup>226</sup> Following his appointment as President, Kadyrov moved strongly to assert Chechnya’s economic and political autonomy. For example, he has sought the creation of a Chechen oil company that would keep the revenues of Chechnya’s oil industry instead of sending them to Moscow; and campaigned to have Chechens convicted elsewhere in Russia serve prison time in Chechnya.<sup>227</sup> Already in 2006, Kadyrov began urging women to comply with Islamic dress codes, something that was later officially promulgated with a program to strengthen “female virtue.”<sup>228</sup> He has also spoken favorably of Shariah in general, and of both honor killings and of polygamy in particular, and referred to women as men’s property—all of which are in violation of Russian laws.<sup>229</sup>

Adding to this, Kadyrov has made a habit of diverting the enormous funds coming to Chechnya from the federal center. Indeed, Russian state auditors have repeatedly noted the disappearance of the equivalent of dozens of millions of dollars in state subsidies to Chechnya, which amount to 90 percent of the republic’s budget.

Thus, all in all, Kadyrov has stabilized Chechnya on the surface. But the stability rests on a very weak foundation. On the one hand, it rests solely on the personal relationship between Kadyrov and Putin. As such, the question is whether the stability of the republic would outlive the departure from power of either man. Given the average life expectancy of Chechen politicians, the possibility of Kadyrov being assassinated is very real. If that were to happen, would the thousands of former rebels now forming the bulk of his militia pledge loyalty to a new leader, or would they return to the resistance, ushering in a third Chechen war? Even if Kadyrov remains in power, the defection of large sections of his militia to the resistance cannot be excluded. Similarly, Kadyrov’s pragmatism is exhibited by his decision to switch sides from the resistance to Russia. It is not inconceivable that he could switch sides again under some scenario—for example, if Putin were to leave power and his successor would discontinue the arrangement with Kadyrov. Before her death, Anna Politkovskaya observed that by his policies in Chechnya, Putin had essentially guaranteed a third Chechen war at some future point. She may have turned out to be prescient.<sup>230</sup>

## Conclusion

The North Caucasus is sinking ever deeper into a process of Afghanization. While the external impetus of jihadi ideology has played a role in this development, this section has sought to show that the root cause of the region’s decline is the Russian government’s policies—in particular its prosecution of the wars in Chechnya; its over-reliance on repression in both Chechnya and the rest of the region; its centralization of power; its unwillingness to allow the North Caucasus to open up to the rest of the world; its failure to provide an economic future for the region’s population; a political discourse that is making North

Caucasians increasingly estranged from Russian society; and the corruption and criminalization of the Russian political system.

This situation destabilizes Russia, and forms its most acute political problem. But it does not only affect Russia: It greatly affects the security and prosperity of the South Caucasus, as well as potentially all of Europe. The impact on the South Caucasus is threefold. Most obviously, Azerbaijan and Georgia are directly affected by the violence and economic woes of the region. This is only likely to be exacerbated in the future: While Azerbaijan experiences rapid growth thanks to its oil and gas industry, Georgia has made great strides in reforms, not least in terms of practically abolishing administrative corruption. Over time, the contrast between these economies and the languishing North Caucasus will have consequences, in terms, for example, of migration flows. Secondly, the southern neighbors of the North Caucasus are affected by the diffusion of the conflicts in the North. Thus, flows of refugees—and fighters—from the North Caucasus into Georgia and Azerbaijan have been a recurring phenomenon over the past 2 decades, with destabilizing effects on both countries. Third, the Russian government has shown a distinctive tendency to assign blame to its neighbors when it has proven unable to deal with the consequences of its own failures in the North Caucasus. In the beginning of the second Chechnyan war, both Azerbaijan and Georgia were accused, without a shred of evidence, of serving as conduits for thousands of foreign fighters to Chechnya; ever since, Russian accusations have focused on Georgia, with threats of intervention into the Pankisi Gorge on Georgian territory in 2002, and actual instances of Russian bombings of the Gorge.<sup>231</sup> Following the escalation of violence in 2008-11, Russian officials have made a custom of blaming Georgia—and occasionally Western powers—for actively colluding with the jihadi rebels in the North Caucasus. Thus, Russia's tendency to blame others for its failures poses a constant risk to its neighbors.

This predicament is most acute, given the upcoming Olympic Games in Sochi. Given current trends, Moscow is unlikely to be able to pacify the North Caucasus ahead of the Games, and will be increasingly likely to blame others for any terrorist attacks that would threaten this prestigious event. The alternative option, a gigantic security operation to assert control over the region, would itself very likely have a spillover effect on the South Caucasus.

Beyond the Caucasus itself, Russia's misrule in the North Caucasus poses a threat to Europe as a whole. In fact, with the European Union (EU) now extended to the shores of the Black Sea, it is a direct neighbor of the North Caucasus. Through the Eastern Partnership, Partnership for Peace, and other instruments, the EU and NATO are seeking to contribute to the building of stability, security, and prosperity in their eastern neighborhood. In spite of the unresolved conflicts of the South Caucasus and Moldova, and the mixed scorecard for democratic development across the region, the Eastern neighborhood has indeed seen largely positive trends over the past decade. But the North Caucasus is the sole remaining area where Europe has little to no ability to influence developments, but which could nevertheless have a considerably negative effect on Europe. The region is already a transshipment point for smuggled goods to Europe, and an incubator of jihadi elements from the region and beyond. Thus far, the Islamic Emirate has stayed focused on targets in the North Caucasus and Russia. But given its broader ideological orientation and its perception of Europe as a collaborator with Russia in the repression of Muslims, the prospect of groups affiliated with the Emirate targeting Europe itself should not be excluded. After all, jihadi elements with connections to Central Asia have already been implicated in planned terrorist attacks in Germany and elsewhere in Europe.

Thus, Russia's failure to stabilize the North Caucasus has amounted to the creation of an Afghanistan-like environment in Europe: a failed state within a state. Moscow is patently unable to remedy the situation, seeming only to design policies that are as a whole counterproductive. Unfortunately, the failure of Russia to address the region's problems is related directly to Russia's very system. The sad fact is that as long as Russia itself maintains a political system based on kleptocratic authoritarianism, the prospects of the North Caucasus will remain dim.

This poses a conundrum for Western powers. If the situation continues to deteriorate, Western powers may not be able to afford simply treating the North Caucasus as a domestic Russian issue. At the same time, their policy options in designing responses to the situation in the region are highly limited. While efforts could be undertaken in conjunction with the South Caucasian states to contain the destabilization emanating from the North Caucasus, addressing the root causes of the problem will require a dialogue with Moscow, the prospects of which are dim.

### ABOUT THE CONTRIBUTORS

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## End Notes

- <sup>1</sup> Interview with Basaev in Oleg Blotskii, "Terroristy pronikayut v Rossiyu za dengi," *Nezavisimaya gazeta*, March 12, 1996, cited in James Hughes, *Chechnya: From Nationalism to Jihad*, Philadelphia, PA: University of Pennsylvania Press, 2007, pp. 101, 154.
- <sup>2</sup> Gordon M. Hahn, *Russia's Islamic Threat*, New Haven, CT, and London, UK: Yale University Press, 2007.
- <sup>3</sup> "Aslan Maskhadov: 'My sozdadim polnotsennoe Islamskoe Gosudarstvo,'" *Kavkaz tsentr*, March 8, 2010, 15:55, available from [www.kavkazcenter.com/russ/content/2010/03/08/71101.shtml](http://www.kavkazcenter.com/russ/content/2010/03/08/71101.shtml); "Abdallah Shamil Abu-Idris: 'My oderzhali strategicheskuyu pobedu,'" *Kavkaz-Tsentr*, January 9, 2006, 08:47:10, available from [www.kavkazcenter.net/russ/content/2006/01/09/40869.shtml](http://www.kavkazcenter.net/russ/content/2006/01/09/40869.shtml); "Prezident ChRI Sheik Abdul-Khalim. Kto On?" *Kavkaz-Tsentr*, March 12, 2005, 00:59:07, available from [www.kavkazcenter.com/russ/content/2005/03/12/31285.shtml](http://www.kavkazcenter.com/russ/content/2005/03/12/31285.shtml); Aleksandr Ignatenko, "Vakhkhabitskoe kvazigosudarstvo," *Russkii Zhurnal*, available from [www.russ.ru/publish/96073701](http://www.russ.ru/publish/96073701), citing the Chechen militants' website, *Kavkaz-Tsentr*, September 10, 2002; Paul Murphy, *The Wolves of Islam: Russia and the Faces of Chechen Terrorism*, Dulles, VA: Brassey's Inc., 2004, pp. 171-75; and Hahn, *Russia's Islamic Threat*, pp. 40-64.
- <sup>4</sup> Available from [www.islamdin.com/index.php?option=com\\_content&view=category&id=4&Itemid=28](http://www.islamdin.com/index.php?option=com_content&view=category&id=4&Itemid=28). The audios are available from [www.islamdin.com/index.php?option=com\\_content&view=category&id=33&Itemid=31](http://www.islamdin.com/index.php?option=com_content&view=category&id=33&Itemid=31). The videos are available from [www.islamdin.com/index.php?option=com\\_content&view=category&id=7&Itemid=8](http://www.islamdin.com/index.php?option=com_content&view=category&id=7&Itemid=8).
- <sup>5</sup> For example, see "Usama bin Laden ob' yasnaet khadis Kaba bin Malika," *Kavkaz tsentr*, April 12, 2011, 01:08, available from [www.kavkazcenter.com/russ/content/2011/04/12/80669.shtml](http://www.kavkazcenter.com/russ/content/2011/04/12/80669.shtml); "AL'-kaida: Sheikh Usama bin Laden obratilsya k frantsuzskomu narodu," *Kavkaz tsentr*, January 21, 2011, 21:44, available from [www.kavkazcenter.com/russ/content/2011/01/21/78402.shtml](http://www.kavkazcenter.com/russ/content/2011/01/21/78402.shtml); "Sheikh Aiman az-Zavakhiri: 'Dagestan—osvozhdenie posle otchayaniya,'" *Umma News*, January 20, 2011, 00:07, available from [ummanews.com/minbar/359----1----1.html](http://ummanews.com/minbar/359----1----1.html); "Prisoediniyaies' k Karavanu," *Islamdin.com*, February 19, 2009, 12:09, available from [www.islamdin.com/index.php?option=com\\_1.content&view=article&id=278:2009-02-19-12-11-52&catid=4:200902-04-14-07-09&Itemid=28](http://www.islamdin.com/index.php?option=com_1.content&view=article&id=278:2009-02-19-12-11-52&catid=4:200902-04-14-07-09&Itemid=28); Ibrakhim Abu Ubeidulakh, "Zashchita Usamy Bin Ladena ot napadok murdzhiitov, nechestivtsev!," *Islamdin.com*, January 4, 2010, available from [www.islamdin.com/index.php?option=com\\_content&view=article&id=609:2010-01-04-23-52-10&catid=8:2009-02-04-22-51-14&Itemid=26](http://www.islamdin.com/index.php?option=com_content&view=article&id=609:2010-01-04-23-52-10&catid=8:2009-02-04-22-51-14&Itemid=26); "Sheikh Usama Bin Laden-Imam Mudzhakhidov Nashei Epokhi," *Jamaat Shariat*, January 7, 2010, 12:53, available from [www.jamaatshariat.com/ru/content/view/414/29/](http://www.jamaatshariat.com/ru/content/view/414/29/); *Hunafa.com*'s video compilation "Oh, He Who Rebrukes Me," bin Laden and the CE's Sheikh Said Abu Saad Buryatskii, "O, uprekayushchii menya," available from *Hunafa.com*.
- <sup>6</sup> Some of the other jihadi sheiks, scholars, and propagandists prominent on CE websites include: medieval source of jihadi thought Taki al-Din Ahmad Ibn Taimiyya; the Egyptian scholar and Muslim Brotherhood leading figure, Sayyid Qutb; the Pakistani Salafist and jihadi revolutionary, Sayed Abul Ala Maududi; the London-based Syrian sheikh, Sheikh Abu Basyr At-Tartusi; Sheikh and Imam, Abdullah bin Abdu-Rakhman bin

- Jibrin; Ibrahim Muhammad Al-Hukail; Iraqi Sheikh and mujahed, Addullah Ibn Muhammad Ar-Rashud; Sheikh Muhammad Salih al-Munajid; and Sheikh Abdurrahman Al-Barrak.
- <sup>7</sup> “Zhurnal ‘Vdokhnovlai’: ‘Sdelai bombu v Maminoi kukhne,’” *Islamdin.com*, December 3, 2010, available from [www.islamdin.com/index.php?option=com\\_content&view=article&id=992:2010-12-03-10-29-08&catid=43:2010-11-25-17-50-11&Itemid=33](http://www.islamdin.com/index.php?option=com_content&view=article&id=992:2010-12-03-10-29-08&catid=43:2010-11-25-17-50-11&Itemid=33); “Zhurnal ‘Vdokhnovlai’: Operatsiya ‘Krovotechenie,’” *Islamdin.com*, December 8, 2010, 11:51, available from [www.islamdin.com/index.php?option=com\\_content&view=article&id=999:2010-12-08-11-5636&catid=27:2009-02-09-17-38-17&Itemid=16](http://www.islamdin.com/index.php?option=com_content&view=article&id=999:2010-12-08-11-5636&catid=27:2009-02-09-17-38-17&Itemid=16); “V internete rasprostranen vtoroi nomer zhurnala ‘Al-Kaidy’, *Inspire*, Vdokhnovenie, *Kavkaz tsentr*, October 12, 2010, 12:07, available from [www.kavkazcenter.com/russ/content/2010/10/12/75767.shtml](http://www.kavkazcenter.com/russ/content/2010/10/12/75767.shtml); and Gordon M. Hahn, *Islam, Islamism, and Politics in Eurasia Report*, International Institute of Professional Education and Research (IIPER), No. 40, May 2011, available from [www.miis.edu/mediaoriginal/kavkazjihad\\_montrep\\_iiper\\_40\\_may\\_2011.pdf](http://www.miis.edu/mediaoriginal/kavkazjihad_montrep_iiper_40_may_2011.pdf).
- <sup>8</sup> “Executive Report,” *Militant Ideology Atlas*, West Point, NY: U.S. Military Academy, Combating Terrorism Center, November 2006, pp. 7-8.
- <sup>9</sup> “Amir Saifullakh o knige sheikha Abu Mukhammada al’ Makdisi ‘Milleti Ibrakhim,’” *Islamdin.com*, February 18, 2010, 08:03, available from [www.islamdin.com/index.php?option=com\\_content&view=article&id=656:q-q-&catid=7:2009-02-04-15-4520&Itemid=8](http://www.islamdin.com/index.php?option=com_content&view=article&id=656:q-q-&catid=7:2009-02-04-15-4520&Itemid=8); and “Amir Saifullakh: ‘O Tavkhide’—1 chast’,” *Islamdin.com*, February 15, 2010, 01:37:27, available from [www.islamdin.com/index.php?option=com\\_content&view=article&id=651:q-q-1-&catid=7:2009-02-04-15-45-20&Itemid=8](http://www.islamdin.com/index.php?option=com_content&view=article&id=651:q-q-1-&catid=7:2009-02-04-15-45-20&Itemid=8).
- <sup>10</sup> See, for example, “A message from Sheikh al-Maqdisi to the Mujahedeen of the Caucasus Emirate,” *Kavkaz tsentr*, September 18, 2009, 16:55, available from [www.kavkazcenter.com/eng/content/2009/09/18/11018.shtml](http://www.kavkazcenter.com/eng/content/2009/09/18/11018.shtml), first published in Arabic on alMaqdisi’s site *Almaqdeese.net*, 15 Ramadan 1430, available from [almaqdeese.net/r/?i=07090901](http://almaqdeese.net/r/?i=07090901). See also “Nastavlenie mudzhakhidam ot sheikh Abu Mukhammada al’ Makdisi,” *Islamdin.com*, March 13, 2011, 23:37, available from [www.islamdin.com/index.php?option=com\\_content&view=article&id=1077:2011-03-14-00-0013&catid=4:2009-02-04-14-07-09&Itemid=28](http://www.islamdin.com/index.php?option=com_content&view=article&id=1077:2011-03-14-00-0013&catid=4:2009-02-04-14-07-09&Itemid=28); “Pis’mo ot Sheikha Abu Mukhammad Al-Makdisi,” *Kavkaz tsentr*, February 5, 2011, 13:50, available from [www.kavkazcenter.com/russ/content/2011/02/05/78885.shtml](http://www.kavkazcenter.com/russ/content/2011/02/05/78885.shtml); and “Razmysleniya, imam Abu Mukhammad Al’-Makdisi,” *Hunafa.com*, December 11, 2009, 12:00, available from [hunafa.com/?p=2530](http://hunafa.com/?p=2530).
- <sup>11</sup> “A message from Sheikh al-Maqdisi to the Mujahedeen of the Caucasus Emirate,” *Kavkaz tsentr*, September 18, 2009, 16:55, available from [www.kavkazcenter.com/eng/content/2009/09/18/11018.shtml](http://www.kavkazcenter.com/eng/content/2009/09/18/11018.shtml); first published in Arabic on al-Maqdisi’s site, *Almaqdeese.net*, 15 Ramadan 1430, available from [almaqdeese.net/r/?i=07090901](http://almaqdeese.net/r/?i=07090901).
- <sup>12</sup> “Fatva Sheikha Abu Mukhammada al’-Makdisi, da ykrepit ego Allakh,” *Kavkaz tsentr*, September 10, 2010, 20:55, available from [www.kavkazcenter.com/russ/content/2010/09/10/75149.shtml](http://www.kavkazcenter.com/russ/content/2010/09/10/75149.shtml).
- <sup>13</sup> “Amir Seifullah o protsesse podgotovki k provoglasheniyu Kavkazskogo Emirata,” *Kavkaz tsentr*, November 20, 2007, 23:15, available from [www.kavkazcenter.com/russ/content/2007/11/20/54479.shtml](http://www.kavkazcenter.com/russ/content/2007/11/20/54479.shtml).
- <sup>14</sup> On Astemirov’s view of the amir’s unilateral powers, see “Amir Seifullah o protsesse podgotovki k provoglasheniyu Kavkazskogo Emirata,” *Kavkaz tsentr*, November 20, 2007, 23:15, available from [www.kavkazcenter.com/russ/content/2007/11/20/54479.shtml](http://www.kavkazcenter.com/russ/content/2007/11/20/54479.shtml). For the same by Astemirov’s successors, see “Amir Seifullakh Gubdenskii, ra: Ot togo, chto my zdes’ voyuem, my nichego ne vyigraem,” *JamaatShariat.com*, November 12, 2010, 05:17, available from [www.jamaatshariat.com/-mainmenu-29/14-facty/1345-2010-11-12-02-18-12.html](http://www.jamaatshariat.com/-mainmenu-29/14-facty/1345-2010-11-12-02-18-12.html); and “Kadii IK Ali Abu Mukhlammad o pravlenii, dzhikhade, o polozhenii shakhidov i mnogom drugom,” *Guraba.info*, June 28, 2011, 10:57, available from [www.guraba.info/2011-02-27-17-59-21/30-video/1107--i-.html](http://www.guraba.info/2011-02-27-17-59-21/30-video/1107--i-.html).
- <sup>15</sup> CE qadi Astemirov passed down a death sentence against London exile and former ChRI foreign minister Akhmed Zakaev when he broke with the CE upon its creation in October 2007. See “Shariatskii sud vynes reshenie po dely Zakaeva,” *Kavkaz tsentr*, August 25, 2009, 02:45, available from [www.kavkazcenter.com/russ/content/2009/08/25/67586.shtml](http://www.kavkazcenter.com/russ/content/2009/08/25/67586.shtml) and [www.islamdin.com/index.php?option=com\\_content&view=article&id=467:2009-08-24-2130-20&catid=10:2009-02-06-21-56-11&Itemid=26](http://www.islamdin.com/index.php?option=com_content&view=article&id=467:2009-08-24-2130-20&catid=10:2009-02-06-21-56-11&Itemid=26). The CE’s Dagestan Vilaiyat (DV) qadis have even passed down, and the DV mujahedin have consequently carried out, two known death sentences against Dagestani citizens. In July 2010, then DV qadi and soon-to-be CE qadi Abu Muhamad al-Dagistani issued a death sentence against Salimhan Shagidkhanov, condemned for adultery and raping a Muslim woman. Al-Dagistani issued a second death fatwa against Patimat Magomedova, a female headmaster accused of kicking school girls out of class for wearing the *hijab*. After each of the accused was executed, the verdicts were posted on *JamaatShariat.com* as a warning to those who would dare non-compliance with Shariah. “V Vilaiyate Dagestan progovoren Shariatskom sudom i unichtozhen vrag Allakha Shagidkhanov Salim khan,” *JamaatShariat.com*, August 10, 2010, 13:56, available from [www.jamaatshariat.com/new/15-new/1095-2010-08-10-10-58-30.html](http://www.jamaatshariat.com/new/15-new/1095-2010-08-10-10-58-30.html); and “Zayavlenie Spetsial’noi operativnoi gruppy mudzhakhidov dagestanskogo fronta: Prigovor priveden v ispolnenie,” *Jamaat Shariat.com*, September 25, 2010, 15:24, available from [www.jamaatshariat.com/new/15-new/1298-2010-09-25-12-47-36.html](http://www.jamaatshariat.com/new/15-new/1298-2010-09-25-12-47-36.html).
- <sup>16</sup> “Otvety na voprosy k”adiya Imarata Kavkaz, amira Ob’edinennogo Vilaiyata Kabardy, Balkarii i Karachya, Saiful-8. lakha,” *Islamdin.com*, December 12, 2010, 14:54, available from [www.islamdin.com/index.php?option=com\\_content&view=article&id=594:2009-12-12-14-58-15&catid=27:2009-02-09-17-38-17&Itemid=16](http://www.islamdin.com/index.php?option=com_content&view=article&id=594:2009-12-12-14-58-15&catid=27:2009-02-09-17-38-17&Itemid=16).



- <sup>17</sup> “Amir Saifullakh o knige sheikha Abu Mukhammada al’ Makdisi ‘Milleti Ibrakhim,’” and “Otvety na voprosy k’adiya Imarata Kavkaz, amira Ob’edinennogo Vilaiyata Kabardy, Balkarii i Karachaya, Saifullakha.”
- <sup>18</sup> See, for example, the writings of Said Abu Saad Buryatskii, Aleksandr Tikhomirov, the CE’s leading propagandist and operative for suicide bombings in 2008 and 2009, especially: Said Abu Saad Buryatskii, “Vzglyad na Dzhikhad iznutri: Geroy Istiny i Izhi,” Hunafa.info, May 30, 2009, 1:01, available from [hunafa.com/?p=1534](http://hunafa.com/?p=1534); and Said Abu Saad Buryatskii, “Vzglyad na Dzhikhad iznutri: Geroy istiny i Izhi, Chast’ 2,” Hunafa.info, June 24, 2009, 4:04, available from [hunafa.info/?p=1715](http://hunafa.info/?p=1715). See also the final istishkhad testament of his student, “Zaveshchanie Abdul-Malika: ‘Ya ukhozhu na Istishkhad, chtoby pozhertvovat’ svoei dushei vo imya Allah!,’” *Kavkaz tsentr*, July 29, 2010, 12:04, available from [www.kavkazcenter.com/russ/content/2010/07/29/74167.shtml](http://www.kavkazcenter.com/russ/content/2010/07/29/74167.shtml).
- <sup>19</sup> In 2002, the ChRI’s jihadist wing had convinced Maskhadov of the need to jihadize the ChRI’s constitution and expand their operations across the North Caucasus and Russia. “Amir Imarata Kavkaz Doku Abu Usman: ‘Mudzhakhidy Provozglasilii Imarat Kavkaz i ya gorzhus’ etim,” *KavkazInform.com*, May 27, 2010, 05:13, available from [www.kavkazinform.com/2011-05-27-02-00-06/3-2011-05-27-05-14-31.html](http://www.kavkazinform.com/2011-05-27-02-00-06/3-2011-05-27-05-14-31.html). The first result was the October 2002 Dubrovka Theatre hostage taking. According to a CE biography of the late Dagestan amir and CE Shariah Court “qadi” (chief magistrate) Magomedali Vagabov, a.k.a. Seifullah Gubdenskii, in autumn 2003 Vagabov and his fellow mujahedin wanted to go to Chechnya and to fight but were ordered to remain near Khasavyurt, Dagestan, “in connection with a decision of Maskhadov and Basaev to *spread combat to the entire territory of the Caucasus*” (my italics), “Amir Dagestanskogo Fronta i K”adii Imarata Kavkaz Saifullakh. Chast’ 2—Dzhikhad,” *Jamaat Shariat.com*, August 13, 2010, 02:50, available from [jamaatshariat.com/ru/mainmenu-29/14-facty/1105--2-.html](http://jamaatshariat.com/ru/mainmenu-29/14-facty/1105--2-.html). For the interview of Ichkeria Republic President Aslan Maskhadov and Chairman of the Shar-8. iat Committee of Ichkeria Republic’s State Defense Committee Abdul-Khalim Sadulaev, see “My perenosim voinu na territoriyu vraga. . . .” *Kavkaz-Tsentr*, August 1, 2004, 13:09:21, available from [www.kavkazcenter.com/russ/content/2004/08/01/24101.shtml](http://www.kavkazcenter.com/russ/content/2004/08/01/24101.shtml). In an August 1, 2004, interview Maskhadov portrayed himself as a devout Muslim but purely nationalist freedom fighter, but he also publicly supported the creation of a broad Muslim cohort of insurgents for actions throughout the North Caucasus, and indeed all of Russia. Seated next to his designated successor and ChRI Shariah Court Chairman Abdul-Khalim Sadulaev for a joint interview, Maskhadov warned: “We are capable of carrying out such operations in Ichkeria, Ingushetiya and Russia, and we will prove it.” See “My perenosim voinu na territoriyu vraga. . . .” *Kavkaz-Tsentr*, August 1, 2004, 13:09:21, available from [www.kavkazcenter.com/russ/content/2004/08/01/24101.shtml](http://www.kavkazcenter.com/russ/content/2004/08/01/24101.shtml). After Maskhadov’s death in March 2005, new ChRI president Sadulaev created the North Caucasus and Dagestan Fronts in May 2005, demonstrating his intent to spread the jihad across the North Caucasus. The North Caucasus Front included Ingushetiya and Kabardino-Balkaria Sectors. See “ukazom Prezidenta ChRI Sadulaeva sozdan Kavkazskii front,” *Kavkaz tsentr*, May 16, 2005, 00:54:35, available from [www.kavkazcenter.com/russ/content/2005/05/16/33965.shtml](http://www.kavkazcenter.com/russ/content/2005/05/16/33965.shtml). Upon his succession of Sadulaev in June 2006, Umarov created the Volga and Urals Fronts in order to target Tatarstan, Bashkortostan, and other Russian Federation regions with significant Muslim Tatar and Bashkir populations. See “Prezident ChRI podpisal ukazy o sozdani i Uralskogo i Povolzhskogo frontov,” *Kavkaz-Tsentr*, July 9, 2007, 14:34, available from [www.kavkazcenter.com/russ/content/2006/07/09/45779.shtml](http://www.kavkazcenter.com/russ/content/2006/07/09/45779.shtml). In January 2006, Basaev, encouraged by Kabardin mujahedin like Anzor Astemirov and Musa Mukozhev, convinced ChRI president Sadulaev to create a council of ulema, Islamic scholars, in preparation for the declaration of the Caucasus Emirate (CE), but Sadulaev and Basaev were killed in June and July, respectively, leaving the task to Umarov. “Amir Imarata Kavkaz Doku Abu Usman: ‘Mudzhakhidy Provozglasilii Imarat Kavkaz i ya gorzhus’ etim.”
- <sup>20</sup> For the full declaration, see “Ofitsial’nyi reliz zayavleniya Amira Dokki Umarova o provozglashenii Kavkazskogo Emirata,” *Kavkaz tsentr*, November 21, 2007, available from [www.kavkazcenter.com/russ/content/2007/11/21/54480.shtml](http://www.kavkazcenter.com/russ/content/2007/11/21/54480.shtml); and “Komu vygodna provokatsiy pod nazvaniem ‘Kavkazskii Emirat,’” *Chechenpress.org*, October 29, 2007, available from [www.chechen-press.org/events/2007/10/29/04.shtml](http://www.chechen-press.org/events/2007/10/29/04.shtml).
- <sup>21</sup> “Amir Dokku Abu Usman o bin Ladene, Imarate Kavkaz I poteryakh modzhakhedov,” *Kavkaz tsentr*, May 17, 2011, 00:01, available from [www.kavkazcenter.com/russ/content/2011/05/17/81607.shtml](http://www.kavkazcenter.com/russ/content/2011/05/17/81607.shtml). The English translation is available from [www.kavkazcenter.com/eng/content/2011/05/17/14313.shtml](http://www.kavkazcenter.com/eng/content/2011/05/17/14313.shtml).
- <sup>22</sup> See, for example, Testimony of Miriam Lanskoj, “Human Rights in the North Caucasus,” Tom Lantos Human Rights Commission, U.S. Congress, April 15, 2011, available from [tlhrc.house.gov/docs/transcripts/2011\\_04\\_15\\_North\\_Caucasus/Lanskoj\\_Testimony.pdf](http://tlhrc.house.gov/docs/transcripts/2011_04_15_North_Caucasus/Lanskoj_Testimony.pdf); “Miriam Lanskaya o terakte v Domodedovo i momente istiny,” *Caucasus Times*, February 2, 2011, available from [www.caucasustimes.com/article.asp?id=20748](http://www.caucasustimes.com/article.asp?id=20748); Robert Pape, Lindsey O’Rourke, and Jenna McDermit, “What Makes Chechen Women So Dangerous?” *New York Times*, March 31, 2010; and Mairbek Vatchagaev, “Arrests in Europe Place 100,000 Member Chechen Diaspora in the Spotlight,” *Jamestown Foundation Eurasia Daily Monitor*, Vol. 7, Issue 215, December 2, 2010, 01:13, available from [www.jamestown.org/single/?no\\_cache=1&tx\\_ttnews%5Btt\\_news%5D=37230&tx\\_ttnews%5BbackPid%5D=7&cHash=85a84a8365](http://www.jamestown.org/single/?no_cache=1&tx_ttnews%5Btt_news%5D=37230&tx_ttnews%5BbackPid%5D=7&cHash=85a84a8365).

- <sup>23</sup> “Ofitsial’nyi reliz zayavleniya Amira Dokki Umarova o provozglashenii Kavkazskogo Emirata,” and “Obrashchenie amira IK Dokku Abu Usman k musulmanam Egipta i Tunis,” *JamaatShariat.com*, available from [www.jamaatshariat.com](http://www.jamaatshariat.com).
- <sup>24</sup> “Raz’yasnenie Amira IK Dokku Abu Usman v svyazi s fitnoi sredi modzhakhedov,” *Kavkaz tsestr*, October 18, 2010, 12:51, available from [www.kavkazcenter.com/russ/content/2010/10/18/75902.shtml](http://www.kavkazcenter.com/russ/content/2010/10/18/75902.shtml).
- <sup>25</sup> Abu-t-Tanvir Kavkazskii, “Vchera, segodnya, zavtra . . .,” *Hunafa.com*, April 24, 2010, 11:23, available from [hunafa.com/?p=3451](http://hunafa.com/?p=3451).
- <sup>26</sup> “Stennogramma video: Kadii IK Abu Mukhammad— ‘Otvety na voprosy’—1 chast’,” *Guraba.info*, July 8, 2011, 00:18, available from [guraba.info/2011-02-27-17-59-21/30-video/1117-i-q-q-1-.html](http://guraba.info/2011-02-27-17-59-21/30-video/1117-i-q-q-1-.html); and *VDagestan.info*, July 8, 2011, available from [vdagestan.info/2011/07/08/%d0%ba%d0%b0%d0%b4%d0%b8%d0%b9-%d0%b8%d0%ba-d0%b0%d0%b1%d1%83-%d0%bc%d1%83%d1%85i%d0%b0%d0%bc%d0%bc%d0%b0%d0%b4-%d0%be%d1%82%d0%b2%d0%b5%d1%82%d1%8b-%d0%bd%d0%b0-%d0%b2%d0%be%d0%bf%d1%80%d0%be/](http://vdagestan.info/2011/07/08/%d0%ba%d0%b0%d0%b4%d0%b8%d0%b9-%d0%b8%d0%ba-d0%b0%d0%b1%d1%83-%d0%bc%d1%83%d1%85i%d0%b0%d0%bc%d0%bc%d0%b0%d0%b4-%d0%be%d1%82%d0%b2%d0%b5%d1%82%d1%8b-%d0%bd%d0%b0-%d0%b2%d0%be%d0%bf%d1%80%d0%be/).
- <sup>27</sup> The CE’s DV mujahedin provided a somewhat explicit description of this strategy in “Perekhvat initsiativ,” *Jamaat Shariat*, June 2, 2010, 03:29, available from [www.jamaatshariat.com/ru/-mainmenu-29/14--/834-2010-06-02-03-05-02.html](http://www.jamaatshariat.com/ru/-mainmenu-29/14--/834-2010-06-02-03-05-02.html).
- <sup>28</sup> “Amir Imarata Kavkaz Dokku Abu Usman: ‘My osvobodim Krasnodarskii kraï, Astrakhan i Povolzhskii zemli . . .,’” *Kavkaz tsestr*, March 8, 2010, 11:38, available from [www.kavkazcenter.com/russ/content/2010/03/08/71087.shtml](http://www.kavkazcenter.com/russ/content/2010/03/08/71087.shtml).
- <sup>29</sup> These include, according to my own estimate, some 30 in the last 2 months of 2007, 373 in 2008, 511 in 2009, 583 in 2010, and some 300 in the first 5 months of 2011.
- <sup>30</sup> Gordon M. Hahn, “The Caucasus Emirate’s ‘Year of the Offensive’ in Figures: Data and Analysis of the Caucasus Emirate’s Terrorist Activity in 2009,” *Islam, Islamism, and Politics in Eurasia Report* (henceforth *IIPER*), No. 7, January 18, 2010; Gordon M. Hahn, “Comparing the Level of Caucasus Emirate Terrorist Activity in 2008 and 2009,” *IIPER*, No. 8, February 5, 2010; Gordon M. Hahn, “Trends in Jihadist Violence in Russia During 2010 in Statistics,” *IIPER*, No. 33, January 26, 2011; and Gordon M. Hahn, “CE-Affiliated Website Reports Number of Jahadi Attacks and Resulting Casualties from January Through June 2011,” *IIPER*, No. 44, August 12, 2011, all available from [www.miis.edu/academics/faculty/ghahn/report](http://www.miis.edu/academics/faculty/ghahn/report).
- <sup>31</sup> “Fatalities by Year and Month as Part of Operation ‘Enduring Freedom’ in All Theatres of Operation,” *Icasualties.org*, available from [icasualties.org/oef/ByMonth.aspx](http://icasualties.org/oef/ByMonth.aspx); “Operation Enduring Freedom: U.S. Wounded Totals,” *Icasualties.org*, available from [icasualties.org/OEF/USCasualtiesByState.aspx](http://icasualties.org/OEF/USCasualtiesByState.aspx).
- <sup>32</sup> See the video “Majlis al-Shura of the Caucasus Emirate—25 April 2009,” You Tube, [www.youtube.com/watch?v=DQQKPNfmo1U](http://www.youtube.com/watch?v=DQQKPNfmo1U). For the English translation of Umarov’s post-Shura declaration with a link to his downloadable video statement in Russian, see “Amir Dokka Abu Usman: ‘This Year Will Be Our Offensive Year,’” *Kavkaz tsestr*, May 17, 2009, 15:17, available from [www.kavkaz.tv/eng/content/2009/05/17/10700.shtml](http://www.kavkaz.tv/eng/content/2009/05/17/10700.shtml).
- <sup>33</sup> See, for example, Said Abu Saad, Buryatskii, “Istishkhad mezhdou pravdoi i lozh’yu,” *Hunafa.com*, December 9, 2009, 1:01, available from [hunafa.com/?p=2514](http://hunafa.com/?p=2514); “Said abu Saad. Ob rezultatakh operatsii v Nazrani 17 avgusta 2009g,” *Hunafa.com*, September 7, 2009, 11:23, available from [hunafa.com/?p=1984](http://hunafa.com/?p=1984); Said Abu Saad Buryatskii, “Vzglyad na Dzhikhad iznutri: Geroi Istiny i lzhi,” *Hunafa.info*, May 30, 2009, 1:01, available from [hunafa.com/?p=1534](http://hunafa.com/?p=1534); Said Abu Saad Buryatskii, “Vzglyad na Dzhikhad iznutri: Geroi istiny i lzhi, Chast’ 2,” *Hunafa.info*, June 24, 2009, 4:04, available from [hunafa.info/?p=1715](http://hunafa.info/?p=1715); and “Said Abu Saad. Vzglyad na Dzhikhad iznutri: Geroi Istiny i lzhi, Chast’ 3,” *Hunafa.com*, July 24, 2009, 1:01, available from [hunafa.com/?p=1855](http://hunafa.com/?p=1855).
- <sup>34</sup> Umarov appeared in a videotape released shortly after the bombing along with the Riyadus Salikhiin Martyrs Brigade’s (RSMB) amir Khamzat and the suicide bomber, Magomed Yevloev, before the latter was dispatched to Moscow. See “Video: Amir Imarata Kavkaz Dokku Abu Usman posetil bazu Brigady Shakhidov Riyadus Salikhiin i sdelał zayavlenie,” *Kavkaz tsestr*, February 4, 2011, 23:18, available from [www.kavkazcenter.com/russ/content/2011/02/04/78877.shtml](http://www.kavkazcenter.com/russ/content/2011/02/04/78877.shtml); and “Obrashchenie amira Imarata Kavkaz Dokku Abu Usman v svyazi s Shakhidskoi operatsiei v Moskve 24 yanvarya 2011 goda” at “Amir Dokku Abu Usman: ‘Spetsoperatsiya v Moskve byla provedena po moemu prikazu,’” *Kavkaz tsestr*, February 7, 2011, 22:58, available from [www.kavkazcenter.com/russ/content/2011/02/07/78967.shtml](http://www.kavkazcenter.com/russ/content/2011/02/07/78967.shtml).
- <sup>35</sup> Then U.S. State Department Deputy Chief for C.I.S. Affairs Stephen Sestanovich told the Senate Foreign Relations Committee in his November 1999 testimony: “Chechen insurgents are receiving help from radical groups in other countries, including Osama bin Laden’s network and others who have attacked or threatened Americans and American interests.” See “Text: Sestanovich Statement on Chechnya to Senate Committee, November 4,” *GlobalSecurity.com*, USIS Washington File, November 4, 1999; and [www.globalsecurity.org/militarychechen-usia1.htm](http://www.globalsecurity.org/militarychechen-usia1.htm). See also then U.S. National Security Council adviser Richard Clarke’s comments regarding ChRI-AQ ties on the Charlie Rose Show, PBS, November 30, 1999, available from [www.charlierose.com/view/interview/3968](http://www.charlierose.com/view/interview/3968); and then U.S. Congressional Task Force on Terrorism and Unconventional Warfare Director Joseph Bodansky’s comments on ChRI-AQ ties in Joseph Bodansky,

- “Chechnya: The Mujahedin Factor,” Freeman.org, 1999, available from [www.freeman.org/m\\_online/bodansky/chechnya.htm](http://www.freeman.org/m_online/bodansky/chechnya.htm).
- <sup>36</sup> Defense Intelligence Agency Declassified *Swift Knight Report*, Document No. 3095345, no date, *Judicial Watch*, available from [www.judicialwatch.org/cases/102/dia.pdf](http://www.judicialwatch.org/cases/102/dia.pdf).
- <sup>37</sup> *Ibid.*, p. 4.
- <sup>38</sup> *Ibid.*
- <sup>39</sup> *Ibid.*, pp. 3-4.
- <sup>40</sup> *Ibid.*, p. 5.
- <sup>41</sup> On Al-Haramain, see “Al-Haramain Islamic Foundation v. United States Department of the Treasury, Hearing No. 10-350,” Ninth Circuit Court, March 9, 2011, available from [www.ca9.uscourts.gov/media/view\\_subpage.php?pk\\_id=0000007126](http://www.ca9.uscourts.gov/media/view_subpage.php?pk_id=0000007126); and the U.S. government’s sentencing memorandum, evidentiary exhibits, and a Russian FSB officer’s testimony about al-Haramian’s assistance to Chechen and Dagestani mujahedin in “United States of America v. Perouz Sedaghaty, Case No. 05-CR-60008-HO,” United States District Court for the State of Oregon, November 23, 2010, available from the Investigative Project, [www.investigativeproject.org/documents/case\\_docs/1422.pdf#page=65](http://www.investigativeproject.org/documents/case_docs/1422.pdf#page=65).
- <sup>42</sup> See Federal Bureau of Investigation Special Agent Robert Walker’s “Affidavit in Support of Complaint Benevolence International Foundation, Inc. and Emman M. Arnout, a.k.a. Abu Mahmood, a.k.a. Abdel Samia,” April 29, 2002, in the 2002 case, “The United States of America v. Benevolence International Foundation, Inc. and Emman M. Arnout,” Investigative Project, p. 3, available from [www.investigativeproject.org/documents/case\\_docs/94.pdf](http://www.investigativeproject.org/documents/case_docs/94.pdf) (henceforth Walker Affidavit).
- <sup>43</sup> “Treasury Designates Benevolence International Foundation and Related Entities as Financiers of Terrorism,” Press Release, U.S. Department of Treasury’s Office of Public Affairs, PO-3632, November 19, 2002, available from [www.investigativeproject.org/documents/case\\_docs/1176.pdf](http://www.investigativeproject.org/documents/case_docs/1176.pdf).
- <sup>44</sup> Walker Affidavit, p. 3.
- <sup>45</sup> Walker Affidavit, pp. 3, 24-28.
- <sup>46</sup> One disc of videos was viewed by the author and deposited by him in the archives at the Hoover Institution, Stanford University.
- <sup>47</sup> “Indictment in United States of America v. Babar Ahmad, aka Babar Ahmed, and Azzam Publications,” *Investigative Project*, no date, pp. 1, 5-9, and 12-13, available from [www.investigativeproject.org/documents/case\\_docs/96.pdf](http://www.investigativeproject.org/documents/case_docs/96.pdf).
- <sup>48</sup> Walker Affidavit, pp. 24-28.
- <sup>49</sup> Rohan Gunaratna, *Inside Al Qaeda: Global Network of Terror*, New York: Columbia University Press, 2002, p. 180; and S. Pryganov, *Vtorzhenie v Rossiyu*, Moscow, Russia: Eksprint, 2003, pp. 189-90.
- <sup>50</sup> “Chechen commander Basayev vows more attacks,” BBC Monitoring, in Johnson’s Russia List, November 2, 2004, citing *Kavkaz tsentr*; see also *The Globe and Mail*, November 2, 2004, available from [www.theglobeandmail.com/servlet/ArticleNews/TPStory/LAC/20041102/CHECHEN02/TPInternational/?query=basayev](http://www.theglobeandmail.com/servlet/ArticleNews/TPStory/LAC/20041102/CHECHEN02/TPInternational/?query=basayev).
- <sup>51</sup> “Militants Target Arabs in Massive Fundraising Campaign for Chechen Insurgents,” *Transnational Security Issues Report*, December 13, 2007; and “Amir Seifullakh Gubdenskii, (ra): Ot togo, chto my zdes’ voyuem, my nichego ne vyigraem,” *JamaatShariat.com*, November 12, 2010, 05:17, available from [www.jamaatshariat.com/-mainmenu-29/14-facty/1345-2010-11-12-02-18-12.html](http://www.jamaatshariat.com/-mainmenu-29/14-facty/1345-2010-11-12-02-18-12.html).
- <sup>52</sup> *Swift Knight Report*, p. 3.
- <sup>53</sup> *Ibid.*, p. 5.
- <sup>54</sup> Gunaratna, *Inside Al Qaeda*, p. 179.
- <sup>55</sup> RFERL Newslines, Vol. 7, No. 60, March 28, 2003; RFERL Russian Federation Report, Vol. 4, No. 14, April 17, 2002; “Russia’s ‘Taliban’ Faces Uneasy Future after Guantanamo Torment,” AFP, August 1, 2004; and *Regions.ru*, March 27, 2003, available from [www.regions.ru](http://www.regions.ru).
- <sup>56</sup> The account does not make it precisely clear whether Vagabov himself went to Afghanistan. “Amir Dagestanskogo Fronta i K adii Imarata Kavkaz Saifullakh. Chast’ 2—Dzhikhad.” *Jamaat Shariat*, August 13, 2010, 02:50, available from [jamaatshariat.com/ru/-mainmenu-29/14-facty/1105--2-.html](http://jamaatshariat.com/ru/-mainmenu-29/14-facty/1105--2-.html).
- <sup>57</sup> “Czech Police Arrest Suspected Russia’s North Caucasus Terrorists,” *BNO News*, May 3, 2011, 2:27, available from [wireupdate.com/wires/17128/czech-police-arrest-suspected-russias-north-caucasus-terrorists/](http://wireupdate.com/wires/17128/czech-police-arrest-suspected-russias-north-caucasus-terrorists/).
- <sup>58</sup> The Bulgar Jamaat’s Russian-language website is available from [tawba.info](http://tawba.info) or [jamaatbulgar.narod.ru](http://jamaatbulgar.narod.ru). For the call for jihad against Russia, see “Obrashchenie Dzhamaata Bulgar k Musul’manam Rossii, Jammata Bulgar,” February 28, 2009, available from [jamaatbulgar.narod.ru/statiy/v1\\_28-02-09.htm](http://jamaatbulgar.narod.ru/statiy/v1_28-02-09.htm). See also Laith Alkhouri, “Jamaat Bulgar’ Website—‘About Us’ Section—Provides Background Information on Ties to Taliban, Tactics,” *Flashpoint Intel*, April 29, 2010, available from [www.flashpoint-intel.com/images/documents/pdf/0410/flashpoint\\_jamaatbulgaraboutus.pdf](http://www.flashpoint-intel.com/images/documents/pdf/0410/flashpoint_jamaatbulgaraboutus.pdf).
- <sup>59</sup> Brian Glynn Williams, “Shattering the Al-Qaeda-Chechen Myth,” *Jamestown Foundation Chechen Weekly*, Vol. 4, No. 40, November 6, 2003; Brian Glyn Williams, “Allah’s Foot Soldiers: An Assessment of the Role of Foreign Fighters and Al-Qa-ida in the Chechen Insurgency,” in Moshe Gammer, ed., *Ethno-Nationalism, Islam and the State in the Caucasus: Post-Soviet Disorder*, London, UK: Routledge, 2007, pp. 156-78; and

- Brian Glynn Williams, Keynote Lecture, International Conference, "The Northern Caucasus: Russia's Tinderbox," Washington, DC: Center for Strategic and International Studies, November 30-December 1, 2010.
- <sup>60</sup> This is according to Iraqi Interior Minister Falah al-Naqib. See "Iraq's Al-Naqib—'Terrorists' From Chechnya, Sudan, and Syria Killed Arrested," *Beirut LBC SAT Television*, 1300 GMT, January 30, 2005.
- <sup>61</sup> See Gunaratna, *Inside Al Qaeda*, p. 292.
- <sup>62</sup> The four were 18-year-old Sergey Viktorovich Vysotskiy, 20-year-old Timur Vladimirovich Khozkov, 20-year-old Aslan Yerikovich Imkodzhayev, and a 20-year-old Dagestani national who calls himself Abu Abdul. "Vlasti Livana obvinayut v terrorizme chetyrekh grazhdan Rossii," *Kavkaz uzal*, October 5, 2007, available from [www.kavkaz.memo.ru/newstext/news/id/1198805.html](http://www.kavkaz.memo.ru/newstext/news/id/1198805.html); and "Four Russian Citizens Accused of Terrorism in Lebanon," *Retwa.org*, October 5, 2007, available from [www.retwa.org/home.cfm?articleId=4834](http://www.retwa.org/home.cfm?articleId=4834), citing *Kavkaz uzal*, available from [www.kavkaz-uzel.ru](http://www.kavkaz-uzel.ru).
- <sup>63</sup> Luiza Orazava, "NAK: ubityi v Kabardino-Balkarii boevik obuchalsya v Livane," *Kavkaz-uzel.ru*, March 16, 2011, 21:45, available from [www.kavkaz-uzel.ru/articles/182411/](http://www.kavkaz-uzel.ru/articles/182411/).
- <sup>64</sup> Dagestani mujahed Yasin Rasulov has written convincingly about this in Yasin Rasulov, *Dzhikhad na Severnom Kavkaze: storonniki i protivniki*, *Kavkaz tsentr*, pp. 18-29 and 55-59, available from [www.kavkazcenter.com/russ/islam/jihadPDF\\_version.pdf](http://www.kavkazcenter.com/russ/islam/jihadPDF_version.pdf). Rasulov was killed by Russian forces in 2007; he uses reliable pre-communist Russian Muslim scholarly sources to document his claims.
- <sup>65</sup> The extent to which the Russian conquest and the Caucasus, especially Dagestani resistance in the 19th century, were marked by an intra-Caucasus struggle between *gazavatists*, defending local sovereignty and the customs of *adat* and Sufism, and pro-Shariah quasi-Islamists like Imam Shamil, Gazi Mukhammad, and Kuraly-Magoma, sometimes backed by the Iranian Shah, is often overlooked. See, for example, N. I. Pokrovskii, *Kavkazskie Voiny i Imamat Shamilya*, Moscow, Russia: ROSSPEN, 2009.
- <sup>66</sup> Rasulov, *Dzhikhad na Severnom Kavkaze: storonniki i protivniki*.
- <sup>67</sup> Olga Bobrova, "Imarat Kavkaz: Gosudarstvo kotorogo net," *Novaya gazeta*, No. 27, March 17, 2010, available from [www.novayagazeta.ru/data/2010/027/18.html](http://www.novayagazeta.ru/data/2010/027/18.html); and Oleg Guseinov, "Stroite'stvo khrama Marii Magdaliny priostanovlena iz-za otsustviya sredstv," *Gazeta yuga*, April 21, 2005, available from [www.gazetayuga.ru/archive/2005/16.htm](http://www.gazetayuga.ru/archive/2005/16.htm).
- <sup>68</sup> Aleksandr Zhukov, *Kabardino-Balkariya: Na puti k katastrofe*, Legal Defense Center 'Memorial', *Kavkaz uzal*, Appendix 9, available from [www.kavkaz-uzel.ru/analyticstext/analytics/id/1231255.html](http://www.kavkaz-uzel.ru/analyticstext/analytics/id/1231255.html); Hahn, *Russia's Islamic Threat*, pp. 152-65; "Amir Seifullah o protsesse podgotovki k provoglasheniyu Kavkazskogo Emirata"; Gordon M. Hahn, "Profile of 'Seifullah' Anzor Astemirov, Part 3: Astemirov and the Caucasus Emirate," *IIPER*, No. 23, September 13, 2010, available from [www.mii.edu/media/kavkazjihad\\_montrep\\_iiper\\_23\\_sept\\_2010.pdf](http://www.mii.edu/media/kavkazjihad_montrep_iiper_23_sept_2010.pdf); "Amir Seifullah: 'Pobeda ot Allahha, tak zhe kak i porazhenie'," *Kavkaz-Tsentr*, May 29, 2006, 03:34, and May 30, 2006, 04:34, available from [www.kavkazcenter.net/russ/content/2006/05/29/44895](http://www.kavkazcenter.net/russ/content/2006/05/29/44895); Aleksandr Zhukov, "Religiozni raskol i politicheskoe reshenie," *Polit.ru*, May 18, 2006, 08:25, available from [www.polit.ru/analytics/2006/05/18/kanokov.html](http://www.polit.ru/analytics/2006/05/18/kanokov.html).
- <sup>69</sup> "Amir Seifullah o protsesse podgotovki k provoglasheniyu Kavkazskogo Emirata"; Hahn, "Profile of 'Seifullah' Anzor Astemirov, Part 3: Astemirov and the Caucasus Emirate"; and "Shamil sprosil menya: 'Kogda stanesh' Amirom, ty ob' yavish' Imarat?'," *Kavkaz tsentr*, August 30, 2011, 02:19, available from [www.kavkazcenter.com/russ/content/2011/08/30/84755.shtml](http://www.kavkazcenter.com/russ/content/2011/08/30/84755.shtml).
- <sup>70</sup> "Aleksandr Tikhomirov, Sheikh Said Abu Sadd al-Buryatii-Said Buryatskii," *Kavkaz uzal*, August 17, 2009, 17:02, available from [www.kavkaz-uzel.ru/articles/158565](http://www.kavkaz-uzel.ru/articles/158565); and "Kadyrov nazval Saida Buryatskogo 'ideologom terakta, nakachivayushchimi smertnikov tabletkami,'" July 30, 2009, 11:39, available from [www.kavkazcenter.com/russ/content/2009/07/30/67080.shtml](http://www.kavkazcenter.com/russ/content/2009/07/30/67080.shtml); and Said Abu Saad Buryatskii, "Vzglyad na Dzhikhad iznutri: Geroy Istiny i lzhi," *Hunafa.info*, May 30, 2009, 1:01, available from [hunafa.com/?p=1534](http://hunafa.com/?p=1534).
- <sup>71</sup> *Ibid.* One source reports that Buryatskii supposedly visited the North Caucasus as early as the late 1990s and at that time declared his loyalty to the mujahedin before he traveled to Egypt and other countries in the Middle East to receive a "Wahhabist" education. Alena Larina, "Poslednii spektakl'," *Rossiiskaya gazeta*, March 5, 2010, available from [www.rg.ru/2010/03/05/said-bur-site.html](http://www.rg.ru/2010/03/05/said-bur-site.html). Buryatskii's conversion and radicalization might have been connected to his relationship with Bakhtiyar Umarov, no relation to the CE's amir, a local imam in Ulan-Ude formerly from Uzbekistan. In November 2008, Bakhtiyar Umarov was arrested in Russia, charged with having ties to the radical international Islamist party, 'Hizb ut-Tahrir Islami', and had his recently granted Russian passport confiscated. The CE-affiliated site *Kavkaz tsentr* claimed locals were sure imam Umarov's arrest was a consequence of his association with Buryatskii. "Buryatiya. Arestovan znakomyi Sheikha Saida Burtaskogo imam Bakhtiyar Umarov," *Kavkaz tsentr*, November 21, 2008, 07:53, available from [www.kavkazcenter.com/russ/content/2008/11/21/62314.shtml](http://www.kavkazcenter.com/russ/content/2008/11/21/62314.shtml).
- <sup>72</sup> Said Abu Saad Buryatskii, "Vzglyad na Dzhikhad iznutri: Geroy istiny i lzhi, Chast' 2," *Hunafa.info*, June 24, 2009, 4:04, available from [hunafa.info/?p=1715](http://hunafa.info/?p=1715).
- <sup>73</sup> "Aleksandr Tikhomirov, Sheikh Said Abu Sadd al-Buryatii—Said Buryatskii."
- <sup>74</sup> Buryatskii, "Vzglyad na Dzhikhad iznutri: Geroy istiny i lzhi, Chast' 2"; Video "How I went to Jihad and What I have seen here (English subtitles)—Sheikh Sayeed of Buratia 1," "i24 sishan tschetschenien jihad islam nashheed qoqaz kaukasus", *You Tube*, June 17, 2009, [www.youtube.com/watch?v=XgE19xcasEg](http://www.youtube.com/watch?v=XgE19xcasEg); Said Abu

- Saad, Buryatskii, "Said Buryatskii: 'Vzglyad na dzhikhad isnutri, po proshestvii goda,'" *Imam TV*, May 18, 2009, <http://imamtv.com/news-18-05-1009.htm> citing Hunafa.com; and "Aleksandr Tikhomirov, Sheikh Said Abu Saad al-Buryatii—Said Buryatskii."
- <sup>75</sup> Hahn, "The Caucasus Emirate's 'Year of the Offensive' in Figures: Data and Analysis of the Caucasus Emirate's Terrorist Activity in 2009"; and Hahn, "Comparing the Level of Caucasus Emirate Terrorist Activity in 2008 and 2009."
- <sup>76</sup> On these ethnic Slav CE operatives and their terrorist attacks and plots, see Gordon M. Hahn, "Alleged Russian Jihadi Suicide Bomber Viktor Dvorakovskii Captured," *IIPER*, No. 43, July 21, 2011, available from [www.miis.edu/media/view/21196/original/KAVKAZJIHAD\\_MonTREP\\_IIPER\\_20\\_Aug2010.pdf](http://www.miis.edu/media/view/21196/original/KAVKAZJIHAD_MonTREP_IIPER_20_Aug2010.pdf); Gordon M. Hahn, "Kosolapov Re-emerges Ahead of Peak Jihadi Fighting Season," *IIPER*, No. 41, May 27, 2011, available from [www.miis.edu/media/view/23146/original/kavkazjihad\\_montrep\\_iiper\\_41\\_june\\_2011.pdf](http://www.miis.edu/media/view/23146/original/kavkazjihad_montrep_iiper_41_june_2011.pdf); and Gordon M. Hahn, "Two More Suicide Bombings," *IIPER*, No. 35, February 18, 2011, available from [www.miis.edu/media/view/22492/original/kavkazjihad\\_montrep\\_iiper\\_35\\_feb\\_2011.pdf](http://www.miis.edu/media/view/22492/original/kavkazjihad_montrep_iiper_35_feb_2011.pdf).
- <sup>77</sup> "Amir Dagestanskogo Fronta i K'adii Imarata Kavkaz Saifullakh. Chast' 1—Do Dzhikhada," *Jamaat Shariat*, August 8, 2010, 21:58, available from [jamaatshariat.com/ru/fakty/29-fakty/1089-2010-08-21-40-39.html](http://jamaatshariat.com/ru/fakty/29-fakty/1089-2010-08-21-40-39.html).
- <sup>78</sup> "Amir Dagestanskogo Fronta i K'adii Imarata Kavkaz Saifullakh. Chast' 2—Dzhikhad," *Jamaat Shariat*, August 13, 2010, 02:50, available from [jamaatshariat.com/ru/-mainmenu-29/14-fakty/1105--2-.html](http://jamaatshariat.com/ru/-mainmenu-29/14-fakty/1105--2-.html).
- <sup>79</sup> Leading jihadism expert Evan Kohlmann describes Ansar as "self-selecting form of internet-based terrorism," "promoting the mission of al-Qa'ida" and "loyal" to AQ. Evan Kohlmann, "A Beacon for Extremists: The Ansar al-Mujahideen Web Forum," *CTC Sentinel*, Vol. 3, Issue 2, February 2010, pp. 1-4, available from [www.ctc.usma.edu/posts/a-beacon-for-extremists-mujahideen-web-forum](http://www.ctc.usma.edu/posts/a-beacon-for-extremists-mujahideen-web-forum).
- <sup>80</sup> "Hammer Time: Ansar al-Mujahideen Webmaster Arrested!," *Jawa Report*, August 31, 2010, available from [mynetjawa.mu.nu/archives/203766.php](http://mynetjawa.mu.nu/archives/203766.php).
- <sup>81</sup> "Fairfax County Man Accused of Providing Material Support to Terrorists," U.S. Attorney General's Office, July 21, 2010, available from [www.justice.gov/usao/vae/Pressreleases/07-JulyPDFArchive/10/20100721chessernr.html](http://www.justice.gov/usao/vae/Pressreleases/07-JulyPDFArchive/10/20100721chessernr.html); and "Hammer Time: Ansar alMujahideen Webmaster Arrested!"
- <sup>82</sup> "Hammer Time: Ansar al-Mujahideen Webmaster Arrested!"
- <sup>83</sup> Kohlmann, "A Beacon for Extremists: The Ansar al-Mujahideen Web Forum."
- <sup>84</sup> "Announcing the Start of a New Campaign in Support of the Caucasus Emirate," *Alqimmah.net*, December 5, 2010, available from [www.alqimmah.net/showthread.php?t=21139&goto=nextoldest](http://www.alqimmah.net/showthread.php?t=21139&goto=nextoldest).
- <sup>85</sup> "V global'noi seti interneta otkrylsya novyi forum v podderzhku Dzhikhada," *Islamdin*, July 20, 2010, 16:18, available from [www.islamdin.com/index.php?option=com\\_content&view=article&id=849:2010-07-20-16-49-47&catid=32:2009-03-05-23-19-06&Itemid=29](http://www.islamdin.com/index.php?option=com_content&view=article&id=849:2010-07-20-16-49-47&catid=32:2009-03-05-23-19-06&Itemid=29).
- <sup>86</sup> According to the Spanish Civil Guard, Errai registered and paid for the hosting of the site for purposes of spreading jihadi propaganda and indoctrinating and recruiting sympathizers to radical Islamism and jihad. "Another Online Jihadi Arrested in Spain," *Jawa Report*, August 31, 2010, available from [mynetjawa.mu.nu/archives/203757.php](http://mynetjawa.mu.nu/archives/203757.php).
- <sup>87</sup> Awlaki proposes creation of fee-free and uncensored discussion fora, lists of e-mail addresses so Muslims interested in jihad can contact each other and exchange information, online publications and distribution of literature and news of the jihad, and sites which focus on separate aspects of the jihad. He urges Muslims to follow the events of the jihad because it "enlivens our connection to the jihad"; "strengthens our belongingness to the Umma"; "approves our joining the jihad"; "inflames our desire to receive martyrdom"; allows Muslims "to see how Allah defends his slaves and leads them to victory"; provides "practical examples on how our brothers are applying theory in contemporary conditions"; and "strengthens our attention to the Koran," to which strengthened ties "[reach their] peak when we ourselves participate in this conflict, jihad, entering the ranks of the mujahedin." "V global'noi seti interneta otkrylsya novyi forum v podderzhku Dzhikhada," *Islamdin.com*, July 20, 2010, 16:18, available from [www.islamdin.com/index.php?option=com\\_content&view=article&id=849:2010-07-20-16-49-47&catid=32:2009-03-05-23-19-06&Itemid=29](http://www.islamdin.com/index.php?option=com_content&view=article&id=849:2010-07-20-16-49-47&catid=32:2009-03-05-23-19-06&Itemid=29).
- <sup>88</sup> "Imam Anuar al' Aulyaki: Al-Dzhanna—Chast' 1," *Islamdin.com*, July 25, 2010, 06:09, available from [www.islamdin.com/index.php?option=com\\_content&view=article&id=854:-q-q-1&catid=4:2009-02-04-14-07-09&Itemid=28](http://www.islamdin.com/index.php?option=com_content&view=article&id=854:-q-q-1&catid=4:2009-02-04-14-07-09&Itemid=28); and Anwar Al-Awlaki, "Akhira: Sudnyi den i Ognennyi ad," *Islamdin.com*, March 25, 22:45, available from [www.islamdin.com/index.php?option=com\\_content&view=article&id=1084:2011-03-25-22-51-31&catid=4:2009-02-04-14-07-09&Itemid=28](http://www.islamdin.com/index.php?option=com_content&view=article&id=1084:2011-03-25-22-51-31&catid=4:2009-02-04-14-07-09&Itemid=28).
- <sup>89</sup> Abdallah Shamil Abu-Idris, "My odrezhali strate-gicheskyu pobedu," *Kavkaz-Tsentr*, January 9, 2006, 08:47:10, available from [www.kavkazcenter.net/russ/content/2006/01/09/40869.shtml](http://www.kavkazcenter.net/russ/content/2006/01/09/40869.shtml).
- <sup>90</sup> "Prezident ChRI podpisal ukazy o sozdanii Uralskogo i Povolzhskogo frontov," *Kavkaz-Tsentr*, July 9, 2007, 14:34, available from [www.kavkazcenter.com/russ/content/2006/07/09/45779.shtml](http://www.kavkazcenter.com/russ/content/2006/07/09/45779.shtml).
- <sup>91</sup> A group of Tatar "garage jihadists," the so-called "Islamic Jamaat," was allegedly formed in Tatarstan by ethnic Tatars before it was uncovered and its members tried, convicted, and sentenced to various prison sentences in 2008. However, there was no evidence of ties to the CE. Irina Borogan, "Dzhamaat v dva khoda," *Novaya gazeta*, No. 9, February 7, 2008, p. 10, available from [www.novayagazeta.ru/data/09/10.html](http://www.novayagazeta.ru/data/09/10.html).

- <sup>92</sup> Marat Gareev and El'vira Mirgaziyanova, "Krupnyie terakty gotovilis' i v Bashkirii," *Komsomolskaya Pravda*, March 29, 2010, available from [www.kp.ru/daily/24463.5/624739/](http://www.kp.ru/daily/24463.5/624739/).
- <sup>93</sup> "V Bashkirii 'shyut' delo 'Uiguro-Bulgarskogo dzhamaata,'" *Islam.ru*, April 29, 2009, available from [www.islam.ru/rus/2009-04-29/](http://www.islam.ru/rus/2009-04-29/). Dorokhov was killed when he allegedly offered resistance during a search of his residence. His colleague, Rustem Zainagut-dinov was sentenced to 15 years for planning to blow up a barrier separating a water supply tank and an ammonia tank, attack a traffic police post and seize weapons, and seize the Salavat city's FSB building. Stanislav Shakhov and Ivan Panfilov, "KP: V Bashkirii obezvrezhen terroristicheskii Uiguro-Bulgarskii dzhamaat," *TsentrAzii*, March 29, 2010, 09:30, available from [www.centrasia.ru/newsA.php?st=1269840600](http://www.centrasia.ru/newsA.php?st=1269840600).
- <sup>94</sup> In March 2010, after a group of armed men attacked a food store in Oktyabrskii District, Bashkortostan, wounding two seriously, the Bashkortostan Ministry of Internal Affairs (MVD) mounted an operation, eventually capturing a group of 10 Bashkir and two Ingush mujahedin said to be providing funds to the CE and led by one Bashir Allautdinovich Pliev (born 1966) from Ingushetia. "V Bashkirii zaderzhany 8 chlenov religiozno-ekstremistskogo bandpodpol'ya," *Regnum.ru*, March 29, 2010, 10:27, available from [www.regnum.ru/news/1267599.html](http://www.regnum.ru/news/1267599.html); and "Uderzhan esho odin uchastnik ekstrimistskogo bandpodpol'ya," *Regnum.ru*, April 1, 2010, 19:04, available from [www.regnum.ru/news/fd-volga/bash/1269348.html](http://www.regnum.ru/news/fd-volga/bash/1269348.html). In July another jihadi jamaat was allegedly involved in a series of attacks on police and planning some 18 more, including on gas pipelines, in Bashkortostan, and perm Oblast. "Obstrel'yavshikh post DPS ishchet polk militsii," *Lifenews.ru*, July 4, 2010, 16:55, and July 5, 2010, 20:06, [lifenews.ru/news/30293](http://lifenews.ru/news/30293), 08:25, available from [www.kavkazcenter.com/russ/content/2010/07/05/73590.shtml](http://www.kavkazcenter.com/russ/content/2010/07/05/73590.shtml); "V Bashkortostane atakovan blokpost okkupatsionnoi bandy DPS," *Kavkaz tsentr*, July 5, 2010, 00:20; "Viktor Palagin: 'Ekstremistov vovse ne shef FSB pridumat,'" *MediaKorSet*, December 16, 2011, 21:43, available from [www.mkset.ru/news/person/13353/](http://www.mkset.ru/news/person/13353/); and Tatyana Maiorov, "V Bashkirii minuvshim letom predotvratili neskol'ko teraktov," *Rossiiskaya gazeta*, December 17, 2010, available from [www.rg.ru/2010/12/17/reg-bashkortostan/fsb-anons.html](http://www.rg.ru/2010/12/17/reg-bashkortostan/fsb-anons.html). In February 2011, another group of four mujahedin was uncovered in the Oktyabrskii District of Bashkiria. Its members were charged with illegal weapons possession and illegal production of and intent to use explosives. They were said to have "extremist literature," and the official arrest report stated that one of the arrestees was the amir of the "Oktyabrskii Jamaat" and that the jamaat was part of the CE. "Alleged Islamic Extremists Detained In Russia's Bashkortostan," *RFERL*, February 8, 2011, available from [www.rferl.org/content/bashkortostan\\_islamists/2301430.html](http://www.rferl.org/content/bashkortostan_islamists/2301430.html). In Tatarstan, a jihadist cell allegedly tied to *Hizb ut-Tahrir Islami* was uncovered and destroyed in November 2010. "Likvidirovannyye v Tatarstane terroristy byli islamistami," *Regnum.ru*, November 25, 2010, 14:48, available from [www.regnum.ru/news/fd-volga/tatarstan/1350137.html](http://www.regnum.ru/news/fd-volga/tatarstan/1350137.html). A series of incidents involving alleged mujahedin occurred in Astrakhan in late 2010 and early 2011. See Gordon M. Hahn, "More Evidence of Jihadism in Astrakhan," *IIPER*, No. 41, May 27, 2011, available from [www.miis.edu/media/original/kavkazjihad\\_montrep\\_iiper\\_41\\_june\\_2011.pdf](http://www.miis.edu/media/original/kavkazjihad_montrep_iiper_41_june_2011.pdf); and Gordon M. Hahn, "Is There an Astrakhan Jamaat?," *IIPER*, No. 36, March 11, 2011, available from [www.miis.edu/media/view/22714/original/kavkazjihad\\_montrep\\_iiper\\_36\\_mar\\_2011.pdf](http://www.miis.edu/media/view/22714/original/kavkazjihad_montrep_iiper_36_mar_2011.pdf).
- <sup>95</sup> "Zayavlenie o granitsakh vilayati Idel-Ural," *Kavkaz tsentr*, January 26, 2011, 21:12, available from [www.kavkazcenter.com/russ/content/2011/01/26/78553.shtml](http://www.kavkazcenter.com/russ/content/2011/01/26/78553.shtml); and "Pis'mo v redaktsiyu: Obrashchenie modzhakhedov Idel-Ural k modzhakhedam Imarata Kavkaz," *Kavkaz tsentr*, February 1, 2011, 00:03, available from [www.kavkazcenter.com/russ/content/2011/02/01/78726.shtml](http://www.kavkazcenter.com/russ/content/2011/02/01/78726.shtml).
- <sup>96</sup> The failed 2010 New Year's Eve Moscow plot involved several Stavropol residents, who, in turn, were friends or acquaintances with several ethnic Russian mujahedin who converted to Islam, including the abovementioned ethnic Russian, Islamic-convert couple, Vitalii Razdobudko and Marina Khorosheva, who carried out separate suicide bombings in Gudben, Dagestan, on February 14, 2011, and Viktor Dvorakovskii, who was wanted for 5 months and finally captured in July 2011.
- <sup>97</sup> Video "Shura amirov Dagestana. Bayat Amira Dagestana Khasana, October 19, 2010," *JamaatShariat.com*, December 1, 2010, available from [www.jamaatshariat.com/ru/](http://www.jamaatshariat.com/ru/); and *Kavkaz tsentr*, December 1, 2010, available from [www.kavkazcenter.com](http://www.kavkazcenter.com).
- <sup>98</sup> "Press-Sluzhba Amira DF: My gordy uchasti nashikh brat'ev, nashi ubityie—v Rayu, vashi—c Adu," *Jamaat Shariat*, August 22, 2010, 17:53, available from [jamaatshariat.com/-main-menu-29/14-facty/1152-2010-08-22-17-00-31.html](http://jamaatshariat.com/-main-menu-29/14-facty/1152-2010-08-22-17-00-31.html).
- <sup>99</sup> Sochi and the southern Krasnodar are native lands of ethnic Circassian Adygs; the Kabards, and Cherkess of the Republic of Kabardino-Balkaria (KBR) and Karachaevo-Cherkessiya (KChR) respectively, are also Circassian ethnic groups. The locus for much of the Olympic Games is located on Red Hill, known as the spot of the last battle of the Circassians against the Russians, which ended in their defeat and eventual deportation and exile of many Circassians abroad.
- <sup>100</sup> The attacks included a truck bomb targeting a resort hotel that was uncovered and disarmed and the bombing of support pillars for a ski lift that brought down over 40 of its cabins and necessitated closure of the resort for several days. See Gordon M. Hahn, "The OVKBK's Sochi Vector," *IIPER*, No. 36, March 11, 2011, available from [www.miis.edu/media/kavkazjihad\\_montrep\\_iiper\\_36\\_mar\\_2011.pdf](http://www.miis.edu/media/kavkazjihad_montrep_iiper_36_mar_2011.pdf).

- <sup>101</sup> CE maps depict the future emirate's territory as comprising the entire North Caucasus, including predominantly ethnic-Russian populated regions like the abovementioned Krasnodar and Stavropol Territories. But both Russian territory north of the CE's North Caucasus and the Transcaucasus south of the North Caucasus—that is, Georgia, Armenia, and Azerbaijan—are labeled “occupied Muslim lands.” See “Ideyu otdeleniya Kavkaz est smysli obsuzhdat, chtoby lishit' islamistov znameni borby . . .!,” *Kavkaz tsestr*, February 12, 2011, 11:15, available from [www.kavkazcenter.com/russ/content/2011/02/12/79121.shtml](http://www.kavkazcenter.com/russ/content/2011/02/12/79121.shtml); and “Posol SShA v Moskve o neizbezhnom ob”edinenie musul'man Severnogo Kavkaza,” *Kavkaz tsestr*, December 6, 2010, 09:18, available from [www.kavkazcenter.com/russ/content/2010/12/06/77052.shtml](http://www.kavkazcenter.com/russ/content/2010/12/06/77052.shtml).
- <sup>102</sup> Likely CE mujahedin from Dagestan have been crossing Azerbaijan's border recently, engaging battle in the north with Baku's army and police. A recent indigenous jihadist attack on Baku's Shiite-led Juma mosque underscores the point. An armed Wahhabi group led by a former Azeri army officer Kyamran Asadov was uncovered in October 2007 plotting to attack state institutions and blow up U.S. and other Western embassies in Azerbaijan. In 2008, a jihadist group previously active in Chechnya and Dagestan was uncovered in Baku by Azeri intelligence.
- <sup>103</sup> Video, “Shura amirov Dagestana,” Bayat Amira Dagestana Khasana, October 19, 2010.”
- <sup>104</sup> Rose revolution leaders and former Saakashvili allies, such as the former parliament speaker Nino Burjanadze and former Defense Minister Irakli Okruashvili, have claimed that Tbilisi has been training Ingush mujahedin and that Georgian banks have facilitated money transfers to the Caucasus mujahedin. “Burjanadze Talks About Danger of one more War from Russia,” *Georgian Journal*, October 21, 2010, available from [georgianjournal.ge/index.php?option=com\\_content&view=article&id=664:burjanadze-talks-about-danger-of-one-more-war-from-russia-&catid=9:news&Itemid=8](http://georgianjournal.ge/index.php?option=com_content&view=article&id=664:burjanadze-talks-about-danger-of-one-more-war-from-russia-&catid=9:news&Itemid=8); and “Burjanadze Slams Visa Provocations,” *Interfax*, October 21, 2010, 19:01, available from [www.interfax.com/newsinf.asp?pg=2&id=197175](http://www.interfax.com/newsinf.asp?pg=2&id=197175). Former U.S. Foreign Service officer and U.S. Senate Republican foreign policy committee analyst, James George Jatras claims that in December 2009, a secret meeting took place in Tbilisi with “representatives of numerous jihad groups based in various Islamic and European countries for the purpose of coordinating their activities on Russia's southern flank.” According to Jatras, “the meeting was organized under the auspices of high officials of the Georgian government.” Although Saakashvili did not attend, Georgian MVD officials and “others acted as hosts and coordinators,” and the Georgian ambassador to Kuwait “purportedly facilitated” the participants' travel “from the Middle East.” Finally, “[I]n addition to 'military' operations (i.e., attacks in southern Russia) special attention was given to ideological warfare, for example, launching of the Russian-language TV station 'First Caucasus'.” James Jatras, “The Georgian Imbroglia—And a Choice for the United States,” *America-Russia Net*, February 14, 2010, available from [www.america-russia.net/eng/face/236661338?user\\_session=4827e878c0267ddb6ee738f8212f1d](http://www.america-russia.net/eng/face/236661338?user_session=4827e878c0267ddb6ee738f8212f1d).
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- <sup>107</sup> *Ibid.*
- <sup>108</sup> “Tadzhikistan: Shakhid atakoval bazu RUBOP Sogdiiskii oblasti,” *Kavkaz tsestr*, September 3, 2010, 11:39, available from [www.kavkazcenter.com/russ/content/2010/09/03/75000.shtml](http://www.kavkazcenter.com/russ/content/2010/09/03/75000.shtml); and “Tadzhikistan: Otvetstvennost' za Shakhidskuyu ataku v Khudzhande vzyala na sebya organizarsiya ‘Dzhamaat Ansarullakh’,” *Kavkaz tsestr*, September 8, 2010, 12:23, available from [www.kavkazcenter.com/russ/content/2010/09/08/75108.shtml](http://www.kavkazcenter.com/russ/content/2010/09/08/75108.shtml). On these attacks, see also “MVD Tadzhikistana: Pri vzryve u zdaniya ROBOP v Khudzhande pogib militsioner, smertnikov bylo neskol'ko,” *Ferghana.ru*, September 3, 2010, 14:26, available from [www.ferghana.ru/news.php?id=15461&mode=snews](http://www.ferghana.ru/news.php?id=15461&mode=snews); “Perestrelka s beglymi zaklyuchennymi proizoshlo v Tadzhikistane, rossiiskie voennye v operatsii ne uchastvuyut,” *Materik*, September 8, 2010, 11:21:16, available from [materik.ru/rubric/detail.php?ID=10653](http://materik.ru/rubric/detail.php?ID=10653); “Tadzhikistan: Po faktu vzryva v nochnom klube v Dushanbe zaderzhany dvoe podzrevaemykh,” *Ferghana.ru*, September 6, 2010, 10:14, available from [www.ferghana.ru/news.php?id=15470&mode=snews](http://www.ferghana.ru/news.php?id=15470&mode=snews); and “GKNB Tadzhikistana: Nochnoi vzryv v disko-klube ‘Dusti’—khuliganstvo, a ne terakt,” *Ferghana.ru*, September 6, 2010, 13:57, available from [www.ferghana.ru/news.php?id=15475&mode=snews](http://www.ferghana.ru/news.php?id=15475&mode=snews).
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- <sup>156</sup> “UFSB: v Kabardino-Balkarii sokhranyaetsya ugroza teraktov,” *Kavkaz Memo*, March 15, 2007, available from [www.kavkaz.memo.ru/newstext/news/id/118554.html](http://www.kavkaz.memo.ru/newstext/news/id/118554.html).
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- <sup>164</sup> Hahn, “Comparing the Level of Caucasus Emirate Terrorist Activity in 2008 and 2009”; Hahn, “Trends in Jihadist Violence in Russia During 2010 in Statistics”; and Hahn, “CE-Affiliated Website Reports Number of Jihadi Attacks and Resulting Casualties from January Through June 2011.”
- <sup>165</sup> With regard to abductions in Dagestan, which are carried out most often but not always by authorities, there were 15 abductions, including four found dead and two found in police detention on average in the 3 years prior to Magomedov. During Magomedov’s first year, 2010, there were 18, including four found dead and seven found in police detention. See Table 1 in “Vvedenie” of “Novyi kurs Magomedova”? Situatsii s pravami cheloveka i popytki konsolidatsii obshchestva v Respublike Dagestan. Fevralya 2010—mart 2011 g.”
- <sup>166</sup> On recent violations and European Court of Human Rights (ECHR) cases, see, for example, the Russian human rights organization Memorial’s reports “Situatsiya v zone konflikta na Severnom Kavkaze: otsenka pravozashitnikov. Vesna 2011 g.,” *Kavkaz uzal*, July 22, 2011, 00:00, available from [www.kavkaz-uzel.ru/articles/189517/#6](http://www.kavkaz-uzel.ru/articles/189517/#6); and “Novyi kurs Magomedova”? Situatsii s pravami cheloveka i popytki konsolidatsii obshchestva v Respublike Dagestan. Fevralya 2010—mart 2011 g.,” sections 5.1-5.6.
- <sup>167</sup> “V Dagestane sozdadut spetspodrazdelenie Vnutrennykh voisk MVD,” *Kavkaz uzal*, December 15, 2010, 15:45, available from [www.kavkaz-uzel.ru/articles/174793/](http://www.kavkaz-uzel.ru/articles/174793/); and “Dagestantsy dadut dostoiny otpor banditskomu otreb’yu,” *Kavkaz news*, November 11, 2010, 12:42, available from [www.kavkaz-news.info/portal/cnid\\_122389/alias\\_Caucasus-Info/lang\\_en/tabid\\_2434/default.aspx](http://www.kavkaz-news.info/portal/cnid_122389/alias_Caucasus-Info/lang_en/tabid_2434/default.aspx).
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- <sup>169</sup> Robert A. Pape, *Dying to Win: The Strategic Logic of Suicide Terrorism*, New York: Random House, 2005. See also Robert A. Pape and James K. Feldman, *Cutting the Fuse: The Explosion of Global Suicide Terrorism and How to Stop It*, Chicago, IL: University of Chicago Press, 2010.
- <sup>170</sup> Rose revolution leaders and former Saakashvili allies, former parliament speaker Nino Burjanadze and former Defense Minister Irakly Okruashvili, have claimed that Tbilisi has been training Ingush mujahedin and that Georgian banks have facilitated money transfers to the Caucasus mujahedin. “Burjanadze Talks About Danger of one more War from Russia,” *Georgian Journal*, October 21, 2010, available from [georgianjournal.ge/index.php?option=com\\_content&view=article&id=664:burjanadze-talks-about-danger-of-one-more-war-from-russia-&catid=9:news&Itemid=8](http://georgianjournal.ge/index.php?option=com_content&view=article&id=664:burjanadze-talks-about-danger-of-one-more-war-from-russia-&catid=9:news&Itemid=8); and “Burjanadze Slams Visa Provocations,” *Interfax*, October 21, 2010, 19:01, available from [www.interfax.com/newsinf.asp?pg=2&id=197175](http://www.interfax.com/newsinf.asp?pg=2&id=197175). Former U.S. Foreign Service officer and

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- <sup>172</sup> See our comment in “*Russian Separatism*” (“*Russkii Separatizm*”), December, 16, 2010, available from [www.politcom.ru/11193.html](http://www.politcom.ru/11193.html).
- <sup>173</sup> The Russian Civil Union is a public organization founded in November 2010. Ideologically it is based on alleged “national-democracy” principles. It seeks to give the ethnic Russians the right of self-determination and replace the federation in the Russian national democratic state.
- <sup>174</sup> Dmitry Rogozin, Russia’s envoy to NATO, in his presentation, “National question in Russia and in Europe” for the Yaroslavl’ World Forum, September 2011, identified the “Russian issue” as a core problem of Russia’s domestic policy in the Caucasus and claimed a need to stop discrimination of ethnic Russians by the Caucasus peoples. Vladimir Putin (Russian prime-minister) in one of his speeches on December, 21, 2010, said: “We will have to develop the rules of registration in Moscow and Saint Petersburg as well as other big cities.” It is worth noting that the practice of registration is an unconstitutional requirement because the Russian Constitution gives to all citizens the right of free movement.
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